

2021

The Κρητική Report™

New Decade. New swov.

Executive Summary

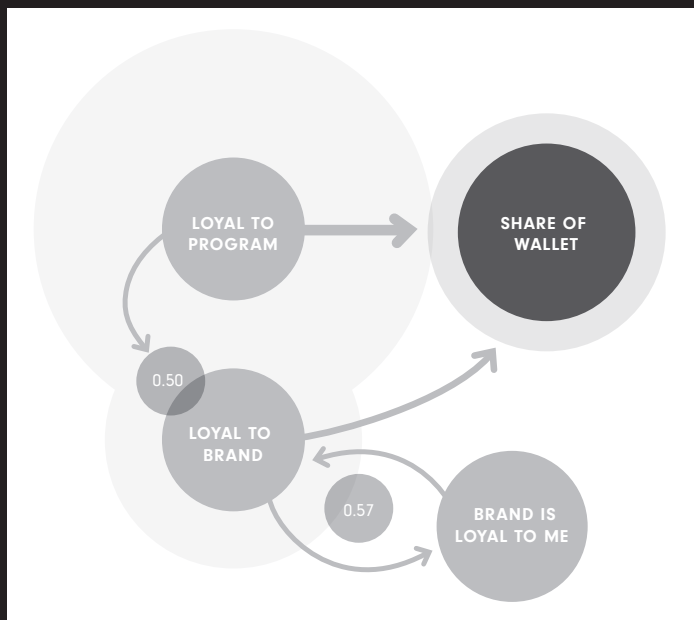
 LAUNCH EDITION

New Decade. New **swiŋŋ**.

In the unprecedented last year, disruption has taken on an entirely new role and turned the world on its head. Seemingly overnight, behavior changes have accelerated exponentially—forming a chasm between the old world and the new. We’ve witnessed the rapid re-evaluation of how we make choices, what gives us purpose, and what is most valued: our health, time, connection to community, finances, future, and more.

While much has changed, some foundational truths remain constant. Operating from a place of fixation on the customer, investing in digital experiences, and yearning for altruism in consumer behavior have all been paramount well before this past year. But as routines continue to rejig, with rituals reimaged, and expectations reset, we’re witnessing a divide between Brand leaders and Brand laggards—between those well-positioned to thrive in the new digital ecosystem and others struggling to contend or to even survive. Simultaneously cast with a consumer divide revealing stark differences in access to programs and experiences, we find ourselves in a perfect storm and in a race to accelerate to meet the demands of cascading changes along fault lines.

Decoding the digital and demographic divides, magnified this year, is the greatest challenge in understanding how to deliver customer experiences bonded by loyalty in our new environment.



For far too long, loyalty to a Brand has largely only been measured with a one-sided equation—the Brand’s point of view. Key business measures, such as the *Likelihood to recommend* (Say), *Likelihood to continue doing business* (Stay), and *Share of Wallet* (Spend), are self-interested outcomes of a one-sided story steeped in Branded bias.

To move forward with real reciprocity and keep in step with the massive disruptions we’ve seen this year, *The Loyalty Report™* is making changes too.

We have defined what it means to be a *Loyalty Brand* with a new framework measured by focusing on both sides of the equation. We recognize top performers based on measurements of “I am loyal to the program” along with “I am loyal to the Brand” to gain a more balanced impression from consumers about their relationships to Brands. But we’ve also flipped our most well-known loyalty construct upside down too, introducing a variable rooted in relationship—*Brand is Loyal to Me*. It’s a measure that we witness among both leading and challenger Brands and one that we foresee will become a key requirement for Brands to contend now and well into the future.

Join us as we explore how consumer sentiment has shifted over this past year. With refreshed data reorienting us and providing focal points for strategy, *The Loyalty Report 2021* is a blueprint for Brands looking to thrive, contend, and lead the pack as consumers form new norms and lasting bonds with the Brands that earn their loyalty.

The Most **Comprehensive** and Longest-standing Study of its kind on Loyalty, Engagement, and Known-Customer Experience.

The Loyalty Report by Bond Brand Loyalty is a comprehensive annual study that takes an in-depth look at consumer attitudes and behaviors towards Brands and their Loyalty, rewards, and Credit Card Programs.

Sample of more than

25,000

North American consumers

Examining

450+

Programs



18K Americans provided feedback on 300+ Loyalty Programs between December 16, 2020 and March 25, 2021.



In

15+

Industry Sectors

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

Across

85+

Attributes

- Brand Influence
- Program Influence
- Earn and Redemption Mechanics
- Digital Experiences
- Human Experiences
- Loyalty Program Diagnostics
- Program Design Influence
- Market Dynamics Influence
- ... and more.



This report has been published for over a decade, reaching nearly 70K consumers, with insights into 1,000+ programs across 34 countries.

CHAPTER 1

Study Highlights

Surviving the Storm Thriving after a Perfect Storm.

2021 Study Highlights

What You Now Need to Know.

Consumers have adapted their behavior over the past year in response to circumstance. Between changes across health and public policy, economic instability and opportunities, and digital usage spiking both personally and professionally, newly formed divides have forged among consumers and Brands.

We combine study insights with our observations and foresight to provide a sweeping view into how these changes in behavior will impact a Brand's relationship with its customers. From customers now searching for purchases that align with their values—influenced by a moral compass—to decisions made with a deep yearning for communal bonds, our collective push to elevate our common good is being unearthed in the data.

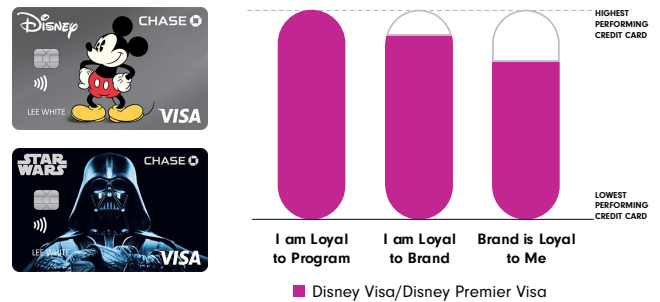
We will showcase how some customer expectations and spending behaviors have shifted rapidly, how some are still changing, and how others have stood still. In this pack of players, we will isolate remarkable Brands, Loyalty Programs, and Credit Card Programs that:

1. Were already recognized as leaders before the pandemic with continued leadership due to their strong customer focus;
2. Are savvy and able enough to pivot quickly to meet new customer expectations, and lead or challenge others in the marketplace thanks to digital investments;
3. Are new disruptors or innovators, quickly fulfilling unmet customer needs—challenging incumbents outright, or creating entirely new sectors where they own the lead; or
4. Are no longer considered remarkable—falling behind, with an uncertain future.

Best in Class

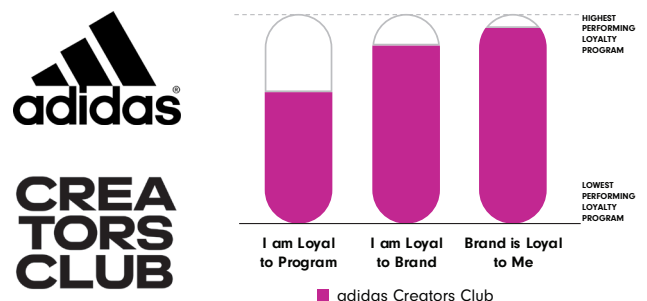
DISNEY VISA AND DISNEY PREMIER VISA

The Disney Visa Credit Cards are top performers on *Loyal to Program* because they help vacationers get the most out of their Disney experience. The Disney Visa is great for those who are saving up for that one vacation of a lifetime. With accelerated earnings and an Airline statement credit, the Premier Visa is perfect for Disney fans that want to experience the magic of a Disney vacation year after year. Disney fanatics also enjoy the flexibility of personalizing their credit card with their favorite characters.



ADIDAS CREATORS CLUB

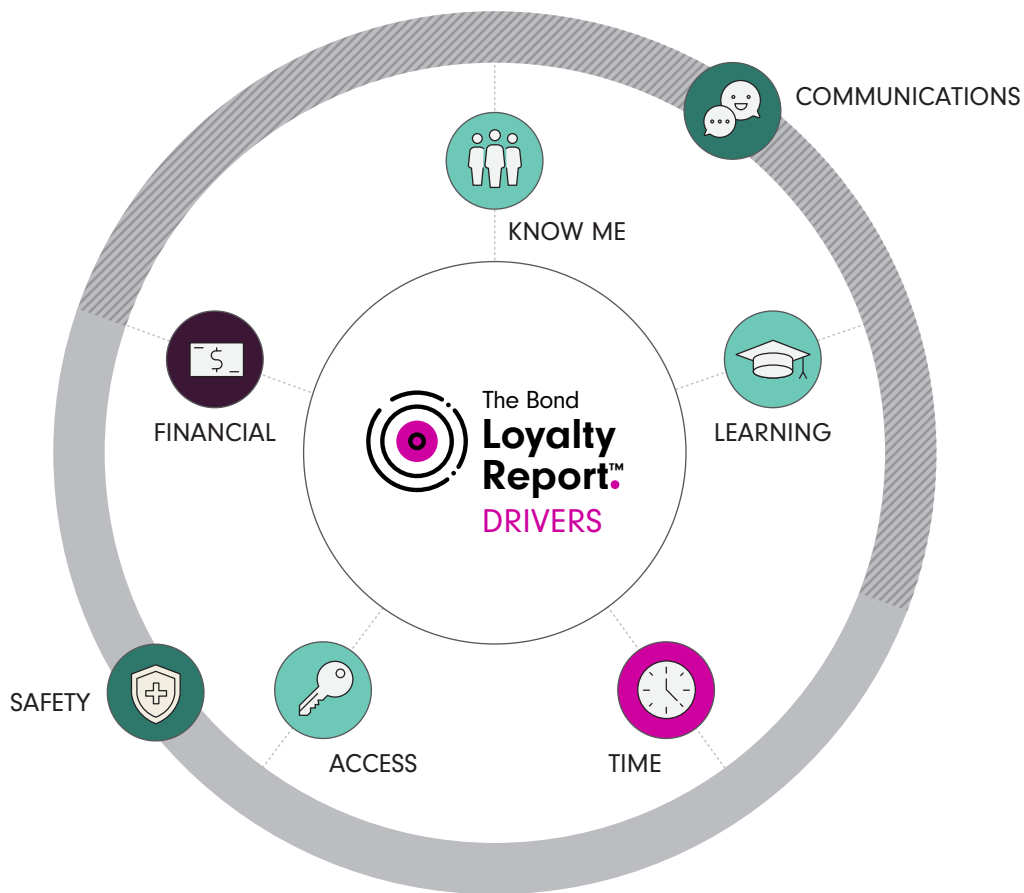
adidas is recognized as a leading *Loyalty Brand* that has fostered a sense of community and empowerment through its Creators Club program, its commitment to sustainability, and its innovative product offerings and partnerships. adidas performs well on *Brand is Loyal to Me* because consumers are at the heart of their company strategy. Creators Club provides Members with an exclusive and personalized connection to the Brand by providing Members with relevant information on sport and style, early access to products, exclusive offers, and invitations to special events through a single customer profile linking all adidas communities, channels, apps, and events.



A "Loyalty Brand" delivers
 "loyal customer experiences."
They are more familiar, more rewarding, and more reciprocal.

Loyalty Brand—Bonding Brand and Program.

North America was only a month away from the COVID-19 pandemic as Bond successfully closed out its acquisition of rDialogue—bringing together two recognized leaders in loyalty and customer experience. While the synergies were instantly apparent, a division existed there, too. Our respective thought leadership ethea converged to unlock possibilities far greater together than we could achieve apart. While the unprecedented market factors ignited re-evaluation and reimagination of our home and work lives, *The Loyalty Report™* seized the opportunity to create its own new norms.

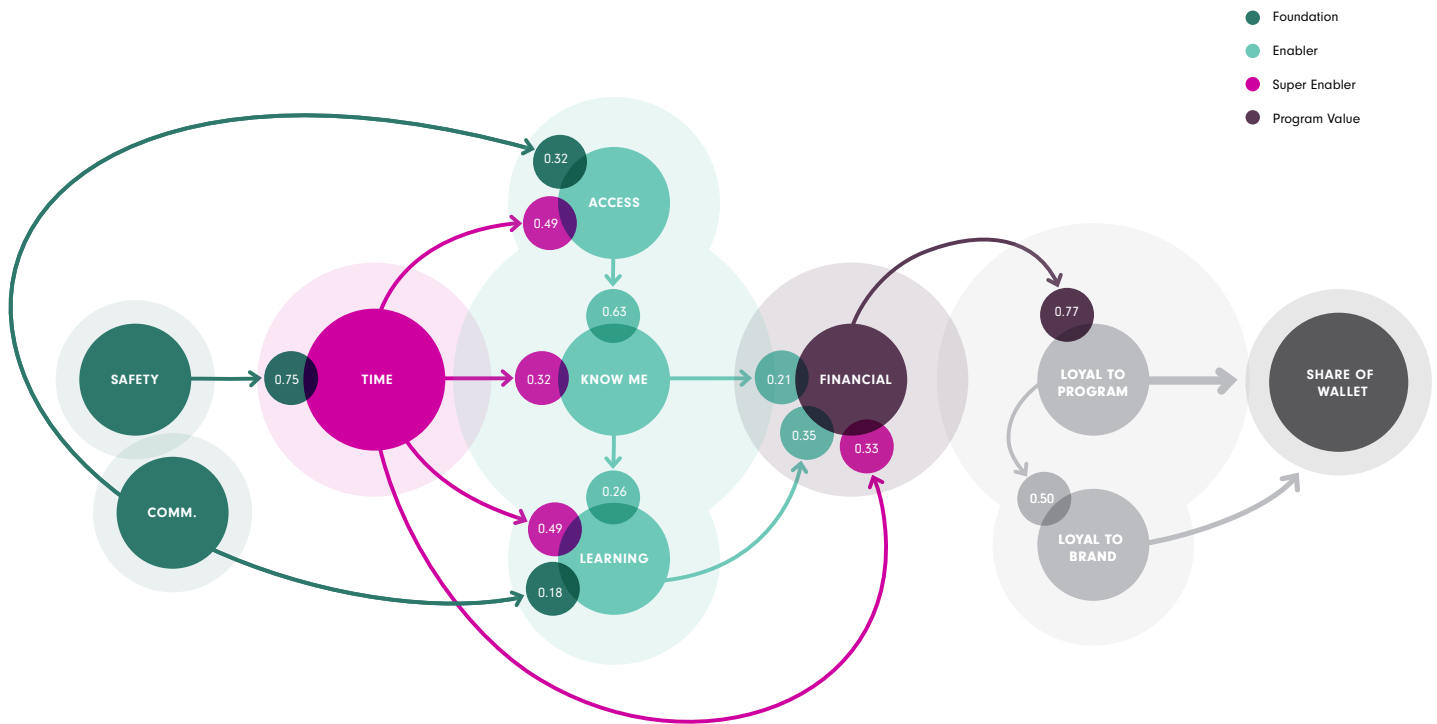


The Loyalty Report 2021 presents a new framework for Brands to measure their Loyalty and Credit Card Program performance. It illuminates the role of the program and Brand in delivering loyalty mechanics and seamless customer experiences that boost the bottom line and are grounded in relationships. For the decade ahead, Brands must aim to become recognized by their Members as a *Loyalty Brand*—one that is familiar, rewards them more, and is rooted in reciprocity.

Through proven analytical techniques—factor analysis, Bayesian network analysis, and more—you will understand the path to and key drivers for creating *loyal customer experiences*. It's in delivering these experiences, touch points, and moments of truth where Members feel *Loyal to Brand* and *Loyal to Program*, and where we see successful business outcomes, like *Share of Wallet*, rising.

The Path to Creating Loyal Customer Experiences.

Bond's neural network analysis identifies the strength and direction of the relationship between drivers of loyal customer experiences. This Path Analysis prioritizes the foundational program elements through to key business outcomes—revealing that affinity toward the Brand and the program are interconnected in their influence on consumer spend.



CHAPTER 2

Chapter Highlights

Insights into Leader (or Challenger) Positions.

2021 Chapter Highlights

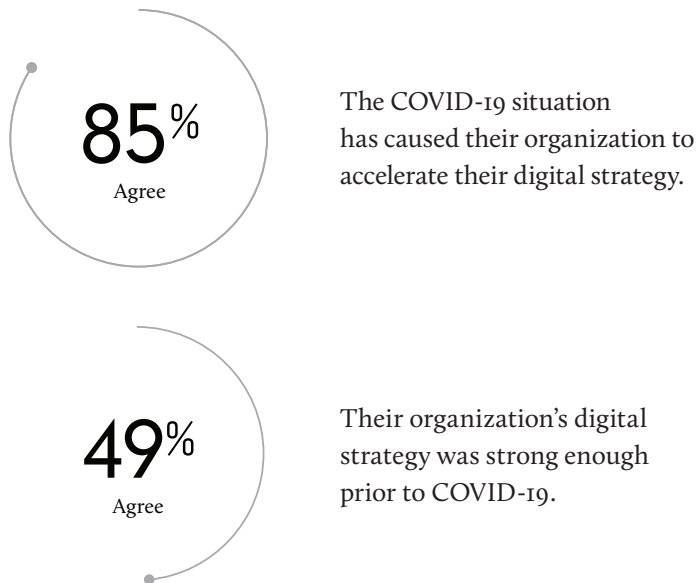
1. The Digital Divide—Doom or Delight.

This chapter provides depth into how the COVID-19 pandemic has catalyzed the need for Brands and programs to accelerate addressing the existing and emerging customer appetite for digital experiences. Eighty-five percent (85%) of marketers and Program operators agree that the pandemic has single-handedly accelerated their digital strategy. Nearly half (49%) have indicated that their digital strategy was strong enough before the pandemic.

We will show a selection of leading and challenger Brands and programs using their digital aptitude to differentiate amidst the backdrop of digital laggards. With a clear directive on the need for Brands to accelerate their digital enablement, we will report on current and projected rates of digital Member usage, along with consumer sentiments and new norms for privacy and data protection.

False Perception or Reality?

Marketers agree COVID-19 has accelerated their digital planning. Only half think they had a strong enough digital strategy prior.



Source:
Bond Brand Loyalty Marketer Survey, 2021

Best in Class



CVS is an example of a Brand that was well positioned pre-pandemic and able to differentiate vs. digital laggards in the accelerated environment.

digital.

CVS Outlines Digital Growth Plan to Become a Healthcare Giant

CVS is quickly turning into a pharmacy giant, and that growth is guided by a decided focus on technology and customer engagement.

Source:
<https://www.borndigital.com/2020/02/19/cvs-outlines-digital-growth-plan-to-become-a-healthcare-giant>

Top 3 Performing Drug Store Retailers



1. CVS ExtraCare Pharmacy and Health Rewards

2. Rite Aid wellness+

3. CVS ExtraCare

For more Top Performers in other categories, see pages 14-16.

2. Access to Enhanced Tiered Experiences.

Insights from the study reveal that three out of five program Members would do more business with a Brand if given access to an enhanced tier in their Loyalty Program. This generates strong lifts in key business outcomes and strongly correlates with other drivers of loyalty. You will understand from this chapter how and why Loyalty Programs with well-designed and relevant tier structures drive higher program performance.

TIERS DELIVER ON THIS NEW CONSTRUCT OF RECIPROCITY

Members of enhanced tiers feel a sense of reciprocity. They are loyal to the Brand and feel the Brand is loyal to them.

2.9×

Lift in agreement that the *Brand is Loyal to Me* when Member is part of an enhanced tier.

We then look at the factors driving a Member's tier progression, including the changes in their expectations across time and how they want programs to maintain their tier status year over year. Examples of leading Loyalty Programs with tier structures reveal actionable steps toward creating loyal customer experiences that are relevant and feel reciprocal—rooted in the variables: *I feel I am loyal to the Brand and that the Brand is also loyal to me.*

3. Reward Relevancy = #goals.

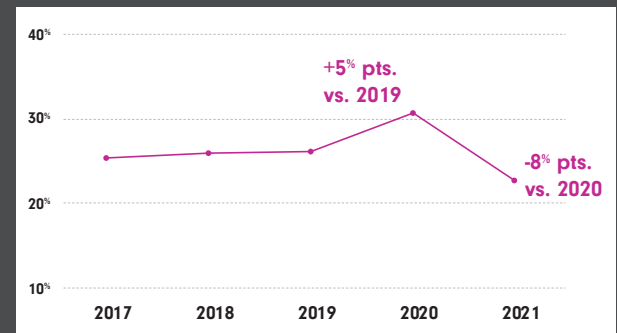
The proven pillars in delivering experiences embedded with rewards and benefits remain constant in generating value for both program Members and Brands. But as the year unraveled, the COVID-19 pandemic revealed a divide between Member redemption activity and raised expectations of Brands. Customers have evolved their redemption goals and expect to be rewarded—quickly.

The insights in this chapter show how program-Member redemption behaviors have changed over the last year compared to historical trends. We've seen a changing mix in reward relevance and highlight the rewards that matter the most right now. To connect the dots, we share examples of redemption experiences from *Loyalty Brands*—comparing the pre-pandemic, the height of the pandemic, and the recovery phase program activities that have helped create consistent customer experiences crafted with loyalty front and center.

The Rise and Fall of "Effort to Earn a Redemption"

% Strongly Agree

Reasonable effort (e.g., spending and other activities) to earn benefits of interest.

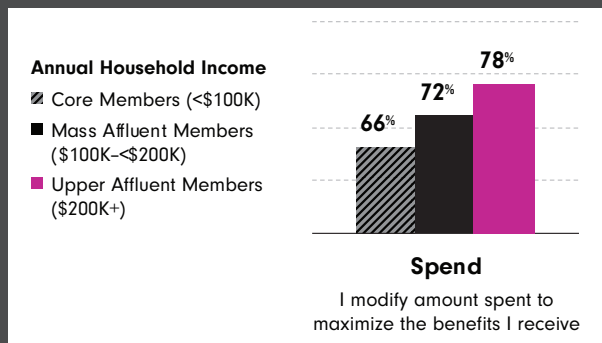


4. Younger Customers and Affluent Consumers.

We spotlight two customer groups that Brands often indicate as valuable in driving financial success—younger customers and affluent consumers. The study reveals that loyalty mechanics are more influential on Member attitudes and behaviors as household income increases, and are most meaningful to older Millennials and Generation X consumers.

We've unearthed changes in behaviors among younger and affluent consumers over the past 12 months compared to other age groups. Factors including their use and adoption of digital experiences, redemption goals, likelihood to advocate, influencers on spend, readiness to switch programs, and more. Brand and program spotlights reveal how leading *Loyalty Brands* adapt touch points with these specific program Members in mind with a holistic understanding of their new expectations and norms. These touch points are designed in the name of creating authentic loyal customer relationships that fuel business growth now and into the future.

Loyalty has a more pronounced influence on affluent consumers' spend



Buy Now. Pay Later is the "New Norm" for Gen Z.

Gen Z consumers' use of installment programs is

57%

higher than the average consumer's.

Payment solutions are focusing on flexibility as ecommerce **continues to grow exponentially** and customers look for more options for debt access and management. Installment payment solutions appear to be all the rage with Affirm, Afterpay, PayBright, Koho, and many others offering up interest-free payment solutions. Building off an old tool-set of layaway and TV infomercial structures to encourage purchase today, these new players are promoting effective money management and entry to certain Brands. Everything from luxury goods to home furnishings to beauty products can now be **purchased with one of these solutions**.







 The Bond **Mkt Intel**.™
Subscription

Fast Facts.











Loyal to Program

Ranked by Sector





High-Frequency Loyalty Programs

- +  Drug Store
- +  Gas
- +  Delivery
- +  Warehouse and Discount
- +  Quick-Serve Restaurant
-  Grocery





Mid-Frequency Loyalty Programs

- +  Telco
- +  Auto
- +  Retail Health and Beauty
- +  Movie Theaters
- +  Online Travel Agency
- +  Specialty Retail
- +  Apparel Retail
- +  Mobility
- +  Department
-  Home Retail

Low-Frequency Loyalty Programs

- +  Associations
- +  Cruise Line
- +  Hotel
-  Airline

Top Credit Card Performers

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

The Influence of Loyalty Remains Strong

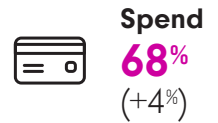
Loyalty, long known for having positive outcomes for Brands, raises its role in impacting advocacy, retention, and spend.



I am more likely to recommend Brands with good Loyalty Programs.



Programs make me more likely to continue doing business with Brands.

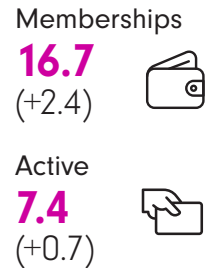


I modify amount spent to maximize the benefits I receive.

Rightsizing for Relevance?






Or on a Practical Pause?

Strong growth in membership is not surprising as innovators and disruptors quickly emerged on the scene to meet changes in consumer needs (and expectations). By virtue of timing, taking their place among the “active” while access to other programs (e.g., travel-related sectors) were effectively muted.



Anatomy of the “Active 7”

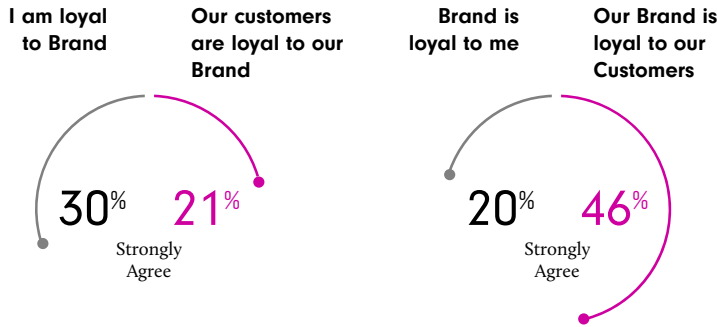
Average number of active memberships, by sector:

| | 2021 | % Change vs. 2020 |
|--|------|-------------------|
|  Credit and Debit Cards | 1.6 | 15% ↓ |
|  Mid-Frequency Retail | 1.1 | 14% ↑ |
|  High-Frequency Retail | 1.2 | 10% ↑ |
|  Travel | 0.8 | 5% ↑ |
|  Dining | 0.8 | 1% ↑ |

Fast Facts.

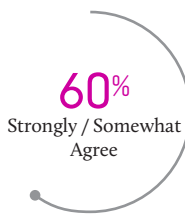
Flipping the Loyalty Construct

Few consumers feel they are loyal to the Brand and even fewer marketers share that same sentiment. A clear divide exists between the marketer's and the consumer's perceptions of the Brand being loyal to consumers.



Treating Top Customers to Tiered Expectations

Would do more business with a Brand to be a Member of an enhanced tier.



Reward Relevancy is #goals

Nearly 4 of 5 Members (78%) have a redemption goal

1.7x Lift on: "I am loyal to program"

Mass and Upper Affluent consumers (average household income >\$100K) who have a redemption goal experience a larger lift than non-affluent consumers.

85% have a redemption goal

2.2x Lift on: "I am loyal to program"

The Digital Divide— Either Doom or Delight

The ease and use of a program's website and mobile app has less impact on program loyalty among technology-savvy younger consumers.

Lift on: "I am loyal to program"

| | |
|----------------------|----------------------------|
| 2.1x | 8.1x |
| Gen Z (18-26) | Baby Boomer (58-75) |

Program website makes it easy to participate

| | |
|----------------------|----------------------------|
| 2.1x | 6.1x |
| Gen Z (18-26) | Baby Boomer (58-75) |

Program mobile app makes it easy to participate

Upper Affluent Members (annual household income >\$200K) are more loyal when a program safely and securely manages their personal information.

Lift on: "I am loyal to program"

| | |
|----------------|-------------------------------|
| 2.9x | 4.3x |
| Overall | Upper Affluent Members |

Top Loyalty Programs.

Top Loyalty Programs are based on Members' agreement with the statement: I am loyal to the program. Breakaway leader(s) are programs that hold a 5%+ lead over the next highest performer within their sector.

★ Breakaway leader
(5%+ lead over the next best)

Airlines

1. Sun Country Rewards★

suncountryrewards

2. JetBlue TrueBlue

TRUE
BLUE

3. American Airlines AAdvantage

American Airlines
AAdvantage 

Delivery NEW

1. Uber Eats Pass★

Eats
Pass

2. Postmates Unlimited


POSTMATES

3. FedEx Delivery Manager

FedEx

Dining and Quick Service Restaurant

1. Chick-Fil-A One



2. McDonald's Mobile App



3. Starbucks Rewards

STARBUCKS®
REWARDS

Gas and Convenience

1. Shell Fuel Rewards Program

FR FUEL REWARDS™

2. Kroger Fuel Program

Kroger

3. Sheetz MySheetz Card

FRESH FOOD
SHEETZ
MADE TO ORDER

Top Loyalty Programs.

Hotel

1. Accor Live Limitless★



2. Marriott Bonvoy Rewards



3. Best Western Rewards



Retail: Apparel

1. adidas Creators Club★



2. Foot Locker FLX Rewards



3. Athleta Rewards



Retail: Department

1. JCPenney Rewards★



2. Kohl's Rewards



3. Nordstrom The Nordy Club



Retail: Drug Store

1. CVS ExtraCare Pharmacy and Health Rewards★



2. Rite Aid wellness+



3. CVS ExtraCare



Retail: Grocery

1. H-E-B Points Club Rewards



2. Food Lion MVP Program



3. Kroger Plus Card



Top Loyalty Programs.

Retail: **Health and Beauty**

1. My Bath & Body Works Rewards



2. Ulta Beauty Ultimate Rewards



3. Sally Beauty Rewards



Retail: **Home** NEW

1. Lowe's MyLowe's



2. Bed, Bath & Beyond Beyond+



3. IKEA Family



Retail: **Specialty**

1. Sony Rewards (Playstation)★



2. Microsoft Rewards★



3. Amazon Prime



Retail: **Warehouse** NEW

1. Sam's Club Membership★



2. Costco Executive Membership★



3. Walmart+



**A TOP RANKED
LOYALTY PROGRAM
IN THE U.S.**



The Loyalty Report 2021

Share the Great News

If you're a top ranked program, we are here to help you share the news and arm you with a PR kit packed with a top program badge, approved language and more—just make sure to connect with us before you get started! pr@bondbrandloyalty.com

New Choices.

Experience the Changes We've Made

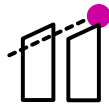
The *Loyalty Report™* provides insights and actionable recommendations on your Brand's and program's performance across key business outcomes. We provide you with a strengths and areas of opportunity assessment, measured against key drivers, to identify, prioritize, and develop plans for performance improvement.

We re-evaluated *The Loyalty Report* experience and now provide you with a selection of ways to access this comprehensive consumer study.



Base

Semi-customized Brand and Program Performance Report



Benchmarking

Competitive Diagnostic and Report



+Boost

Semi-customized Survey Redeployment and Analysis



+Behavioural

Attitudinal and Behavioral Analysis and Report

Contact us.

To learn more about purchasing the complete report and to explore how consumer sentiment has shifted over this past year, we bring refreshed data to reorient us and raise focal points for Brands looking to survive, contend, and lead the pack as we each form new norms.

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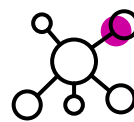
Be Prepared.

Unlock even more relevant insights from our companion research and subscription offerings.

COMPANION PIECES



The Bond
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Subscription



Bond's
Brand Telemetry
Research

And more...

We solve complex customer challenges.

Bond solves complex customer challenges with a unique blend of human-centered design, data science, and loyalty mechanics that transforms how brands win, serve, and keep audiences. Recognized by Forrester and Gartner as a leader, and working globally with iconic brands, Bond is sought after for transformative digital strategies, executions that are aligned to real human needs, and an impressive acceleration of results. Bond designs, builds, and operates experiences that create measurable, authentic, and long-lasting relationships through a combination of solutions that includes customer experience design, loyalty consulting and management, CRM and digital marketing, research and analytics, channel and employee engagement, and program and platform engineering.

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