RETAIL

Emotional loyalty can boost brand sales, consumer insights

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Shoppers are most loyal to brands aligned with their personal values. Image credit: Gucci

By SARAH RAMIREZ

The stakes are getting higher for brand loyalty, as rising expectations from consumers, supply chain disruptions and changes in data use complicate the relationship between brands and shoppers.

According to Yotpo's annual State of Brand Loyalty survey, 38.5 percent of global consumers say they need to buy from a brand at least five times before they consider themselves loyal an 11 percent increase year-over-year. Shoppers are increasingly making brands earn repeat business with quality experiences and services.

"Long-term loyalty takes time and repeated positive interactions with a brand that go far beyond points or VIP tiers," said Jordan Gutman, general manager of loyalty at Yotpo, in a statement.

"While rewarding customer behavior is one piece of the puzzle, gaining emotional loyalty can have an exponential effect on ecommerce growth."

The findings are based on a survey of 3,800 consumers across the U.S., U.K., Australia, France and Germany conducted in December 2021.

Loyalty in action
Eighty percent of global consumers agree that brand loyalty is characterized by the tendency to buy from the same brand.

Nearly half also see being loyal as recommending the brand to others, while 42 percent admit to buying from the brand despite cheaper competitors.

Loyalty programs were cited by nearly 70 percent of respondents as the top experience that brands could offer to foster loyalty. Eighty-three percent believe belonging to a loyalty program influences their decision to purchase from a brand again.

Other factors that can drive brand loyalty include simple and transparent return policies, positive on-site search experiences, mobile-friendly websites and rewards for subscriptions.

Behavioral loyalty is only one side of the coin, as emotional loyalty is necessary for brands to drive action. Consumers want to feel valued every time they shop and to be able to build a sense of trust with brands.

Eighty-five percent of global consumers agree they are more likely to purchase from a brand whose values are aligned with their own. This includes more than 90 percent of Gen Z shoppers.

Almost half of all shoppers, 48 percent, would be discouraged from being loyal to brands that had supply chain partnerships with factories that treat workers poorly. More than 20 percent would avoid brands affiliated with big polluters.

Other firsthand experiences can also turn off consumers from their favorite brands.

Seven in 10 respondents would no longer be loyal to a brand after a bad customer service experience. Forty-three percent would see brand loyalty diminish because of too many spammy messages, while nearly a third would move away from brands because of "cringe-worthy" social media content.

Loyal consumers are willing to reward brands in several ways.
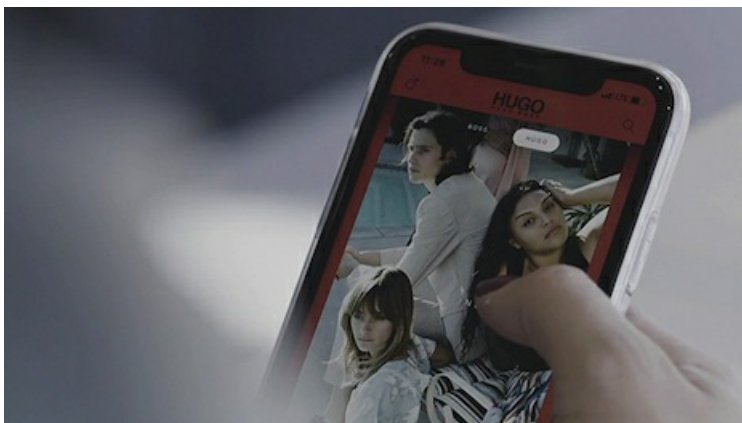
Sixty-seven percent of consumers want to shop directly from a brand they are loyal to, either in-store or online. Only 37 percent prefer to shop from a brand through a non-Amazon third-party retailer.

About six in 10 shoppers will wait to purchase an out-of-stock item from their favorite brand rather than from elsewhere, while 40 percent will pay more for their products than save money through competitors. Nearly 55 percent will also recommend their favorite brand to others.

Building trust
Consumers are also more generous with their personal data when it comes to their favorite brands.

Sixty-five percent will sign up for their favorite brands' loyalty programs, and 58.5 percent will sign up for emails. Almost a quarter, 23 percent, will also subscribe to text or SMS marketing.

About seven in 10 shoppers are willing to share personal information with brands in exchange for loyalty perks such as personalized offers, tailored discounts and exclusive experiences. These details may include emails, names, birthdates, product preferences and specifications.

Brands must keep in mind, however, that 81 percent of consumers still value data transparency but this first-party data is essential amid changing regulations.

Digital advertising is entering a "privacy enhancing" era that empowers consumers. Google and Apple have begun transitioning away from third-party cookies and identifiers for advertisers (IDFA) in recent years (see story).

Currently, many digital advertisers rely on third-party cookies. These track users across sites to better help advertisers understand user behavior, allowing brands to improve user experiences and audience targeting.

Meanwhile, first-party data information is gleaned from the behaviors or actions of consumers, site visitors or social media followers through owned sites, apps, emails, surveys or more. This is often more time-consuming to evaluate since it tends to be siloed across organizations (see story).

"Every customer touchpoint, from website to email to text message, presents a huge opportunity for brands to engage in a meaningful way," said Yotpo's Mr. Gutman. "And loyalty program data can take those interactions to the next level.

"As marketers continue to shift their focus to customer retention, a strategic loyalty program will deliver hyper-relevant, personalized experiences that keep shoppers coming back."