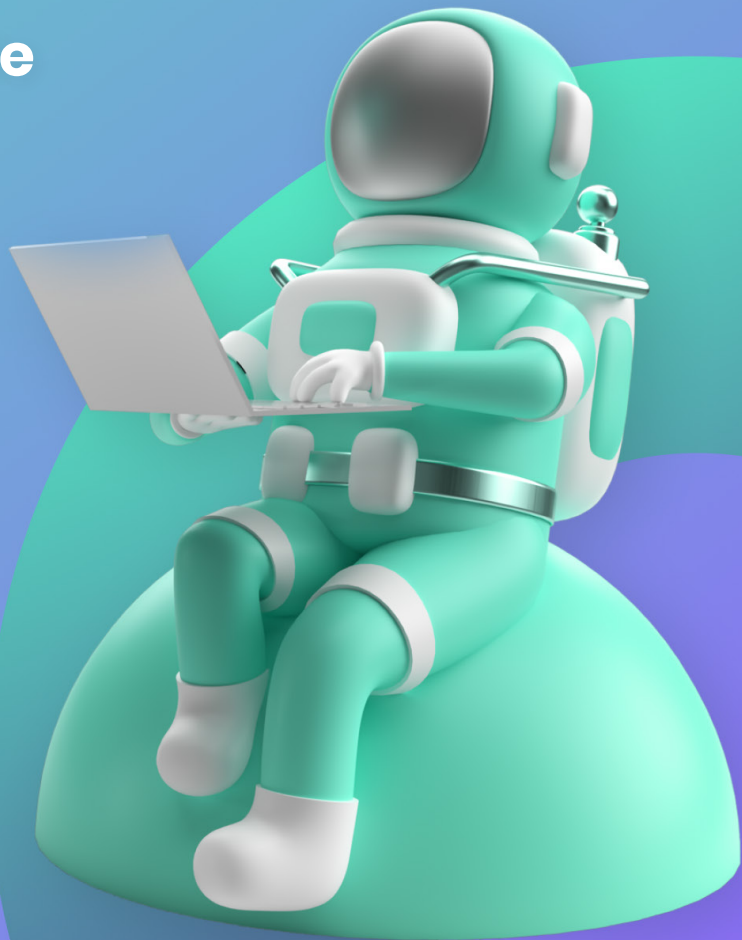


2021

North America Customer Loyalty Report

**Taking Loyalty
Beyond the
Buying Cycle**



antavo

Regional Insights by



bloomreach

Executive Summary

The **North America Customer Loyalty Report 2022** dives deep into customer loyalty and loyalty program trends and sentiments in the North American region, through the looking glass of current and upcoming loyalty program owners. The report is recommended for all brands, no matter whether they offer a loyalty program, are planning to launch one, or are in the process of a revamp.

This report is based on a global survey with **over 320 corporate respondents** from all regions of the world and compares the global results to data specifically provided by North American respondents. The report also pulls data from **10.7 million North American loyalty member actions** tracked via Antavo's Loyalty Management system and includes additional insights from loyalty experts and interviews with respected industry professionals in the region.

The North America Customer Loyalty Report 2022 is meant to be a sanity check for the C-level marketing community. It will help marketing decision-makers compare the current state of loyalty programs in the region to the global trends in order to identify growth opportunities for their upcoming or revamped loyalty project.

Whether you are a long-standing player in the market or plan to enter it, this report will give you the insight necessary to switch your loyalty program into high gear and stand out from the competition.

According to survey responses collected by Antavo, the North American region stands out in the following ways:

- **80.0%** of existing program owners claimed that they are “likely” or “very likely” to revamp their existing loyalty program in the next three years – 8.4% more than the global response
- **87.5%** of existing program owners are planning to engage with customers in a non-transactional manner in the next three years, 10.2% above the global average
- **60.0%** of loyalty programs are managed by a loyalty technology solution vendor – 10.9% more than the global response

However, there's also some catching up to do:

- **10.0%** of respondents offering a loyalty program classified their program as more emotional than rational – 10.7% below the global average
- **36.7%** of program owners reported that they utilize some form of personalized rewards or offers, scoring slightly lower than the global answers



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Welcome to a New Tomorrow, Full of Opportunities

Dear Marketing Leaders and Loyalty Professionals in North America,

The pandemic drove massive shifts in consumer spending in North America, not just in online shopping, but between brands. According to [McKinsey Research](#), **in the U.S. 39% of consumers switched brands or products during the pandemic and 32% switched retailers.** That was paired with strong consumer optimism and willingness to spend, in particular among high-income customers in the region. And even though this consumer positivity has been dampened recently due to inflation, this markets show immense potential for businesses that know how to not only engage their customers but drive a sustainable long-term relationship.

This report is meant to be a guide for a variety of businesses: whether you are a player in this market or plan to expand your presence to North America, you'll find plenty of insight on how to be a trendsetter using a loyalty program. Our goal was to identify the unique characteristics of the region in terms of customer loyalty, loyalty management and loyalty technology. To achieve this, we went directly to the source and surveyed current and future loyalty program owners and interviewed loyalty professionals in the region.

The result is a **360-degree view of customer loyalty programs in North America.** These statistics aren't isolated findings, however, as they are measured up against the global trends we identified in our global survey. This way you can see in which exact areas North American loyalty programs outperform or fall behind what is considered standard according to the global community of loyalty program owners.

With that being said, we hope this report helps you in the process of launching or revamping your loyalty program to gain a unique edge. Because at the end of the day, **customer loyalty is the pillar that every long-standing business should be built upon.**

So get ready to seize the untapped potential!



Andy Nemes

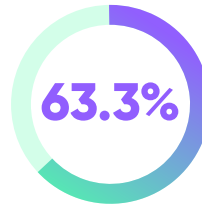
Co-founder, VP of North America
at Antavo

The Current Loyalty Program Landscape in North America

High Satisfaction Rates, Siding With Rational Loyalty

One major trend in Antavo's Global Customer Loyalty Report was that loyalty programs proved to be highly effective during the pandemic. However, the past few years have also led to a digital transformation, which significantly affects how loyalty programs are perceived by both the public and their owners. So the question is, how do North American companies see the current state of loyalty programs?

The findings paint a mixed picture of the North American loyalty landscape. On one hand, the outstandingly high number of satisfied loyalty program owners shows that a brand can find success with a well-thought-out loyalty program. However, on the lower end of the line, the number of dissatisfied program owners is higher than the global score by 5%, which means that there's a risk of failure, and not everyone can realize the expected potential of their program.



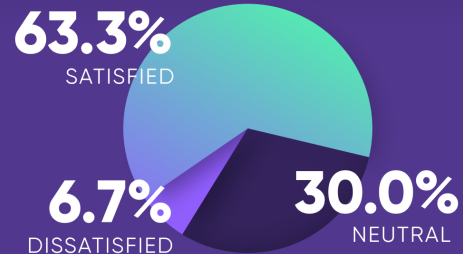
Loyalty's impact on strategic decisions

of loyalty program owners agreed that when it comes to their company's overall strategic decisions, customer loyalty and loyalty marketing have an important impact.

Level of satisfaction

63.3% of program owners are "satisfied" or "very satisfied", claiming that their existing rewards program contributes to sales, delivers great ROI, and is popular among customers.

This is 7.3% higher than the global average.



30.0% of respondents reported neutral satisfaction with their loyalty program, stating they could be getting better results, which is 12.3% less than the global average, leaving 6.7% of respondents explicitly dissatisfied with their program.

It's worth highlighting that the companies interested in revamping their loyalty programs were from all three categories: satisfied, neutral, and dissatisfied about their current programs. This appears to indicate that companies are looking to revamp not only when the program is not doing well, but also when already-successful programs could be further improved.

Intention to revamp the current program

80.0%

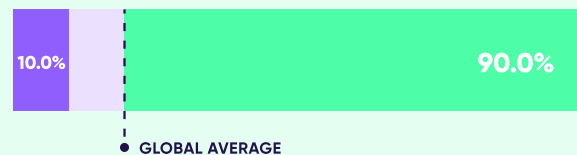


80.0% of existing program owners claimed that they are “likely” or “very likely” to revamp their existing loyalty program in the next three years, which is 8.4% more than the global response.

Another noteworthy finding from the responses is the **low rate of emotional loyalty programs**. While the rational program sentiment generally shapes customer loyalty through transactional rewards and benefits, emotional loyalty leans towards long-term engagement and memorable, experiential rewards.

The fact that very few loyalty programs in the NA market are emotional can be turned into an opportunity, as post-Covid audiences respond especially well to **experiential rewards and non-transactional engagement**. This means that North American businesses still have many opportunities to engage these audiences.

Less emotional programs



10.0% of respondents offering a loyalty program classified their program as more emotional than rational, scoring 10.7% below the global average — the lowest among the three regions inspected (Europe, North America and Asia-Pacific).

Emotional loyalty consists of a variety of loyalty program elements, therefore brands from all kinds of industries and verticals can implement relevant features that fit their loyalty program concept.

In addition to the previously mentioned experiential rewards, emotional loyalty consists of personalized experiences, early access, VIP events, early access to sales and products, members-only gatherings, and so on.

EXPERT PERSPECTIVE

“Loyalty programs should reflect customer preferences”

“Consumers care about different things nowadays.

Millennials and Gen-Z value sustainability, ethics, and inclusion rather than material possessions — instead of seeking items, they’re searching for experiences.

Loyalty programs need to reflect these preferences, and businesses can start by engaging with customers in ways they actually care about — beyond point systems.

*In North America, there will be an 87.5% uptick in rewarding non-transactional behavior within the next three years. So, if you’re a sporting goods retailer, you’ll want to reward your customers for using the hiking boots, rather than just purchasing them. As we move away from that “quid pro quo” model of loyalty programs, we have to **connect these experiences to the customer journey and make every touchpoint feel intentional.**”*



Brian Walker

Chief Strategy Officer at Bloomreach



Investing in Loyalty in North America

High ROI & Interest in Non-Transactional Engagement

The loyalty management market in North America has always been a land of opportunities. Pushing towards innovation, in either strategy or technology, can yield great results, propelling businesses to become industry trailblazers, like Amazon or Starbucks. Antavo's North America Customer Loyalty survey identified the following investment trends in the region.

However, in this region, a lower percentage of companies with a loyalty program either increased or significantly increased development efforts of their loyalty strategy during the Covid-19 crisis.

Still, respondents generally share the sentiment that investing in customer loyalty and loyalty programs is a worthwhile endeavor.

When it comes to investing in loyalty, North American businesses see eye-to-eye with the rest of the world regarding both customer loyalty and loyalty management.

80.0%

of respondents whose company offers a loyalty program plan to increase or significantly increase their investments in customer loyalty over the next three years.

53.3%

of respondents answered that they had either increased or significantly increased development efforts for their loyalty strategy during the Covid-19 crisis, which is 7.2% below the global response.

The fact that loyalty programs benefit their owners is further supported by the numbers on ROI.

On a global level, 67.2% of respondents stated that they measure their loyalty program's revenue performance, while in North America, 70.0% of businesses claimed the same.

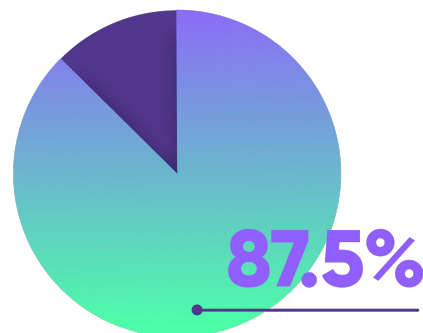
70.0%

of respondents offering a loyalty program reported that their organization measures the ROI of loyalty. Of those, 88.9% reported a positive ROI.

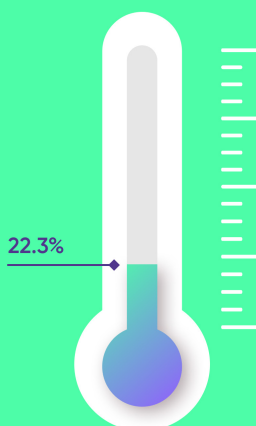
What's more, most of these respondents **reported a positive ROI**. In spite of such great results, 80% of businesses still want to revamp their program. It's safe to assume that the reasoning behind the decision is that owners still see potential in the market.

Another indication that North American companies actively seek to improve their loyalty program is that 87.5% of respondents are planning to introduce non-transactional engagement in the next three years by rewarding member behavior outside of the buying cycle.

Since this form of engagement has ties to emotional loyalty, it's highly possible that in **two or three years, many more loyalty programs in North America will be described as more emotional than rational.**



87.5% of existing program owners are planning to reward member behavior outside of the buying cycle in the next three years, a massive 10.2% increase over the global score.



Loyalty marketing investment

22.3%

On average, organizations offering a loyalty program allocate 22.3% of their total marketing budget to loyalty program management and CRM.

A LOYALTY EXPERT PANEL

Four Trends on Loyalty Program Investments

A group of experts was asked to share their insight about the future of loyalty programs in the North American region. Here is a rundown of their responses:

- *Implementing a loyalty program is a significant investment, but well-designed and executed loyalty has a high ROI. Loyalty helps to generate recurring revenue and lower churn. **Companies should look at focusing their efforts on retention** instead of primarily investing in acquisition.*
- **Program owners and future program owners should be investing in the right technology.** *Technology is evolving fast. If you don't have the right technology, you're going to fall behind. Personalization, gamification, omnichannel: all of these provide competitive advantages to brands. So brands need to invest in state-of-the-art platforms that can be updated and extended when new needs arise.*
- *North American companies should be investing in their loyalty program's value proposition. The benefits and the experience are what make customers stick with the brand. These will **make customers feel special** and therefore increase revenue and share of wallet. That's what loyalty is all about.*
- *Sometimes the best way to stand out and make customers stick is to give them great rewards. Investing in **experiential rewards, or occasionally sending a mystery gift** keeps the experience fresh, because these kind of incentives are actually memorable — a coupon, however, is much less so.*

Brands and loyalty experts were interviewed for the anonymous panel with open-ended questions. Answers are aggregated.

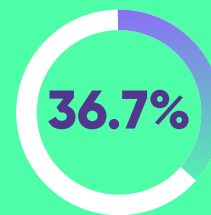
Personalization of Loyalty Experience & Rewards

Personalized Rewards Have a Bright Future

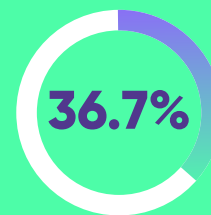
Another underutilized area that holds great potential for North American loyalty program owners is personalization. According to a study by [Boston Consulting Group](#), vendors and US retailers currently spend \$140 to \$200 billion in trade and shopper marketing (excluding advertising), yet they spend only about 5% of that amount on personalized offers. In terms of loyalty programs, survey responses show that there is interest in growing this number.

The statistics clearly show an interest in personalized loyalty experiences and rewards. Though the current utilization of personalization in loyalty programs is slightly lower than the global average, it is still significant enough to be considered a noteworthy trend, especially because roughly one-third of respondents offer personalized rewards or offers in some capacity.

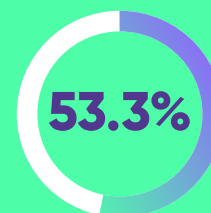
The importance of personalization



36.7% of program owners reported that they utilize some form of personalized rewards or offers. This is 3.8% below the global score.



36.7% of respondents reported that personalization was their most important investment in the coming years, surpassing the global average by 7.4%.



53.3% of respondents confirmed that they plan to offer personalized rewards and offers in the next three years, scoring higher than the global average by 5.0%.

Future loyalty program owners claimed an even stronger interest in personalizing the loyalty experience.

When asked, North American respondents expressed a desire to offer personalized rewards and offers, exceeding the rate of global respondents.

It's worth highlighting, however, that when North American companies were asked what features they are planning to add in the coming years, personalization ranked below rewarding member behavior outside of the buying cycle and adding gamified mechanisms.

This may indicate that future programs will be more emotional than current programs, but also that personalization isn't the only plan North American businesses have in mind.

One reason behind this finding is that executing personalization for a loyalty program is much more complex than introducing gamified mechanisms or non-transactional engagement.

While these two can be achieved by adding a prize wheel or a friend referral system, **personalization must be preceded by data collection**, precise segmentation, and a reward concept that takes all of this into account.

EXPERT PERSPECTIVE

“Resonating with customers on a deeper level”

“Brands must show customers that they are interested in having a 1:1 relationship.”

With loyalty programs that spotlight personalized customer experiences, businesses can connect with their customers in a meaningful, relevant way. In appealing to consumers’ emotions, you’ll resonate with them on a deeper level and stick in their memories.

*Like the rest of the world, North America is adjusting to an increasingly digital way of life. Since **it’s easier to discover and engage with brands we’ve never experienced**, there’s more competition than ever before. Pair the pandemic-accelerated move towards digital with supply chain issues and lockdowns, and suddenly, we find ourselves in the midst of “The Big Switch,” where digital channels are the primary way to communicate, and direct consumer relationships are everything.”*



Brian Walker

Chief Strategy Officer at **Bloomreach**



Technology & Loyalty Platform Expectations

Putting Trust in Third-Party Technology

Loyalty technology is an often overseen aspect that has the potential to heavily impact a company's satisfaction with its loyalty program. Generally, technology involves more than just the capability to execute the concept. The loyalty platform of choice should also be flexible and easy to use, otherwise the staff tasked with the daily management will struggle. Inefficient loyalty technology that requires constant maintenance from the internal IT team may very well be one reason why loyalty program owners decide to revamp.

It seems that North American companies are less worried about the usability of their loyalty program than other companies around the world.

The reason for this most likely lies in the fact that among the three response groups, North Americans rely the most on third-party loyalty technology vendors for their loyalty programs.

Intention to invest in technology

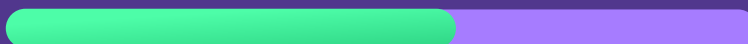
23.3%

of respondents reported that implementation/upgrade of marketing technology was their most important investment in the coming years, ranking second overall.

In-house vs third-party technology

60.0%

of loyalty programs are managed by a **loyalty technology solution** vendor and 40.0% of loyalty programs are managed by **in-house technology**.



Third-party technology providers, especially pure-play vendors, have much more experience building **feature-rich, easy-to-use, no-code loyalty program platforms**. By voting confidence for third-party vendors, North American companies essentially outsource all challenges revolving around technology to other companies.

Because they are paying for specialized technology, they encounter usability issues that require help from the IT team less often.

69.2%

of respondents whose company offers a loyalty program or plans to launch a loyalty program in the next two years „agree” or „strongly agree” with the fact that being able to set up loyalty rules without coding would be an asset for the company.

Dependency on IT teams

33.3%

of companies with a loyalty program reported that their marketing team is very dependent on the IT team to manage the loyalty program — 10.7% less than the global average.

66.7%

of respondents whose company offers a loyalty program or plans to launch a loyalty program in the next two years plan to equip marketing with the right tools and/or processes to reduce dependency on the IT team. This is 9.5% below the global average.

EXPERT PERSPECTIVE

“The loyalty market is evolving”

“Many North American businesses still offer purely transactional loyalty programs.

*And produce the kind of customer loyalty and engagement that is possible with advanced modern technology. **But the loyalty market is evolving in North America.** But we are witnessing significant growth in the North American loyalty market. The demand is stronger than ever. The fact that 80% of North American companies offering a loyalty program are planning to revamp their programs and significantly increase their investment in customer loyalty demonstrates this.*

With a strong drive to deliver highly personalized experiences and to reward non-transactional behaviors, companies will need to equip themselves with loyalty technology that will be able to deliver the experience their customers expect.

In a market where competition is increasingly fierce and global, companies must differentiate themselves with a loyalty strategy that offers a simple but customer-centric omnichannel loyalty experience.”



Andreanne Rondeau

Loyalty Expert, stratLX

stratLX

Trends & Challenges for North American Loyalty Programs

Personalization and Omnichannel Loyalty Experiences Will Make Strides

In order to paint a picture of the future of loyalty programs, survey participants were asked to rate which trends they feel to be the most influential in the next three years. Based on the survey responses, North American companies found these three trends to be the most influential.

Respondents were asked to select what they believe the most important loyalty trends will be over the next three years. Then their answers were ranked.

Top 3 Loyalty Marketing Trends

1. Personalization
2. Utilizing/leveraging loyalty data
3. Offering a seamless omnichannel loyalty experience

The fact that most companies in this region voted personalization as the most important trend further proves that this strategy holds potential on the market, and brands know it.

Data collection and usage was ranked as the second most influential trend for the future, and for good reason: **being able to collect and use customer information is the crux of personalization**, and utilizing advancements in this field — gamified surveys, predictive analytics, agent-assist technology — can elevate segmentation to a new level.

Loyalty program challenges

Program owner challenges in North America

1	Offering a seamless omnichannel loyalty experience
2	Collecting and using customer data
3	Integrating loyalty marketing into the company's main strategy
4	Limited internal resources and expertise to manage the program
5	Offering experiential rewards

Future program owner challenges in North America

1	Integrating loyalty marketing into the company's main strategy
2	Limited internal resources and expertise to implement loyalty program
3	Offering a seamless omnichannel loyalty experience
4	Integrating gamification mechanisms
5	Collecting and using customer data

Offering a seamless omnichannel loyalty experience was at the top of existing program owners' minds, receiving the most votes. Seeing it as a major challenge now may explain why companies in the region ranked it at the bottom in terms of potential influence in the future. On the other hand, collecting and using customer data has recently become an issue, with new restriction on cookies and restrictions on third-party data.

Lastly, calling out experiential rewards as a challenge can be an indication that **North American businesses are looking into ways to make rewards more emotional**, but are running into roadblocks.

North American businesses planning to launch their loyalty program in the next three years seem to diverge farther from the global average. While the most important challenge remains the same for both groups, **future program owners echoed the same opinion about limited internal resources for program management**, which is clearly a recurring issue in the region.

Besides integrating loyalty marketing into the company's strategy and a seamless omnichannel experience, future program owners also believe **gamification** to be an important challenge.

A LOYALTY EXPERT PANEL

Four Trends on the Future of Loyalty Programs

A group of experts was asked to share their insight about the future of loyalty programs in the North American region. Here is a rundown of their responses:

- A loyalty program is a relevant way to engage with customers. Keeping customers invested between transactions has an impact on retention and lifetime value. Interest in **rewarding customers outside of the buying cycle** is growing on the North American market.
- **Loyalty programs are a prime source of information for brands**, not only about business transactions, but about customers, too, such as preferences and lifestyle. Brands can learn a lot with first- and zero-party data. Loyalty data represents a great opportunity to deliver more personalized benefits. We will see more and more of these highly personalized components in loyalty programs.
- **Personalized and experiential rewards make customers feel special.** Imagine when members are sharing these experiences online or with their friends and colleagues, everybody around them sees how they are special to the brand. This is a strong way to build emotional loyalty.
- Customers love to engage with **gamified features**. It makes the whole journey fun and exciting. Also, prize wheels and slot machine-style games help to randomize the rewards, adding an extra layer of surprise & delight to the whole experience.

Brands and loyalty experts were interviewed for the anonymous panel with open-ended questions. Answers are aggregated.



Key Takeaways

High satisfaction, and lagging behind emotional loyalty

Among the three regions analyzed, North American brands seem to be the most satisfied with their current loyalty programs.

This market also scores highest for wanting to revamp the existing loyalty structure, potentially due to a desire to perform even better. Companies, however, are lagging behind in implementing the emotional model, still holding onto the concept of rational, transaction-based loyalty programs.

Relying on loyalty tech

North American businesses stand out for being the region with **most organizations using third-party loyalty technology vendors** to manage their loyalty program. And because many brands use quality technology provided by a vendor instead of developing one in-house, they are less likely to run into roadblocks that hinder day-to-day management, such as constantly needing the IT team's help to run the program.

Give me personalization!

North American businesses generally see eye-to-eye with other companies around the globe when it comes to investing in loyalty. They score similarly when it comes to expressing a desire to invest in loyalty and in loyalty marketing. As for personalization, North American businesses, especially those that are planning to launch a loyalty program in the near future, **show a keen interest in introducing personalization**.

Data and relevance are the future

When asked about the most influential loyalty program trends, North American respondents predict that **personalization will have the most impact on the industry**, followed by new ways to collect and leverage customer data. These two are strongly tied together and it's likely that this region will make major strides towards custom-tailored loyalty experiences in the coming years.

How to Take Action

Whether you plan to launch or revamp your loyalty program, there are a number of ways you can improve on popular concepts to ensure maximum effectiveness and community appeal.

We have outlined an action plan based on the assessed trends, statistics and sentiments:

ACTION 1

Give emotional loyalty a chance

While loyalty programs are a costly investment and it's understandable that businesses want to see a positive ROI, transactional engagement, which only focuses on coupons and discounts, is losing its appeal. For a truly memorable experience, brands need to think outside the box, and start rewarding customers for actions other than making a purchase.

Incentivizing friend referrals, product usage, writing product reviews and hosting comments or Instagram contests should be the first step, but companies can go even further by **rewarding customers for donating to charity or living an active lifestyle**. The technology already exists to connect with customers in their everyday lives, and building a meaningful relationship in this way will no doubt have a positive effect on customer lifetime value.

ACTION 2

Use loyalty programs as part of a data ecosystem

Brands need more than just a loyalty program to ensure a truly authentic and personalized experience. The program can be used in an intuitive way to learn about customers, their preferences, lifestyle and purchasing habits.

All of this unique information gathered through loyalty interactions then must be fed into a **sophisticated machine learning algorithm to identify valuable opportunities**, like customers who are at risk of churning. Then, to ensure that the communication is personalized too, brands need a marketing automation service to deliver the messages and spread the news about relevant loyalty rewards.

ACTION 3

Opt for no-code loyalty technology

Whether a brand is using an in-house or third-party loyalty platform, the power of no-code management cannot be overstated. Being able to **quickly and effortlessly create new loyalty campaigns** by using a template system is key. Having a self-explanatory interface is equally as important.

A convenient **loyalty technology that can be managed without the IT department contributes to the ROI** as well, because less time and resources need to be allocated to it. Furthermore, training new staff members is easier, which helps to reduce the time to value of the loyalty program.

Methodology

Data collection methods for the North America Customer Loyalty Report 2022 included:

- A self-administered questionnaire survey (completed between September 9 and October 9, 2021, total sample of 325 respondents, 70 respondents from North America).
- Individual interviews (Regional interviews carried out between February and March, 2022).
- Secondary data analysis.
- Anonymous member interactions from Antavo's loyalty database, collected between 2018 and 2021, representing 25.6 million events (10.7 million from North America) from 2.2 million customers.
- Additional insight provided by a number of industry experts.

The data was broken down into the North American region and compared to the global results.

The descriptive and comparative analyses were carried out on the basis of the primary data collected using the survey. The results were stated at a 95% confidence level. Refer to the [Global Customer Loyalty Report 2022](#) for the complete methodology.

Contributors

The **North America Customer Loyalty Report 2022** and accompanying survey were a collaborative effort between **Antavo** and several industry experts.

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Antavo is a Loyalty Management Platform for Enterprise

Antavo is an API-centric and no-code loyalty technology provider that builds comprehensive, enterprise loyalty programs.

Antavo was listed as a Representative Vendor in Gartner's 2020 Market Guide for Loyalty Management and was included in Forrester's Now Tech: Loyalty Marketing Q4 2020 and Now Tech: Promotions And Offer Management Providers, Q3 2021 reports.

As a global company, Antavo empowers clients like **KFC**, **BMW**, **Lagardère**, **League**, **Kathmandu**, and more.



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