

# Consumers opt for mobile interactions with loyalty programs

Article

Even before 40-year inflation highs began to affect purchasing decisions, consumer loyalty was declining. Supply chain disruptions throughout 2020 and 2021 made consumers more willing to switch brands and retailers. In 2022, price considerations are leading shoppers to trade down for less expensive alternatives to their preferred brands. Loyalty programs can provide a lifeline to consumers by offering tangible value that supports them in stretching

their dollars while also incorporating elements of surprise and delight that can deepen emotional bonds.

### Average Number of Total vs. Active Loyalty Membership Among US Consumers, 2020-2022

	2020	2021	2022
Average number of loyalty memberships	14.0	16.7	16.6
Average number of active loyalty memberships	7.0	7.4	7.6
Average number of active memberships, by type			
Credit and debit cards	1.9	1.6	1.8
Mid-frequency retail	-	1.1	1.1
High-frequency retail	0.9	1.2	1.2
Travel	0.8	0.8	0.9
Dining	0.8	0.8	0.8

Source: Bond, "The Loyalty Report" in partnership with Visa, June 14, 2022

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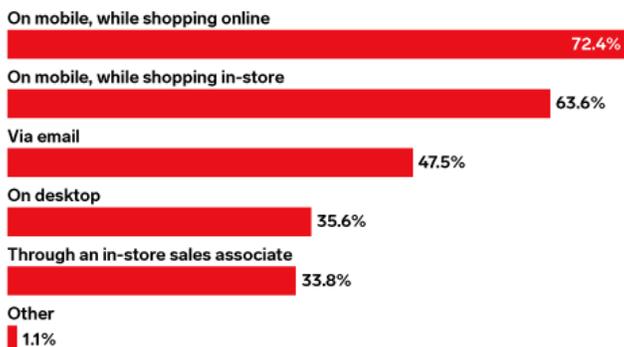
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Inflation and the looming threat of a recession will remain top of mind for many consumers into 2023, leading to an emphasis on value. But broader shifts in consumer behavior should not be overlooked when it comes to planning long-term loyalty strategies, including a preference for mobile.

Whether shopping online or in physical stores, most US consumers prefer to use mobile devices to engage with loyalty programs, and less than half prefer email, according to Yotpo's survey.

### Preferred Ways of Engaging With a Brand's Loyalty Program Among US Internet Users, Dec 2021

% of respondents



Source: Yotpo, "State of Brand Loyalty 2022," March 8, 2022

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These preferences indicate a compelling opportunity for mobile apps to serve as a hub for loyalty programs as well as pre- and post-purchase customer experiences, from enhanced product support to free returns.

Nike's free loyalty program incorporates various benefits accessible via its family of apps, ranging from the transactional (free shipping and returns) to more personally engaging, such as access to stylists, wellness-oriented content, and a social community via its running and training clubs. The program resonates especially well with younger consumers—close to a fifth of 18- to 34-year-olds are Nike members, per our August 2022 Bizrate Insights survey.

**Mobile apps can tie together consumer purchases and rewards across channels.** e.l.f. Cosmetics' mobile app for its Beauty Squad program incorporates two features: receipt scanning for non-app purchases, to ensure that members can obtain rewards wherever they shop for the brand's products; and an innovative personalized reward system with options including cash payouts via Venmo or PayPal and gift cards from Chipotle, Amazon, Target, and others.

Although consumers are likely to state a preference for automatically applied rewards, incorporating some elements of choice adds a touchpoint for engagement while yielding better data on customer preferences.

Report by Sky Canaves Nov 22, 2022

## Retail Loyalty Programs

