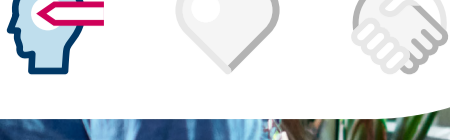


Loyalty Ruled by the Head



We all wish for our customers to be truly loyal, but do they engage and buy from us in a consistently rational and methodical manner?

This is one of the questions we wanted to unpack in Loyalty Ruled by the Head, our first instalment in a three-part series where we, as key sponsor of the DMA's year-long UK based research piece **Customer Engagement: How to Win Trust and Loyalty**, examine the future of loyalty.

Discover some of the key findings in the below infographic.

For access to the full DMA report please click [here](#).



Reassuringly similar

In a changing world, loyalty remains a constant

51% of consumers remain actively loyal to brands.

89% of consumers said functional excellence, where online experiences run smoothly and easily, remains fundamental to them.

“Brexit, coronavirus and all the other challenges... have not changed the core principles of trust and loyalty as much as you might have thought”

Tim Bond
Head of Insight & PR, DMA

The power of the practical

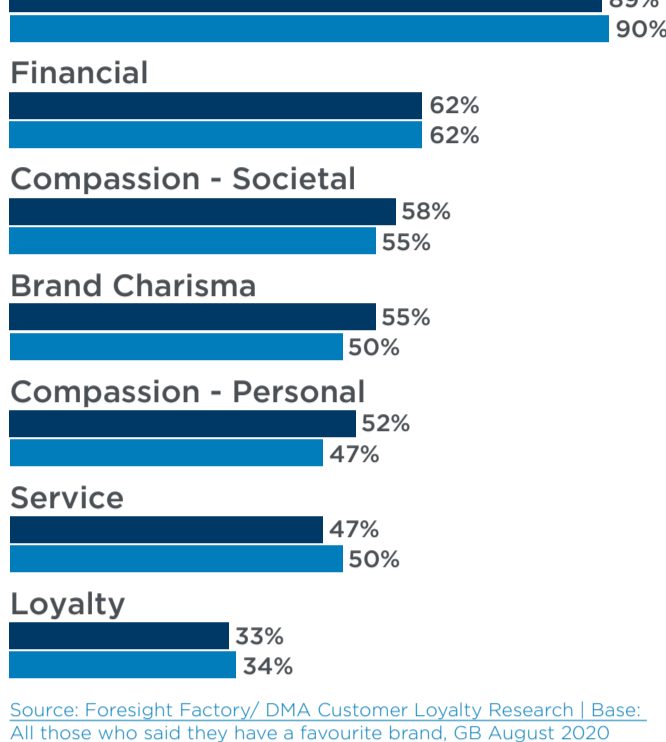
How functional excellence continues to drive behaviour

In a year fraught with emotion, functional drivers, which facilitate an easy online shopping experience, remained the solid foundations that underpin loyalty for most consumers.

The 'power of the practical' remains strong and the rational mind wins out.



What makes you loyal to your favourite brand?



Source: Foresight Factory/ DMA Customer Loyalty Research | Base: All those who said they have a favourite brand, GB August 2020

When it comes to the nation's top 10 favourite brands, the head also appears to rule the heart, with practical approaches to loyalty and easy-to-use websites and apps coming out on top.

Thinking about all the brands and companies you use, which brand/company would you say is your favourite or you're most loyal to?



This is a reminder of how great customer engagement – and the fundamentals of what people need from brands – should still be defined from the bottom up.

Magnetic personalities

Functional may reign supreme but is it enough?

Rational thought may hold the reins, but it's crucial to remember that brands with the ability to hit multiple levers of loyalty can offer consumers a wider range of reasons to engage.

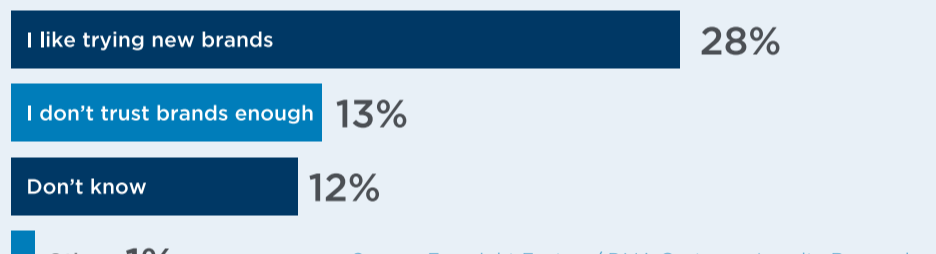
Reason to engage	Increase	Reason to engage
Personal compassion	Up 5%	Brands that both respect and understand their as individuals, reflects their goals and style, and offer relevant inspiration.
Brand charisma	Up 5%	A brand's personality and charismatic qualities.
Societal compassion	Up 3%	Brands that honour their beliefs through, for example, charitable donations, or the ethical manner.



Know your worth

Can the disengaged be won over?

35% of consumers don't have a favourite brand at all. Why? There are several reasons:



Source: Foresight Factory/ DMA Customer Loyalty Research | Base: 2000 respondents aged 16+, GB August 2020

Despite this, there is potential for the majority of consumers to be reengaged by the brands they currently use or know, with personalised offers that tie in with their priorities.

Done deal

Discounts are losing dominance

For the first time we've seen a drop in discounts and a rise in other priorities for customers. This is surprising, given the fact that people potentially have less spending power due to the tough financial conditions created by the pandemic.

So, for loyalty to continue to be relevant and successful, it needs to move beyond simple points, prizes, and discounts.



Strength in numbers

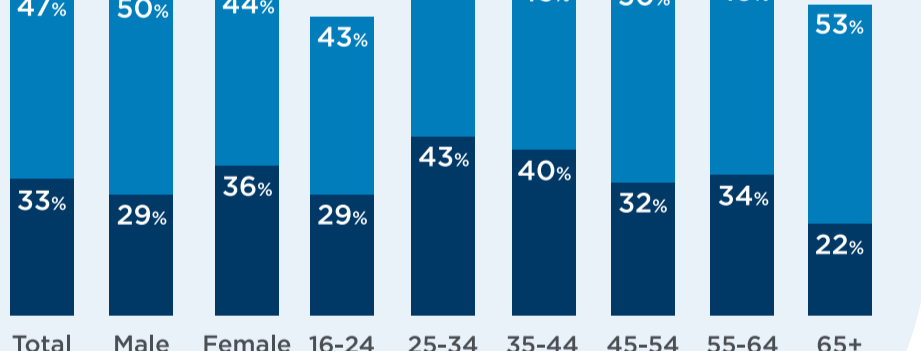
Winning at cross-brand loyalty

Four out of five consumers seek rewards that are more personal to them.

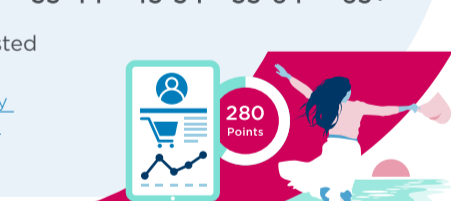
As a result, people are interested in rewards they can earn and redeem across a collective of brands.

Cross-brand loyalty benefits include a portfolio of redemption opportunities, leading to people feeling rewarded across many areas of their day-to-day life.

How interested would you be in joining a loyalty scheme that allowed you to collect rewards from a group of brands and also redeem your rewards from across the group of brands?



Source: Foresight Factory/ DMA Customer Loyalty Research | Base: 2000 respondents aged 16+, GB August 2020



Long live earn and burn

Getting incentives right

Earn and burn (a programme that rewards members after a certain number of visits or spend threshold) is always going to have a huge role in retaining and rewarding customer loyalty.

However, there's still a need to be exceptional enough to engage with in the first place. This is even more important as loyalty programmes are no longer unique in giving discounts as brands fight for survival in a weak economy.

This reward strategy is:

- Easy to implement
- Simple to understand
- Works well for 'frequent users' (consumers that marketing efforts tend to focus on because they represent a major proportion of a product's sales).

It's critical to get the right points value too:

Not generous enough? The consumer could rapidly lose interest.

Too generous? This can be a costly mistake to any brand.

Win the mind and the heart will follow

What's next for the loyalty landscape?

The fact that customer loyalty is remarkably stable gives us hope for the near future. It's a strong reminder that consistency in our brand behaviour is important, even as people's routines and habits have been forced to change.

From	To	Result
Discounts	Counter offers or wider benefits	Here, straightforward price-drop or discount mechanics will be enriched by a more holistic approach to loyalty.
Traditional reward mechanics	Revisiting mechanics to return genuine value	Younger consumers are more open to less traditional types of loyalty rewards.
Transactional loyalty	Enhanced Engagement (change and novelty)	A move towards a loyalty programme that's fresh and more exciting.

“The analysis and trends from this year's research must also be understood in the context of a global pandemic... But what will continue to be key for brands is putting their customers first, ensuring they are at the heart of everything a brand does.”

Tim Bond
Head of Insight & PR, DMA

These findings tell us how to connect with consumers from a logical, practical viewpoint, and uncover what really matters to them. The time is right to listen to our heads, as we act on refining and developing customer loyalty programmes so that they continue to meet the functional and practical requirements of consumers.

In our next report, we'll be examining the emotional side of loyalty, and the role passions and perceived brand love have in attracting loyalty in a post-pandemic world.



About the research

The 'Customer Engagement: How to Win Trust and Loyalty' report is a study by the DMA, in partnership with Collinson, dotdigital, Foresight Factory and the DMA's Customer Engagement Committee.

The August 2020 research involved 2,000 online respondents.

Unless referenced, all data included in this infographic is taken from the survey.

You can read the full report [here](#)

About Collinson

Collinson is a global leader in the provision of traveller experiences including airport lounge access and medical and security assistance and travel medical services. Collinson's traveller experiences include the world's leading airport lounge and experiences programme, Priority Pass, as well as travel insurance, identity assistance, flight delay, international health and travel risk management solutions.

Collinson has over 2,000 employees operating out of 20 locations globally, all working to deliver a broad range of traveller experiences that ensure the safety, welfare and comfort of 55 million people as they travel for business and leisure around the world. We work with clients including American Express, Cathay Pacific, CBA, Mastercard, UnionPay and Visa.

