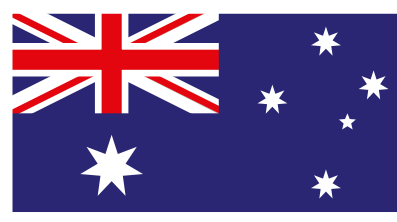


Australia

# Customer Loyalty Index 2024

Featuring research from respondents across Australia, as part of a global campaign across the United States, United Kingdom, Germany and the United Arab Emirates



# Sara Richter

CMO, SAP Emarsys



"Customer loyalty is the holy grail of marketers. From repeat purchases to average order value, and customer lifetime value, loyalty can have a significant impact on brands' business objectives. But today, the nature of loyalty is changing.

In 2024, AI empowers marketers to create incredible connected experiences, making it easier for people to discover a wide array of platforms; reducing the friction involved in spending their money elsewhere.

With the process for switching brands and services increasingly streamlined, marketers must ask themselves, what does loyalty look like from the customer perspective? How do today's customers think and feel about loyalty? And what does it take to ignite true loyalty, then secure it long-term?

These are questions that we've asked customers in our fourth annual Customer Loyalty Index research. This year, we are excited to expand our research to include the United Arab Emirates, adding it to our list of countries alongside the US, UK, Australia, and Germany. Through this data-driven report, we hope to empower our customers — companies like PUMA, Krispy Kreme Australia, Levi's, and thousands of other brands and services across the world in sectors such as Retail, Consumer Packaged Goods (CGP), Travel and Transport, Sports and Entertainment and Utilities — in their journey towards AI leveraged, loyalty building, omnichannel customer engagement."

# Methodology

The research was conducted by Opinion Matters, among a sample of 2,019 general respondents across Australia. The data was collected between 12.06.2024 – 17.06.2024.

The report also includes data from past research conducted across Australia by Opinion Matters in 2023, with a sample of 2,016 general respondents, 2022, with a sample of 2,003 general respondents, and 2021, with a sample of 1,016 general respondents.

Opinion Matters abides by and employs members of the Market Research Society and follows the MRS code of conduct which is based on the ESOMAR principles. Opinion Matters is also a member of the British Polling Council.

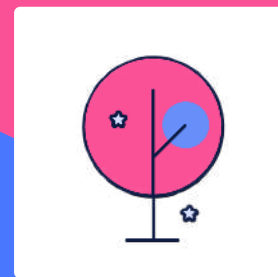
# The 5 Types of Customer Loyalty

Each year, SAP Emarsys maps consumers across five key types of customer loyalty:



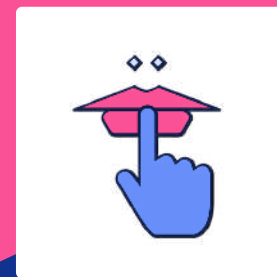
## Incentivised Loyalty

This type of loyalty is developed by offering customers cost-saving or value-adding incentives like discounts and rewards.



## Inherited Loyalty

This loyalty is based on a brand's tradition or long-standing heritage, or can be built through associations with other brands.



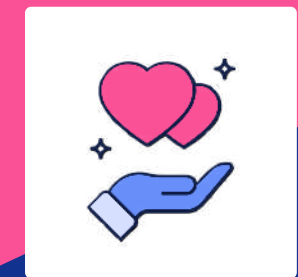
## Silent Loyalty

Silent loyalty occurs when a customer demonstrates loyalty to a brand that they would not endorse or advocate for publicly.



## Ethical Loyalty

This loyalty occurs when a customer is loyal to a brand that aligns with their individual values or stance on strong social issues.



## True Loyalty

True loyalty is unwavering, unshakeable loyalty built on trust, love, and devotion to a brand — the holy grail of customer loyalty, and what all brands aspire to achieve.

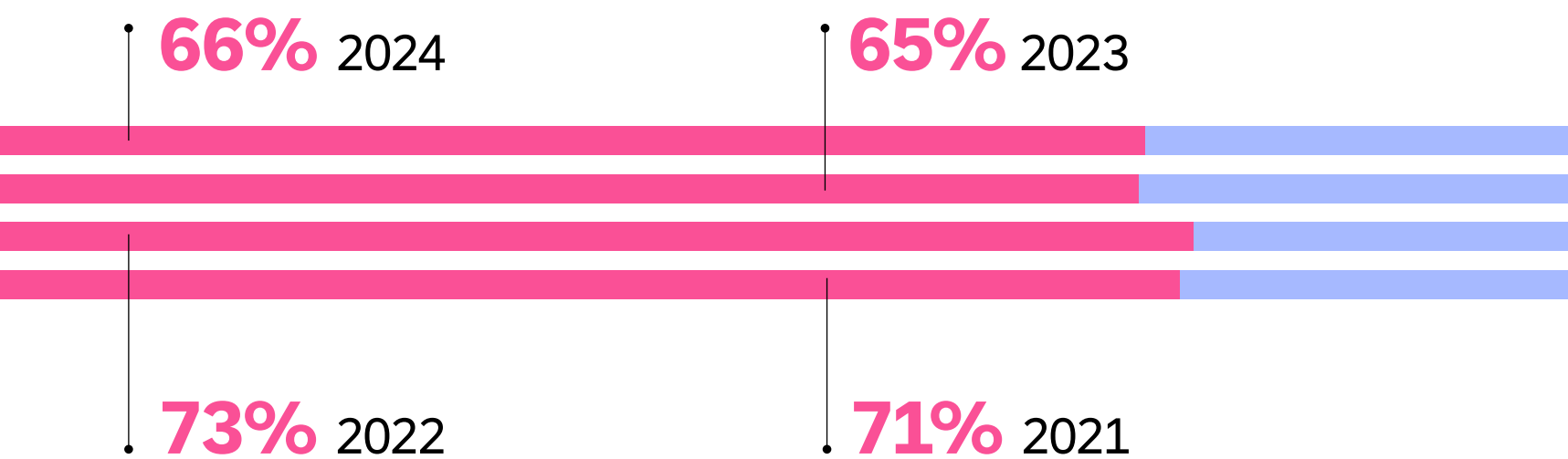
# 2024 Loyalty Levels

2022 ushered in peak levels of loyalty – with 73% of consumers surveyed in Australia saying they were “loyal” to certain retailers, brands and stores. But as the tough economic environment globally continues, overall loyalty is down by 11% and 10% in 2023 and 2024, respectively.

New technologies may be impacting this shift. Artificial Intelligence (AI) makes it easier for

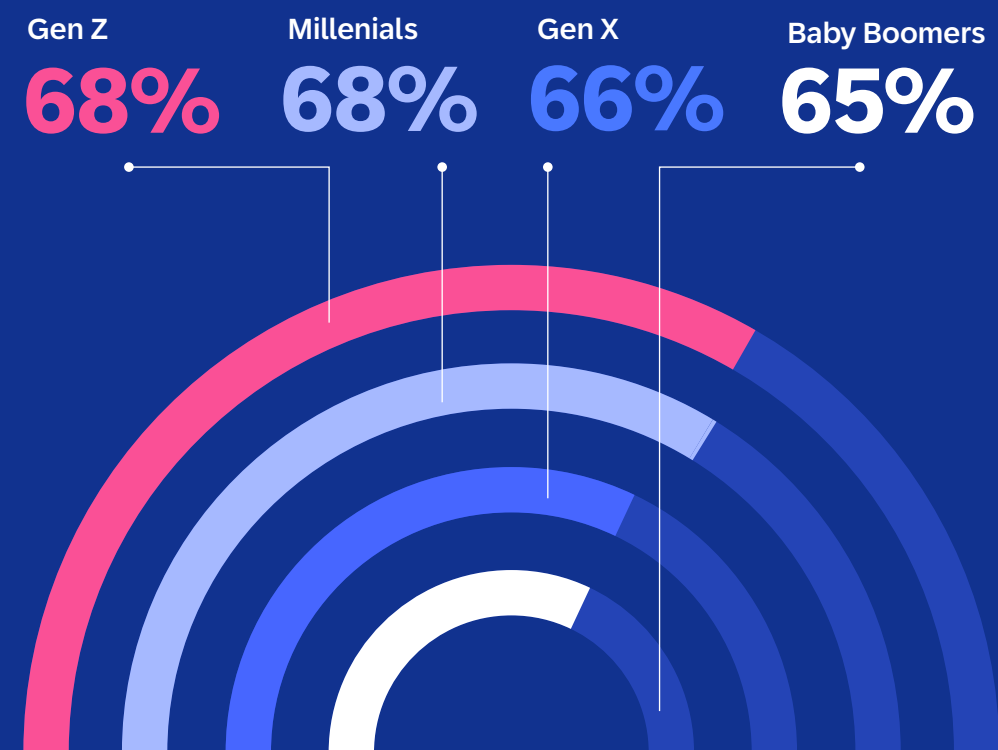
customers to discover a wide array of alternatives and compare prices across different platforms, encouraging them to switch brands easily. Brands are also becoming savvier about using AI to build better, more personalised omnichannel experiences, allowing them to entice once loyal customers from their competitors.

## Percent of respondents “loyal” to certain retailers, brands and stores



# Loyalty Across Generations

Globally our research indicates that loyalty tends to deepen across generations. When consumers were asked about their sense of loyalty, the global data showed that it generally strengthens with age. It's a slightly different story in Australia with loyalty remaining broadly the same across generations and even dipping slightly with older generations. This underscores the importance for brands to begin fostering loyalty early, working hard with AI-enhanced, personalised customer experiences that build lasting loyalty from the start.

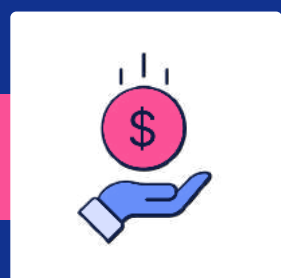


\*Generations are divided in terms of age as: Gen Z (16 to 27), Millennials (28-43), Gen X (44-59), Baby Boomers (60+)

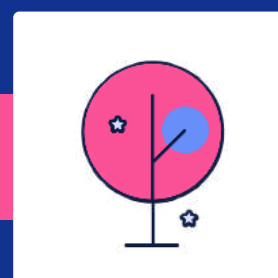
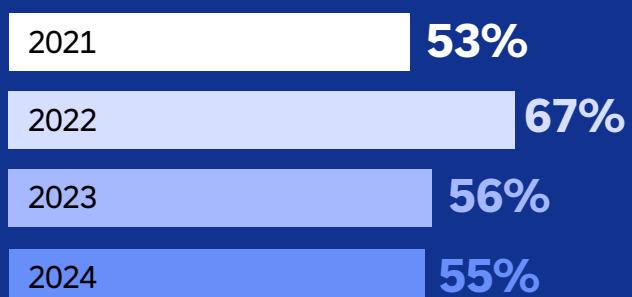
# Changes in Consumers' Loyalty Types

Over the past four years, loyalty types in Australia fluctuated, with Silent Loyalty being the only one to experience year-on-year increases, suggesting that word of mouth may not be as effective in Australia. Meanwhile Ethical Loyalty, followed by True Loyalty have remained steady exhibiting only minor fluctuations over the years. However, Incentivised Loyalty,

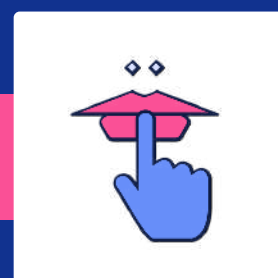
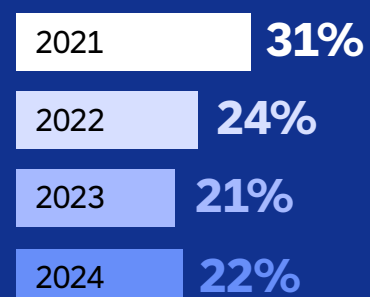
which peaked at 67% in 2022, and Inherited Loyalty, which peaked at 31% in 2021, have since declined. This suggests that discounts and brand heritage alone are no longer sufficient to retain customers, and brands need to adopt more comprehensive strategies to win them over.



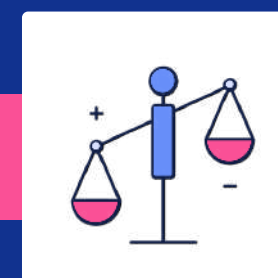
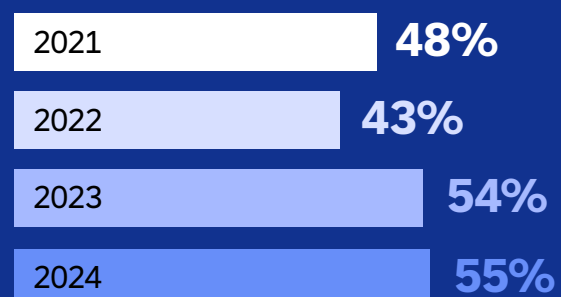
## Incentivised Loyalty



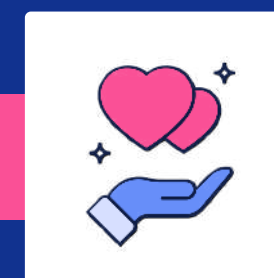
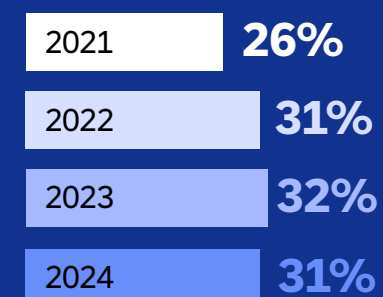
## Inherited Loyalty



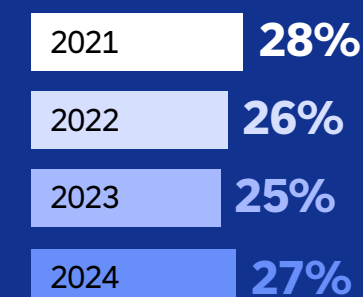
## Silent Loyalty



## Ethical Loyalty



## True Loyalty

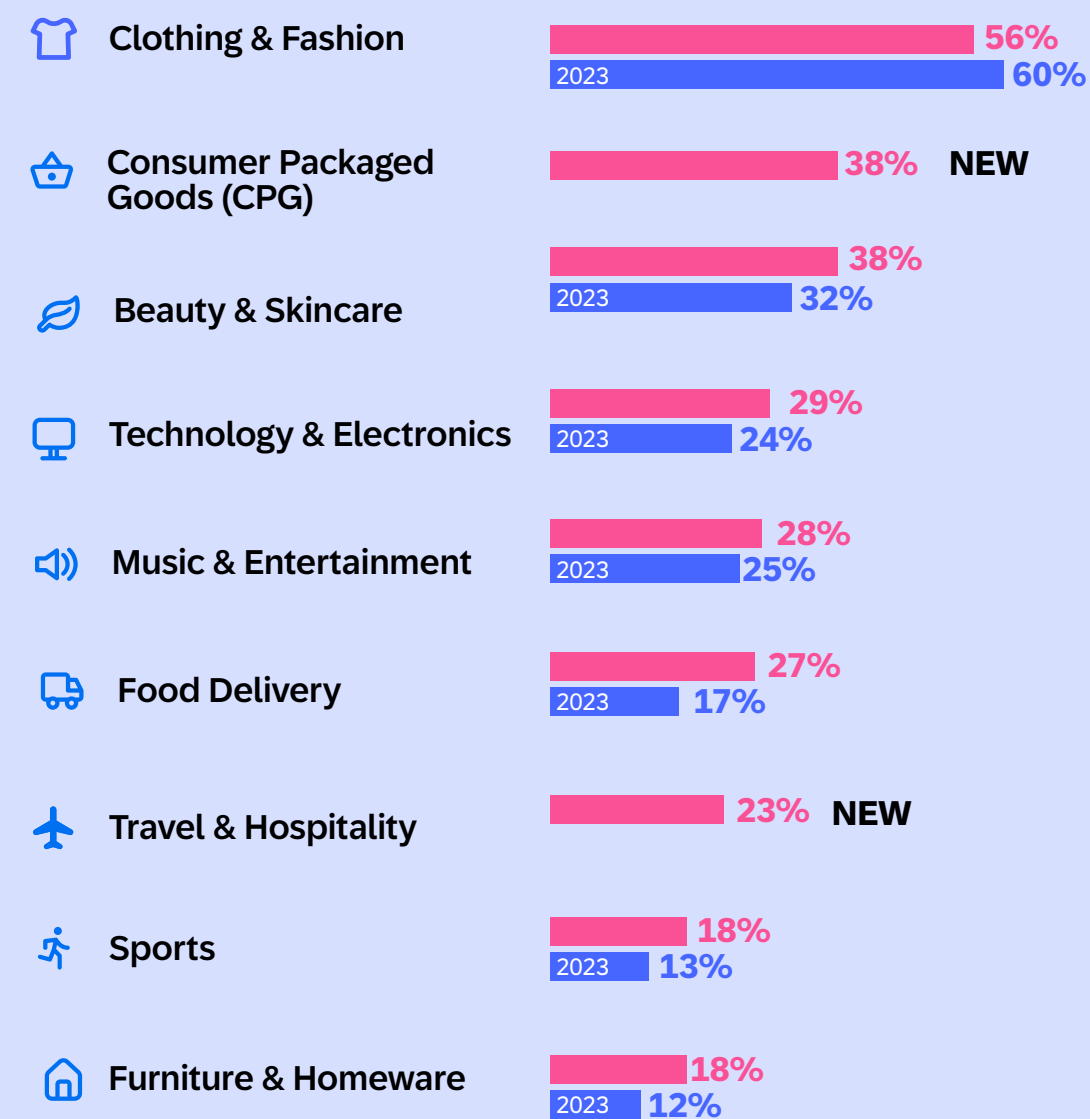


# Loyalty by Sector

Although Clothing & Fashion remained first on the list of industries Australians consumers surveyed are most loyal to, Food Delivery and Furniture & Homeware saw the largest year-on-year percentage point increases with 10% and 6%, respectively. Consumer Packaged Goods are new to the list and show people are still willing to stay with a packaged brand they love.



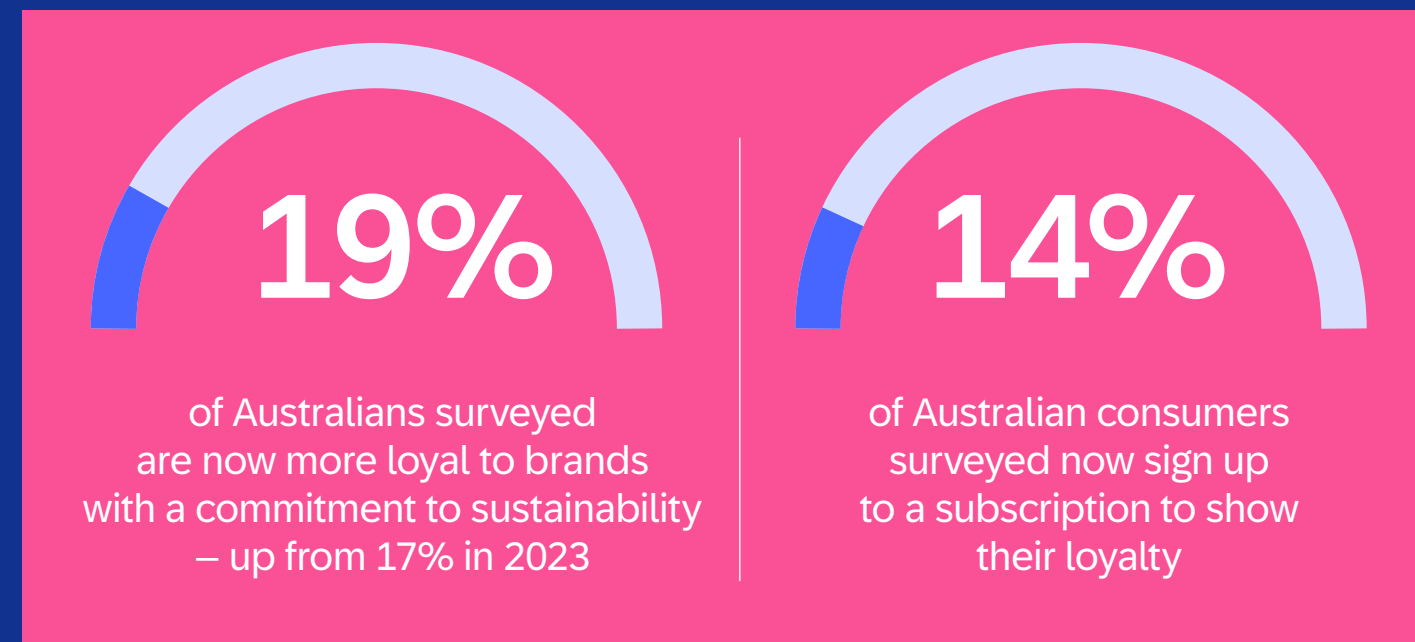
## Thinking about the retailers that you are most loyal to, which industries are they in?



# What Drives Customer Loyalty

When looking at the top factors that impact Australian customers' loyalty to a brand, we see new factors emerging in 2024, including – on the positive side – high quality products, and – on the negative side – irresponsible data usage and false advertising.

At the same time, environmental consciousness continues to slowly grow as a loyalty driver, while the rise of subscription-based buying and 'DTC' brands continue to provide a new channel for 'locked in' loyalty.



## What positively impacts brand loyalty?

High-quality products



Consistent branding



Brand longevity



Staying out of politics



Being 'iconic'



## What negatively impacts brand loyalty?

Increasing prices



Drop in quality



Poor customer service



Being irresponsible with customers' data



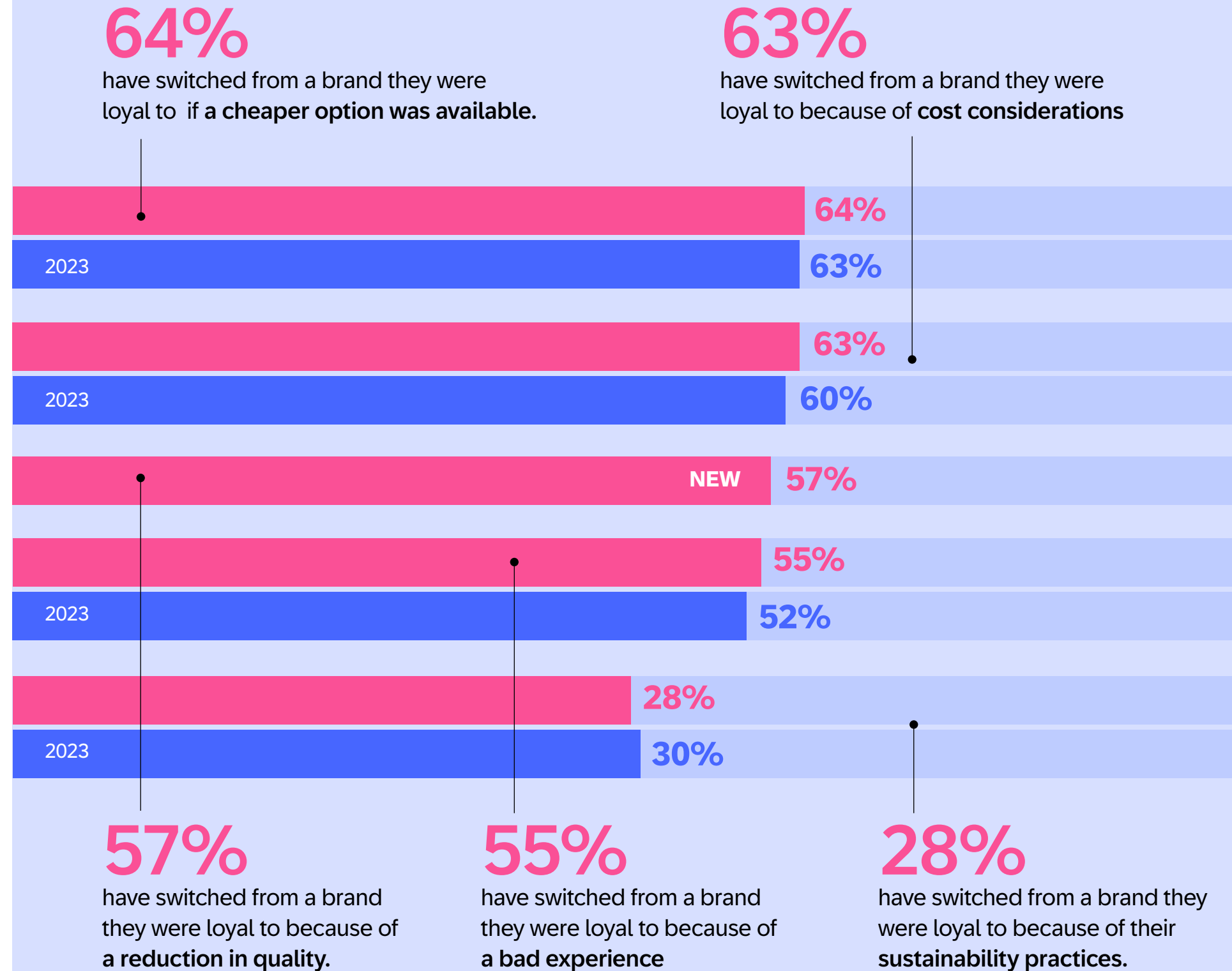
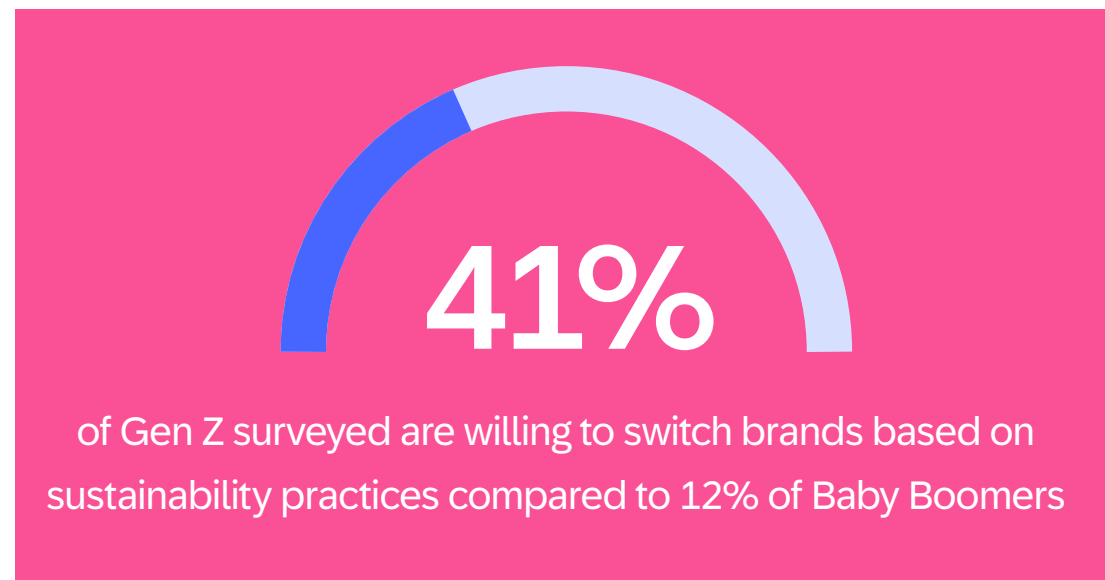
Conduct false/ deceiving advertising





# Factors Driving Customers to Switch Brands

In 2024, Australian customers surveyed are still most likely to switch brands due to cost considerations with 64% attributing this as the motive for switching (versus 63% in 2023). While prices are an important factor, a reduction in product quality (57%) and a bad shopping experience (55%) could also be the catalyst for losing loyal customers to a competitor. Factors like sustainability practices also influence nearly a third of Australian respondents when it comes to loyalty.



# How Customers Express Loyalty

When asked how they show loyalty to their preferred retailers, Australian consumers' responses revealed consistent patterns to 2023, highlighting ongoing consumer behaviours that foster brand loyalty through active engagement and advocacy.

Additionally, 31% have increased their use of loyalty schemes – a 63% increase from 2023 – highlighting the need for brands to adapt with personalised and cost-effective solutions to maintain loyalty.

## Thinking about the retailers you are most loyal to, how do you most commonly show your loyalty, if at all?

### Shopping with them frequently



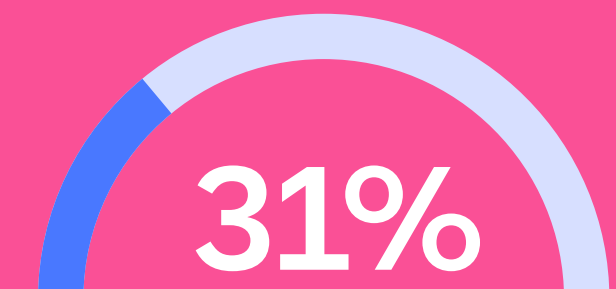
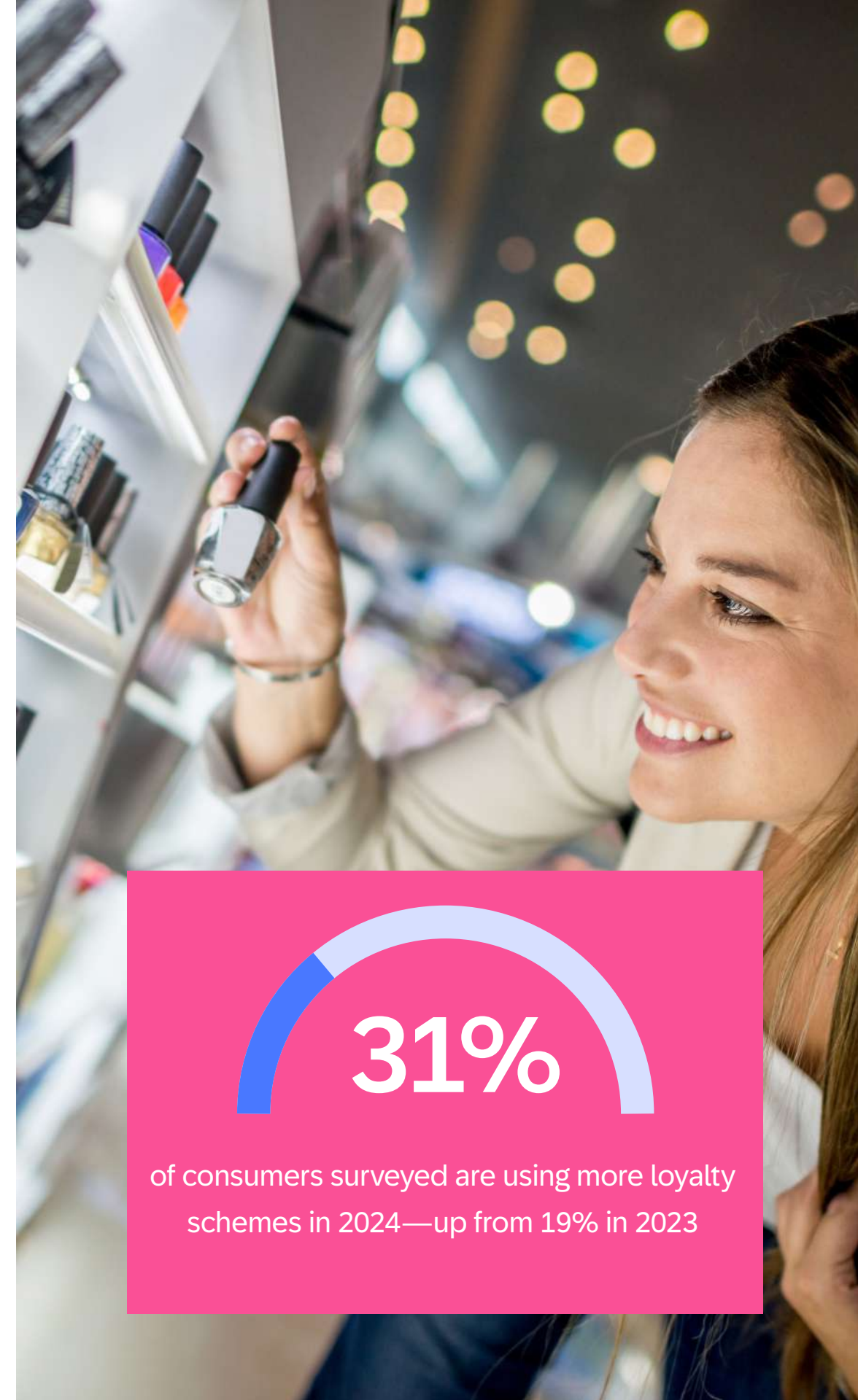
### Using their loyalty card / scheme



### Recommending them to friends and family



### Installing their app



of consumers surveyed are using more loyalty schemes in 2024—up from 19% in 2023

# SAP Emarsys Partner Insight

"Understanding nuances in customer loyalty is crucial for brands aiming to deepen their engagement strategies. The insights in the Customer Loyalty Index are invaluable because they highlight the diverse stimuli that drive loyalty or cause churn.

For us, two trends stand out. One, consumers are increasingly likely to switch brand loyalty due to a negative experience, making it essential for brands to deliver an exceptional customer experience at every interaction. Two, shifting loyalty patterns particularly among younger generations due to brand boredom or sustainability issues, drive home the need for brands to stay ahead of consumer values and preferences.

Against this backdrop, building lasting loyalty means creating tailored loyalty programmes that engage, recognise and reward customers uniquely. Recognition is essential to foster loyalty, and is often more impactful than rewards, which are frequently equated with discounts in consumers' minds. By tapping into something deeper, recognition aligns seamlessly with personalisation, making customers feel seen and valued.

To truly foster this connection, AI-driven personalisation and an omnichannel approach are essential, ensuring a unified and meaningful customer experience across all touchpoints."



**Erin Raese**  
SVP Growth & Strategy, Annex Cloud



In-depth analysis #1

# Mobile Loyalty

How in-app shopping is impacting customer loyalty



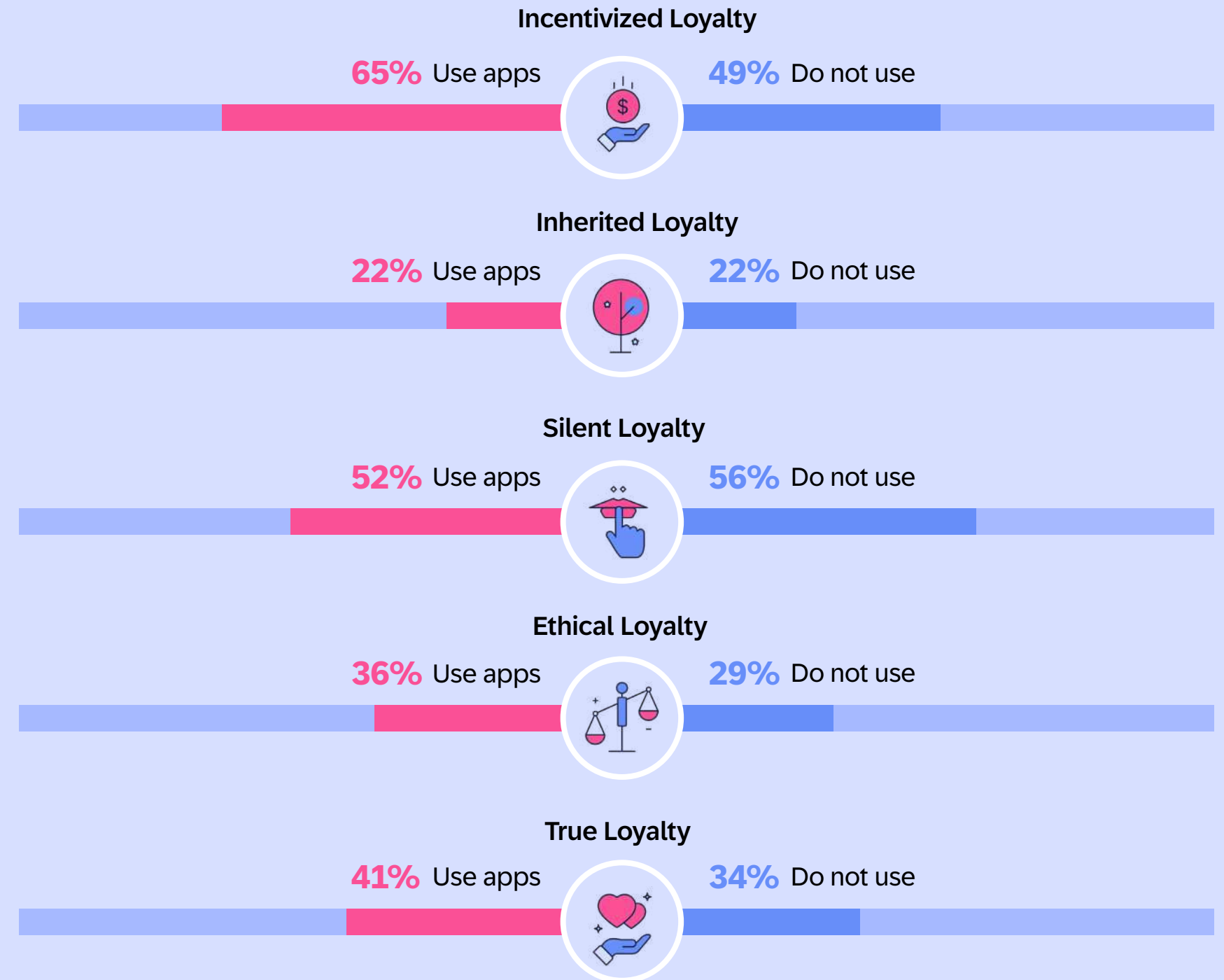
# The Impact of Mobile Apps on Loyalty

According to the latest market data, 60% of Australians shop online at least weekly\*. Given this booming market, we examined what keeps mobile app users loyal. Our research revealed a significant insight: Australian consumers surveyed who have their favourite brands' apps on their phones are more driven by offers and other incentives (33%), compared to those who don't use apps.

This highlights the crucial role that promotional offers play in influencing mobile consumer behaviour and loyalty to brands when done in a personalised way. Consumers who download and keep their preferred brands' apps are not just casual users; they are highly engaged and motivated by the benefits these apps offer. This behaviour underscores the importance for brands to focus on creating compelling incentives within their mobile apps to maintain and grow customer loyalty.

\*Source: <https://www.paypalobjects.com/marketing/web/au/paypal-2023-ecommerce-index.pdf>

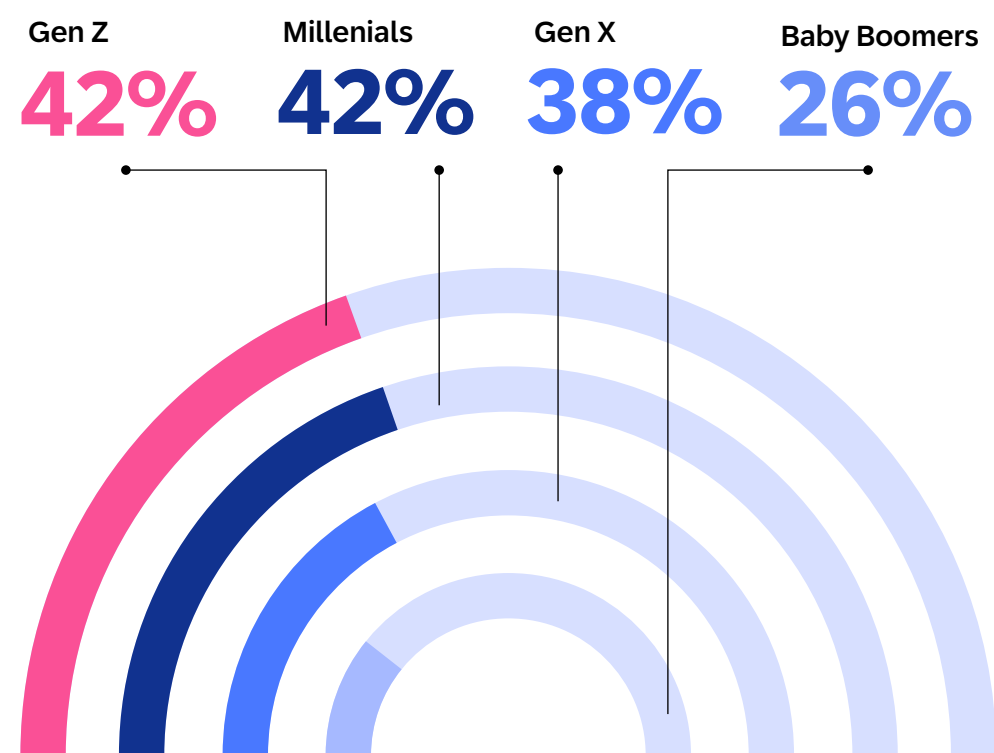
## Loyalty Types Among Consumers Using Mobile Apps



# Why Consumers Use Apps

Consumers are using mobile apps for more tasks than ever before both in Australia and around the world. Unsurprisingly in Australia it is younger generations surveyed who are leading the way in using their favourite brands' apps. In contrast to other regions such as Germany and the US where around 35%\* of Baby Boomers show their loyalty by downloading a brands' app, in Australia this figure trails at 26%.

## App Usage by Generation



\*Data from SAP Emarsys' 2024 US Customer Loyalty Index and 2024 Germany Customer Loyalty Index

## Top Prompts To Using App

68%

will use an app more often because of rewards and incentives

43%

will use an app more often because of helpful prompts\*

41%

will use an app more often because of personalised messages

40%

will be more likely to use an app because of service updates

36%

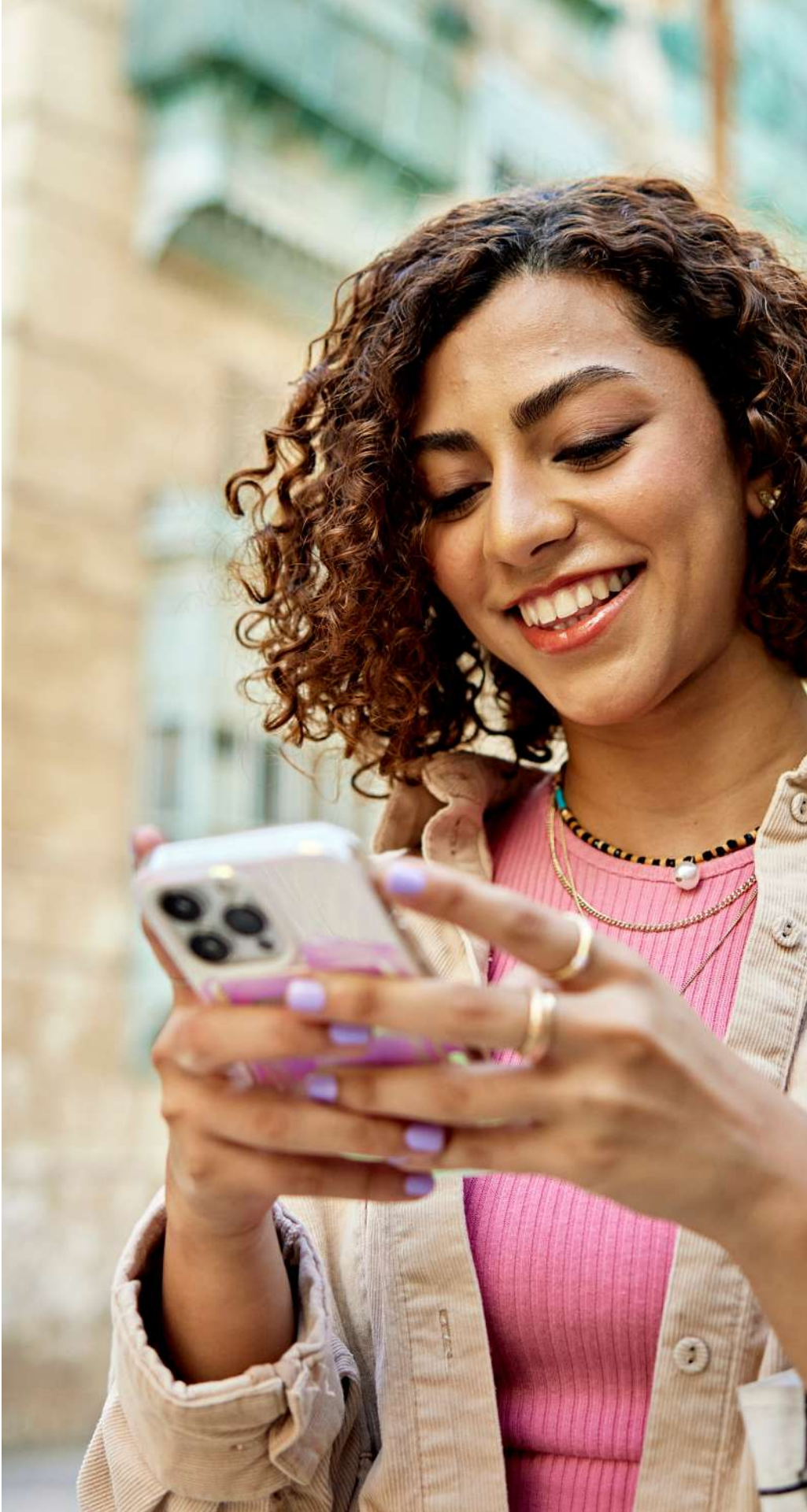
will be more likely to use an app because of a referral from a friend

\*e.g. order updates, new release updates, additional services available, upgrade options, service delays, withdrawal notifications

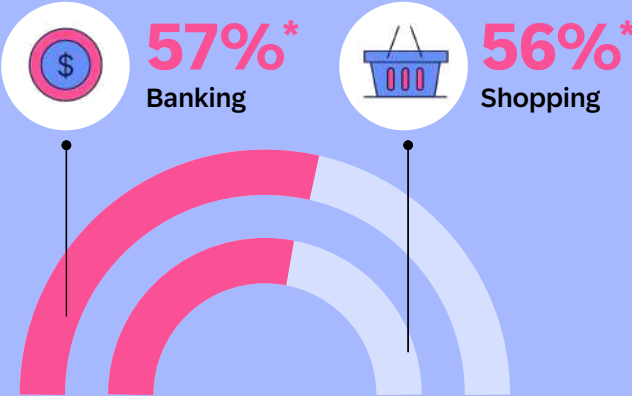
# Consumers' Favourite Apps

The top 5 apps used by Australian respondents generally matched those in our global ranking with the exception of banking which takes first place ahead of shopping. Banking apps are popular among all generations (50% of Gen Z download them) with shopping apps skewing to younger generations.

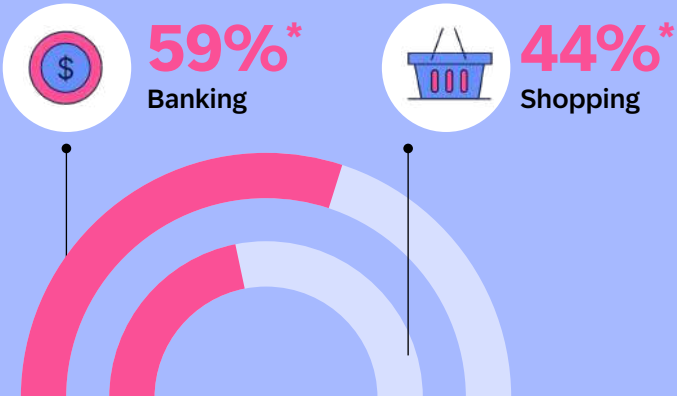
## Top 5 Apps Most Regularly Used



## Apps Most Regularly Used by Younger Generations (Gen Z and Millennials)



## Apps Most Regularly Used by Older Generations (Gen X and Baby Boomers)

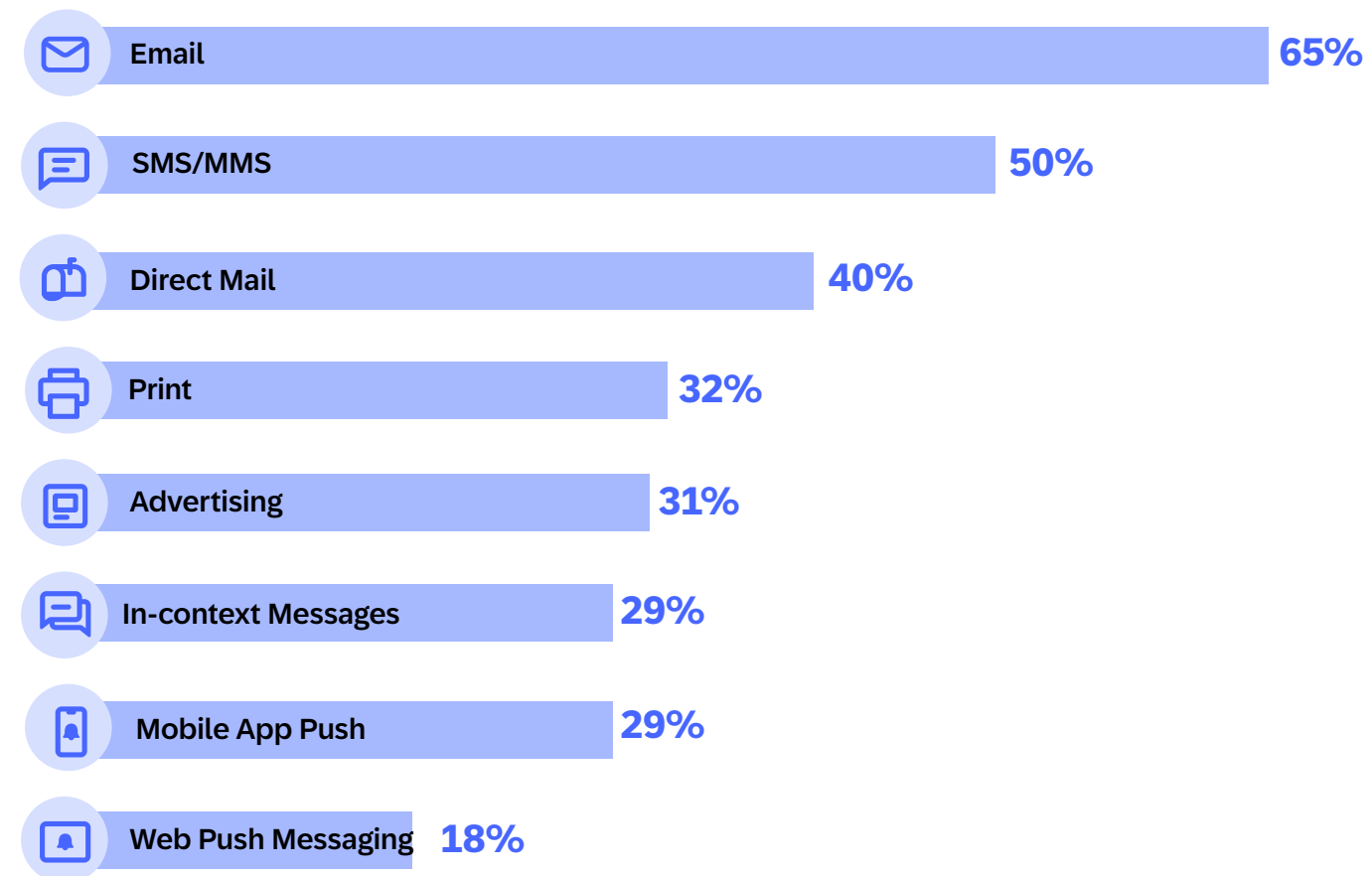


\*average percentages.

# Reaching Out: How Consumers Want to Be Contacted

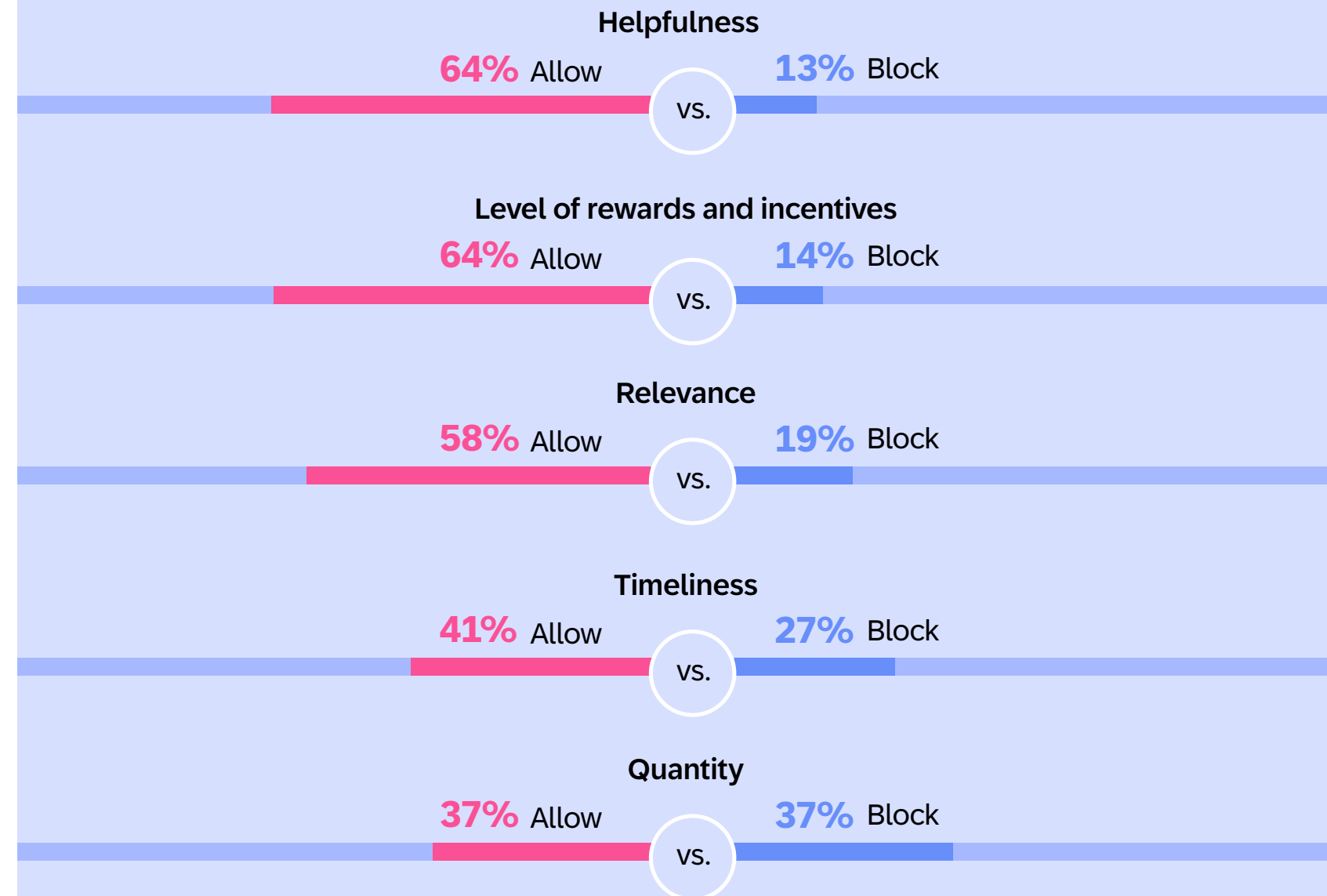
When it comes to loyalty, communication is king. That means brands must connect with potential customers in a way that appeals to them.

## Consumers' preferred communication channels



Overall, brands looking to encourage their Australian customers to use their app should pay close attention to the helpfulness and level of rewards and incentives, relevance and timeliness of their messages instead of quantity – last on the list.

## What encourages consumers to allow or block messages from apps?





In-depth analysis #2

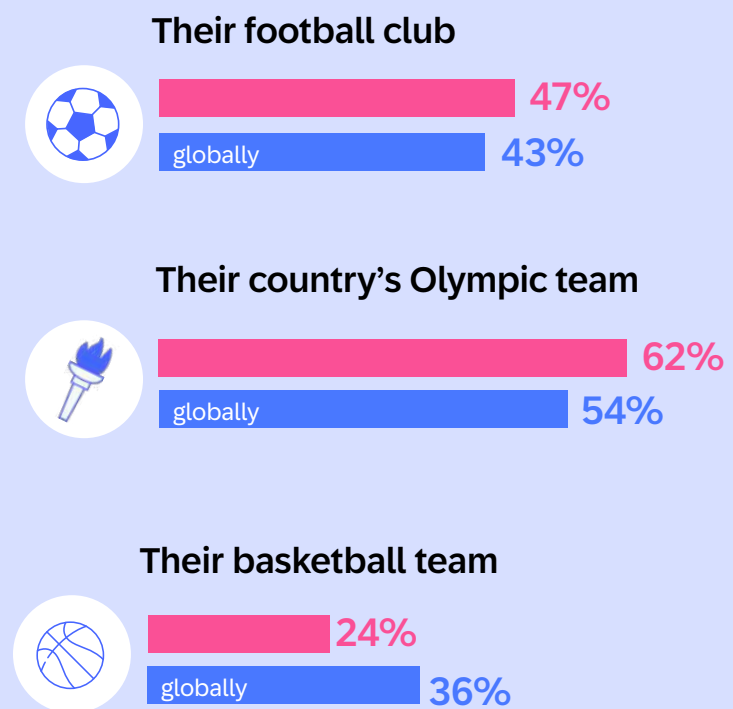
# From Loyalty to Fandom

Loyalty among sports and entertainment fans

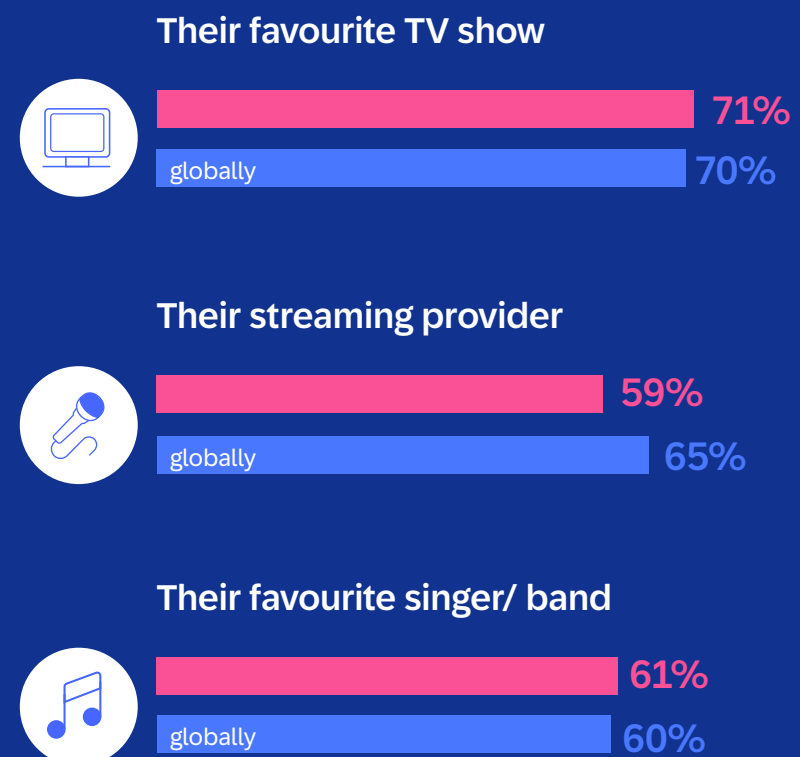


# Loyalty Among Sports, Music & Entertainment Enthusiasts

Nowhere is loyalty more prevalent than among fans – those absolutely committed to a sport, team or even their favourite band. By examining these groups, brands can learn about their approach to loyalty and building a fanbase of their own. When it comes to the world of sport, Australian customers surveyed are most loyal to:

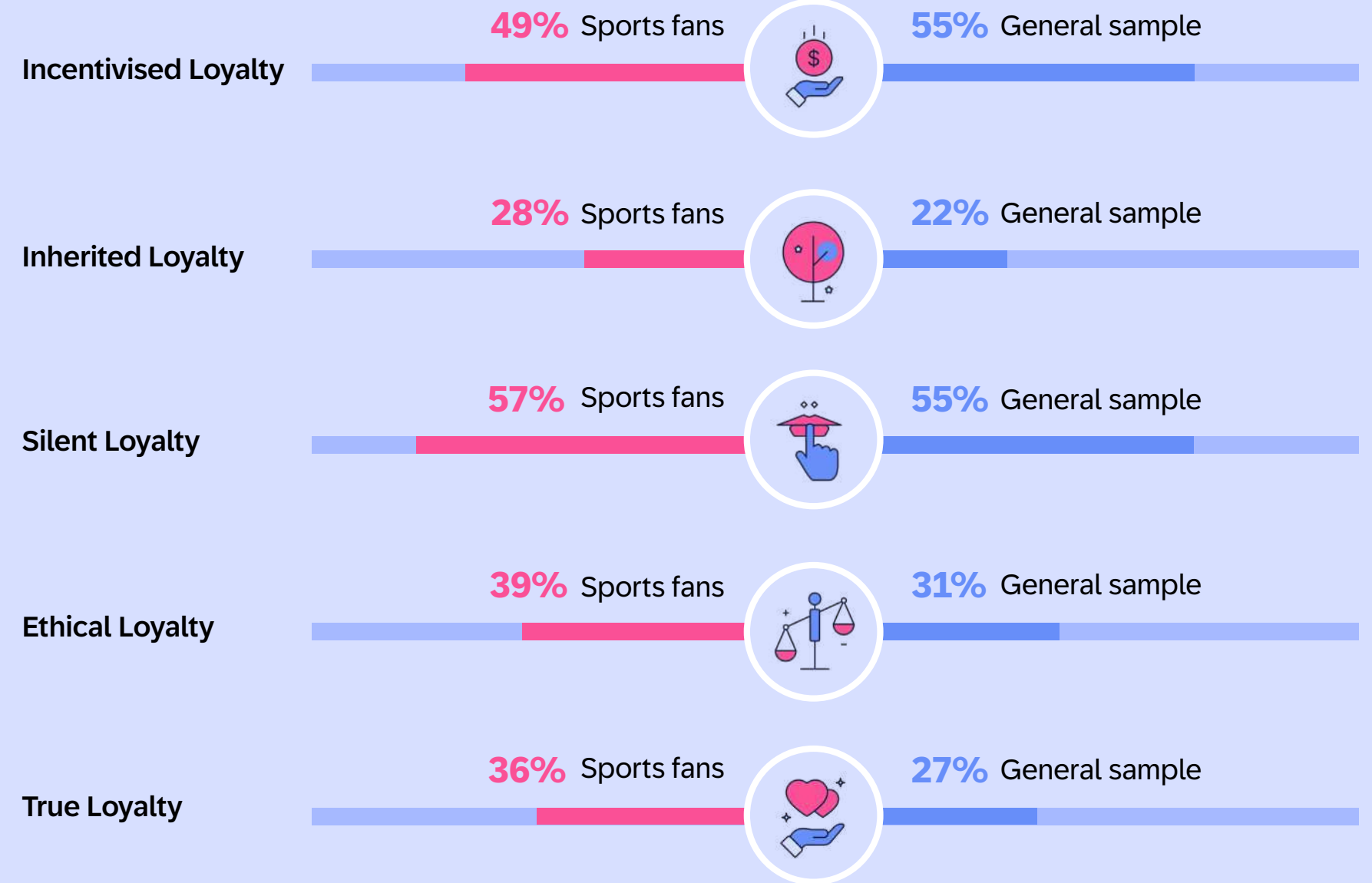


When other interests, such as music and entertainment, are added into the equation, loyalties soar high.



# Sports Fans and their Loyalty to Brands

When we think of loyal groups, sports fans are some of the first to come to mind; and for good reason! It seems that fan loyalty carries beyond their favourite team and extends into other areas, with 77% of sports fans surveyed generally acting as more loyal consumers than other Australians (66%). This trend is true across almost every loyalty type measured in the Customer Loyalty Index. Most notably, Australian sports fans are 33% more likely to display True Loyalty – being entirely devoted to certain products, retailers, brands and services – than the general sample.



In-depth analysis #3

# Consumer Packaged Goods Loyalty

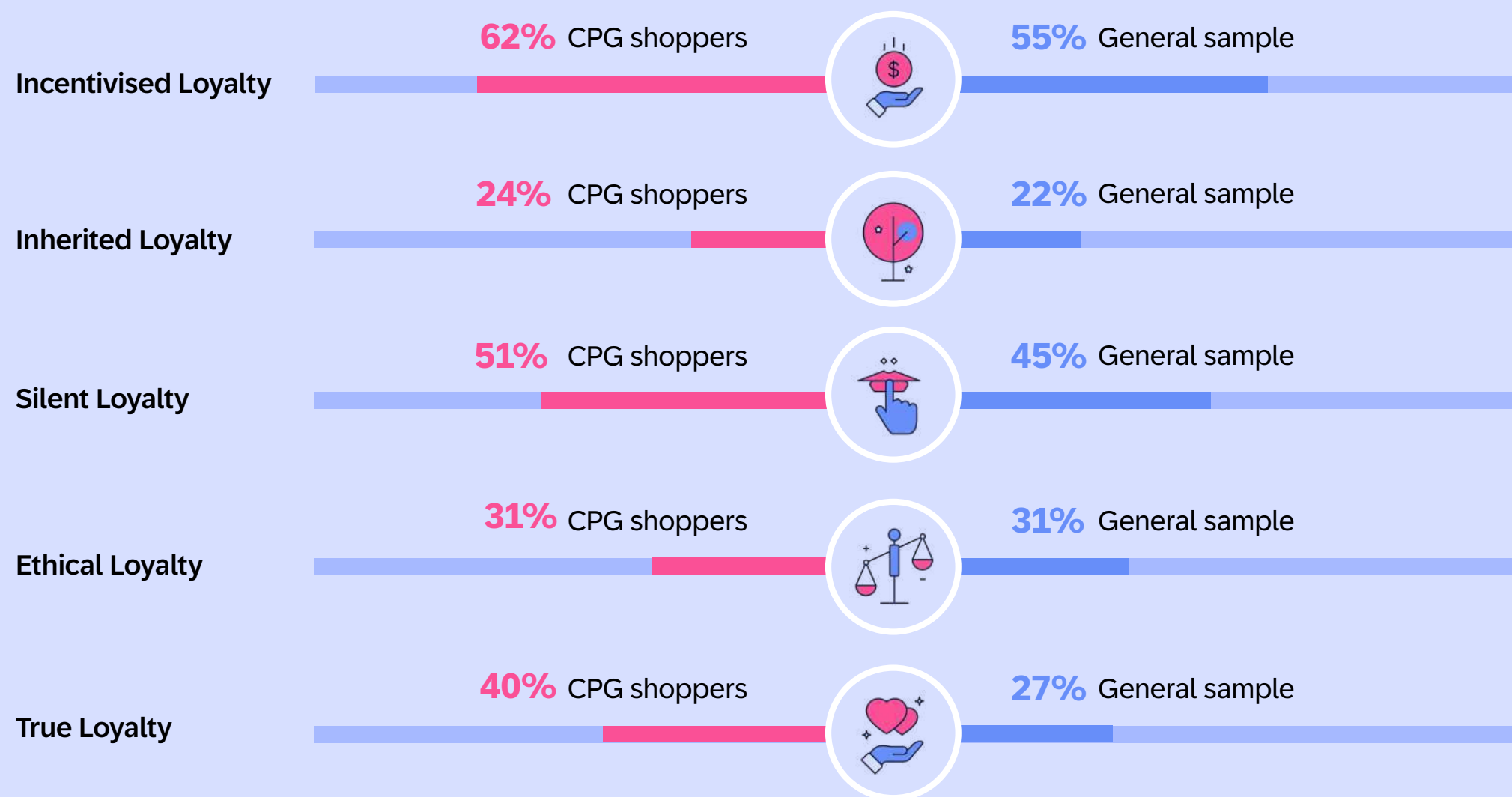
Loyalty trends among CPG shoppers



# Loyalty Types Among CPG Shoppers

When analysing loyalty types among Consumer Packaged Goods (CPG) shoppers in Australia, we observed notable differences compared to the general population. CPG shoppers surveyed are 13% more likely to be loyal to brands

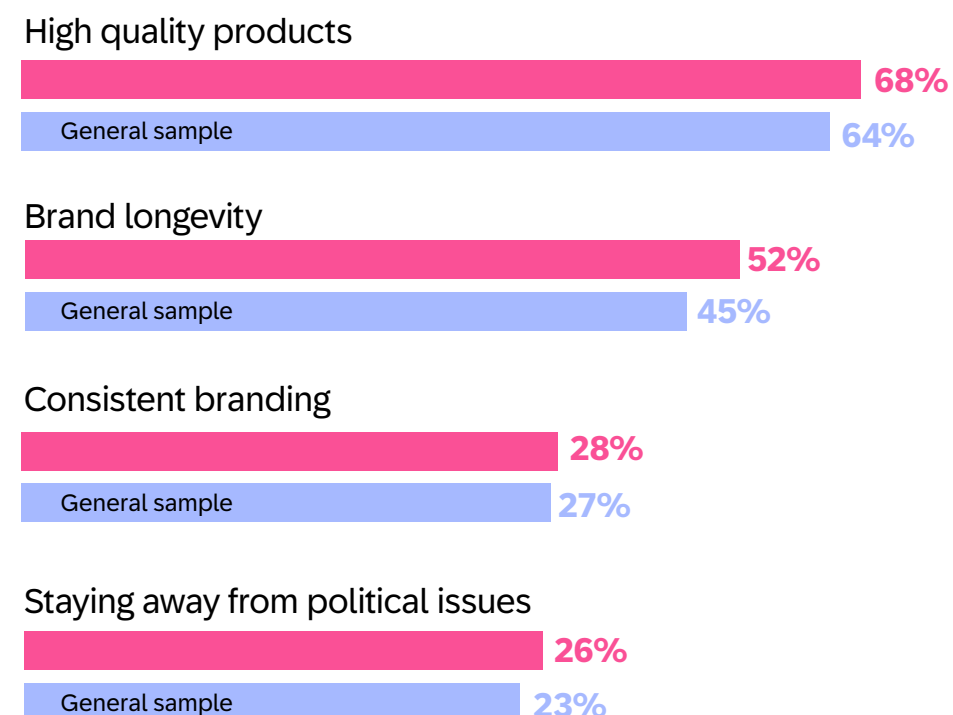
that provide incentives, and rewards. Additionally, they are 48% more likely to exhibit True Loyalty – demonstrating a strong commitment to specific products, retailers, brands, and services – compared to the general sample.



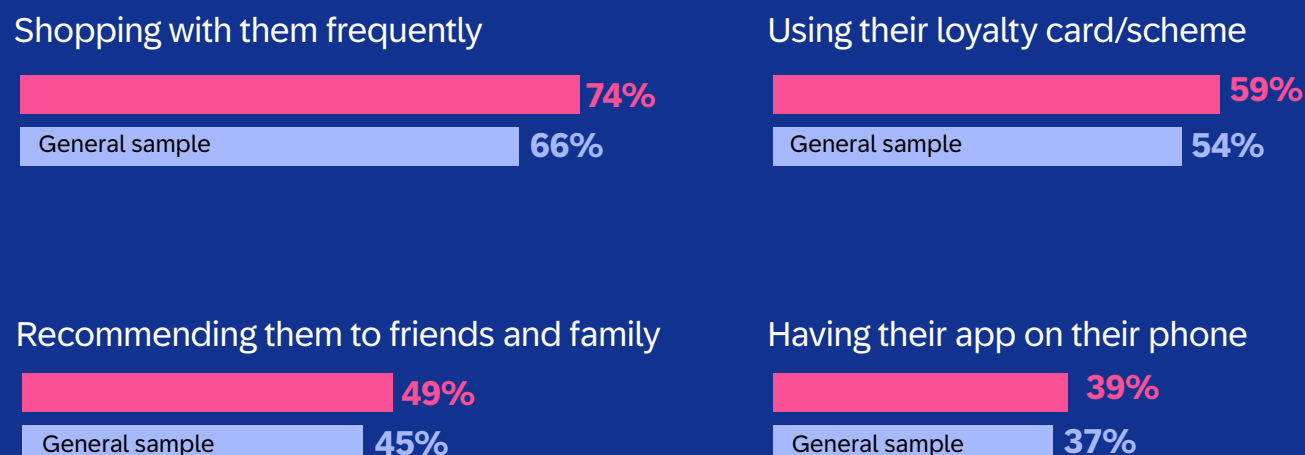
# Key Drivers and Expectations of Loyalty Among CPG Consumers

Our analysis reveals distinct patterns in consumer loyalty among CPG shoppers compared to the other respondents. CPG shoppers place a higher value on product quality, brand longevity, and political neutrality, and they are more engaged in demonstrating their loyalty through frequent shopping, using loyalty programmes, recommendations, and app usage. They also have specific expectations in return for their loyalty, including reduced prices, excellent customer service, and rewards such as loyalty points and cashback.

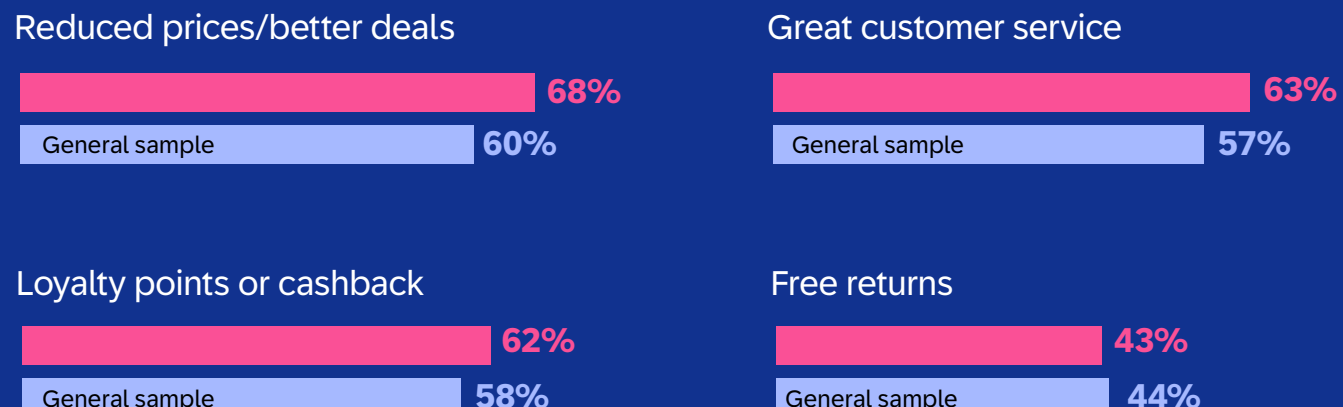
## Top factors that most positively impact the loyalty of CPG shoppers are:



## CPG shoppers most commonly show their loyalty to a brand by:



## Top factors that CPG shoppers expect in exchange for their loyalty to a brand are:



In-depth analysis #4

# Luxury Loyalty

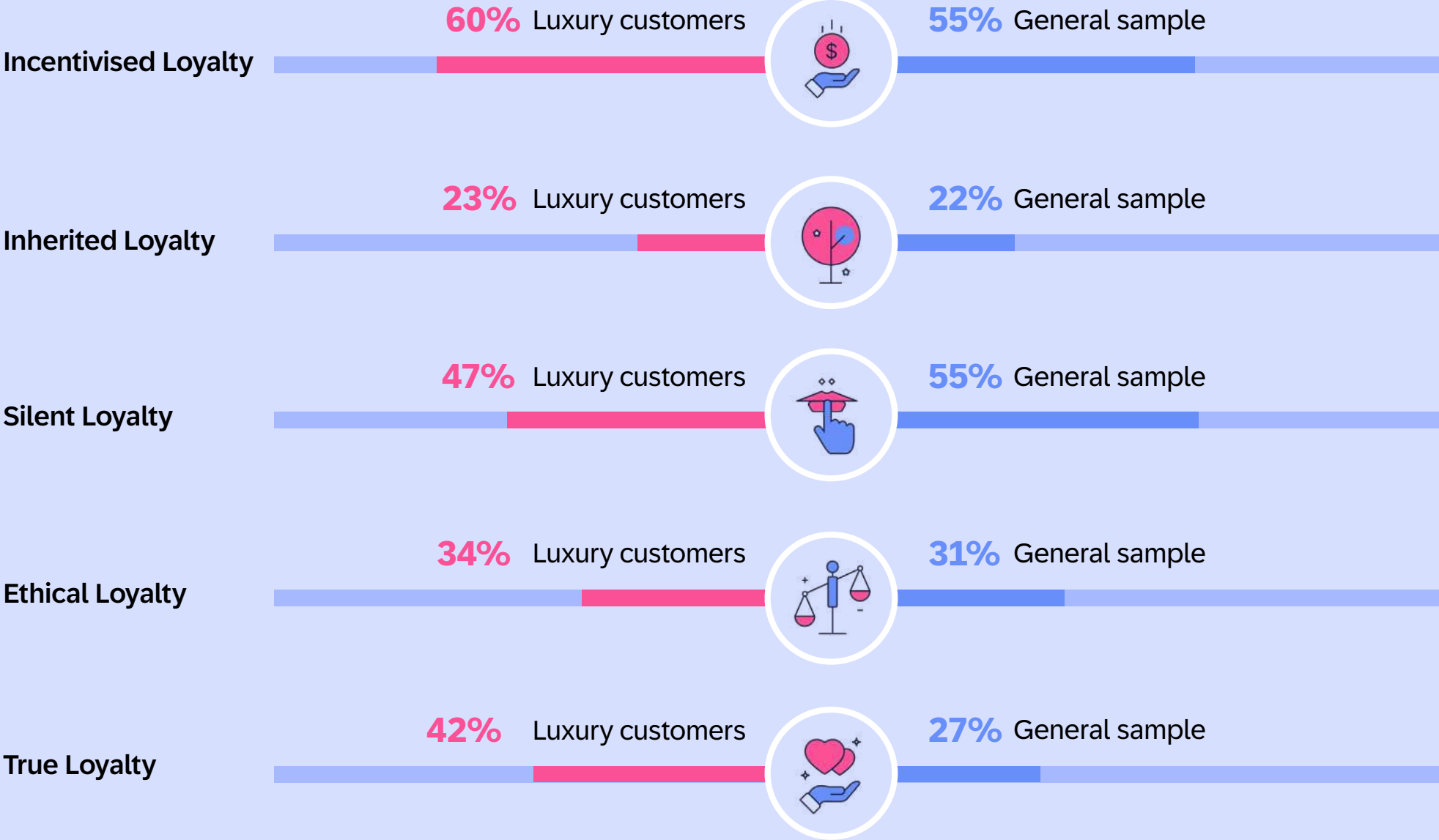
Loyalty among fans of high-end or exclusive brands





# Loyalty Among Luxury Shoppers

Another area explored in this year's Customer Loyalty Index report is the relationship between luxury customers surveyed\* and brands. Nearly two thirds (60%) of luxury customers in Australia are influenced by Incentivised Loyalty — retailers offering them discounts, incentives, and rewards. Unlike the general sample however, they are 56% more likely to show True Loyalty to a brand, making them some of the most devoted customers to certain brands and retailers.



\*Respondents who answered "they produce high quality / exclusive products" to the question "What best explains why you are loyal to particular retailer(s)?"



# The Likes and Dislikes of Luxury Shoppers

Unsurprisingly for luxury shoppers, quality is king. At a time when many brands are cutting product quality to reduce costs, luxury brands cannot afford to make the same mistake, with 62% of luxury buyers saying a drop in quality would negatively impact their loyalty. Consumers also expect a higher level of service from luxury brands. When compared to non-luxury brands, a single bad customer service experience is 16% more likely to impact loyalty.

While these brands can still offer incentives, rather than competing on price, luxury retailers need to focus on building their brands, promoting their heritage, longevity and 'iconic' status. While these brands can still offer incentives, rather than competing on price, luxury retailers need to focus on building their brands, promoting their heritage, longevity and 'iconic' status.

## What positively impacts brand loyalty?

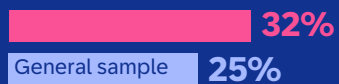
High-quality products



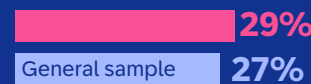
Brand longevity



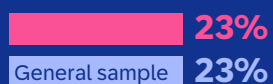
Being 'iconic'



Consistent branding



Staying out of politics



## What negatively impacts brand loyalty?

Drop in quality



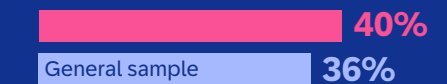
Poor customer service



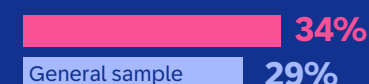
Increasing prices



Being irresponsible with customers' data



Conduct false/ deceiving advertising



# Driving Customer Loyalty in 2024 and Beyond

## Key takeaways

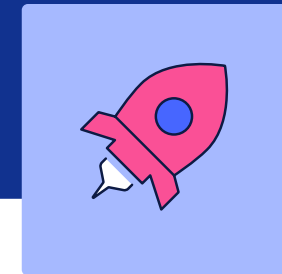
- 1 Focus on Personalisation:** Providing personalised offers and content is essential for loyalty. Brands should leverage AI to find data and insights to tailor their offerings to individual customer preferences.
- 2 Create Memorable Experiences:** With high-quality products and memorable experiences emerging as key loyalty drivers, brands should focus on creating unique and positive customer experiences, in-store or online.
- 3 Leverage Mobile Apps:** Investing in mobile app development and ensuring the app provides valuable features and rewards can significantly boost customer loyalty. Apps should be user-friendly and offer personalised content and incentives.
- 4 Prioritise Product Quality and Pricing:** Maintaining high product quality and offering competitive prices are crucial for retaining customer loyalty. Brands should focus on these aspects to meet consumer expectations.
- 5 Encourage Active Engagement:** Encourage customers to actively engage with the brand through frequent shopping, recommendations, and using loyalty cards and mobile apps. Active engagement fosters deeper loyalty.
- 6 Enhance Customer Service:** Excellent customer service remains a significant factor in fostering loyalty. Brands should invest in training and support to ensure customer interactions are positive and helpful.
- 7 Offer Incentives and Rewards:** Incentivised loyalty is nuanced and hard to get right, particularly in a sector where customers can be put off by lowering prices. Discounts may attract a one-off visit but to ignite true loyalty, regular loyalty points, VIP experiences and exclusive offers can be vital to provide an elevated experience to keep customers engaged over a longer period.



## Watch On-Demand Omnichannel & AI Masterclass



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## Supercharge Your Omnichannel Customer Engagement



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