

Retailer Loyalty Programs - US - August 2013

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“While consumers increasingly expect a personalized retailer experience, they are also worried about privacy and the use of their personal information. Transparency in data collection and usage is critical to building trust. Convincing them that data collected by retailers is being used to enhance the consumers’ program experience may go a long way to building better relationships.”

– Ika Erwina, Retail and Technology Analyst

This report looks at the following areas:

- The importance of relevant communications in loyalty engagement
- The privacy paradox in personalized loyalty programs
- Understanding the needs of Millennials should bring incremental values

Low prices became the most dominant reason driving customer loyalty programs during and after the recession, particularly in the retail sector. Retailers may need to strengthen their engagement with existing loyalty program members to maximize returns on investment for these schemes.

Millennials are a particularly attractive target. They are more willing to spend than other age groups, despite their relatively bleak financial position. Retailers must consider the factors that form touchstones with this group. Social responsibility, technology integration, exclusivity, and mobile platform availability are just some of the attributes of a loyalty program that will attract them. Their openness towards exclusivity is an advantage for retailers, as rewards can take the form of soft benefits such as recognition or privileged access to products, events, or content.

Retailers looking for potential growth areas for their loyalty programs also need to embrace non-white consumers. Their differing attitudes and behaviors toward loyalty programs necessitate targeted, culturally-sensitive messaging.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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The Implications

Understanding the needs of Millennials should bring incremental values

The Issues

The implications

Trend Applications

Inspire Trend: Cam Cam

Inspire Trend: Minimize Me

Mintel Futures: Access Anything, Anywhere

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Key points

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