Power Retail

Australian Loyalty Association

2024 LOYALTY INSIGHTS REPORT

Released - June 2024

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A Message from the CEO

It is with great pride that the Australian Loyalty Association (ALA) introduces the second Loyalty Insights Report. This version of the report focuses exclusively on the retail industry and stands as the largest and most comprehensive report of its kind produced in Australia.

Since our establishment in 2011, the ALA has been dedicated to providing thought leadership, education, and networking opportunities for professionals in the loyalty industry. Leveraging our extensive expertise in the Australian loyalty landscape, this report reflects our unwavering commitment to excellence and innovation.

Our analysis explores the pivotal roles that brand, product, and loyalty programs play in cultivating consumer loyalty and fostering lasting relationships. Our goal is to equip decision-makers with critical insights into what matters most to their customers and to establish essential benchmarks that are often missing. Through this report, we aim to provide our members with an impartial understanding of consumer perspectives on loyalty programs within the Australian market, empowering them to devise bold strategies and agile solutions for acquiring and retaining their most valuable customers.

We are proud to have collaborated closely with the exceptional team at Power Retail to present to you Australia's most comprehensive retail loyalty insights report.

Sarah Richardson

CEO, Australian Loyalty Association
www.australianloyaltyassociation.com

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Methodology

The Advanced Quantitative Research team conducted and analysed a survey of 2811 engaged Australian shoppers, of which 2486 were active members[1] of loyalty and rewards programs.

This study includes data and opinions surrounding 44 retail-specific loyalty programs. The findings zoom in on the retail programs detailed here.

Shopper demographics cover all Australian states and generational age ranges.

FMCG	BEAUTY
Flybuys	Adore Society
Woolworths Everyday Rewards	Essential Rewards (Essential Beauty)
My Dan's (Dan Murphy's)	MECCA Beauty Loop
VC Club (Vintage Cellars)	Priceline Sister Club
IGA Rewards	Sephora Beauty Pass
Dough Getters Rewards (Bakers Delight)	Berries Rewards (Strawberrynet Point)
Other Grocery	Other Beauty

SHOPPER STATE	PERCENTAGE
NSW	30.8
VIC	27.8
QLD	20
WA	9.9
SA	7.1
TAS	27.8
ACT	2.2
NT	0.4

GENERATION	PERCENTAGE
Gen Z (1997-2012)	8.9
Millennial (1981 - 1996)	43.6
Gen X (1965-1980)	35.5
Boomers (1946 - 1964) and over	12

FASHION & DEPARTMENT STORES		OTHER GENERAL
David Jones Membership Rewards	Cotton On & Co. Perks	Club Catch
Myer One	MIMCollective (Mimco)	Supercheap Auto
MyFit Rewards (The Athletes Foot)	Witchery Rewards	Friends for Life Loyalty (Petbarn)
Bonds & Me	VIP Rewards (Susan)	Petstock Rewards
Cheeky Rewards (BrasNThings)	Rebel Active	Booklover Rewards (Dymocks)
Country Road Loyalty Program	Strand+	Amcal Rewards
Out There Rewards (Katmandu)	Linen Lovers (Adairs)	Cashrewards
XPLR Pass (North Face)	Bed Bath N' Table Rewards	Active Rewards (Active Super)
Nike Membership	IKEA Family	Amazon Prime
Vogue VIP	Other Fashion & Departm't Stores	Accelerate Rewards (Autobarn)
		Insider Rewards (Total Tools)
		Repco Rewards
		Sydney Tools Points
		Other General

[1]Active members are those who have earned or used points with a loyalty program in the last 12 months

Key Insights Contained in this Report

1. Help shoppers make tangible savings on frequently purchased items.

As cost-of-living pressures continue in 2024, shoppers are seeking ways to reduce costs at the checkout, leverage cashback schemes, and fully pay for products and services using rewards points. It's the perfect time for retailers to review their rewards incentives and ensure they help shoppers make the savings they're looking for on their preferred items.

2. Understand your customers and their generational preferences.

Preferred loyalty programs, their perceived value, satisfaction, and what shoppers want from these programs all shift according to generations. Gen Z and Boomers show particular differences that retailers must consider. Brands need to know who their shoppers are, how they feel about rewards programs, and what they expect from brands' loyalty offerings.

3. Leverage rewards programs to gain brand preference.

While FMCG (supermarkets and grocery stores) shoppers generally have a preferred brand or consider 2-3 brands, other retail industries have a large number of customers reporting no brand preference. Retailers should consider leveraging value-driven rewards programs to gain their customers' brand preference.

Key Insights Contained in this Report

4. Use loyalty programs to increase AOV and acquisition.

When shoppers find loyalty programs appealing, most are likely to increase their average order value (AOV) and refer that brand to someone else. Retailers have a significant opportunity to increase AOV and acquisition with a strategic loyalty program approach.

5. Create trust through clear communication.

Less than six in ten shoppers are happy to share their data. However, around half expect brands to know their preferences. Retailers need to consider their data security measures, how they use customer data, and communicate these aspects to their shoppers. This up-front approach can build trust and enable brands to deliver more relevant loyalty and rewards offers.

6. Help shoppers get more from their rewards.

Shoppers are looking for ways to reduce their total spend at the checkout and take full advantage of cashback and points-for-products schemes. Retailers that help shoppers easily earn, access, and use rewards incentives to lighten the load on their wallets stand to gain favour, and long-term loyalty.

What generally makes you loyal to a particular brand or retailer?

"Assuming the quality of the products is similar, what makes the difference for me is: convenience, prices, as well as discounts and value offered through the loyalty program.

CHAPTER 1:

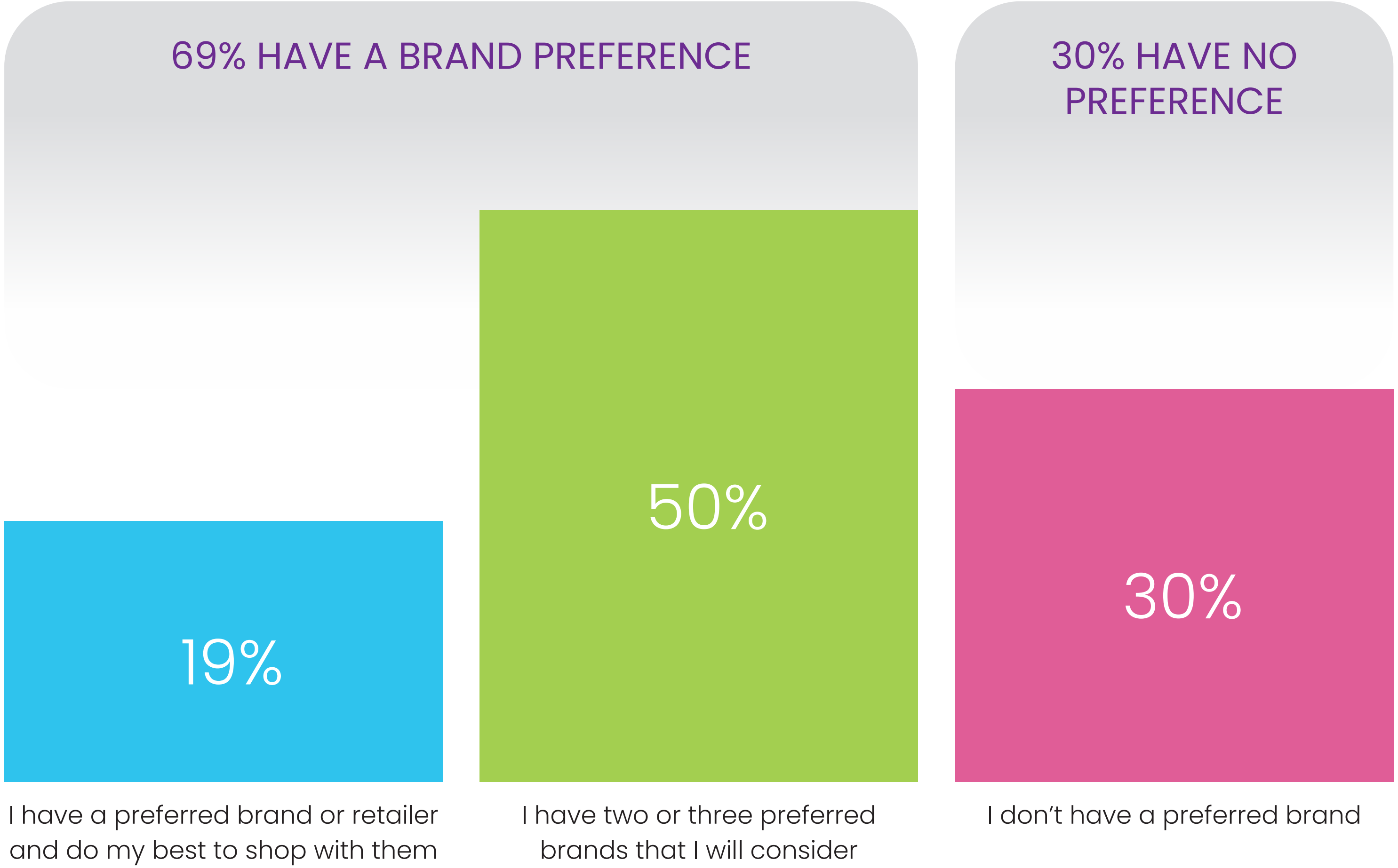
The Loyalty Program Landscape in 2024

Leveraging Loyalty Programs to Gain Preference

69% of consumers have one, two or three preferred brands.

A further **30%** say they don't have a preferred brand.

As we'll explore in more detail, retailers can leverage loyalty programs to gain preference from both of these audience segments.



Loyalty Programs Provide an Opportunity to Connect

84% of Australians are active members of a retail loyalty program.

5.1 is the average number of retail programs of which Aussie shoppers are members.

More than eight out of ten Australian shoppers have earned or used points with a loyalty scheme within the last 12 months.

While the most shoppers show a brand preference between one, two, or three brands, they are members of around five programs.

These figures suggest that there is opportunity for brands, even when not seen as a shoppers' preferred brand, to connect with them through loyalty programs.

Aussies Are Most Invested in FMCG Loyalty Programs

93% of Aussie shoppers are members of loyalty programs where they make essential spend—FMCG (supermarkets and grocery stores). Why are shoppers so invested in supermarket and grocery loyalty programs? Many FMCG programs have developed sophisticated loyalty programs that are convenient and refined from an experiential perspective. Additionally, cost-of-living pressures may be encouraging shoppers to take greater advantage of programs where it matters most—at the supermarket checkout.

Throughout 2023, we saw spend on essential items grow 5.4%, while non-essential spend fell -0.6%[2]. Shoppers are looking for savings and rewards where they frequently spend cash. Discounts off future shops or points redeemable for gift cards and free items are looking all the more appealing to shoppers wanting to stretch their dollars further at supermarkets and grocery stores.

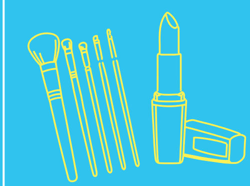
Fashion & Department Stores also see a healthy 73% of shoppers invested in their loyalty programs, though General Retail and Beauty trail behind the retail industry average at 45% and 38%, respectively.

[2]ABS Monthly Household Spending Indicator: https://www.abs.gov.au/statistics/economy/finance/monthly-household-spending-indicator/dec-2023

62%

the average penetration of Australian consumers across all categories.

REPORTED PERCENTAGE OF AUSTRALIAN CONSUMERS ENGAGED WITH LOYALTY PROGRAMS IN EACH INDUSTRY



FMCG (Supermarkets & Grocery Stores)	Beauty	Other General Retail	Fashion & Department Store
93%	38%	45%	73%
2.5	0.7	1.1	2.0

REPORTED AVERAGE NUMBER OF LOYALTY PROGRAMS AUSTRALIAN CONSUMERS PARTICIPATE IN WITHIN EACH INDUSTRY

The Top 20 Australian Loyalty Programs by Membership Size

Again, shoppers are heavily invested in FMCG loyalty programs. Of the 44 surveyed schemes, Woolworths and Coles lead the charge, with liquor, marketplaces, beauty, and fashion also seeing high membership.

RANKED LOYALTY PROGRAM MEMBERSHIP AMONG ALL ACTIVE LOYALTY

Woolworths Everyday Rewards	84.50%
Coles Flybuys	77.51%
My Dan's (Dan Murphy's)	35.48%
Myer One	30.77%
Amazon Prime	19.22%
The Sister Club (Priceline)	18.08%
Cotton On & Co. Perks	14.70%
Rebel Active	12.95%
Dough Getters Rewards (Bakers Delight)	12.24%
IGA Rewards	11.29%
MECCA Beauty Loop	9.89%
David Jones Membership Rewards	9.54%
Supercheap Auto Club	7.98%
Bonds & Me	7.67%
Sephora Beauty Pass	6.65%
Friends for Life Loyalty (Petbarn)	6.46%
Cashrewards	6.34%
IKEA Family	6.11%
Country Road Loyalty Program	6.01%
Nike Membership	5.92%

What generally makes you loyal to a particular brand or retailer?

"Loyalty programs that give back via points or products or samples. Plus, the quality of goods and how the products make me feel."

CHAPTER 2:

Aussies' Investment in Loyalty Programs

Which Programs Do Different Generations Prefer?

GEN Z	MILLENIAL	GEN X	BOOMERS
Woolworths Everyday Rewards	Woolworths Everyday Rewards	Woolworths Everyday Rewards	Woolworths Everyday Rewards
Coles Flybuys	Coles Flybuys	Coles Flybuys	Coles Flybuys
MECCA Beauty Loop	My Dan's (Dan Murphy's)	Myer One	My Dan's (Dan Murphy's)
My Dan's (Dan Murphy's)	Myer One	My Dan's (Dan Murphy's)	Myer One
Cotton On & Co. Perks	Amazon Prime	Amazon Prime	IGA Rewards
The Sister Club (Priceline)	The Sister Club (Priceline)	Rebel Active	Dough Getters Rewards (Bakers Delight)
Sephora Beauty Pass	Cotton On & Co. Perks	The Sister Club (Priceline)	Amazon Prime
Myer One	Rebel Active	Cotton On & Co. Perks	Priceline Sister Club
Amazon Prime	Mecca Beauty Loop	Dough Getters Rewards (Bakers Delight)	Supercheap Auto Club
David Jones Membership Rewards	David Jones Membership Rewards	IGA Rewards	David Jones Membership Rewards
Rebel Active	Dough Getters Rewards (Bakers Delight)	David Jones Membership Rewards	Rebel Active
Cheeky Rewards (BrasNThings)	Bonds & Me	Supercheap Auto Club	Cotton On & Co. Perks
Nike Membership	IGA Rewards	Country Road Loyalty Program	Out There Rewards (Katmandu)
IGA Rewards	Sephora Beauty Pass	Bonds & Me	Friends for Life Loyalty (Petbarn)
Bonds & Me	Cashrewards	IKEA Family	Bonds & Me
Dough Getters Rewards (Bakers Delight)	Supercheap Auto Club	Friends for Life Loyalty (Petbarn)	Repco Rewards
Friends for Life Loyalty (Petbarn)	Nike Membership	Cashrewards	One Pass (Catch.com)
Booklover Rewards (Dymocks)	Friends for Life Loyalty (Petbarn)	Nike Membership	Sussan VIP Rewards
IKEA Family	IKEA Family	Out There Rewards (Katmandu)	IKEA Family
Adore Society	Country Road Loyalty Program	PETstock Rewards	Country Road Loyalty Program

While supermarkets remain the top two loyalty programs across all ages, MECCA (beauty products) takes third place for Gen Z's. Millennials and Gen X's also show a preference for Amazon, landing in the top 5 for these shopper segments.

Dan Murphy's appears in the top 5 for all generations, with Myer placed similarly for everyone except Gen Z's.

Among the top 20, fashion and beauty programs are popular with Gen Z's and Millenials. Boomers, on the other hand, show a stronger liking for automotive and petcare categories.

A Word from Hairhouse

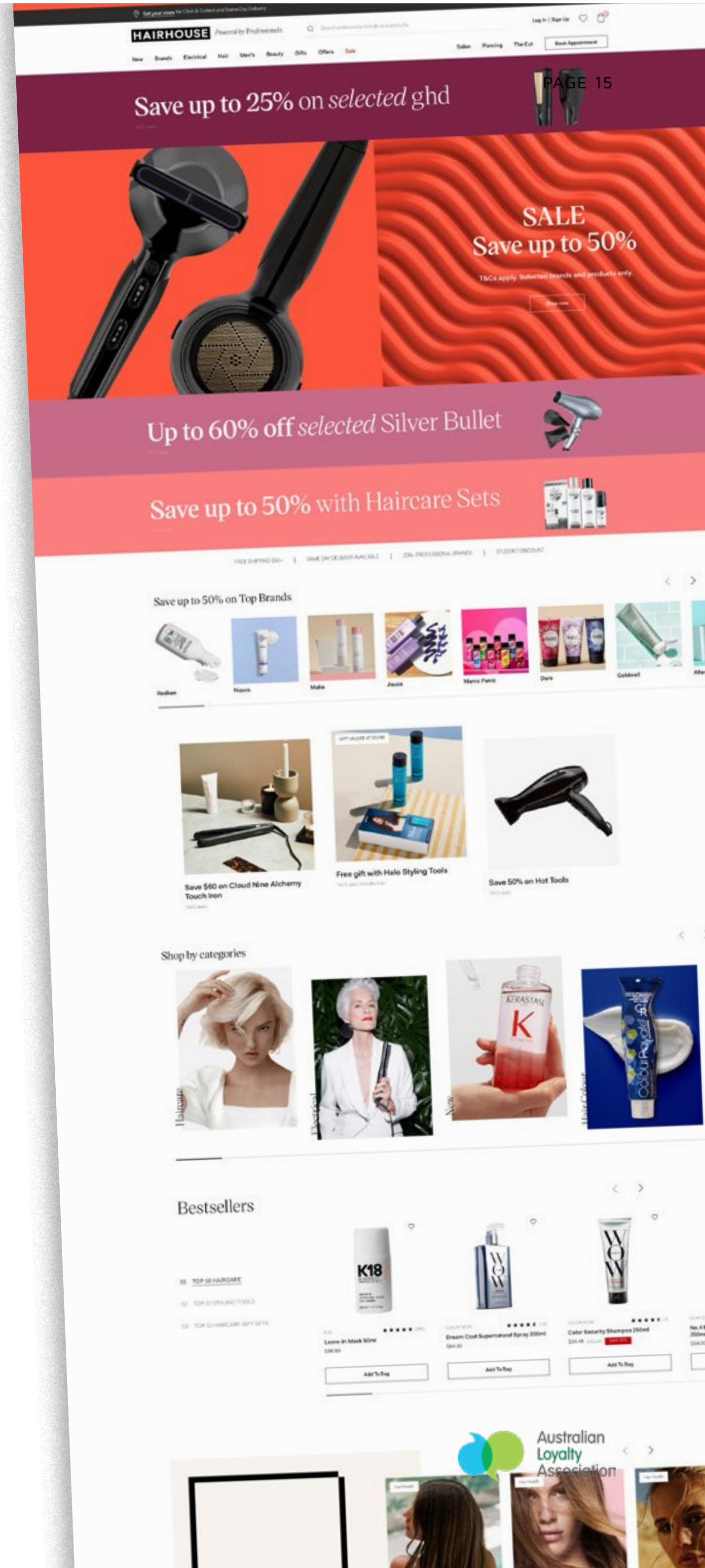
Hairhouse revamped their Style Society loyalty program in June 2023, aiming to attract new customers while engaging their existing base of over 1 million loyal customers. Central to this strategy is the introduction of a tiered loyalty system, where each tier unlocks varying rewards, motivating customers to move tiers for added benefits. Platinum members enjoy exclusive perks like complimentary blow dry services, bespoke birthday boxes filled with deluxe samples, and vouchers tailored to their birthday. Emphasizing personalization, the program tailors rewards based on individual purchase histories and preferences, surprising members with unexpected treats as tokens of appreciation to surprise & delight & double points promotions!

The program also extends invitations to members-only events and grants early access to product launches, fostering a sense of belonging and exclusivity. To maintain active engagement, Hairhouse communicates regularly with customers through personalized emails, SMS messages, and incentivized surveys. Looking ahead to 2025, Hairhouse plans to elevate their loyalty program further by enhancing personalized communications and offering bespoke rewards and experiences, along with the launch of the Hairhouse app, with the goal of maximizing customer lifetime value and loyalty.

Alina Malkin

Head of Marketing & Customer Engagement

Hairhouse



When shoppers engage with appealing loyalty programs, the most common result is that they will **spend more** with that brand, with 87% overall citing this behaviour.

They're also inclined to **pay a premium** at **66%**, and **recommend** brands to others, at **74%**.

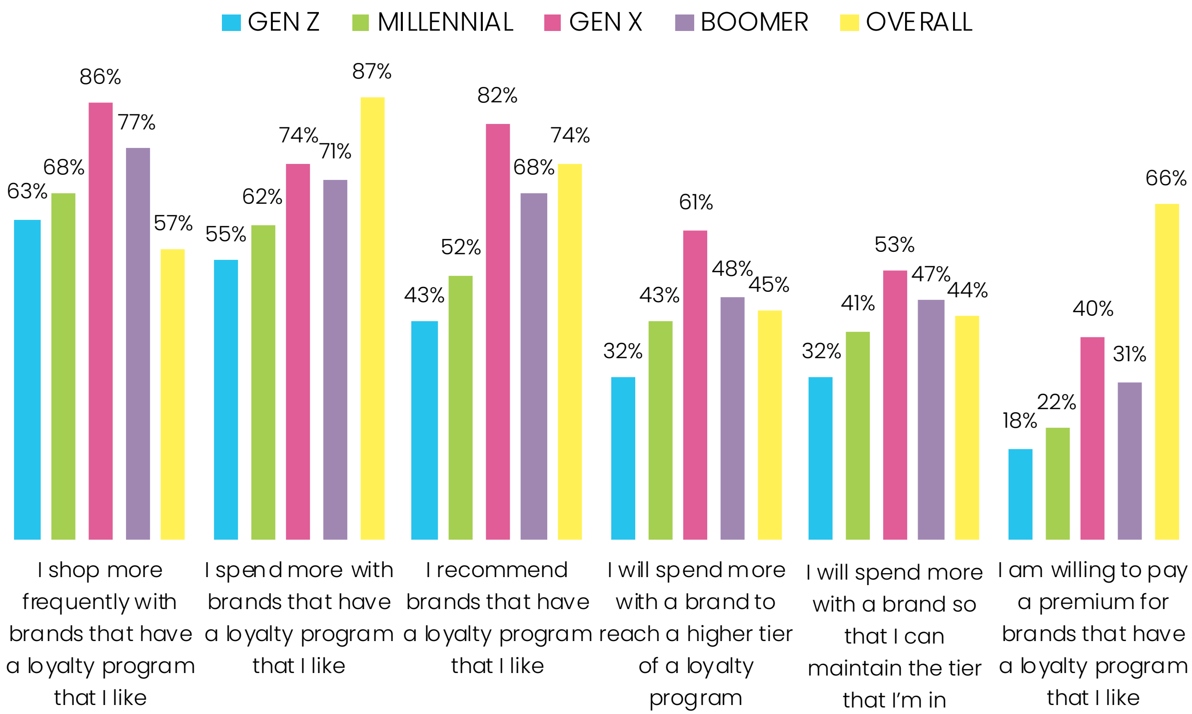
These top three factors influencing customer behaviours paint a vivid picture of how loyalty programs impact AOV through increased and premium spend, and new customer acquisition through word-of-mouth referrals.

Additionally, many more shoppers will shop more frequently with a brand, at 57%, and spend more to reach and retain rewards "tier" levels, at 45% and 44%, respectively.

Gen Z ranks highest across all actions taken when they like a loyalty program, indicating the strongest engagement of all generations.

How Loyalty Programs Can Boost AOV, Order Frequency, and Acquisition

LOYALTY PROGRAM BEHAVIOURS BY GENERATION
(ACROSS ALL INDUSTRIES)



Australian Loyalty Association

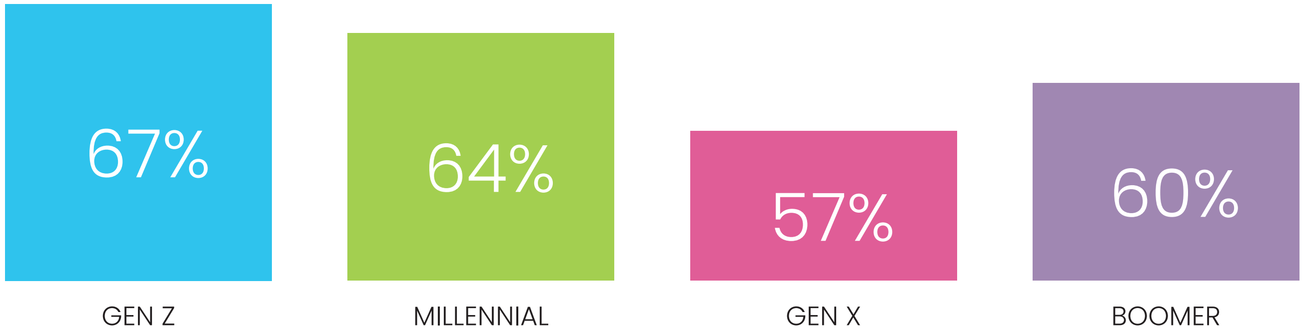
It's no surprise that Gen Z shoppers, who show the highest loyalty program engagement across generations, are also most likely, at 67%, to say loyalty programs provide excellent value. However, this perception declines with each generation, and only 60% of Boomers agree that loyalty programs provide excellent value.

61%

overall agree loyalty programs provide excellent value

Gen Z Believes Most in the Value of Loyalty Programs

LOYALTY PROGRAMS ARE EXCELLENT VALUE



"It's gives great value for money, both in discount received and points earned as well as special offers."

"Has unique offers that reward you for consistent purchases. Best point value per $ spent."

These quotes are drawn directly from the open-ended question: "Why are you likely to recommend [Loyalty Program]?" and comments from focus groups.

Key Insights – Aussies' Investment in Loyalty Programs

Preferred programs reveal generational differences.

While all generations resonate strongly with FMCG and liquor loyalty programs, Gen Z shows a particular liking for beauty and fashion categories. The Amazon marketplace, with its additional value-adds, scores highly with Millennials and Gen X's, while Boomers lean more towards automotive and petcare categories.

The impact of loyalty programs on AOV and acquisition.

Across all industries and age ranges, our data shows the distinct relationships between loyalty programs and AOV and acquisition through referrals. Interestingly, Gen Z shows the highest engagement with actions that drive these outcomes—perhaps a sign of these digital natives being more aware of programs over a broader range of shopping channels.

The value perception of programs.

More than two-thirds of shoppers think loyalty programs provide excellent value. However, many more Gen Z's than Boomers think those programs deliver excellent value. It's critical for brands to understand their shopper segmentation and how to connect with their ideal customers through value-driven loyalty programs.

Basically, all I care about is cash back or discount incentives.

Corrina
Burleigh Waters, Queensland

One of my favourites is the Country Road loyalty program. I like the tiered system and the spend & save incentives. I feel that I'm regularly being sent rewards dollars to use as credit, which makes me buy more—it's a vicious cycle!

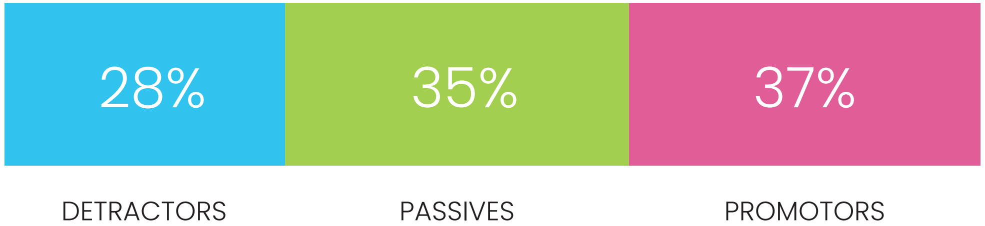
Celia
Hawthorn East, Victoria

CHAPTER 3:

Shoppers' Perceptions of Loyalty Programs

Loyalty Program Sentiment Is Generally Positive

AVERAGE NPS SCORE ACROSS LOYALTY PROGRAMS



AVERAGE SATISFACTION SCORE ACROSS LOYALTY PROGRAMS

[3] Bain & Company NPS explained: https://www.bain.com/consulting-services/customer-strategy-and-marketing/net-promoter-score-system/

Overall, the net promoter score (NPS), an indicator of how likely a consumer is to recommend a company, product, or service to a friend or colleague, reached +9 across all loyalty programs.

Creators of the NPS, Bain & Company[3], suggest that scores:

- Above 0 are "good"
- Above 20 are "favourable"
- Above 50 are "excellent"
- Above 80 are "world-class"

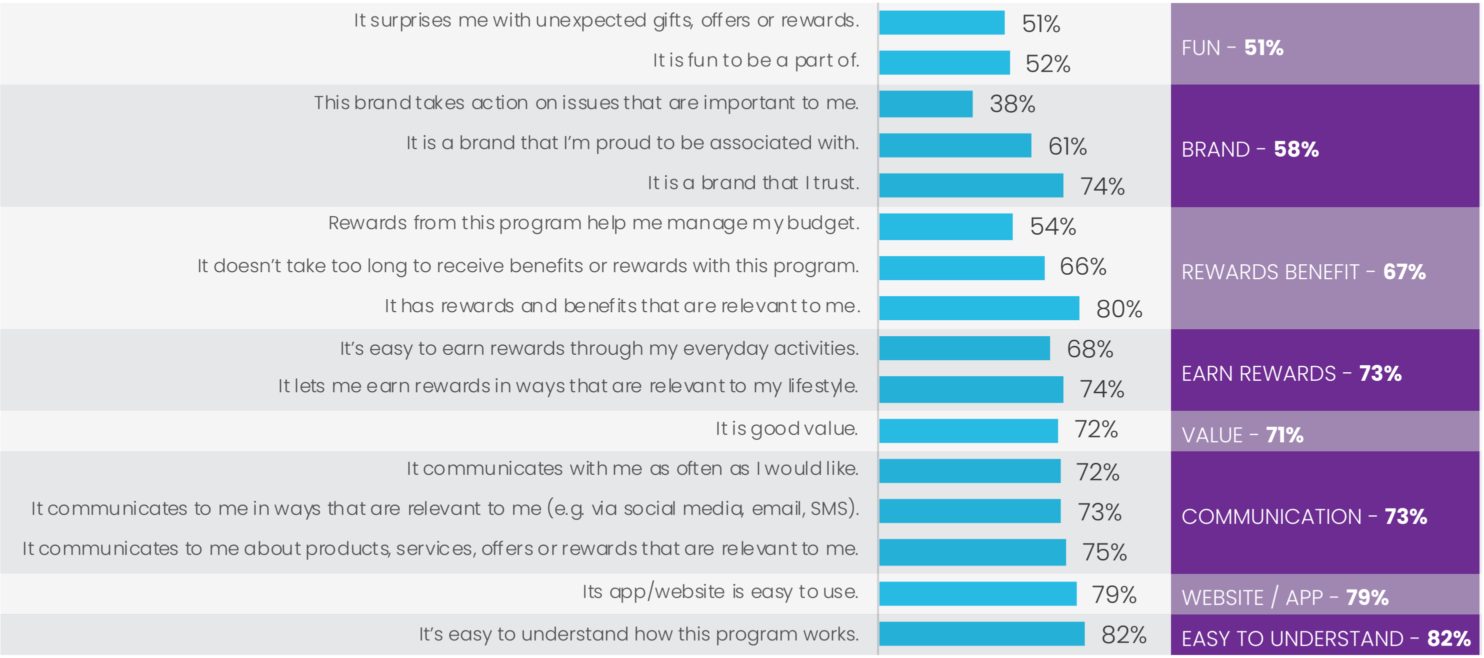
Encouragingly, there are more promoters, at 37%, than detractors, at 28%.

Coupled with an average satisfaction score of 63%, retailers have room for improvement. However, only a small 9% of customers are not satisfied.

What does this mean for brands with exceptional loyalty program NPS and satisfaction scores? They have a unique opportunity to make their programs part of their unique selling proposition (USP) and remind shoppers why they stand out from the competition.

What's Driving Shoppers' Loyalty Program Satisfaction?

WHICH OF THE FOLLOWING STATEMENTS DO YOU AGREE WITH, IN RELATION TO LOYALTY PROGRAMS?



Our modelling of 22 loyalty program perceptions, grouped into 11 category drivers of satisfaction, provides powerful insights into what shoppers want.

The top three drivers include ease of understanding how programs work, at 82%, ease of app or website use, at 79%, and how the program communicates with customers, at 73%.

The least important factors in how consumers perceive loyalty programs are privacy at 56%, flexibility, at 49%, and exclusivity, at 42%.

Key Insights – Shoppers' Perceptions of Loyalty Programs

Retail NPS has room to grow.

Overall, loyalty programs meet the "good" NPS range of 0-20, with a +9 score. This data provides an eye-opening reminder that simply having a program in place is not enough. Retailers must demonstrate the value of these loyalty incentives to connect with customers on a deeper level and encourage more word-of-mouth referrals.

Most customers are satisfied.

Despite the modest NPS ranking that indicates how many shoppers are active brand promoters, most are actually happy. More than six in ten shoppers say they are satisfied with retail loyalty programs, compared to the less than one in ten reporting dissatisfaction.

The chance to stand out.

Retailers have a clear opportunity to enhance their USP. How? By delivering exceptional loyalty programs that strengthen satisfaction and extend customer lifetime value. To get there, retailers should consider focusing on shoppers' most reported satisfaction drivers: easy to understand schemes, easy app and website tools, and good customer communication.

I like loyalty programs, that are digital or linked to a phone number. No one likes carrying cards around.

Nikki
Olinda, Victoria

Sustainability is important, but not a major factor when considering whether or not to join a program.

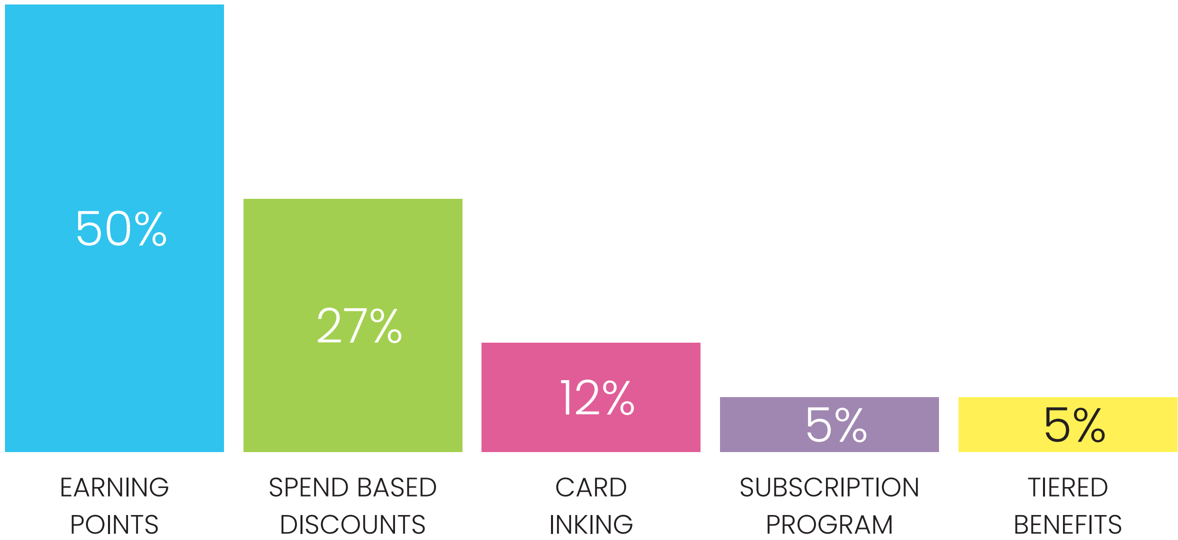
Leah
Hawthorn East, Victoria

CHAPTER 4:

How Shoppers Want to Be Rewarded

How Shoppers Prefer Loyalty Programs to Work

SHARE OF PREFERENCE FOR LOYALTY PROGRAM MECHANICS



	EARNING POINTS	SPEND BASED DISCOUNTS	CARD INKING	SUBSCRIPTION PROGRAM	TIERED BENEFITS
GEN Z	50%	23%	9%	8%	10%
MILLENNIAL	49%	29%	10%	7%	5%
GEN X	52%	28%	13%	4%	4%
BOOMERS	49%	24%	20%	2%	4%

Earning points is the most preferred loyalty program structure across all industries and generations, at 50%. Spend-based discounts take a sharp step down at 27%, as does card linking at 12%.

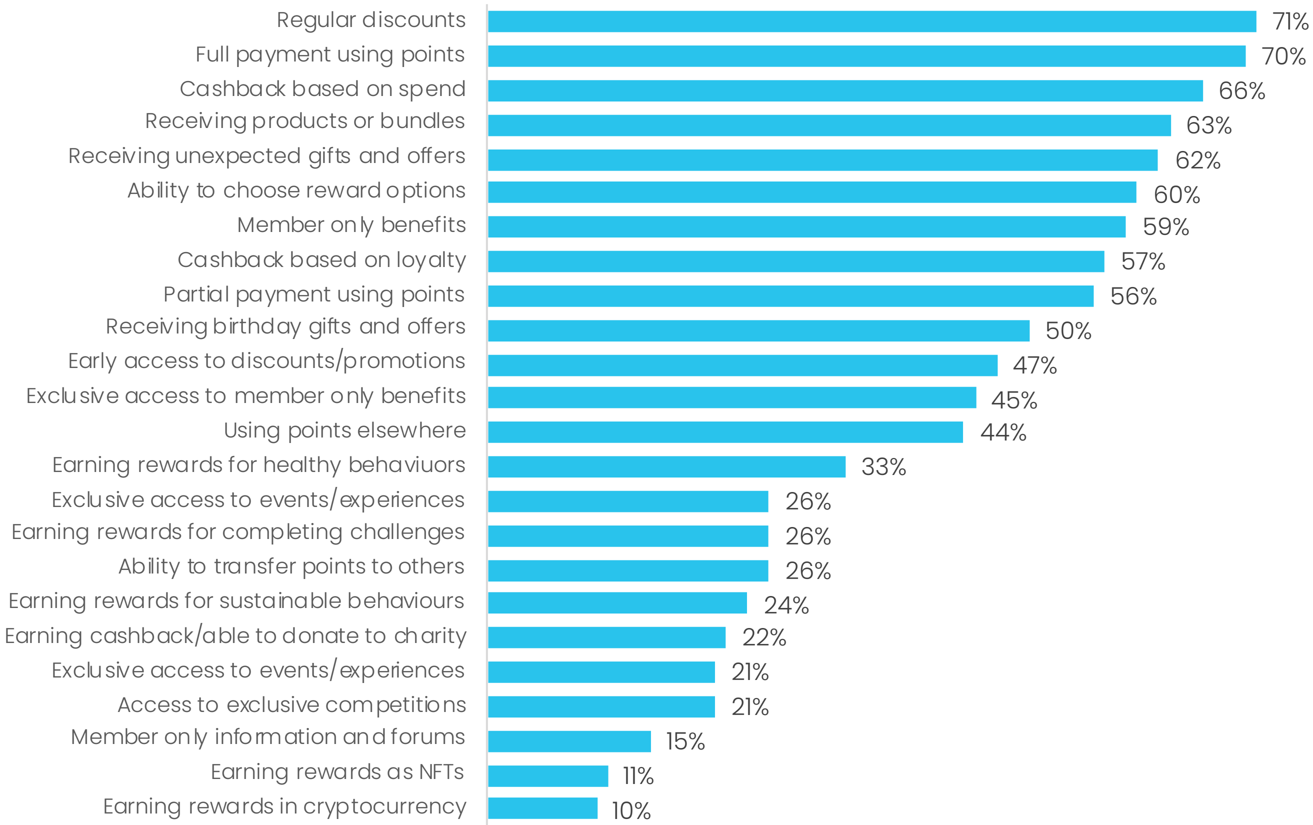
Boomers show a stronger preference for card linking, at 20% versus 9% of Gen Z's, perhaps another indicator of easy-to-use programs driving added appeal for some audience cohorts.

On the other end of the generational spectrum, Gen Z shows a 5-6% greater liking for tiered benefits than other cohorts, pointing to "gamification" becoming an influencing factor.

The Benefits that Are Important to Shoppers

RELATIVE PREFERENCE FOR LOYALTY PROGRAM BENEFITS

MOST APPEALING FEATURES



71% of shoppers across all industries and generations want to gain regular discounts from their loyalty programs.

Full payment of reward items using points is also significant, **at 69%**, as is cash-back based on spend, **at 66%.**

At the other end of the scale, exclusive access to relevant information and forums gains interest from **only 15%** of shoppers, with the ability to earn rewards as NFTs or cryptocurrency at **just 11% and 10%,** respectively.

Generational Shifts in Benefit Preferences

	GEN Z	MILLENIAL	GEN X	BOOMERS
Regular discounts based on how much I spend	72%	71%	71%	68%
Full payment of products, services or experiences using my points	67%	72%	68%	65%
Cashback based on how much I spend	59%	66%	68%	66%
Receiving free products depending on how much I spend	58%	63%	66%	61%
Receiving unexpected gifts, offers or promotions	61%	63%	60%	60%
The ability to choose from a range of reward options	55%	59%	63%	61%
Member only discounts and promotions	56%	60%	61%	58%
Cashback based on buying with a particular retailer or service provider	54%	57%	58%	58%
Partial payment of products, services or experiences using my points	51%	56%	58%	55%
Receiving birthday gifts or offers	44%	52%	53%	45%
Early access to discounts and promotions	46%	47%	46%	49%
Exclusive access to member only benefits	45%	44%	47%	43%
Using my points with a range of other businesses	37%	46%	46%	46%
Earning rewards for healthy behaviours (e.g. steps)	38%	31%	34%	29%
The ability to transfer my points to a friend or family member	28%	26%	26%	27%
Earning rewards for completing challenges	32%	24%	28%	20%
Member only access to events and experiences	27%	27%	26%	20%
Earning rewards for sustainable behaviours	31%	23%	22%	22%
Being able to earn cashback directed to a charity	23%	22%	24%	20%
Access to exclusive competitions	21%	20%	24%	19%
Early access to events and experiences	23%	21%	21%	18%
Exclusive access to information and forums I'm interested in	13%	16%	14%	14%
Allows me to earn rewards as NFTs	11%	10%	13%	11%
Earning rewards in cryptocurrency	13%	9%	9%	11%

Boomers show a much softer liking for earning rewards for healthy behaviours, completing challenges, and members-only access to events and experiences than other generations.

Gen Z's, on the other hand, show their favour for these rewards experiences—as well as earning rewards for sustainable behaviours. Benefits they're less fond of than other generations include cash-back based on spend and using points with a range of other businesses.

Millennials and Gen X's fall somewhere in between the often-contrasting preferences of Gen Z's and Boomers.

Key Insights – How Shoppers Want Brands to Reward Them

Keep it simple.

Nearly twice as many shoppers prefer earning points to spend-based discounts. It seems simplicity is a sound strategy for retailers structuring their rewards programs.

Benefit your shoppers' back pockets.

Given cost-of-living pressures in 2024, it's no surprise that the wallet is where shoppers want to gain the most benefit from loyalty programs. Most survey participants prefer regular discounts, with a high number also wanting full payment of rewards items using points and cash-back based on spend.

Understand your target customers' motivations.

While Gen Z leans more towards earning rewards for healthy behaviours, completing challenges, and sustainable behaviours, they favour cash-back based on spend and using points with a range of other businesses noticeably less than other generations. Retailers need to understand shifts in attitudes like these when developing rewards programs.

What generally makes you loyal to a particular brand or retailer?

> *Exclusive offers, freebies, bonus points. A Rewards program that does actually reward me within a reasonable time and offer rewards that I am interested in.*

CHAPTER 5:

Comparing Retail Industries

What generally makes you loyal to a particular brand or retailer?

Knowing I will purchase more in the future so I will shop there as preferred to accumulate rewards for my next purchase. Plus—past experience with product quality.

How Shoppers React to Appealing Retail Programs

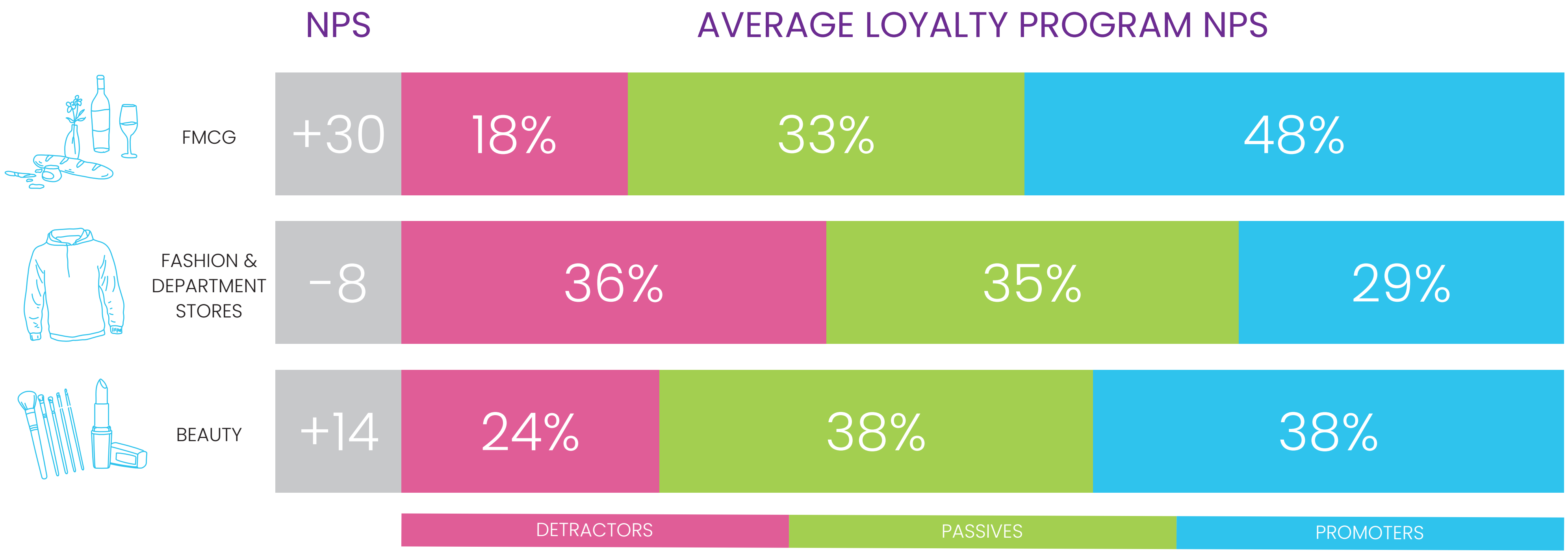
Across all retail industries, when shoppers engage with loyalty programs that are appealing to them, they're most likely to shop more frequently, spend more, and recommend brands to others.

While FMCG and Fashion & Department Stores categories see only slight differences, beauty sees around 4-5% higher rates of shoppers increasing spend, recommending brands, and striving to attain and retain program tier levels.

Australian Loyalty Association

Loyalty Program Satisfaction Across Retail Industries

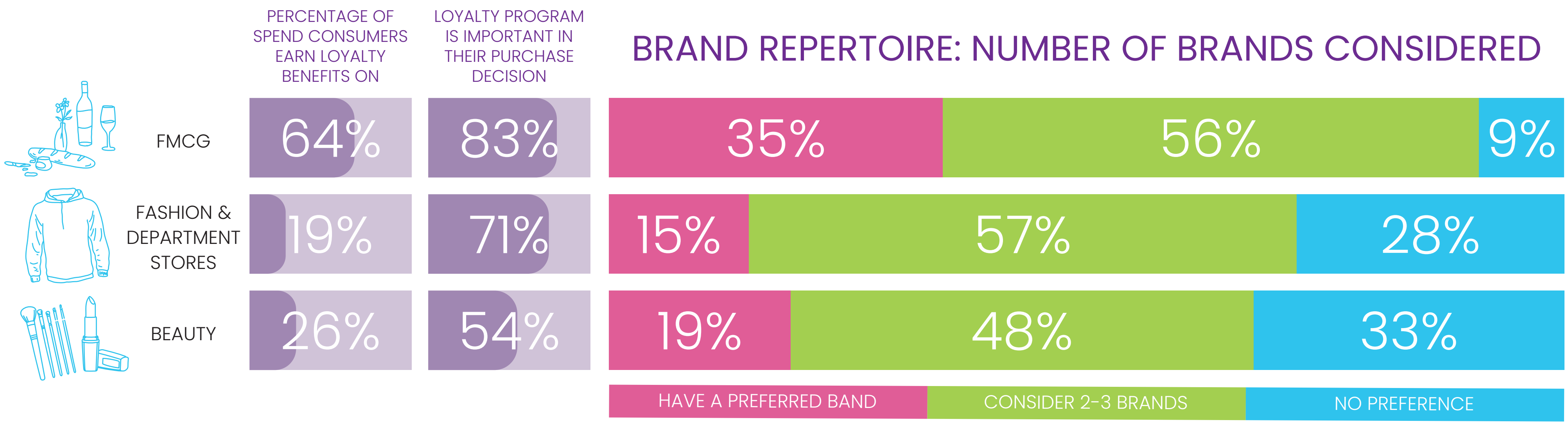
How do retail industries compare when it comes to loyalty program NPS? FMCG has the highest score of +30, with 48% of surveyed respondents identified as promoters. Beauty takes a step back at +14 NPS and 38% promoters, while Fashion & Department Stores sees the lowest scores at -8 NPS, with 36% of detractors outweighing the 28% of promoters.



Significant Opportunities for Loyalty Program Engagement

While shoppers earn loyalty benefits on around 64% of their total spend in the FMCG category, these figures drop to 26% for Beauty and just 19% for Fashion & Department Stores. However, 54% of shoppers in the Beauty category and 71% in Fashion & Department Stores say loyalty programs are important to their purchase decision. That figure jumps to 83% for FMCG.

These metrics suggest an incredible opportunity for retailers to engage customers through loyalty programs while creating a meaningful point of difference from the competition. Particularly in the Beauty and Fashion & Department Stores categories where nearly a third of shoppers have no brand preference, retailers can engage shoppers with value-driven rewards programs that drive long-term customer loyalty.



Key Insights – Comparing Retail Industries

Programs that appeal to shoppers can earn a greater share of wallet.

Most shoppers say that when they like a loyalty program, they will shop more often, increase their AOV, and recommend brands to others. By listening to—and delivering on—what customers want, retailers have a significant chance to increase their share of wallet.

Nurture brand promoters to increase CLV.

Although the FMCG and Beauty industries show positive NPS metrics, Fashion & Department Stores shows there's more work to be done. By converting more customers into brand promoters, retailers can increase their NPS and, in turn, build communities of advocates and boost customer lifetime value (CLV).

Offer value to earn loyalty.

Most shoppers say a loyalty program is important in their purchase decision, yet only as much as 64% and as little as 19% of each dollar spent is accumulating rewards. By offering value-driven, meaningful rewards programs to customers, retailers can earn their customers' long-term loyalty.

What generally makes you loyal to a particular brand or retailer?

> *If they run a reward program that actually works. Some are just for show and you don't really ever get any rewards at all. You have to be very savvy with these rewards to get the best out of them.*

CHAPTER 6:

Beyond Rewards: Delivering More Loyalty Program Value

The Value of Data Exchange: Personalisation

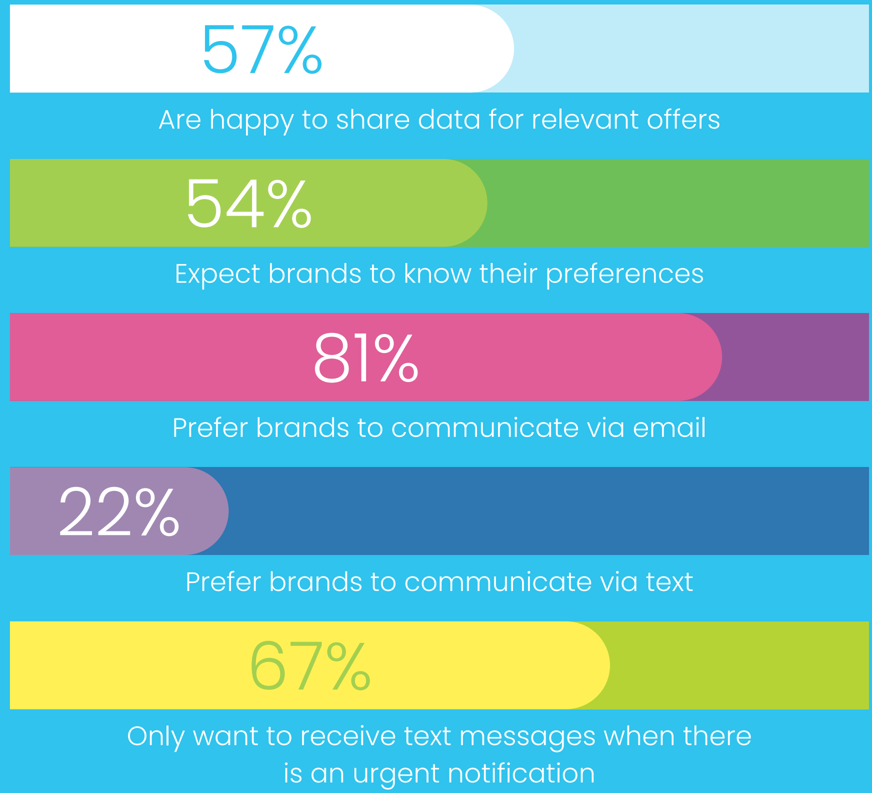
Only **57%** of loyalty program members are happy to **share their data** to receive relevant offers. So, it's unsurprising that just **54% expect brands to know their preferences.**

While **81%** of customers prefer brand communications via **email,** only **22% prefer SMS.** However, different generational attitudes see **33% of Gen Z's preferring SMS** compared to 1**8% of Boomers.**

67% of shoppers only want to receive an SMS from a brand when there is an urgent notification.

SMS is one of the few digital channels that is still unsaturated by marketing messages. However, it would be wise for brands to treat this channel respectfully. It's vital to understand the types of messages customers want to receive via text and communicate in timely, relevant ways.

Source: Qualitative focus groups, quantitative survey



"Woolworths Everyday Rewards is quite good because they offer extra points on the products I need, like baby formula."

"Half the time when it is personalised it is actually not really suited to what your needs are. For example, if I bought 5 dog toys last week, do I really need 10 dog toy recommendations this week? Probably not."

Helping Rewards Members' Dollars Stretch Further

APPEAL OF LOYALTY PROGRAM BENEFITS – RANKING (OUT OF 24)

#1	Regular discounts based on how much I spend
#2	Cashback based on how much I spend
#3	Full payment of products, services or experiences using my loyalty program points
#8	Partial payment of products, services or experiences using my loyalty program points
#9	Cashback based on buying with a particular retailer or service provider

Out of 24 loyalty program benefits, regular discounts based on spend, full payment of other items using loyalty points, and cashback based on spend are the top three most favoured rewards types. Shoppers are actively looking for ways to make tangible savings using loyalty programs.

Source: Qualitative focus groups, quantitative survey

What generally makes you loyal to a particular brand or retailer?

Groceries are a big expense and being rewarded for buying products that are a basic need is helpful to anybody.

They help you to save so much money and you can save your rewards for Christmas.

Of late, they constantly give me big money off groceries for spending a certain amount within 4 weeks. This has been 3 times in last 4 months. I don't shop anywhere else at the moment because of this. I'm unemployed so everything helps.

With cost-of-living going up, I will only shop where I am rewarded with discounts on the things I buy.

Australian Loyalty Association

Shopper Insights: How Brands Can Extend Rewards Value

HOW LOYALTY PROGRAMS CAN HELP

- Diversifying earn options
- Providing multiplied points earn opportunities
- Making it easier to access points
- Making it easier to use points
- Find ways to mitigate the reduction in points value as a rule of inflation
- Offering more member only discounts
- Allowing members to use points for groceries and petrol

Qualitative focus groups identified that shoppers want rewards programs to do more. Cost-of-living concerns again emerge as customers look for more ways to earn points—in faster and easier ways—and use those rewards to purchase essential items.

Source. Qualitative focus groups

What generally makes you loyal to a particular brand or retailer?

It's about their proactiveness to respond to the affordability situation. They need to reach out to their customers with how they are helping. I think that shows loyalty to their customers. Therefore, we are more loyalty to them.

Especially with the rising cost-of-living, more and more people will be reevaluating who they're spending money with.

Key Insights – Beyond Rewards: Delivering More Loyalty Program Value

Build trust to bridge the personalisation gap.

Trust and personalisation go hand in hand. Only around half of shoppers expect brands to know their preferences, which may be partly due to the less than six in ten who are happy to share their data. Retailers that clearly communicate where and how they use their shoppers' data—and their data security measures—can build that trust and enhance loyalty programs with more relevant offers.

Reward shoppers with real savings.

Amid ongoing cost-of-living concerns, shoppers seek discounts, and zero-outlay opportunities, and cashback to reduce overall costs. They're tapping into loyalty programs to make meaningful savings and obtain new products for less—or even for free.

Extend the value of rewards programs.

Shoppers are also getting creative with ways to reduce their spend. They want to use loyalty and rewards programs to reduce costs at the checkout, and fully pay for products and services using rewards points, and leverage cashback schemes. Retailers should be mindful of these needs when developing and enhancing their loyalty programs.

What generally makes you loyal to a particular brand or retailer?

> *Rewards that are relevant to me and my personal circumstances, e.g. products that I use. Rewards that I can see growing and don't have to wait too long to redeem. Good prices and quality overall.*

THANK YOU

FOR MORE INFORMATION CONTACT

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