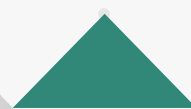




# Pathways to Growth Guide.

Featuring data from  
The Loyalty Report™  
2022

Launch Edition



# The Future of Loyalty has Never Looked Better.

The Loyalty Report™ 2022 shows that the practice of fostering loyal customers (through loyalty programs or mechanics) continues to drive increased customer advocacy, retention, and spend. However, given consumers' rising expectations, a new orientation to their relationship, emerging technologies, and an evolving regulatory environment, the value brands can unlock from loyalty is nothing short of extraordinary.

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To *unpack the opportunities* and illustrate the next steps for brands, we have developed several POVs from Bond's thought leaders, with insights powered by The Loyalty Report findings. Our first series focuses on the role of CRM and the emerging importance of ESG.

## 1. Reciprocal relationships.

A look at the benefits brands and customers get when their relationship is rooted in reciprocity—a new paradigm that flips the script on loyalty. However, there is disparity in what is supposed to be a two-way relationship. Brands can capture missed opportunities by marrying CRM and loyalty and bringing loyalty into the broader customer experience.

## 2. Conscious engagement.

Examining the critical role loyalty programs play as consumers push businesses to do better for their communities, society, and the global environment. While our report shows that a brand's values drive loyalty, marketers need to bridge the gap between their values-focused strategies and the consumer connection.

In Part Two of the series (soon to be released), we turn our attention towards the cookie-less future and the end of data collection as we've known it. While this will be **disruptive**, **loyalty programs are a safe harbor for brands** in a new landscape where overt permission is paramount.

Lastly, we make sense of the dizzying trends and technology coming at loyalty marketers. Seeing past the hype, they spot novel opportunities for things like **NFTs, card-linking, crypto, and Buy Now Pay Later (BNPL)**. While the future is bright, the authors have an important reminder for how best to navigate that new ground.

As loyalty's next chapter begins, winning brands will need focus on the three Rs: *relevant, rewarding, and reciprocal*. It's not easy, but it is the way to build bonds with customers and create meaningful, engaging experiences.

# About The Loyalty Report.™

IN PARTNERSHIP  
WITH **VISA**

Published for more than a decade and on five continents, "The Loyalty Report," published by Bond in partnership with Visa, is known by leading brands and industry providers as the most comprehensive and evergreen consumer study fielded on the perceptions of performance, both attitudes and behaviors, of active loyalty and credit card programs. This guide features data from The Loyalty Report 2022.

The data-set surveyed American loyalty program members between November 24, 2021 and February 24, 2022.



Sample of  
**17K+**  
Consumers

Examining  
**340+**  
Programs

In  
**15+**  
Industry Sectors

- Airline
- Apparel Retail
- Automotive
- Big Box Retail
- Car Rental
- CPG
- Entertainment
- Quick Serve Restaurant & Dining
- Gas & Convenience
- Grocery
- Health & Beauty
- Hotel
- Informal
- Online Retail
- Pharmacy
- ...and more.

Across  
**100+**  
Attributes

- Loyalty Mechanics
- Program Influence
- Behavioral Loyalty
- Emotional Loyalty
- Earn Mechanics
- Rewards & Redemption
- Brand Alignment
- Human Experiences
- Digital Experiences
- ...and more.

# The Missing “R” in CRM.

By: Carissa Dougall, Managing Director,  
Customer Marketing Strategy.

All the strategies, tools, and technologies used to acquire and retain customers are simplified into the well-worn acronym: **CRM**. In the complex pursuit of loyal customers, however, brands are losing sight of the “R” in CRM: relationship. And it would be a mistake to think the “C” in CRM isn’t noticing.

As we’ve learned and validated over the years, the strongest predictors of higher share of wallet are program loyalty and brand loyalty. Last year, The Loyalty Report identified a new variable that flips the script on loyalty: “Brand is loyal to me.” This measure is based on the emerging construct of reciprocity: *Customers feel loyal to brands that are also loyal to them*. While we noticed a slight improvement in reciprocity, only 35% of respondents strongly agreed they felt the brand was loyal to them. So, why aren’t people feeling the love (or loyalty) back?

**35%** feel strongly the brand is loyal to them.



Source:

Data from Bond Brand Loyalty, being published in The Loyalty Report™, 2022, USA, in partnership with Visa.

## It pays to know your customers...

Program members spend more when they feel loyalty from the brand. Brands showing reciprocity saw a lift in monthly brand spend (\$26 lift among loyalty program members) and credit card spend (\$50 lift among cardholders).



Source:

Data from Bond Brand Loyalty, being published in The Loyalty Report™, 2022, USA, in partnership with Visa.



“In the complex pursuit of loyal customers, brands are losing sight of the ‘R’ in CRM.”

*Carissa Dougall,  
Managing Director,  
Customer Marketing Strategy*

## Disparity in what’s supposed to be a 2-way relationship.

You’ve asked your customers to raise their hand, share their information, sign up for your communications, and join your loyalty program. How do you recognize them at point of sale? Or perhaps upon delivery? Or even better, always. Your known customers expect just that (at a minimum): to be known. They want their loyalty status to be reflected at all touchpoints in the CRM journey (and this means more than the arbitrary level or points identification), but brands largely operate CRM and loyalty independently, for various reasons.

All too often, the result of misaligned loyalty and CRM strategies are communications that are fragmented and scattered, with messaging that is not always consistent and that come from different streams such as the loyalty program, email marketing or sales.

This is a problem because your customers don’t (and shouldn’t) see the difference between your brand and your loyalty program.

They don't recognize your communications as "loyalty" or "CRM," whether it's email, digital, text, app, social, or otherwise. They view these as brand communications. They think brand first.

Your customers see every touchpoint as an extension of your brand and their customer experience. When it's not one and the same, the question for marketers is: What opportunities are you missing by not integrating loyalty deeper into the broader omnichannel customer experience?

## CRM and Loyalty: Talk to Each Other.

Recall that the role of your loyalty program is to elevate the brand experience for your most valuable customers. It is also a mechanism for delivering on your brand promise. Yet in the 2022 study, only 32% of members strongly agree the loyalty program made their brand experience better.

While loyalty does have distinct considerations within CRM, it should be thought of as part of, not alongside, your broader CRM strategy. In other words, don't treat loyalty independently of CRM. While these two communications streams may deliver on different needs for your business, they should offer a seamless customer experience. Just like the omnichannel approach, the best strategies are considerate of the specific role that each channel plays as part of the greater purpose. CRM and loyalty should complement each other and work in harmony to support and enable that consistency in experience, voice, and value to your customer.

Brands that rise to the top in the loyalty space consider the membership experience as part of their CRM strategy, delivering on the member expectation of "know me" across all appropriate touchpoints.

It's no secret that when you communicate to your members in the right moments and right channels, you see a lift in program experience for your customers. Beyond that, our study also tells us that when the program experience is tailored to personal preferences, there is an additional 6.8x lift in brand experience.

### 6.8x lift

When a program interacts with a member at the right moments, brands experience a 6.8x lift in agreement that the program makes the brand experience better.



Source:

Data from Bond Brand Loyalty, being published in The Loyalty Report™, 2022, USA, in partnership with Visa.

Now, take that program approach and apply it across your CRM strategy. Factor in Zero Party Data collection and application, then your customer communications will undoubtedly deliver.

While CRM means different things to different brands, no one should forget what the "R" stands for. Take the principles of CRM and weave them through your membership program and back, creating a loop of relevant communications for your valued customers that deliver your loyalty promise as an extension of your brand's promise.

IT'S REALLY THAT SIMPLE.

# Actions to consider.

## CRAWL

### Reframe your company's expectation for loyalty.

It should not only be program loyalty, but also the brand outcomes you're looking to establish. The reciprocating nature of loyalty means delivering greater benefit to your most valued customers, who in turn reward you with their loyalty.

## WALK

### Evaluate how your CRM strategy supports your membership experience (and vice versa).

Do they work in harmony or compete with one another? Adjust strategies to work together in delivering a consistent message to your most valuable customers.

## RUN

### Achieve a truly integrated approach to CRM.

Identify the barriers that are holding you back from weaving your loyalty communications within your broader CRM strategy. Is it technology? Corporate culture? Capacity? Work to close those gaps.



## THE BODY SHOP

### Case In Point

The Body Shop weaves loyalty throughout the full customer journey, from awareness to consideration and purchase. As part of their weekly communications, The Body Shop includes a membership offering to increase awareness of the value exchange a membership offers, while also recognizing the customer's membership status. When shopping online, members see the earn potential on products, prompting an additional incentive to "add to cart." At checkout, the points potential is noted, and the post-purchase transactional email and online notification identify the points rewarded on the purchase.



**Carissa Dougall**

Managing Director,  
Customer Marketing Strategy

Carissa Dougall leads Customer Marketing at Bond, and has proven experience in driving sustained and measurable growth for our clients.

# Values × Value: Woke Wave of ESG.

By: Patricia Colard, Sr. Consulting Director.

There's no denying there's an ethical transformation underway, as governments and stakeholders turn up the heat on companies to hold them more accountable for their environmental and societal impact. As the ESG train goes full speed ahead, brands that aren't already moving are feeling the impact on their business.

Companies' ESG—or environmental, social and governance—strategy refers to their commitment to contributing positively to those three elements. Current expressions include how an organization cares for the planet, ensures the fair treatment of people, and fosters integrity and fairness within the organization.

At the core of this shift are consumers' and employees' personal values. As societal issues come to the fore, their expectations of brands are rising. People want to know a company's ethos beyond the products and services they're selling, and they're choosing brands that align with their personal values. Think of customers as today's new shareholders: they are holding companies accountable. They expect to know why brands should earn both their trust and their wallet.



“Think of customers as today's new shareholders. They're holding companies accountable based on their personal values. They expect to know why brands should earn both their trust and their wallet.”

*Patricia Colard,  
Sr. Consulting Director*

What's the business case for the greater good? Our study shows, when the brand purpose aligns with customer values, we see approximately 3× lift in advocacy, a 10× lift in retention, and a 10× lift in spend. When companies take action to become more responsible and sustainable corporations, not only are they doing the right thing from a societal perspective, but they are also sitting on a massive opportunity to create customer value, attract and retain top talent, and ultimately fuel business growth. With the substantial increases in companies' ESG commitments and investments since COP26, now is the right time to get customers and employees involved and build deeper human relationships rooted in shared values.

63%

of respondents agree they are more likely to do business with brands/companies whose purpose aligns with their values.



Source:  
Data from Bond Brand Loyalty, being published in The Loyalty Report™, 2022, USA, in partnership with Visa.

## The Impact

When the brand purpose aligns with customer values, consumers are...

### Advocacy



3.4× as likely to recommend your brand.

### Retention



9.8× as likely to go out of their way to do business with your brand.

### Spend



9.9× as likely to spend more with your brand.



Source:

Data from Bond Brand Loyalty, being published in The Loyalty Report™, 2022, USA, in partnership with Visa.

Now, it's not as though marketers haven't gotten the message. Companies such as Whole Foods, Nike, and Aspiration, are leading the way by investing in defining their values and acting on their brand purpose. However, for many brands, there is a growing disconnect between their values- and purpose-focused strategies on the one hand, and the consumer connection—typically through marketing and loyalty offerings—on the other. This is reinforced in our recent study as 61% of marketers strongly agree with the statement “our brand is trustworthy” but only 34% of consumers strongly agree that they find the brand trustworthy. Often, a lot of internal work is happening but it's not translating back to brands' relationships with customers.

MANY BRANDS LEAD WITH MARKETING AND COMMUNICATIONS, RATHER THAN STARTING WITH PURPOSE, TRANSPARENCY, AND ACTION.

Where the problem lies is that many brands lead their ESG-focused initiatives with marketing and communications first, rather than starting with internalizing the purpose, transparency, and action. This can backfire for brands in the form of “greenwashing” claims and growing consumer skepticism, which then leads to increasing distrust. For example, there's always a plethora of Earth Day messaging from brands looking to boost their eco profiles, but not always much substance behind them—it's all icing, no cake.

## Top Drivers of Loyalty

The Loyalty Report™ revealed, companies experience brand loyalty when they:

1. Treat their employees fairly;
2. Prioritize environmentally sustainable practices; and
3. Support equity.

Other top ESG drivers of brand loyalty include supporting local businesses and diversity outside the organization.



Source:

Data from Bond Brand Loyalty, being published in The Loyalty Report™, 2022, USA, in partnership with Visa.



## What can brands do to get on the right track?

The way forward is to bring customers and employees along their company's ESG journey, and engage them with transparency, involvement, and empowerment. When they do so, employees will find a renewed sense of purpose that will turn them into brand advocates, and customers will reward the brand with the strongest form of emotional loyalty, one that's rooted in trust and shared values.

The Loyalty Report data shows that when a brand is aligned with a customer's values, the brand remains more top of mind when considering a purchase. Furthermore, we see an 8.2x lift in stated loyalty to brand and 7.8x lift in consumer trust when a brand's purpose and consumer values align.

When "doing better" is done well, the journey will look something like this: It starts with a change of mindset, approaching corporate ESG investments as an opportunity for value creation to grow employee advocacy and customer loyalty, which leads to building authentic long-term relationships with customers. This leads to more profitable sales, frequency of visits, and long-term retention. In turn, long-term customer retention helps reduce acquisition costs for clients, which is a critical consideration as many companies are losing customers faster than they're able to acquire them in a hyper-competitive market.

The result? Increased market share while protecting healthier profit margins, in addition to creating a positive impact—driving better outcomes for business, planet, and society at large.

### They're Willing to Pay More!

When a brand delivers on ESG, we see a 11.5x lift on willingness to pay a premium to do business with the brand.



Source:

Data from Bond Brand Loyalty, being published in The Loyalty Report™, 2022, USA, in partnership with Visa.

# Actions to consider

## CRAWL

### Prioritize internal alignment.

Brands can't reverse-engineer purpose from marketing; the approach needs to be inside-out. Marketing and Loyalty teams need to work hand in hand with ESG and Sustainability teams to build bridges and partnerships between these often-siloed departments.

## WALK

### Understand customers' deeper needs and the values that guide their everyday decisions.

Look beyond your customers' historical behavioral data to gain a deep understanding of who they are, including the personal values and core beliefs that will drive their purchase decision-making. Use these insights to build more human experiences and nudge "better" behaviors.

## RUN

### Create external values alignment with customers.

#### Step 1: Lead with transparency

Show customers what the organization is doing with transparency and humility. Set meaningful measurable goals and continuously share progress. Marketing and Loyalty teams need to work hand in hand with ESG and Sustainability teams to lead with action first.

#### Step 2: Involve and empower customers

This should not be a one-way conversation. Rather, a partnership with your customers, involving them every step of the way, and empowering them to be part of the change. Don't just think about how you want your customers to feel about your brand. Think about how you can make your customers feel better about themselves and the impact they can make. This is when you build a true connection.

#### Step 3: Ensure that employees are involved

When employees are involved, your "values" are conveyed on both sides of the counter, fostering a real genuine relationship with the customer, leading to a new era of true "human loyalty."

## Case In Point

### WE'RE IN BUSINESS TO SAVE OUR HOME PLANET

When you walk into a Patagonia store (physically or virtually), you instantly connect with the powerful values that drive the entire organization. Every customer promise, touchpoint, and employee interaction are a reflection of what the brand stands for, including its:

- Unwavering commitment to help customers get more life out of their gear, through repair services, DIY repair and care tutorials, and a dedicated help center;
- “Ironclad Guarantee” to make good on any product that does not fit the bill or gets damaged through wear and tear;
- “Worn Wear” program providing store credit for trading in well-loved Patagonia gear;
- “Earth Tax,” giving 1% of sales to grassroots environmental organizations;
- Local movie events bringing customers together around their shared love for the planet;
- Transparent educational content empowering customers to shop more consciously and reduce their environmental footprint through supply chain transparency, stories, videos, stats, tips and more;
- Digital platform ActionWorks that provides customers the opportunity to build human connections with their community and empowers them to take action on issues that matter to them; and
- Human-centered approach to doing business, closing its stores between Christmas and New Year because “our people need a break.”

The impact of these values-driven experiences sums it all up: “[...] you won my lifelong loyalty. You made me an advocate, ready to go public on this positive experience.”



**Patricia Colard**  
Sr. Consulting Director

As Sr. Consulting Director, Patricia offers strategic purpose and innovative solutions and is a trusted advisor for our clients.



# Fast Facts.

The following are select data highlights and findings from The Loyalty Report 2022.

## I am Loyal to Program

RANKED BY SECTOR

### Loyalty Programs

- + Associations
- Cruise Line
- Hotel
- Health and Beauty Retail
- Airline
- Specialty Retail
- Automotive
- Apparel Retail
- Grocery and Drug Department
- Warehouse and Discount
- Dining and Quick-Serve Restaurant
- Delivery Services
- Retail Fuel and Convenience
- Online Travel Agency

### Credit Card Programs

- + Bank-Branded Points Credit
- Bank-Branded Cashback Credit
- Co-Branded Credit
- Private Label Credit

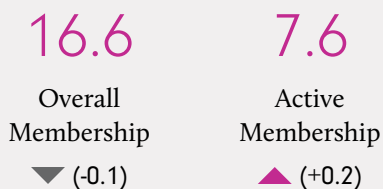
## Loyalty Influence is Consistent with Pre-Pandemic Levels

Although we see a year-over-year decrease in loyalty's impact on advocacy, retention, and spend, the influence of loyalty still remains strong and is now consistent with pre-pandemic levels.

	2022	2021	Change vs. 2021
Say: I am more likely to recommend Brands with good Loyalty Programs.	74%	73%	+1%
Stay: Programs make me more likely to do business with Brands.	78%	80%	-2%
Spend: I modify amount spent to maximize the benefits I receive.	65%	68%	-3%
I modify timing of my purchases to maximize the benefits I receive.	66%	71%	-5%
I modify Brands I purchase from to maximize the benefits I receive.	66%	67%	-1%
Programs are part of my relationships with Brands.	72%	74%	-2%

## A Plateau in Membership Activity?

After strong growth in 2021, we are seeing both memberships and active memberships level off in 2022.



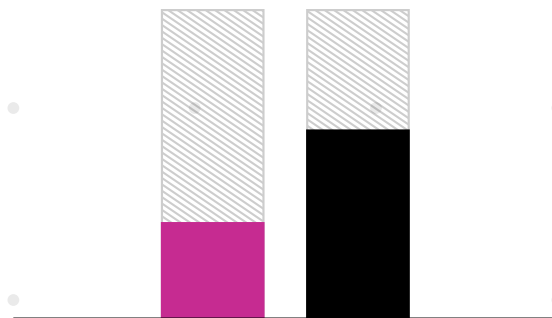
## Anatomy of the "Active 8"

AVERAGE NUMBER OF ACTIVE MEMBERSHIPS BY SECTOR:

	2022	Change vs. 2021
Credit and Debit Cards	1.8	+10%
Mid-Frequency Retail	1.1	-5%
High-Frequency Retail	1.2	-3%
Travel	0.9	+4%
Dining	0.8	+1%

## The Trust Gap

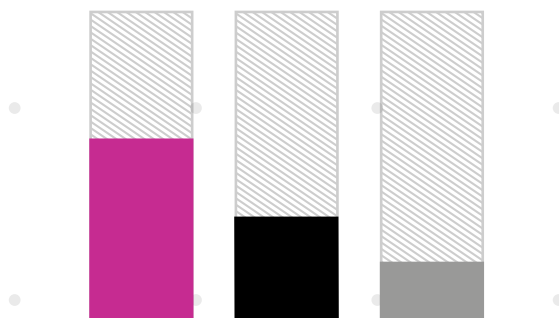
% STRONGLY AGREE BRAND IS TRUSTWORTHY



34% 61%  
Consumers Marketers

There is a clear divide between marketers' and consumers' perceptions of brands' trustworthiness. Brands will need to focus on genuine and purposeful change to close this gap.

## The Role of Brand Purpose



60% of brands were perceived as having a purpose beyond profit and money.

34% of consumers strongly agree that the brand is following through on their purpose.

19% strongly agree that the brand's purpose aligns with their values.

## The Roadmap to Reciprocity

In 2021, we flipped the loyalty construct—introducing a new variable rooted in relationship—Brand is Loyal to Me. Loyalty Brands, those who show reciprocity to their customers, experience considerable lifts in spend.


AVERAGE MONTHLY SPEND LIFT FOR BRANDS THAT PERFORM ON "BRAND IS LOYAL TO ME":

\$50  
Credit Cards

\$26  
Loyalty Programs

THE TOP THREE WAYS LOYALTY BRANDS SHOW LOYALTY TO THEIR CUSTOMERS ARE:

1. Know and understand members
2. Provide great customer service
3. Make members feel like part of a community



## The Impact of Artificial Intelligence (AI) Awareness

Most consumers are aware of brands utilizing AI within their customer-service interactions, but fewer recognize the use of dynamic pricing.



of consumers recognize AI has been used to assist with questions or resolve problems in their brand interactions.



of consumers say they have received a different price than a family or friend for the same product or service.

## Accelerating Program Growth with Alternative Currencies

While saving members money is important and expected from the loyalty programs consumers engage with, the opportunity to differentiate and drive growth is by offering alternative currencies.

THE TOP CURRENCIES OF LOYALTY ARE:

1. Familiarity
2. Time and Convenience
3. Support

# Top 3 Programs

## on "I am Loyal to Program"

★ Indicates breakaway leader  
(+5% gap between next highest)

\* Program name has changed,  
this is the program name at  
time of fielding.

### Airline

1. Alaska Airlines Mileage Plan ★
2. Spirit Airlines Free Spirit



3. Cathay Pacific  
Marco Polo Club



### Hotel

1. IHG Rewards Club and InterContinental Ambassador\*
2. Marriott Bonvoy Rewards



3. Radisson Rewards\*



### Dining and Quick-Serve Restaurant

1. Tims Rewards
2. Chick-Fil-A One
3. TGI Fridays Rewards Loyalty Program



### Grocery and Drug

1. Kroger Plus Card
2. Publix Club Publix
3. Harris Teeter e-VIC Benefits



### Retail Fuel and Convenience

1. Exxon Mobil Rewards+
2. Kroger Fuel Program
3. Shell Fuel Rewards Program





★ Indicates breakaway leader (+5% gap between next highest)

\* Program name has changed, this is the program name at time of fielding.

### Warehouse and Discount

- 1. Costco Executive Membership
- 2. Walmart+
- 3. Sam's Club Membership



### Delivery Services

- 1. Postmates Unlimited
- 2. Instacart Express
- 3. Uber Eats Pass



### Apparel

- 1. adidas Creators Club ★\*
- 2. Nike Membership
- 3. Gap Good Rewards



Notable mention: Lululemon Membership, a pilot program in Denver and Chicago markets, performs just as well.

### Health and Beauty

- 1. Sally Beauty Rewards
- 2. My Bath & Body Works Rewards
- 3. Ultimate Rewards



### Specialty Retail

- 1. Amazon Prime
- 2. LEGO VIP
- 3. TSC Neighbors Club





# Fueling Business Growth with Insights.

Complementary Insights Offerings with Intelligent Connections

The Loyalty Report™ provides insights and actionable recommendations on your brand's and program's performance across key business outcomes. As an offering from Bond, we provide relevant insights by right-fitting our insights offerings to your business objectives to deliver a strengths and areas of opportunity program assessment, measured against key drivers, that enables you to identify, prioritize, and develop plans for performance improvement that leads to meaningful growth.

## Contact us

Learn more about purchasing the full report and how Bond can arm you with the data, insights, and solutions to help you navigate changes and drive growth for your brand.

Phone: 1.844.277.2663

Email: [info@bondbl.com](mailto:info@bondbl.com)

## Attitudinal Data

THINK



BASE

Semi-customized Brand and Program Performance Report

SAY



BENCHMARKING

Competitive Performance Diagnostic and Report

FEEL



+BOOST

Semi-customized Survey Redeployment and Analysis

DO



+BEHAVIORAL BOOST

Customized Analysis and Report of Attitudinal + Behavioral Data





# About Bond

**WE BUILD BONDS. BONDS BUILD GROWTH.**

Bond generates growth for clients by creating enduring relationships between people and brands based on intelligent connections and engaging experiences. Bond serves clients globally with customer experience and loyalty solutions that enable brands, customers, employees, partners, and the communities they serve, to experience the benefits of growth. Headquartered in Toronto, Bond is management-owned with more than 800 people and six offices across North America. We partner with clients to build enduring relationships—bonds—between a business, its employees, and its customers.

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