



Customer Loyalty: Inc Impact of COVID-19 - UK - July 2020

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This report looks at the following areas:

- The impact of COVID-19 on customer loyalty schemes throughout 2020
- The changes that COVID-19 will trigger in the market over the longer-term
- What customer loyalty schemes are people using and attitudes towards them
- Factors that most attract consumers to loyalty schemes and satisfaction levels
- What subscription schemes/delivery passes people are using
- Factors that most attract consumers to subscription schemes

Customer loyalty schemes have continued to gain relevance and are an essential tool to collect and analyse consumer data for marketing purposes. Mintel's research shows that 82% of consumers now belong to at least one reward scheme, and 39% have signed up to a paid delivery or subscription pass such as Amazon Prime.

The impact of the COVID-19 pandemic on the sector has been quite mixed, benefiting supermarket customer loyalty schemes, while Amazon Prime's combination of delivery services and streaming entertainment was perfectly suited to the lockdown period. Loyalty schemes from non-essential sectors such as department stores and fashion, however, have suffered from shoppers being unable to transact in-store between 23 March and 15 June.

Tesco Clubcard remains the most popular customer loyalty scheme, reaching nearly eight in 10 members, while Amazon Prime stands out just as much among paid subscriptions and delivery passes. While many have adapted their schemes in recent years, there is still an opportunity for retailers to seek relevant offers outside of their own products and services, with rewards helping consumers to stay home, stay safe and feel better. Handled sensitively and effectively, we think that retailers' responses to the current challenges will be remembered for years to come.



"As a result of the COVID-19 pandemic, retailers are facing unprecedented challenges and customer loyalty has become more important than ever before. Retailers' responses to such challenges will be remembered for years to come, and there are opportunities to use loyalty and subscription schemes to strengthen brand image and increase loyalty."

– Armando Falcao, European Retail Analyst

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Membership of loyalty schemes still skews towards older consumers, so offering experiences as rewards and enabling donations to charities is key to engaging with younger shoppers. As a result of the pandemic and the high level of economic uncertainty, 80% of loyalty members feel that utility companies could have rewards that help people with their bills.

Products covered in this Report

For the purposes of this Report, Mintel has used the following definitions:

This Report looks at how retailers are using loyalty and reward schemes to encourage their customers to increase spending and make purchases more regularly. Loyalty schemes are defined as programmes offered by a retailer that offer rewards as an incentive for continued patronage and frequent purchases. Rewards can be in the form of, but not limited to, special offers, free treats, in-store discounts, special events or advanced access to new or limited edition products.

In contrast to previous Reports, this will also address the rise in paid subscription models. A paid subscription model is defined as a service which is offered by a retailer only to consumers who are willing to pay a fee and offers a premium level of rewards and services not encountered amongst free loyalty schemes. These rewards often include free or expanded delivery options, additional services or exclusive offers.

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- Aggregate advertising spend on loyalty/reward cards up 38% year-on-year in 2019

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- Dorothy Perkins Unlimited Delivery
- boohoo Premier
- JD Sports JDX Unlimited
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- Free hot drinks in the restaurant every month with Dobbies Club Plus

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