

MARKETING

Exclusive experiences essential for engaging loyalty programs

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Loyalty programs should prove their value to shoppers. Image credit: Neiman Marcus

By SARAH RAMIREZ

As consumers are increasingly inundated by loyalty programs, brands must work harder to differentiate their offerings.

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In a webinar hosted by Loyalty360 and Deloitte, retail experts discussed how the loyalty landscape has changed in recent years. Although consumers tend to have memberships with several loyalty programs in various sectors, they tend to only be engaged with a select few.

"The financial rewards and benefits are critical and important," said Brendan Boerbaitz, senior manager at **Monitor Deloitte**, New York. "But ultimately, it's really allowing consumers to understand and interact with your program in an easy way that is the most important aspect."

Deloitte's research was based on an analysis of more than 120 consumer-facing loyalty programs across 15 industries.

Elevating rewards

In the U.S. alone, consumers have 3.3 billion loyalty program memberships.

Not every loyalty program is created equal, however. The average consumer is engaged in seven loyalty programs although they are enrolled in 15 an engagement rate of less than half.



Many loyalty programs have reward tiers based on spending. Image credit: Bloomingdale's

Simplicity and ease are the most important attributes for loyalty programs, or consumers will not want to consistently engage.

Eighty-five percent of consumers also cite financial rewards as critical to their loyalty experience, while 54 percent also find the digital experience, such as the program app, to be essential.

Businesses should also ensure their rewards and interactions within their loyalty programs are closely tied to the overall brand experience. Loyalty offerings must feel relevant, rather than disjointed.

Brands should also focus on creating a portfolio that is well-balanced with both monetary and non-monetary benefits, as more consumers are seeking flexibility, versatility and personalization from their loyalty programs.

Three-quarters of consumers want the ability to choose their preferred reward, while 68 percent want to earn rewards in multiple ways such as through purchases or participating in focus groups.

More than half also cite non-financial rewards as an important benefit of loyalty programs. For many, this translates into exclusive access for services and experiences.



Bonvoy members booking at St. Regis or Ritz-Carlton properties can earn amenities credits. Image credit: Marriott Bonvoy

"Historically, many folks would be excited that they had some sort of exclusive inside ability to go to the sky club or fly first class, these types of things," said Jeff Casullo, senior manager at Monitor Deloitte, Atlanta.

"And especially with the proliferation of credit card programs, which allow people to spend their way into similar tiering and access, these exclusive rewards have become a little harder to come by in a lot of places," he said. "A lot of members expressed that they don't feel as exclusive in some of the programs that they engage in as they did previously."

Similarly, brands should not overlook rewarding and recognizing customers for the duration over time.

Loyalty meets personalization

As the COVID-19 pandemic created many obstacles for the luxury sector in terms of consumer engagement, brands and retailers continue to amp up their loyalty program benefits in an attempt to maintain the business of their preferred customers.

This spring, U.S. retailer Bloomingdale's introduced new features to its Loyallist program, making it easier for customers to navigate the rewards program and earn more perks.

After being the first luxury fashion retailer to introduce a tender neutral loyalty program, Bloomingdale's has now opened all of its tiers to tender-neutral Loyallists, enabling any customer to earn rewards regardless of payment type ([see story](#)).

Similarly, U.S. department store chain Saks Fifth Avenue updated its membership and rewards program SaksFirst to strengthen client loyalty.

The retailer furthered its commitment to deliver a personalized and easy experience for customers through a revamped credit card and rewards program. With new enhancements tailored to how customers shop, SaksFirst credit cardholders now have easier access to more rewards ([see story](#)).

"We found the most striking how willing consumers are to share their data for more personalization," Mr. Boerbaitz said. "I think that provides an opportunity and a bit of a challenge to us as loyalty marketers and the loyalty experts here."

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