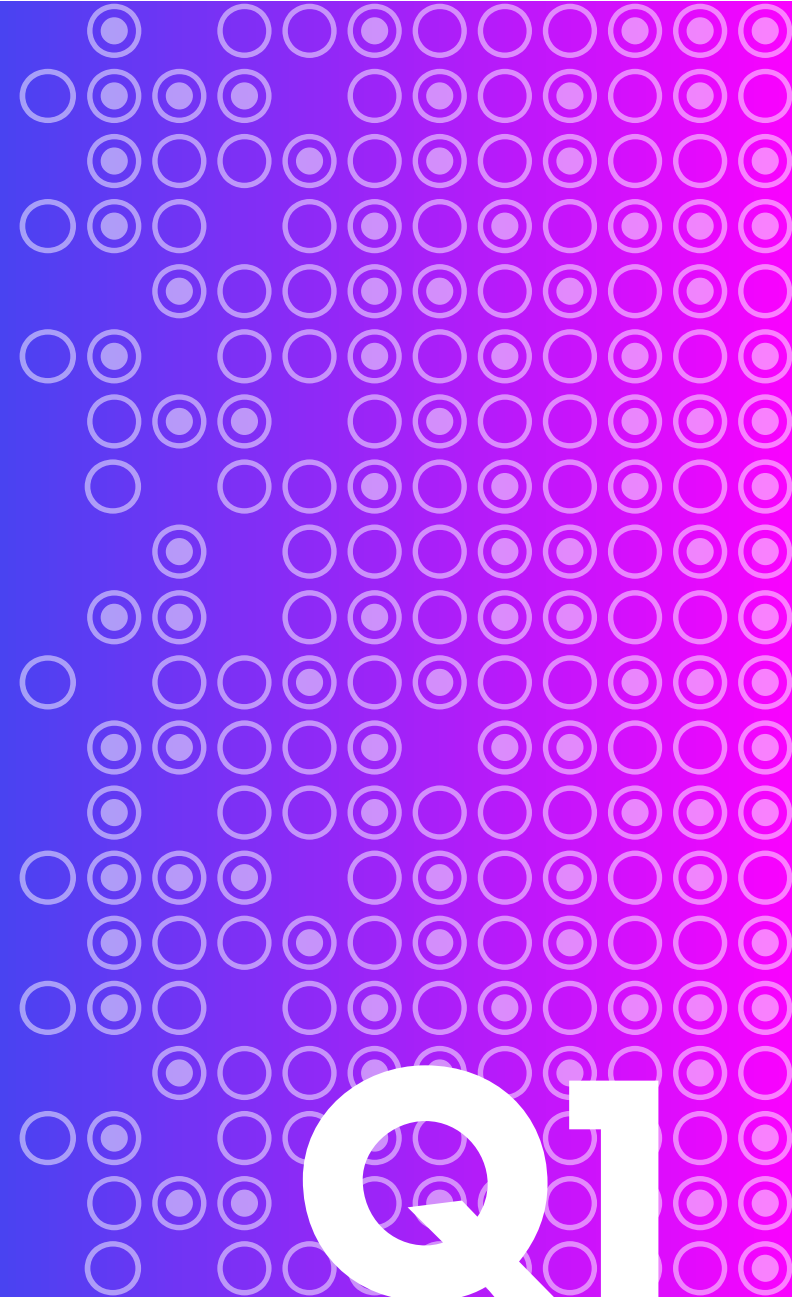


CONSUMER INSIGHTS

The State of Customer Loyalty

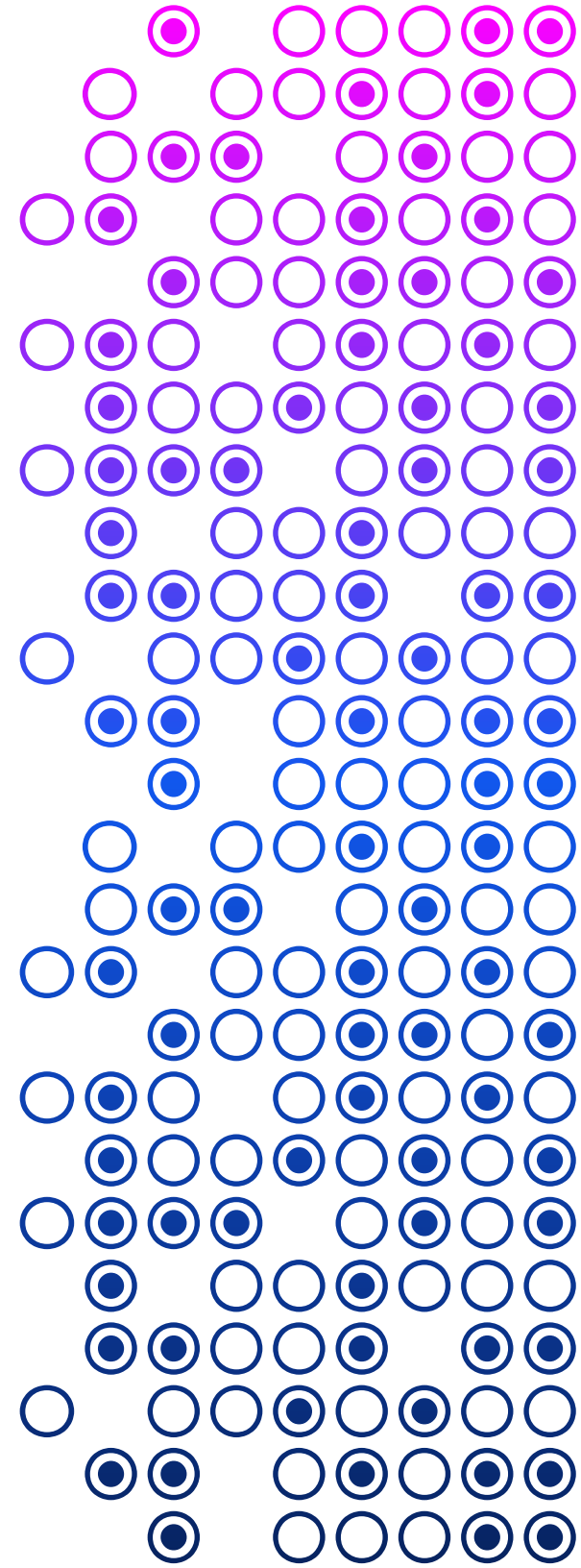
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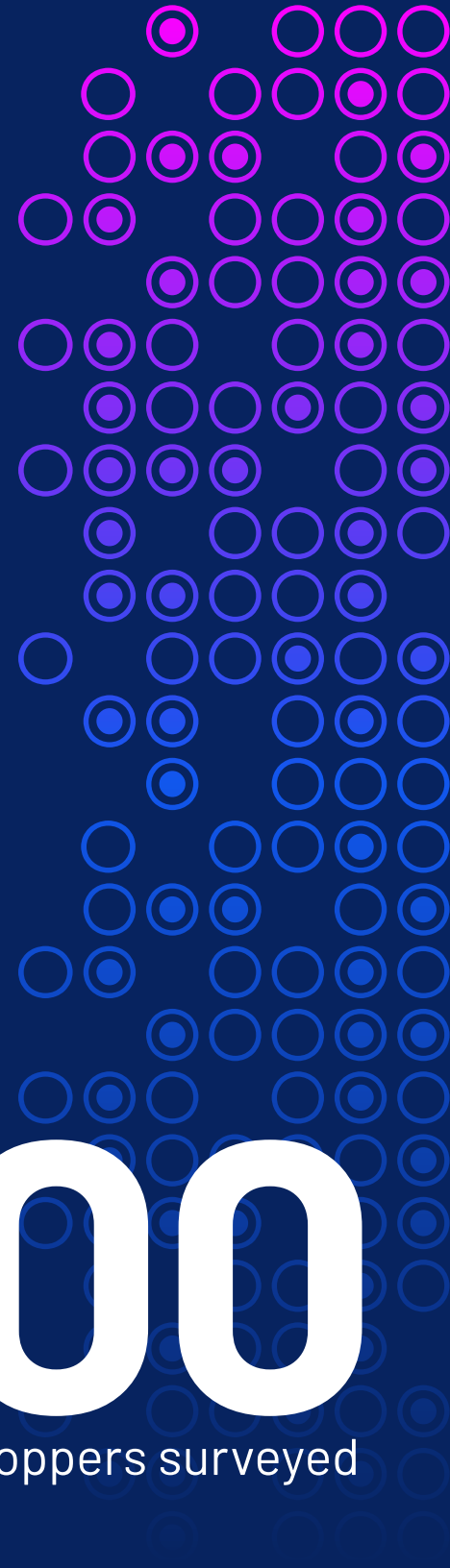
Introduction

Today's retail landscape has gone through a lot in recent years. Recession fears, price hikes, and general economic woes have left both consumers and brands in a daze. In these tenuous times, customer retention and loyalty have become vital.

More than ever, the roadmap to earning shoppers' repeat business—and ultimately a coveted, secure spot in their routines—involves listening to their evolving needs and consistently meeting these expectations.

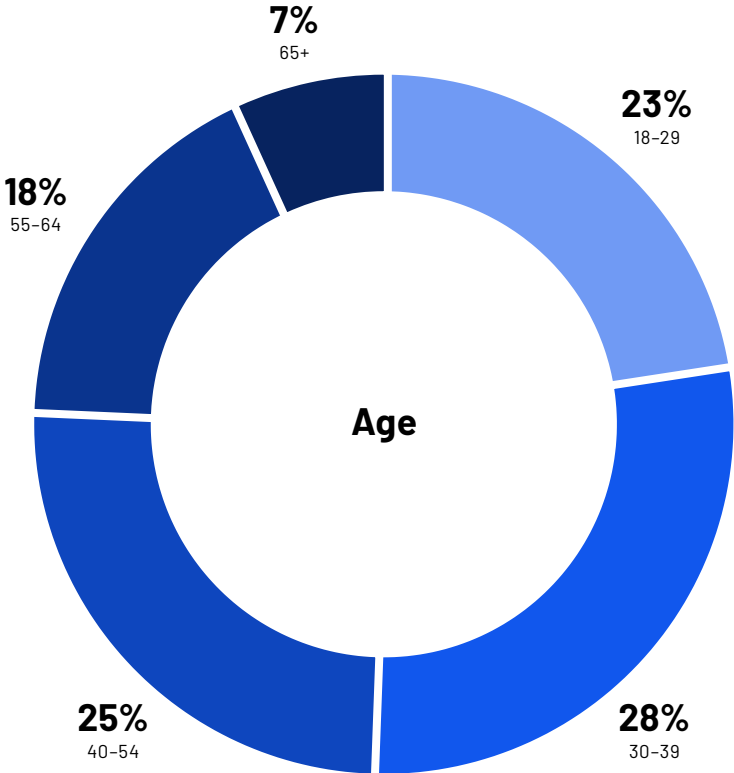
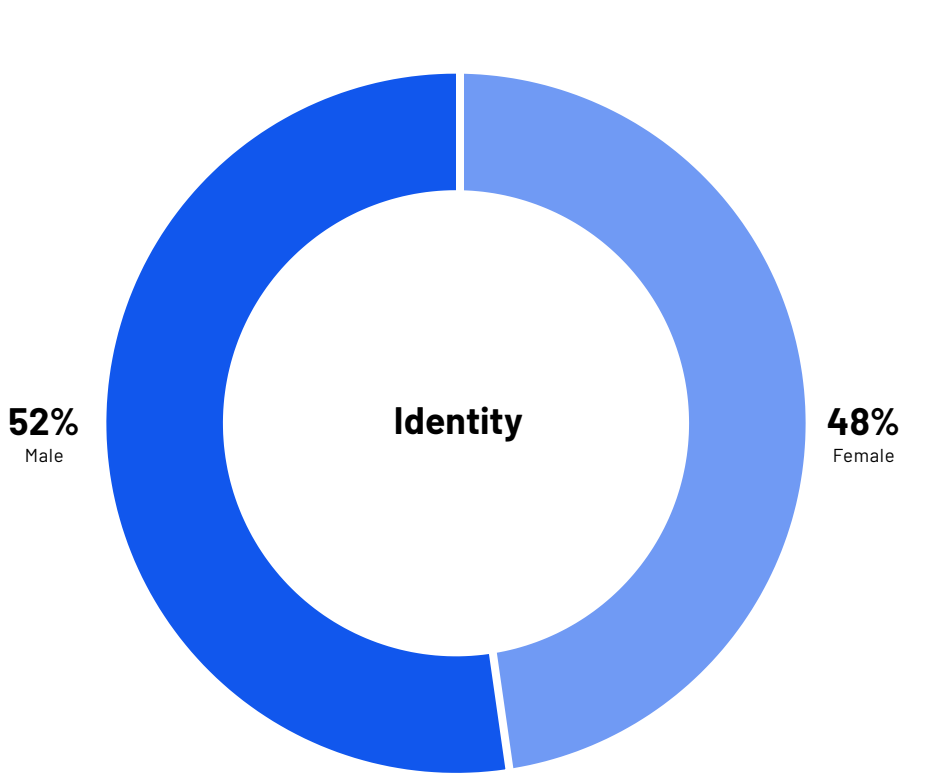
That's where our research comes in. We surveyed nearly 2,000 U.S. shoppers to explore what it takes to earn customer loyalty in today's landscape. Use these insights to deliver a meaningful experience that wows consumers and keeps them coming back.

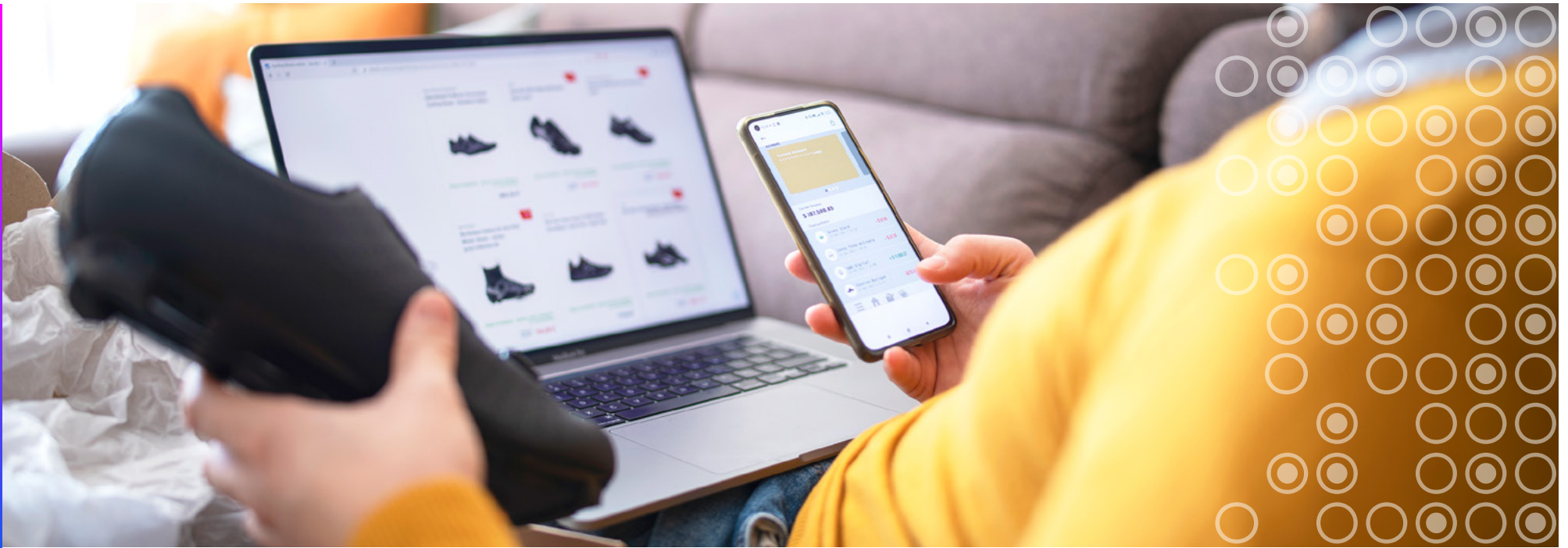
2,000
U.S. shoppers surveyed



Methodology

Bizrate Insights surveyed 1,971 consumers in the United States in March 2024.





01

What Loyalty Looks Like

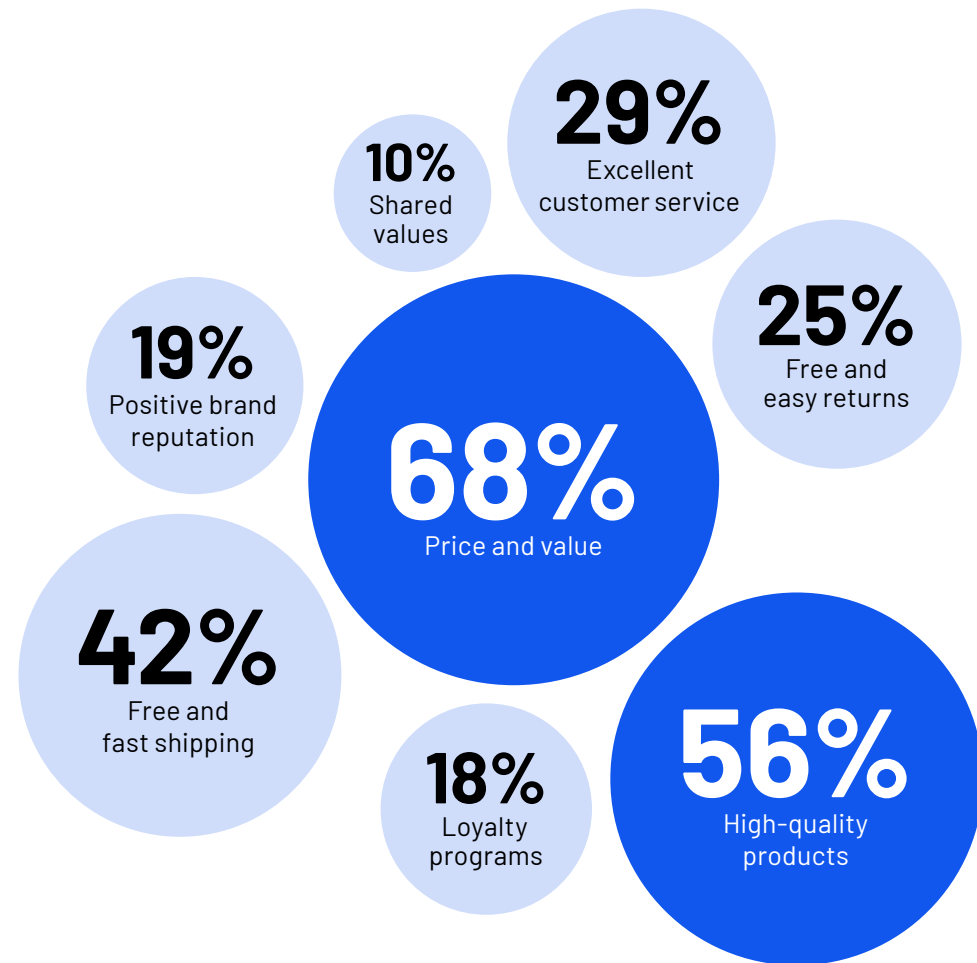
Loyalty Takes Time

Given current macroeconomic conditions, it's unsurprising that consumers are most sensitive to price and value (68%) when making a purchase decision, along with product quality (56%).

But true loyalty takes time to build—self-measured by at least four purchases, according to 67% of consumers—which means every interaction and nuance in the customer experience matters.

70%
of U.S. consumers say it takes
4+ purchases to consider
themselves truly loyal to a brand

Most Important Factors When Deciding Where to Shop



Top Loyalty Drivers

What gets people to shop with your brand won't be exactly what makes them a loyal shopper. Core factors like cost, quality, and free and fast shipping top the previous list, but when it comes to true loyalty, consistently delivering on these foundational components is key.

1 in 3 consumers say the biggest reason they're loyal to their favorite brand is that their purchasing experience constantly matches their expectations.

1

Consistent Buying Experience

2

Superior Products

3

Lowest Price

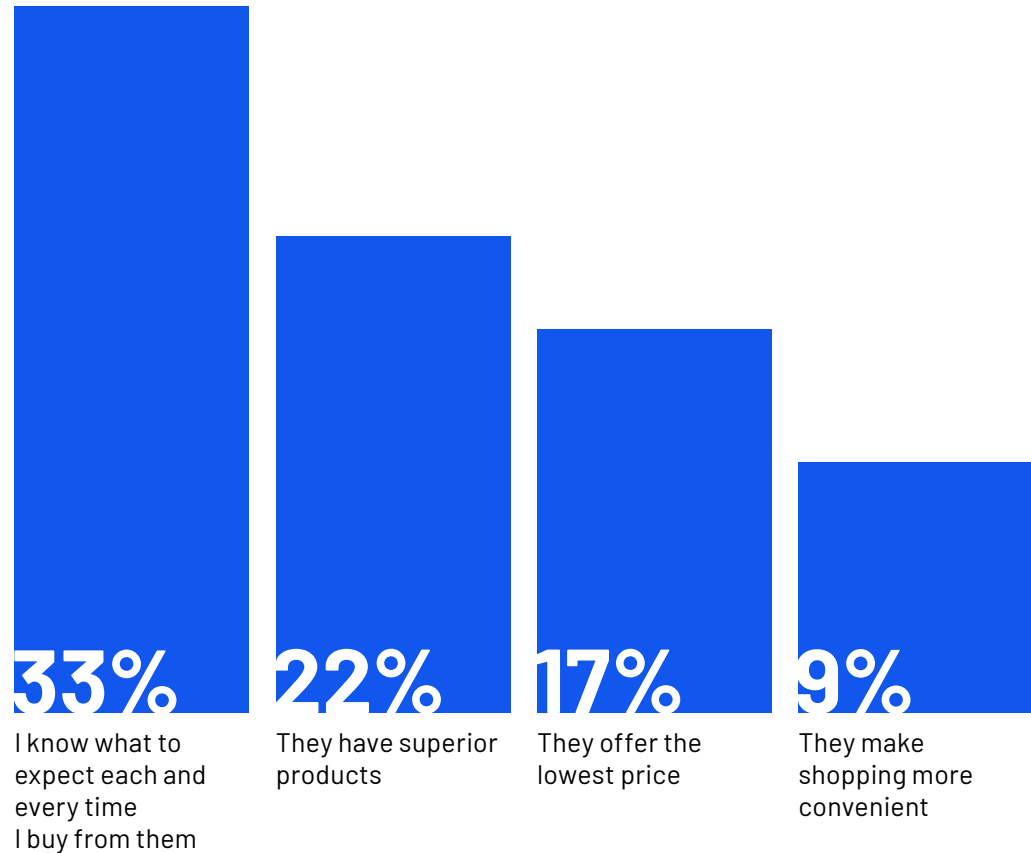
Consistency Is Key

Reliability gains importance with customer age, while the youngest shoppers are slightly more price-sensitive. Cost is the top answer for ages 18 to 29 at 23%, with the average being 17%.

To ensure you're consistently delivering an exceptional experience, have the technology in place to monitor customer sentiment throughout the purchasing journey. Surveys at checkout and post-fulfillment, for example, can help you keep an ear to the ground on how customers are experiencing your brand.

51%
of consumers age 65+ say
a consistent shopping experience
is key to their brand loyalty

How Favorite Brands Create Loyalty



02

Effective Loyalty Programs Go Beyond Rewards



Loyalty Programs Are Differentiators

Loyalty programs provide clear value to both new and repeat shoppers alike. In fact, they can often mean the difference between wooing a customer or losing them to a competitor. The large majority of shoppers (81%) are more likely to buy from a brand with a loyalty program than one that doesn't.

When done right, loyalty programs are a powerful lever that can attract customers and keep them in the fold. But to truly increase overall customer lifetime value, your program must transcend table-stakes expectations.



81%

of shoppers say they're more likely to buy from a brand with a loyalty program

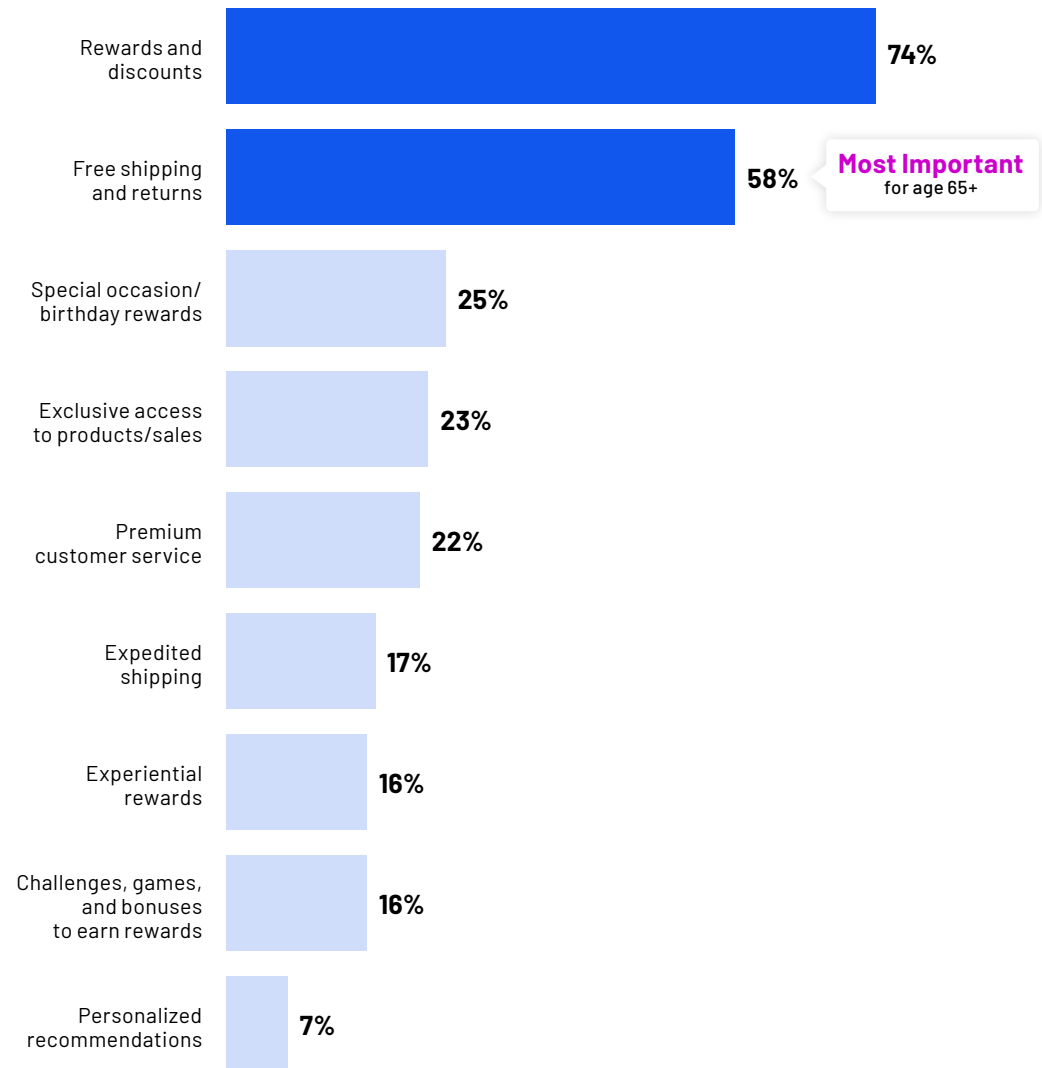
What Consumers Want From Loyalty Programs

Customers' top criterion for loyalty programs remains discounts and rewards (74%). Free shipping and returns comes in second at 58%, followed by personalized rewards for special occasions (25%), exclusive access to products and sales (23%), and premium customer service (22%).

Free shipping and returns is particularly important among older generations. It's actually the number one priority for customers over 65, followed by 66% of 55 to 64-year-olds.

Meanwhile, younger generations are more likely than older shoppers to place importance on other value-adds. Among those under 30, for example, 1 in 4 prioritize exclusive access to products and sales; 22% prioritize challenges, bonuses, and games to earn rewards; and 14% prioritize personalized recommendations.

Most Important Loyalty Program Features



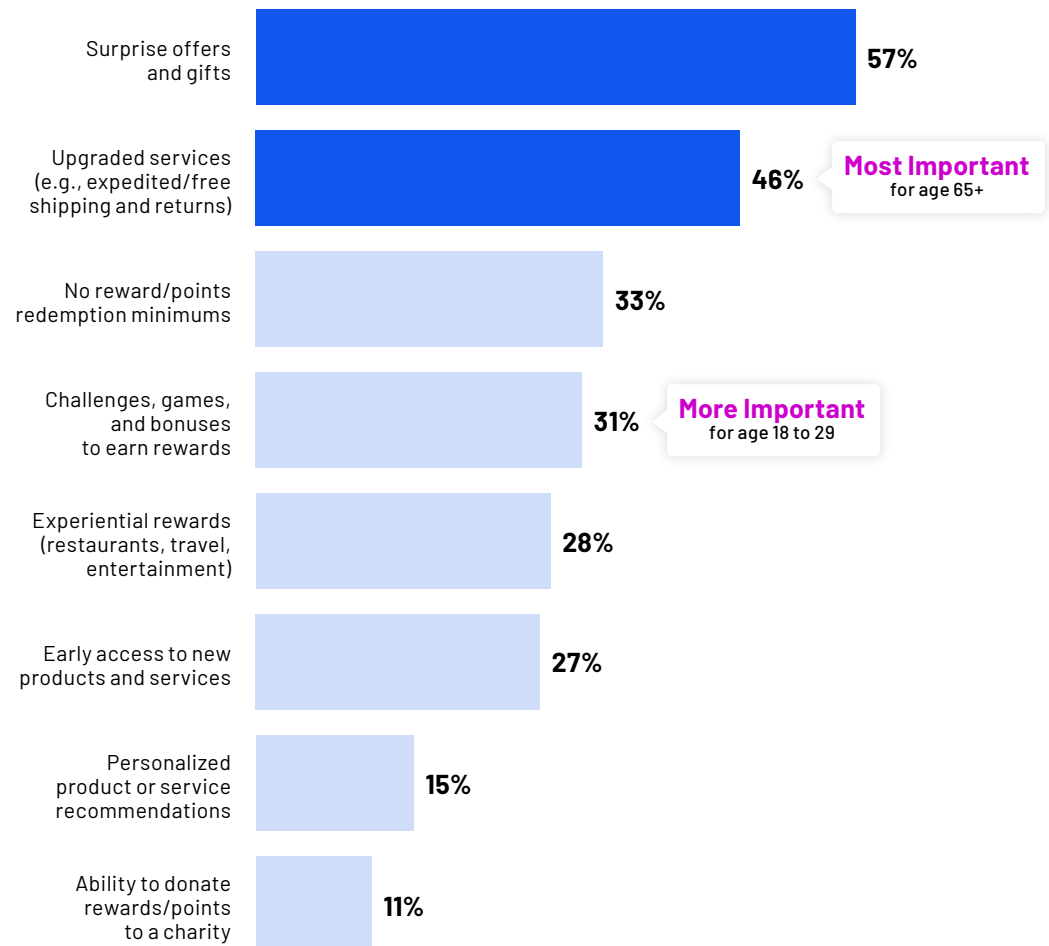
Surprise and Delight With Added Perks

Beyond the must-have loyalty program benefits, brands can satisfy and delight customers when they go the extra mile through surprise gifts and offers, say over half of customers (57%). Nearly half say they'd most appreciate upgraded services as an extra program feature (46%), and a third want the erasure of point minimums.

Gamification benefits are more attractive to young shoppers under 30 than any other cohort, with 44% saying they'd love the added opportunity to earn rewards through challenges.

These results show that U.S. consumers want more from loyalty programs than just the cheapest price tag. True loyalty requires meaningful touchpoints that make customers feel appreciated, engaged, and rewarded as individuals throughout their entire experience with your brand.

Most Wanted Loyalty Program Perks

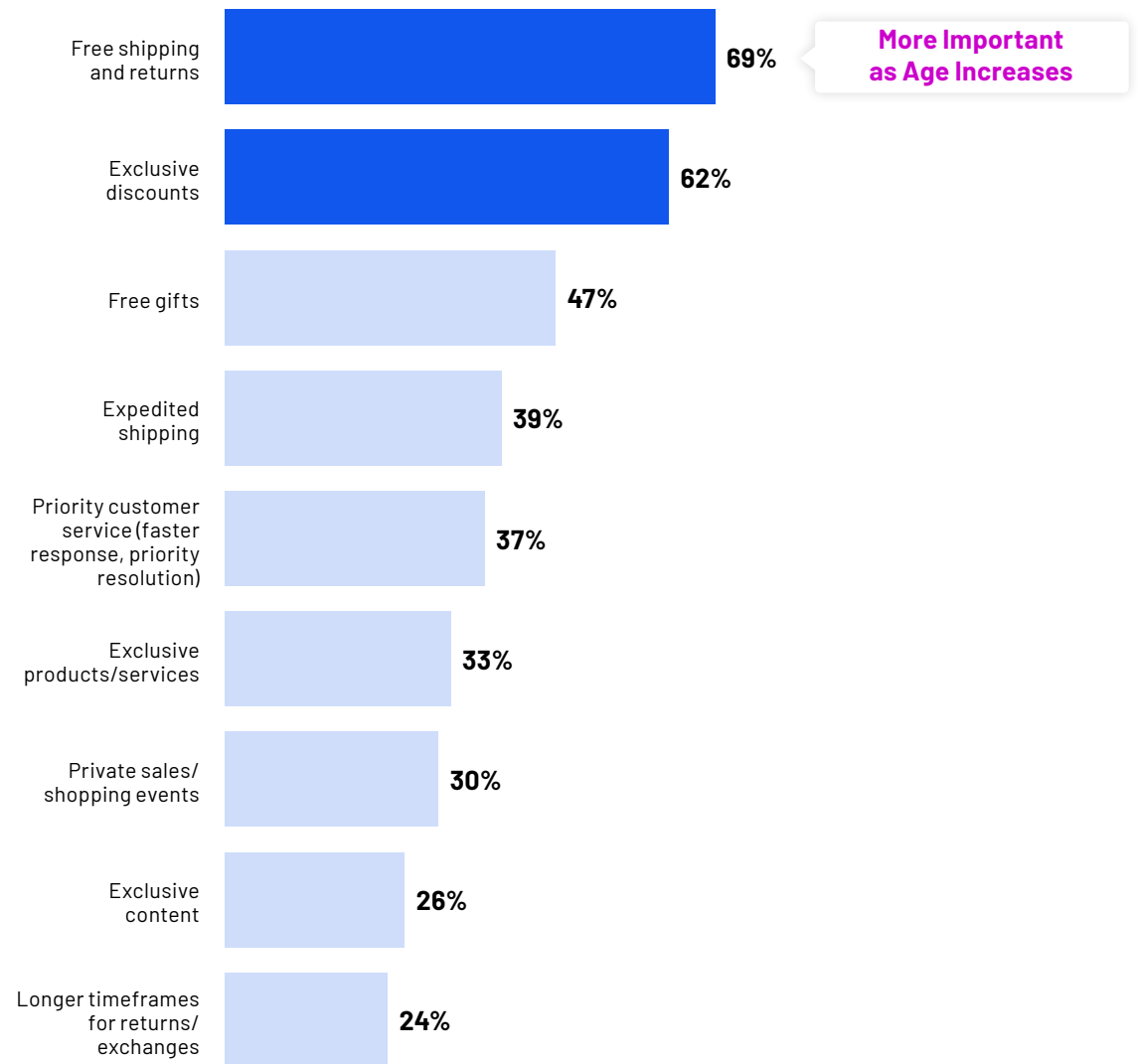


Paid Loyalty Programs Need to Deliver

For brands considering a paid loyalty option, note that the biggest benefits customers expect to come with their membership—above and beyond what’s already included in a free program—are free shipping and returns (69%) and exclusive discounts (62%).

Again, the older the customer, the higher the expectation for free shipping and returns—peaking at 90% for those over the age of 65. This mature cohort also has much greater expectations than the under-30 group for priority customer service, at 51% versus 24%, respectively.

What Services Do You Expect To Be Included In a Paid Loyalty Membership?





03

Demonstrate Strong Values to Enhance Customer Connection

Align Brand Purpose With Customer Values

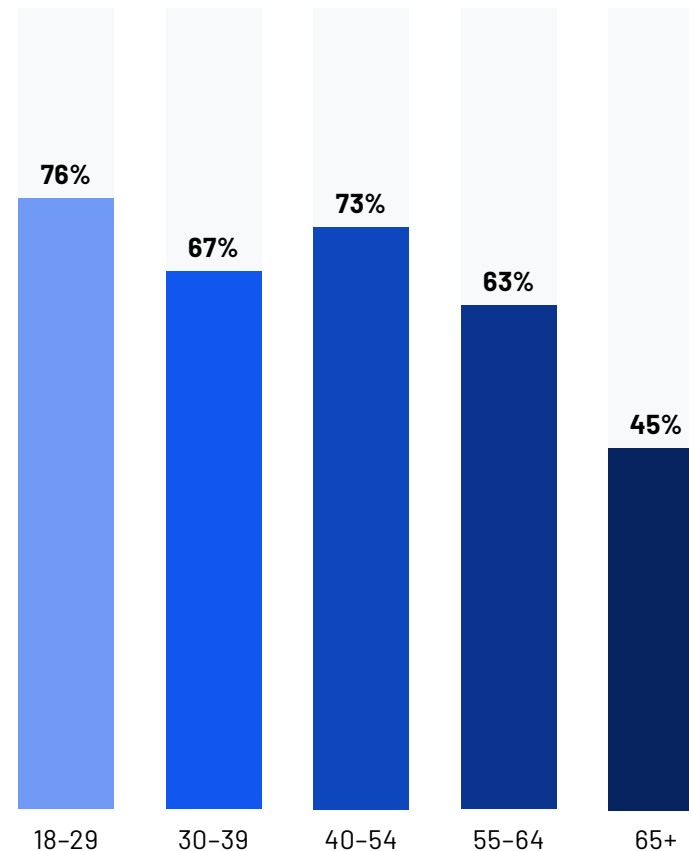
While quality and price might be the biggest factors influencing where customers decide to shop, the majority (67%) say that a brand's values and purpose are still (and have become increasingly) important to actually sustain their loyalty for the long-term. Younger generations feel this especially (76% of ages 18 to 29). Only 1 in 10 customers say it's unimportant to their loyalty.

55% say brand reputation, values, and actions have become more important to them over the past few years

67%

of shoppers say it's important that a brand's purpose aligns with their personal values for them to stay loyal

Importance of Brand and Customer Value Alignment by Age (% Extremely/Somewhat Important)



Lead With Exceptional Customer Service

When consumers were asked to identify the values they associate most with their favorite brands, the leading response was top-notch customer service (57%). This was driven in particular by older cohorts (65% of ages 55 to 64, 85% of ages 65+), echoing our earlier findings about their priorities.

The role of customer service has long since transformed from merely addressing tickets to enhancing overall relationships. Going above and beyond to make customers feel valued and cared for—that someone’s got their back—is an essential ingredient to building emotional loyalty.

Conversely, a negative service experience is just as impactful. Almost half (44%) of consumers say they completely stopped shopping with a brand after a poor support interaction.

Over a third of consumers say DEI and fair trade are also big values of their favorite brands (34% each), followed by innovation (27%). Sustainability comes in at 26%; cost is the top obstacle hindering consumers from making more sustainable shopping choices, especially for price-sensitive young shoppers.

The Cost of a Poor Customer Service Experience

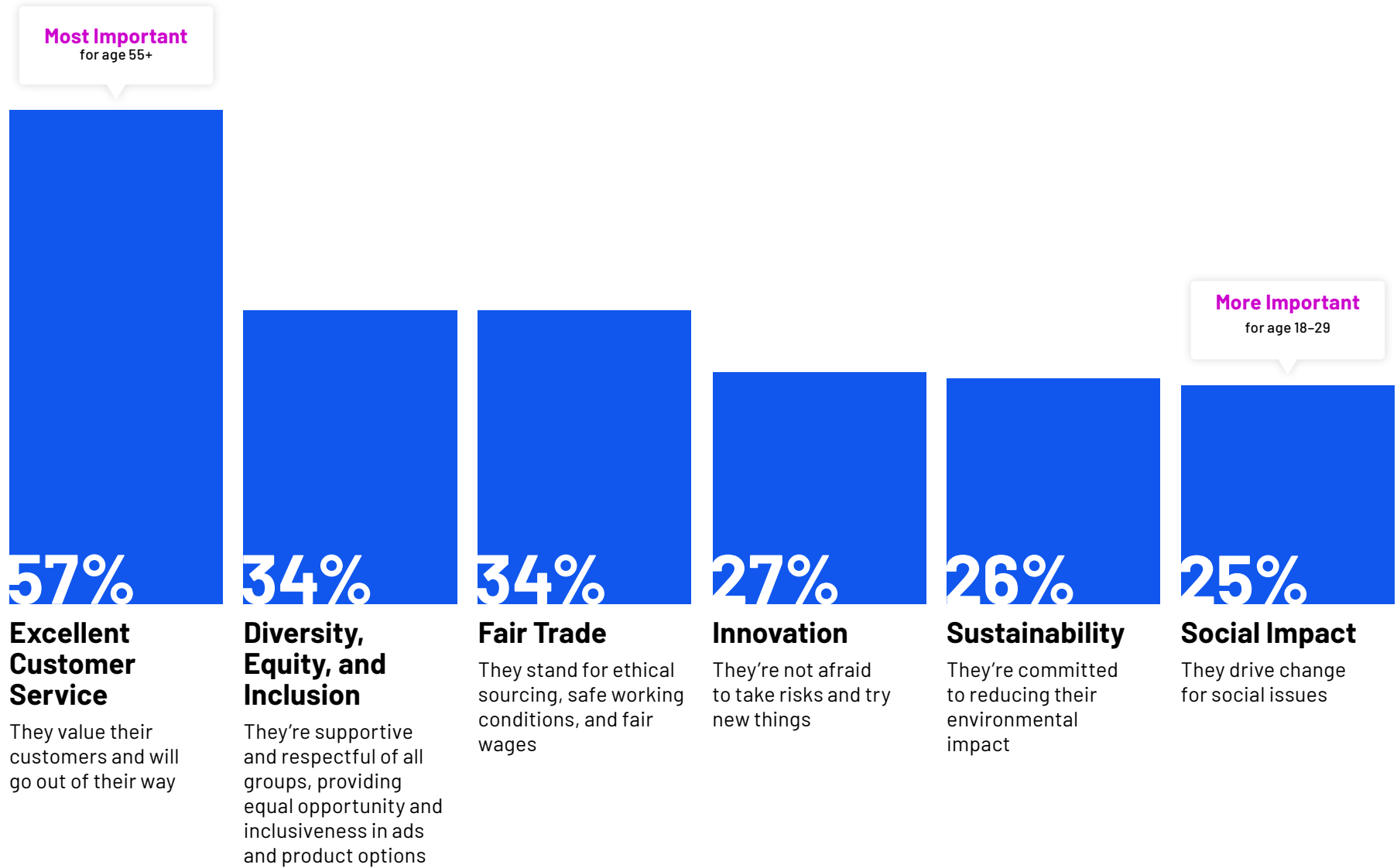
44%  stopped shopping with the brand

43%  gave a poor survey rating

32%  wrote a negative online review

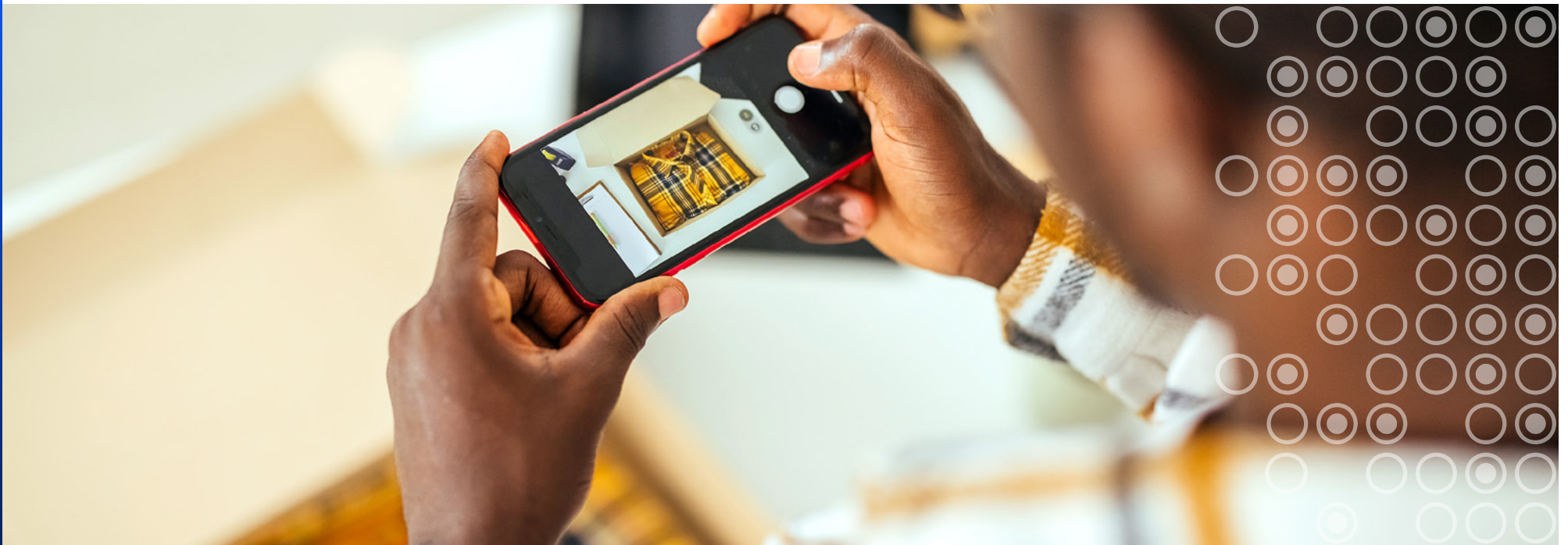
31%  returned a purchase

Values Customers Believe Their Favorite Brands Stand for the Most



04

Consumers Are Talking About You



Word Is Spreading

When customers truly love your brand or product, they can become evangelists who spread the word about you freely and intentionally within their circles.

But even outside of that—whether their brand experience is good, bad, or anything in between—the point still stands. People talk.

In the past six months, nearly all consumers (87%) have made a product or brand recommendation to friends or family, while about three-quarters (72%) have shared a negative experience with a brand or product. Younger shoppers under 40, in particular, are extremely active in sharing both recommendations and complaints.

Younger Consumers Are Especially Vocal

- **About 3 in 5 shoppers under 40** have made a product or brand recommendation within the last **2 weeks**
- **3 in 4 shoppers under 30** have shared a negative brand experience with someone within the last **3 months**

Actions Customers Have Taken on Behalf of Their Favorite Brand



35%

have written a review for the brand or their products



34%

have gifted the brand at least once



30%

of customers under 40 have posted about the brand on social media

In the past month...



67% recommended a product or brand

45% told someone about a negative experience with a product or brand

In the past 6 months...



87% recommended a product or brand

72% told someone about a negative experience with a product or brand

Close the Feedback Loop Right Away

With evidence showing exceptional customer service is a must, negative reviews are a major opportunity to boost overall trust with consumers—both with those who are browsing for bad reviews and the ones who write them.

Most of the latter are waiting for your reply. The way you respond (and how fast, especially for younger shoppers) will demonstrate whether you're a brand that listens, values their feedback, and is committed to making things right. This, in turn, builds the trust necessary to develop lasting loyalty.

Given the importance of a speedy response, brands and retailers should leverage tools that alert them about feedback and equip them to effectively respond throughout each touchpoint in the customer experience.

75%  of customers expect a response to their negative review or feedback

64%  of shoppers expect a response within **48 hours**

46%  of shoppers **under 40** expect a response within **24 hours**



05

The Limits of Loyalty

Customer Loyalty Is on the Market

Customer loyalty in a post-pandemic world is fragile. The early days of COVID-19 brought swift changes to customers' buying patterns, as out-of-stock items forced many to try new brands and customers' needs and expectations for their shopping experiences shifted seemingly overnight. As a result, consumers became familiar with trying new retailers and ways of shopping, which meant their loyalty was back on the market. And for many, it still is.

Around a third of U.S. shoppers claim they're somewhat or much more likely to switch brands now compared to before the pandemic. This group is represented particularly by younger generations (41% of ages 18 to 29, 40% of people in their thirties). With this loyalty still up for grabs, retailers must build and strengthen these relationships with each and every interaction.



31%

About a third of U.S. shoppers are
more likely to switch brands now
than before the pandemic

What Prompts Customers to Switch

The biggest factors that sway customers to competitors—even from their favorite brands—are fairly predictable: better prices and product quality. Older generations are slightly more price-driven (73% for ages 55 to 64, 81% for ages 65+), but price tops the list for most age groups—with the exception of product quality edging out price for those in their thirties (68% vs 63%, respectively).

Around a quarter of shoppers can be wooed by competitors with superior service, more robust loyalty program benefits, or quicker shipping.

When it comes to dropping a brand point-blank, product quality and pricing are again the top two factors, followed by poor customer support. Note that shoppers under 30 are especially sensitive to being sent the wrong order, with almost a quarter (23%) saying it could cause them to walk away from a brand entirely.

Gaining a customer's loyalty isn't a one-and-done job. In order to foster lasting loyalty, brands need to consistently deliver an exceptional customer experience on all fronts. Continue to monitor your customers' preferences to ensure you're providing the best possible value and experience throughout their journey.

99%

say they would switch to a competitor of their favorite brand for any reason

Top Reasons Customers Would Switch Away From a Favored Brand

Lower prices	69%
Better product quality	63%
Better customer service	24%
Loyalty program/perks for repeat customers	24%
Faster shipping	24%
Free returns	19%
Verified reviews and referrals from others	18%

Top Reasons Customers Would Stop Shopping With Any Brand

Poor product quality	65%
Pricing	62%
Poor customer support	42%
Product availability	30%
Sent the wrong order	14%
Long or complicated checkout process	13%
Doesn't provide enough discounts	13%

Make Moves to Win Customers Back

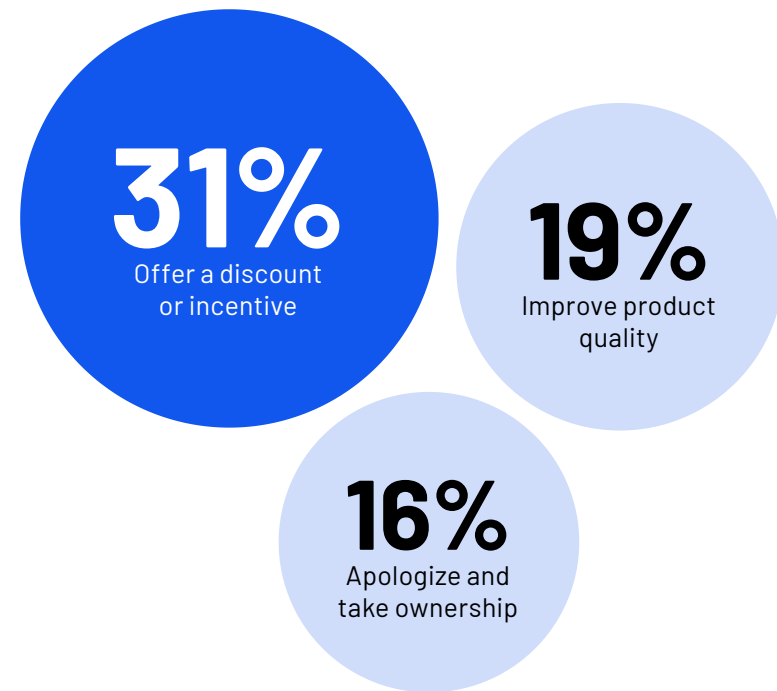
A negative shopping experience can cost you a customer's trust and loyalty, but the great news is that you can win them back. With only 3% of shoppers saying there's nothing a brand can do to make up for a negative experience, the way forward is to take action—apologize, make product improvements, and best of all, offer a special reward or incentive that encourages them to come back.

To track and understand any shopper dissatisfaction in the first place, ensure you have the technology in place to listen to your customers, optimize weak spots in your shopping experience, and drive repeat engagement and loyalty.

97%

say a brand can regain their trust after a negative experience

Top Actions to Regain Customer Trust and Loyalty After a Negative Experience



06

Personalizing the Customer Experience



Get Personal

Just like any lasting relationship, customers are more likely to stick with brands who know them and make them feel seen and valued. Today’s consumers are looking specifically for these interactions that show a deeper understanding of their individual preferences, with 67% saying a personalized experience is somewhat or very important to them when shopping online.

It’s especially in demand among younger generations, with 88% of ages 18 to 29 and 76% of the thirties crowd saying it’s important.

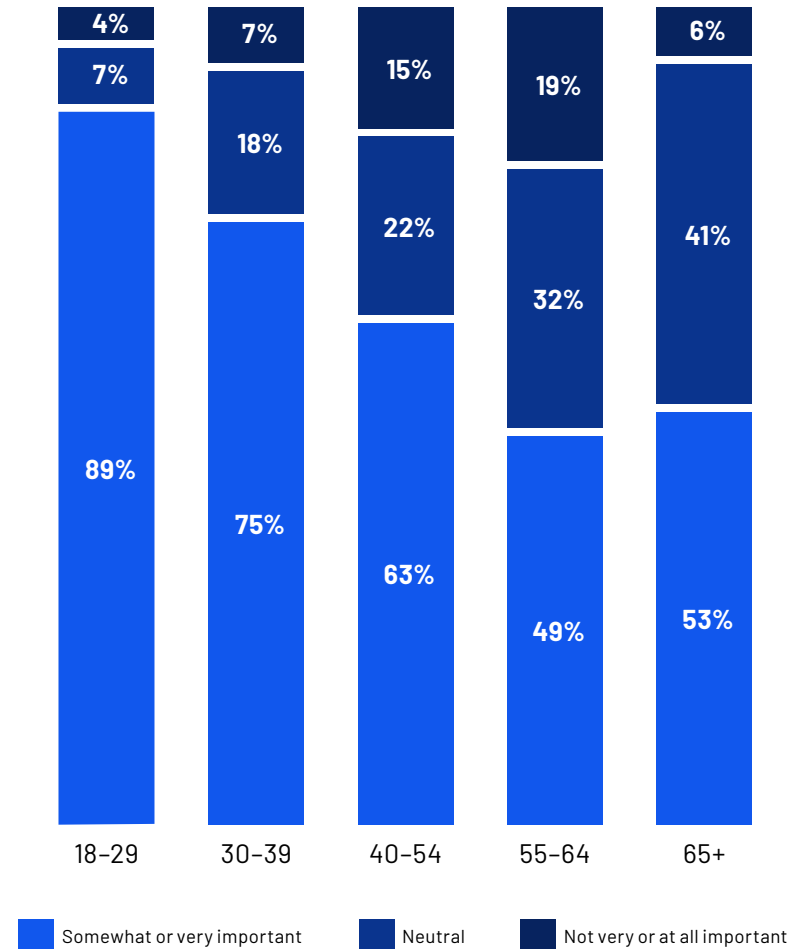
The type of personalization consumers value most is a loyalty program that reflects their individual shopping preferences (61%). Coming in second are special discounts based on their shopping habits (57%), followed by wishlist features to bookmark products they’re interested in (31%).

When it comes to personalization, consumers seem to be saying it’s important to get the fundamentals right. Prioritize loyalty programs and offers tailored to their individual preferences and behavior, before focusing on other features like virtual try-ons and digital shopping assistants.

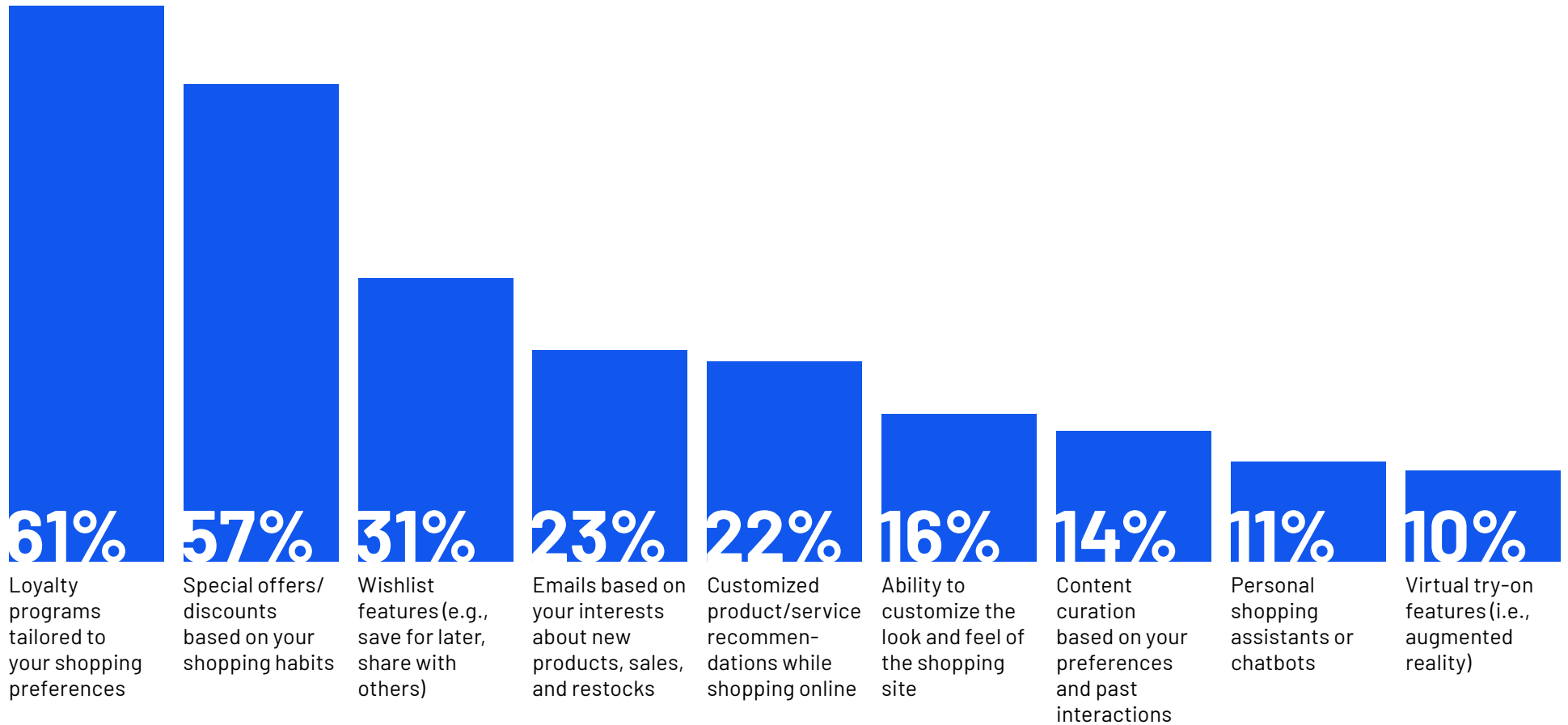
70%

say a personalized experience is important when shopping online

Importance of Personalization by Age



Which of the Following Aspects of a Personalized Shopping Experience Do You Value the Most?



Value Exchange: Data for Personalization

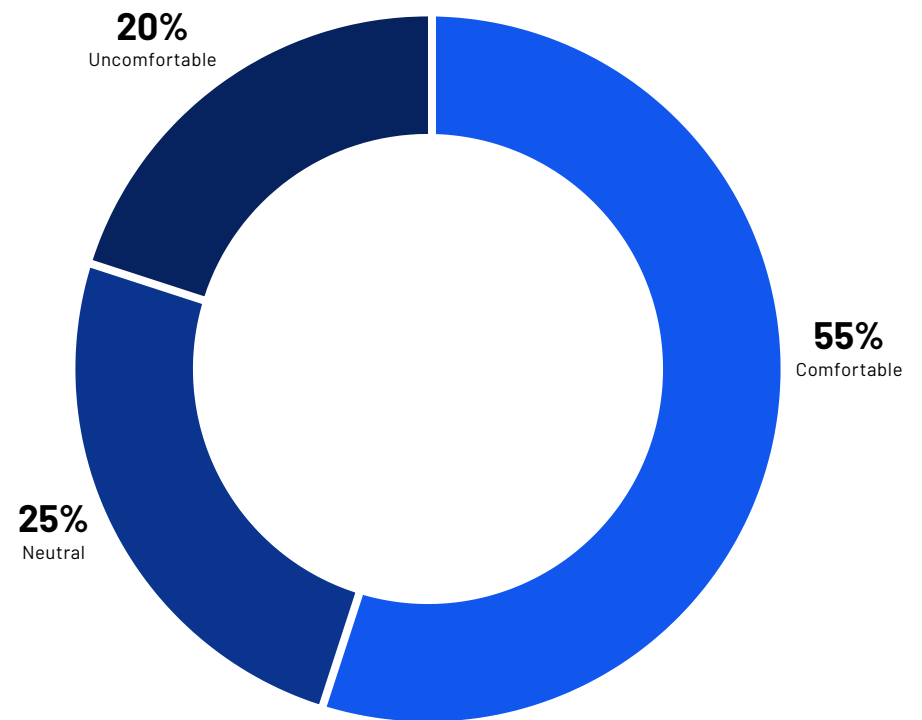
Over half of U.S. consumers are generally comfortable with offering personal information in return for a more personalized shopping experience. Younger generations are predictably more open to this than their older counterparts.

The sentiment is similar when it comes to cookies, with less than 10% of consumers saying they always decline. Those under 40 say they're more willing to accept all cookies immediately (45% of ages 18 to 29, 40% of ages 30 to 39), while those over 40 tend to only accept the necessary ones (40% of ages 40 to 54, 45% of ages 55 to 64, and 55% of ages 65+).

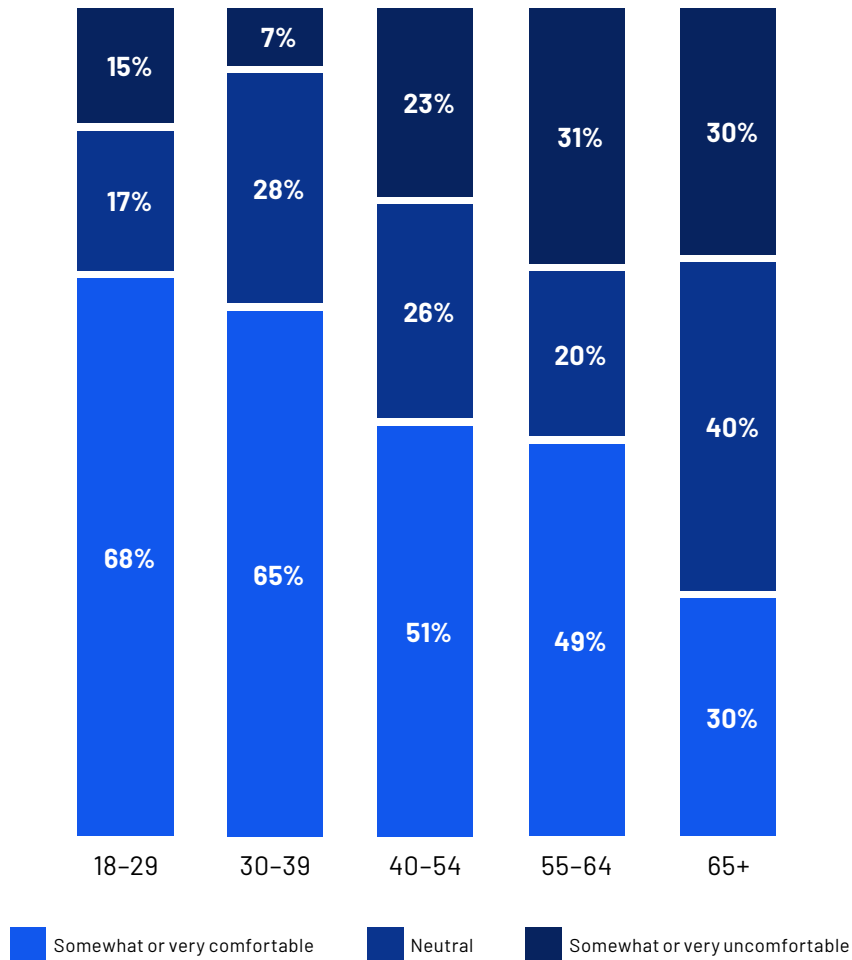
This takeaway—that the majority of consumers would be willing to share their personal information with brands and retailers—is huge. With Google's plan to completely phase out third-party cookies in 2024, first-party data is more important than ever for marketers.

Brands and retailers who foster strong relationships with customers are poised to earn this precious data, directly from consumers, to effectively customize offers and content. This, in turn, equips brands to deliver more personalized experiences that boost customer satisfaction and loyalty.

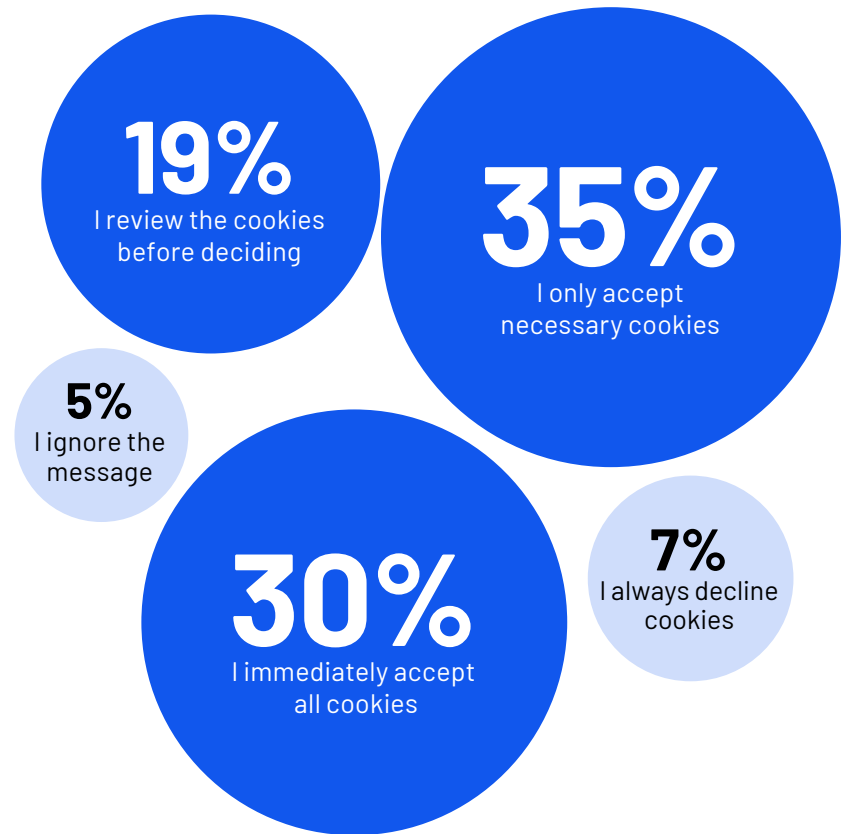
Comfortable or Not: Trading Data for Personalization



Comfort Sharing Personal Information Increases With Age



What Consumers Usually Do About Cookies



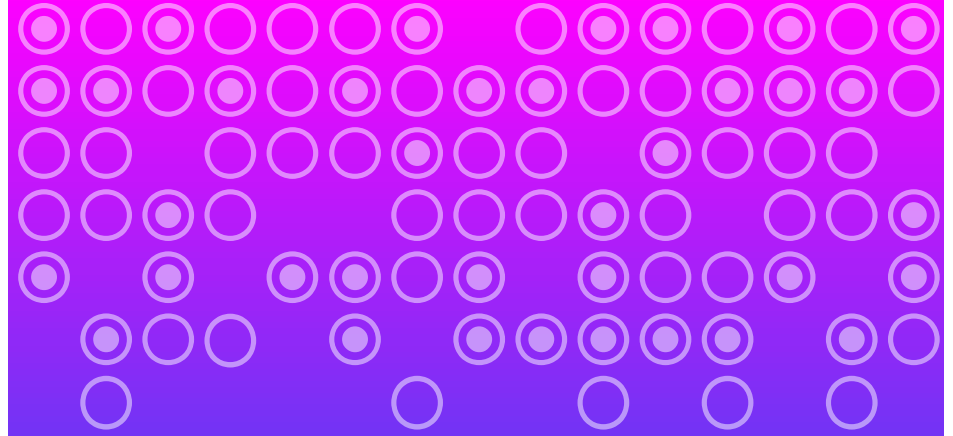
Customers Will Share Information – But It Depends What You Ask For

Certain types of personal data are easier to trade than others. Consumers are most willing to share their interests and hobbies (52%), demographic data (47%), email address (46%), and browsing history (45%).

Meanwhile, less than a fifth of consumers are keen on sharing their social media activity (19%), phone number (17%), and household income (16%).

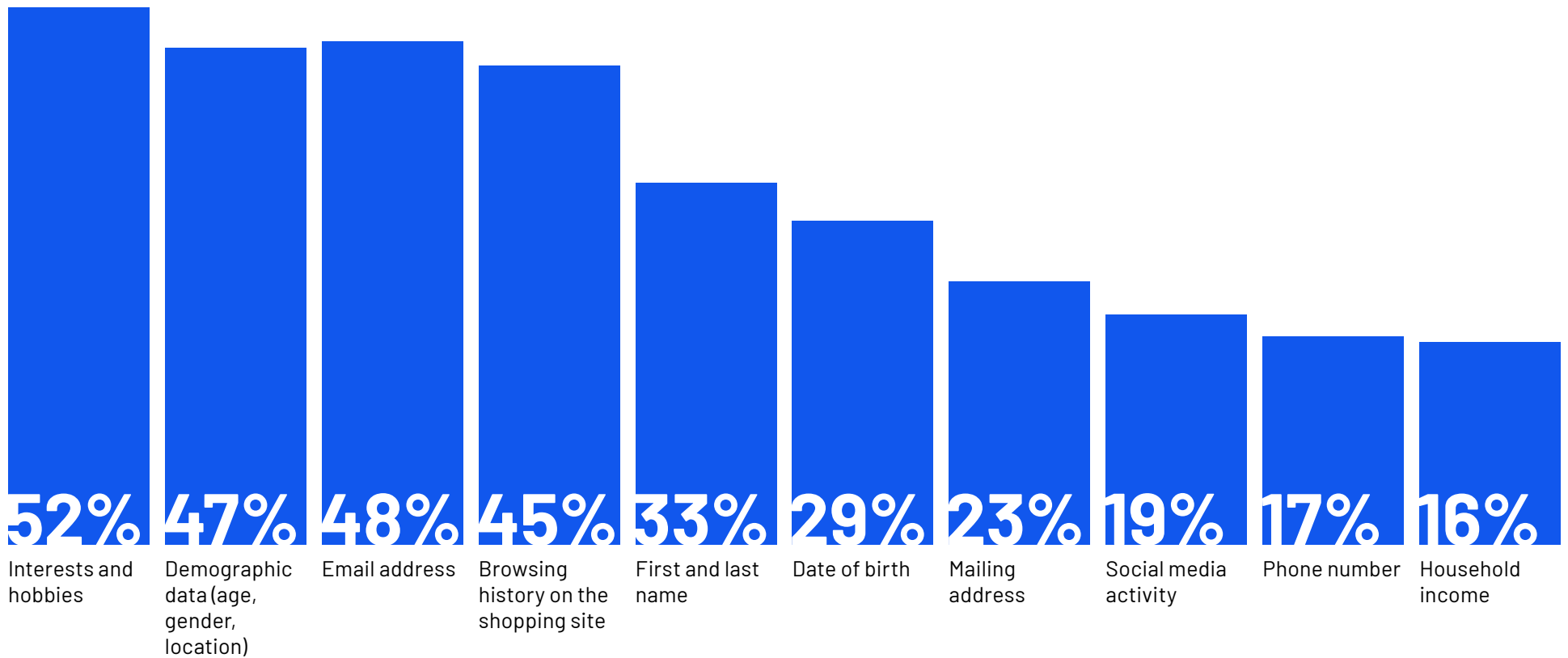
Generational differences reveal that older consumers are more willing, interestingly, to share their demographic data (62% of ages 65+ vs. 34% of ages 18 to 29). Younger shoppers are less protective of their social media activity (31% of ages 18 to 29 and 24% of the thirties group vs. 9% of ages 55 to 64 and 2% of 65+), as well as their phone numbers (27% of ages 18 to 29).

Fortunately, consumers' willingness to share their interests and hobbies most of all—key pieces of behavioral data—can empower brands and retailers to deliver more personalized and relevant experiences that make customers feel seen, excited, and motivated to re-engage.



52%
of customers are willing to
share their interests and hobbies

Types of Personal Data Consumers Are Willing to Share for a More Personalized Shopping Experience



Nurture Loyalty With Care

**Build a winning customer experience
strategy with Bizrate Insights.**

Loyalty must be earned, continuously. Now is the time to make sure you have all the tools in place to listen to your customers, understand their needs and preferences, and deliver meaningful experiences.

We deliver reviews, ratings, and customer verbatims to help you build a deeper, more emotional connection with your brand that will keep shoppers coming back for more.

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