

Global

Customer Loyalty Index 2024

Featuring research from respondents across the globe, as part of a campaign across the United States, the United Kingdom, Australia, 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 makes it easier for customers to discover a wide array of alternatives and compare prices across different platforms, reducing the friction involved in changing preferences.

As the process for switching brands is streamlined, brands must ask themselves, what does loyalty look like from the customer perspective? What do today's customers think and feel about loyalty? And what does it take to earn and secure their long-term loyalty?

These are questions that we have asked customers in our fourth annual Customer Loyalty Index research. Through this data-driven report, we hope to serve and support our clients—companies like Gibson, PUMA, Pizza Hut, DJI, and thousands of other brands and services across the world in sectors such as Retail, Consumer Packaged Goods (CPG), 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 10,041 General respondents across the UK, USA, Germany, and Australia. The data was collected between 12.06.2024 - 17.06.2024. 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.

Additional research was conducted by 3Gem Research and Insights, among a sample of 2,000 general respondents aged 18 and over. The data was collected between 20.06.2024 — 24.06.2024. The survey was conducted in compliance with the Market Research Society code of conduct.

The report also includes global data from past research conducted by Opinion Matters in 2023, with a sample of 10,057 general respondents across the UK, US, Germany and Australia, as well as research conducted by Opinion Matters in 2022 and 2021 with samples of 9,063 and 7,074 general respondents respectively across the UK, US, Germany, Australia and France.

Percentages represent an average of data across regions surveyed in the given year.

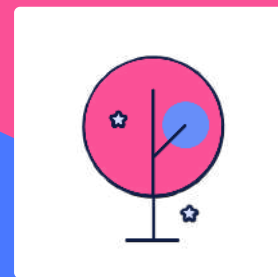
The 5 Types of Customer Loyalty

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



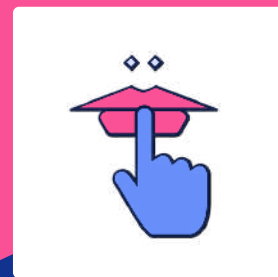
Incentivized Loyalty

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.



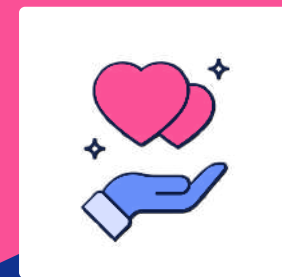
Silent Loyalty

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.

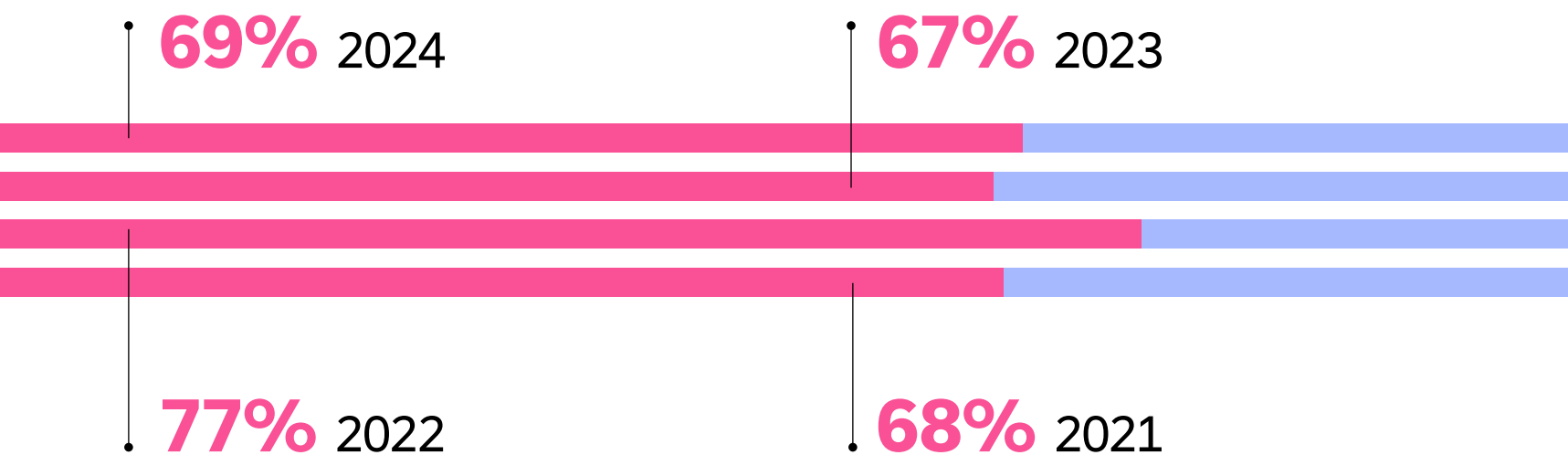
2024 Loyalty Levels

2022 ushered in peak levels of loyalty—with 77% of consumers surveyed saying they were “loyal” to certain retailers, brands and stores. But as the tough economic environment globally continues, overall loyalty is down 13% and 10% in 2023 and 2024, respectively.

New technologies may be impacting this shift. Artificial intelligence (AI) makes it

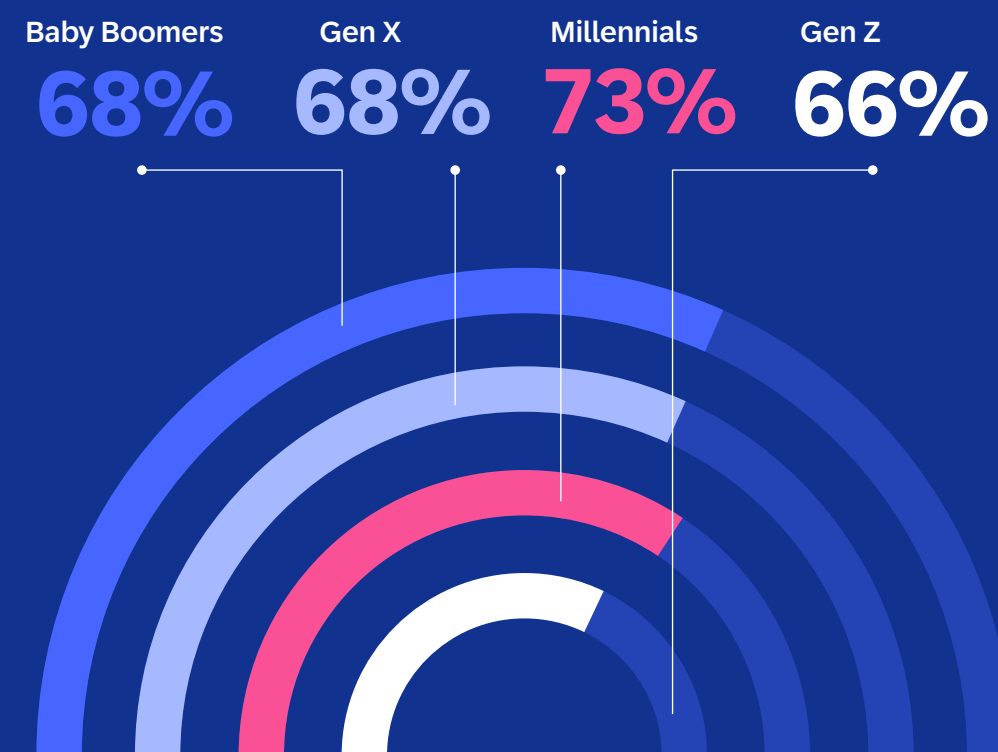
easier for customers to discover a wide array of alternatives and compare platforms, encouraging them to switch brands easily. Brands are also becoming savvier about using AI to build better, more personalized omnichannel experiences, allowing them to entice once loyal customers from their competitors.

Percent of respondents “loyal” to certain retailers



Loyalty Across Generations

While our research in 2024 indicates that in certain regions loyalty deepens across generations, globally you can expect some variations. Brands can expect Millennials to display stronger brand allegiance, however this peak plateaus as people age. This highlights the need for brands to focus on cultivating loyalty among younger consumers, ensuring lasting customer relationships by engaging them early and consistently.



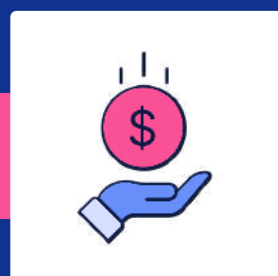
*Generations are divided in terms of age as: Gen Z (16 to 27), Millennials (28-43), Gen X (44-59), Baby Boomers (60+)

Changes in Consumers' Loyalty Types

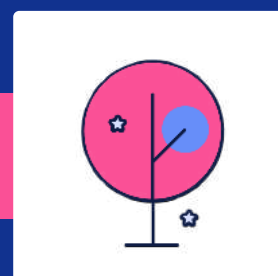
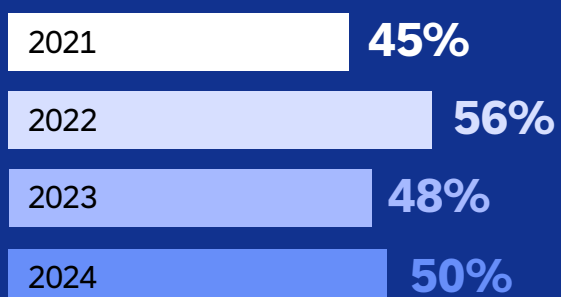
Over the past four years, global loyalty trends have fluctuated, reflecting changes in customer behaviors and expectations. Incentivized Loyalty, Inherited Loyalty, and Silent Loyalty experienced minor variations, suggesting that discounts and brand heritage alone are no longer sufficient to retain customers.

In contrast, Ethical Loyalty and True Loyalty experienced some growth.

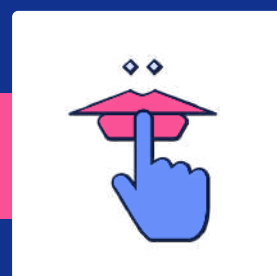
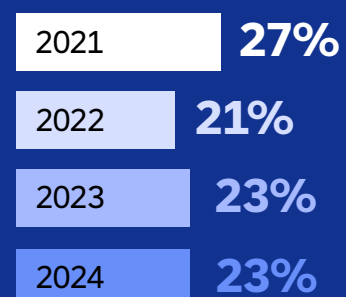
From 2021 to 2024, True Loyalty and Ethical Loyalty increased by 26% and 25% respectively, reflecting a shift towards stronger brand connections and responsible shopping.



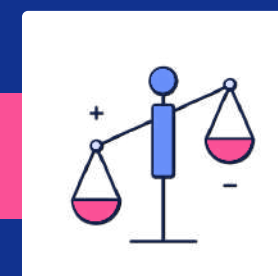
Incentivized Loyalty



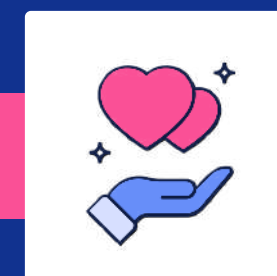
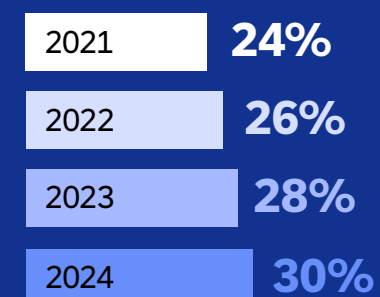
Inherited Loyalty



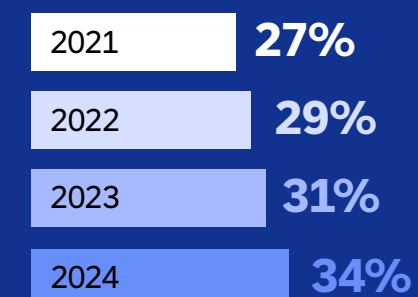
Silent Loyalty



Ethical Loyalty



True Loyalty

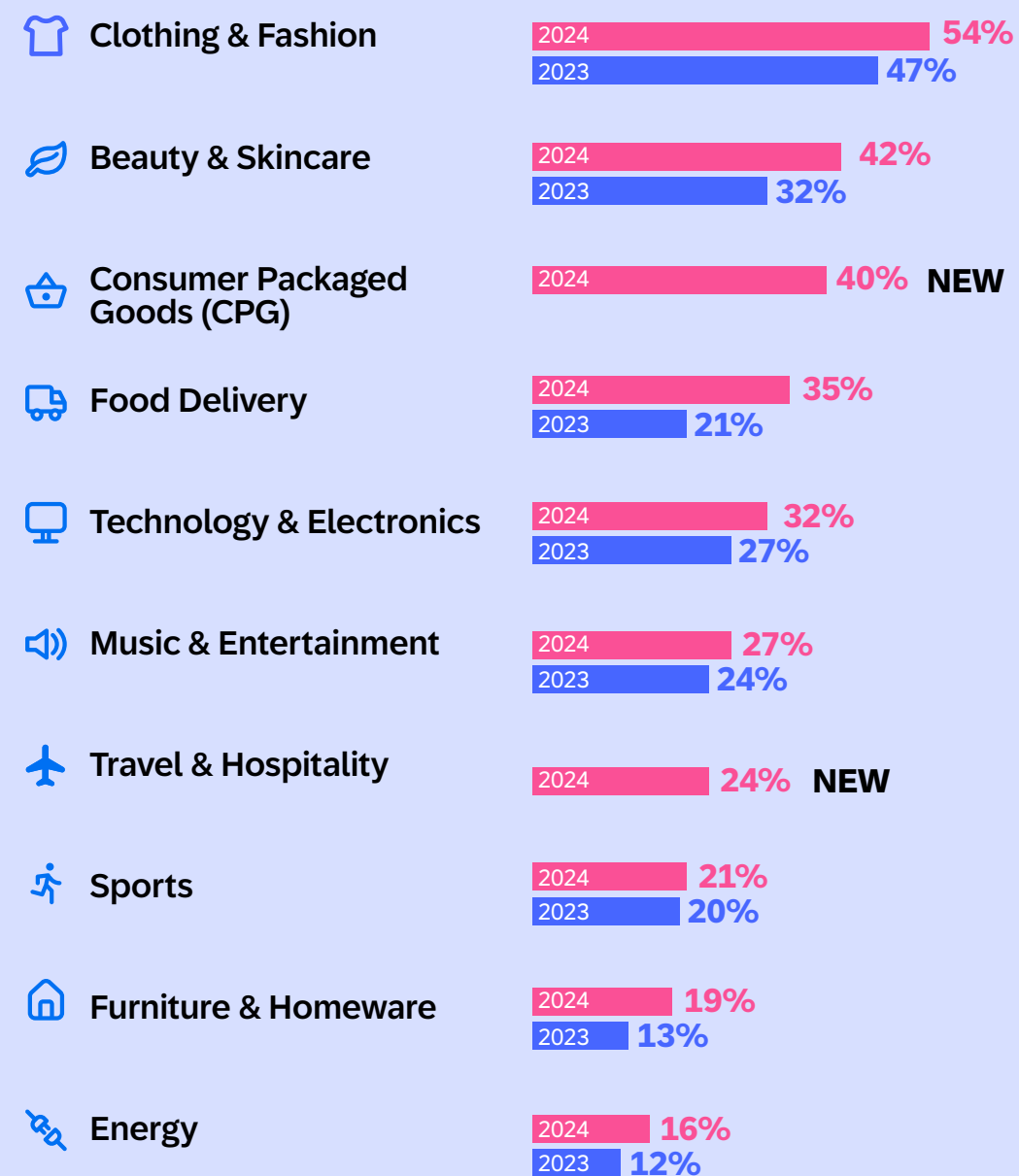


Loyalty by Sector

Although Clothing & Fashion remained first on the list of industries consumers are most loyal to, Food Delivery and Beauty & Skincare saw the largest year-on-year percentage point increases with 14%- and 10%-point increases respectively.

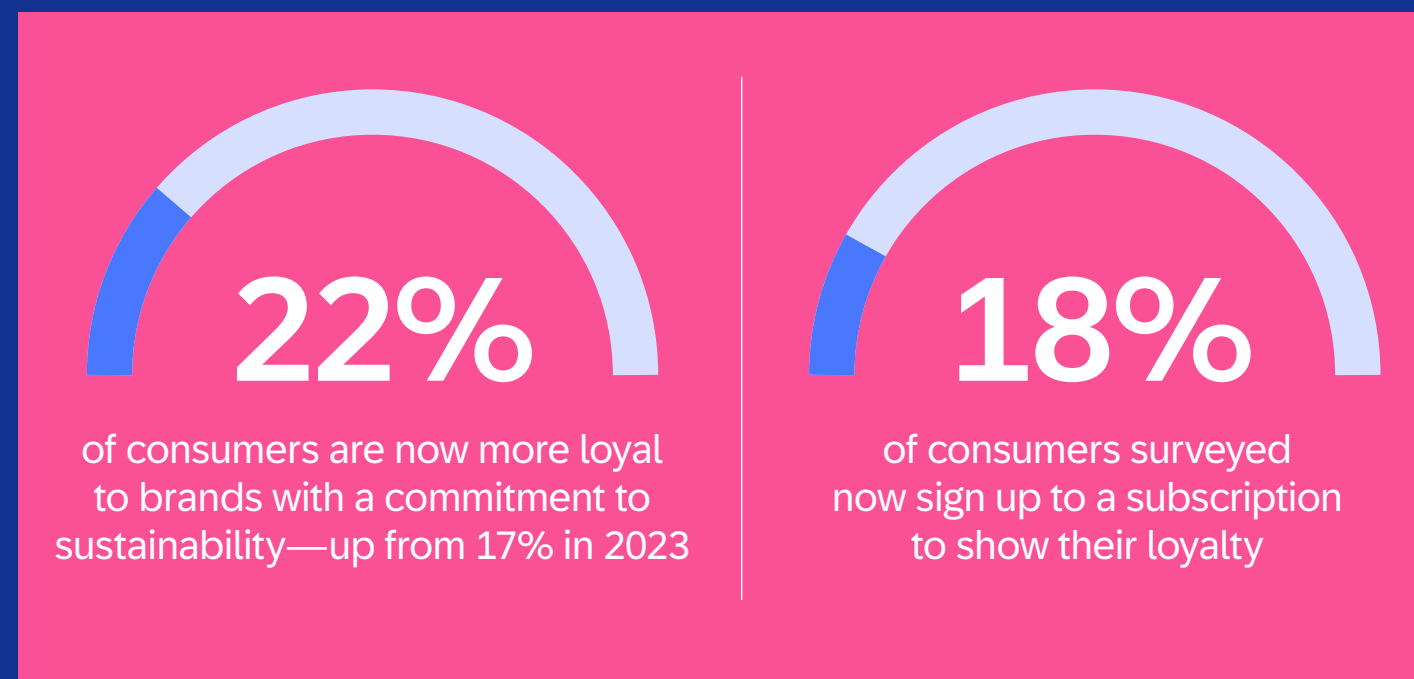


Thinking about the retailers that you are most loyal to, which industries are they in?



What Drives Customer Loyalty

When looking at the top reasons that impact customers' loyalty to a brand, we see new factors emerging in 2024, including—on the positive side—high quality products and memorable experience, and—on the negative side—irresponsible data usage, false advertising, and making it harder to speak to a human. At the same time, environmental consciousness continues to 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



Brand longevity



Consistent branding



Staying out of politics



Being 'iconic'



Creating memorable experiences



What negatively impacts brand loyalty?

Increasing prices



Drop in quality



Poor customer service



Being irresponsible with customers' data



Conduct false/ deceiving advertising



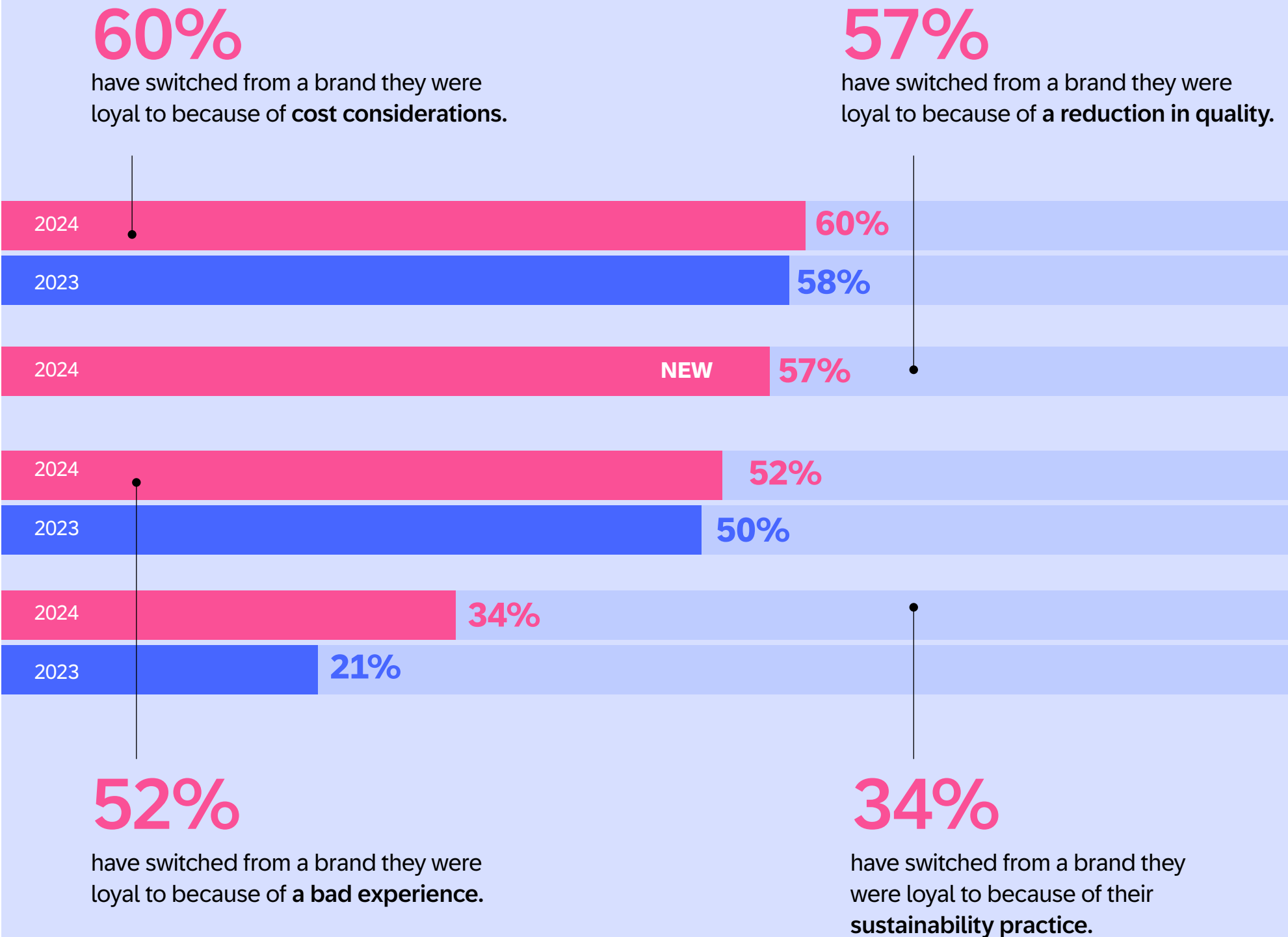
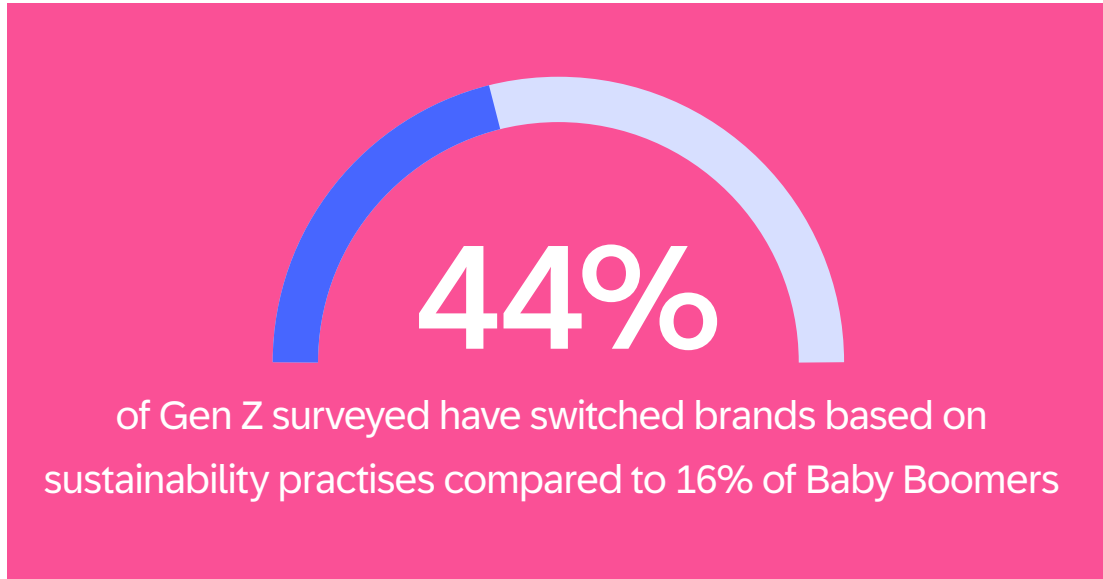
Making it harder to speak to a human



Factors Driving Customers to Switch Brands

In 2024, customers are still most likely to switch brands due to cost considerations with 60% attributing this as the motive for switching. While prices are an important factor, a reduction in product quality (57%) and a bad shopping experience (52%) could be the catalyst for losing loyal customers to a competitor.

Factors like sustainability practices have witnessed a considerable increase and now it influences almost a third of respondents when it comes to loyalty.



How Customers Express Loyalty

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

Additionally, 28% have increased their use of loyalty programs this year—a 40% increase from 2023—, highlighting the need for brands to adapt with personalized 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



Recommending them to friends and family



Installing their app



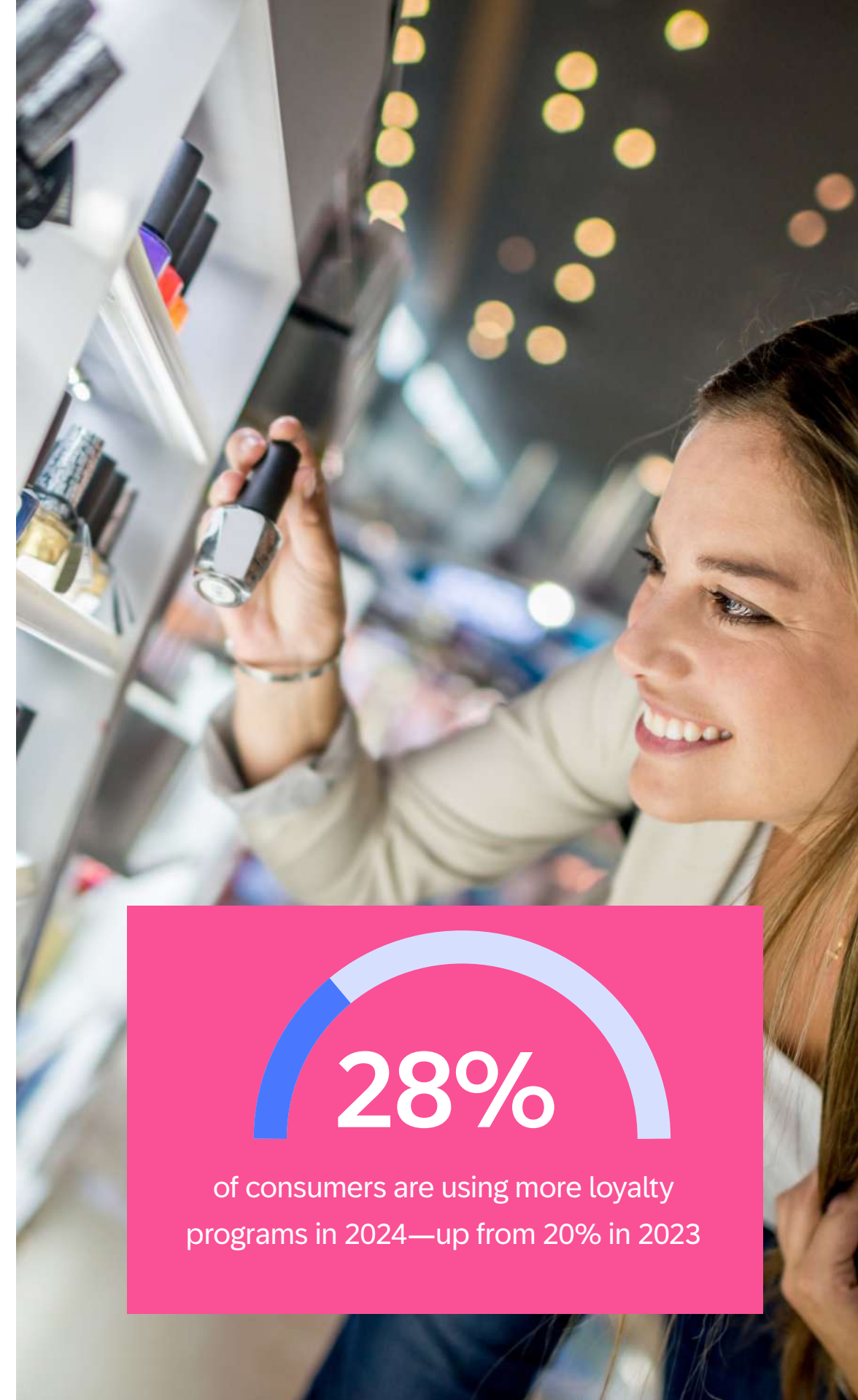
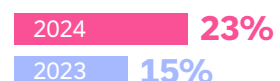
Using their loyalty card / scheme



Being part of a membership scheme



Engaging with their content



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 programs that engage, recognize 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 personalization, making customers feel seen and valued.

To truly foster this connection, AI-driven personalization 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



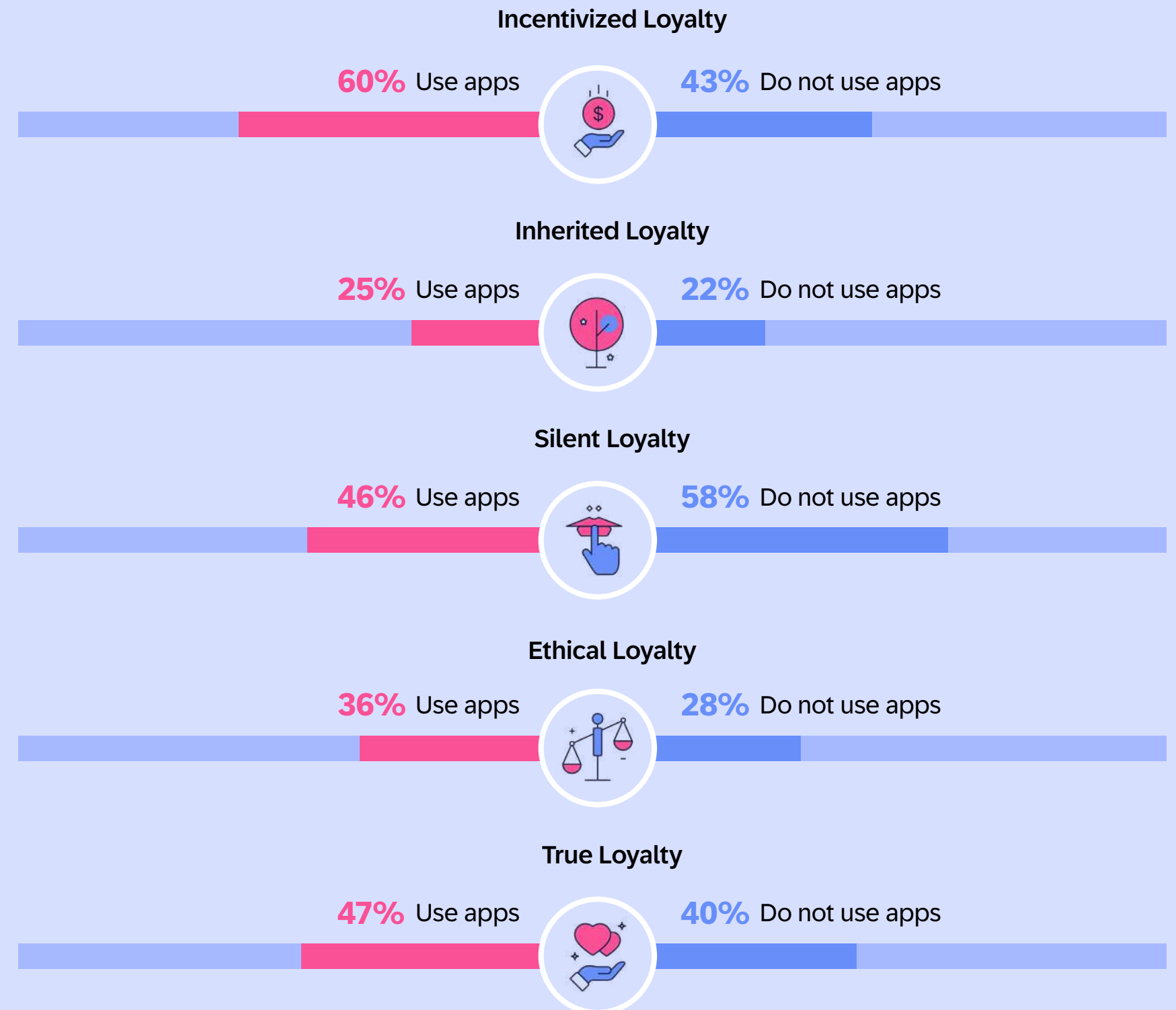
The Impact of Mobile Apps on Loyalty

Retailers have recorded an 89%* conversion rate for turning mobile traffic into sales, showing the incredible power of mobile phones. Given this booming market, we examined what keeps mobile app users loyal.

Our research reveals a significant insight: global consumers who have their favorite brands' apps on their phones are 18% more likely to have a brand they love compared to those who don't use apps.

This highlights the crucial role that promotional offers play in influencing mobile consumer behavior and loyalty to brands when done in a personalized 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 behavior underscores the importance for brands to focus on creating compelling incentives within their mobile apps to maintain and grow customer loyalty.

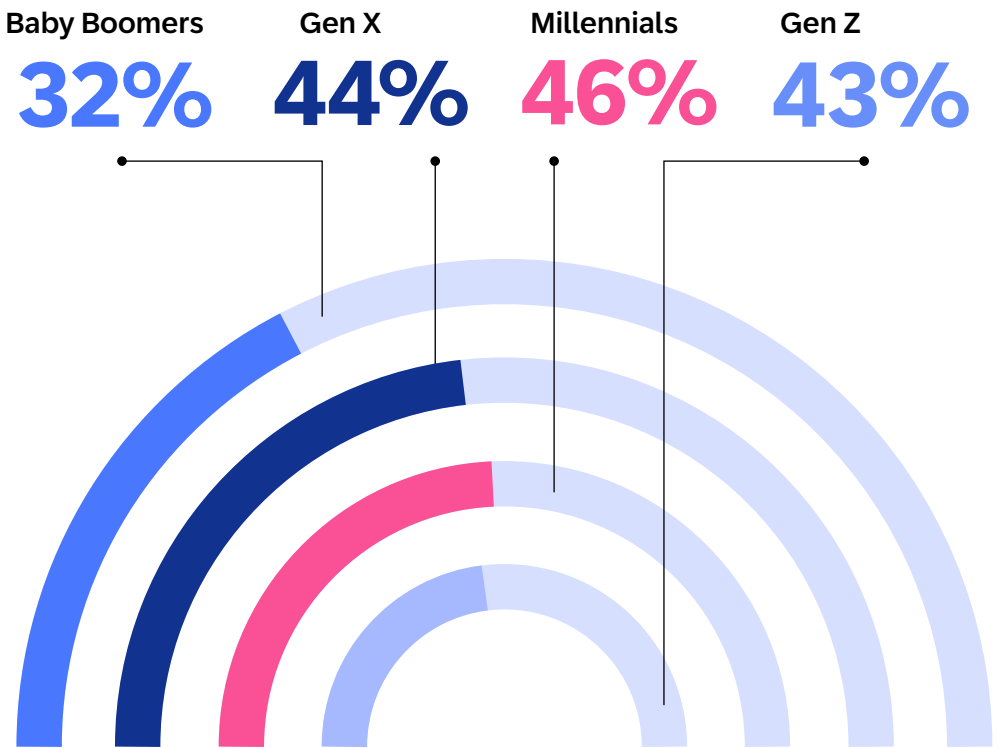
*Source: <https://supplygem.com/publications/mobile-commerce-statistics/>



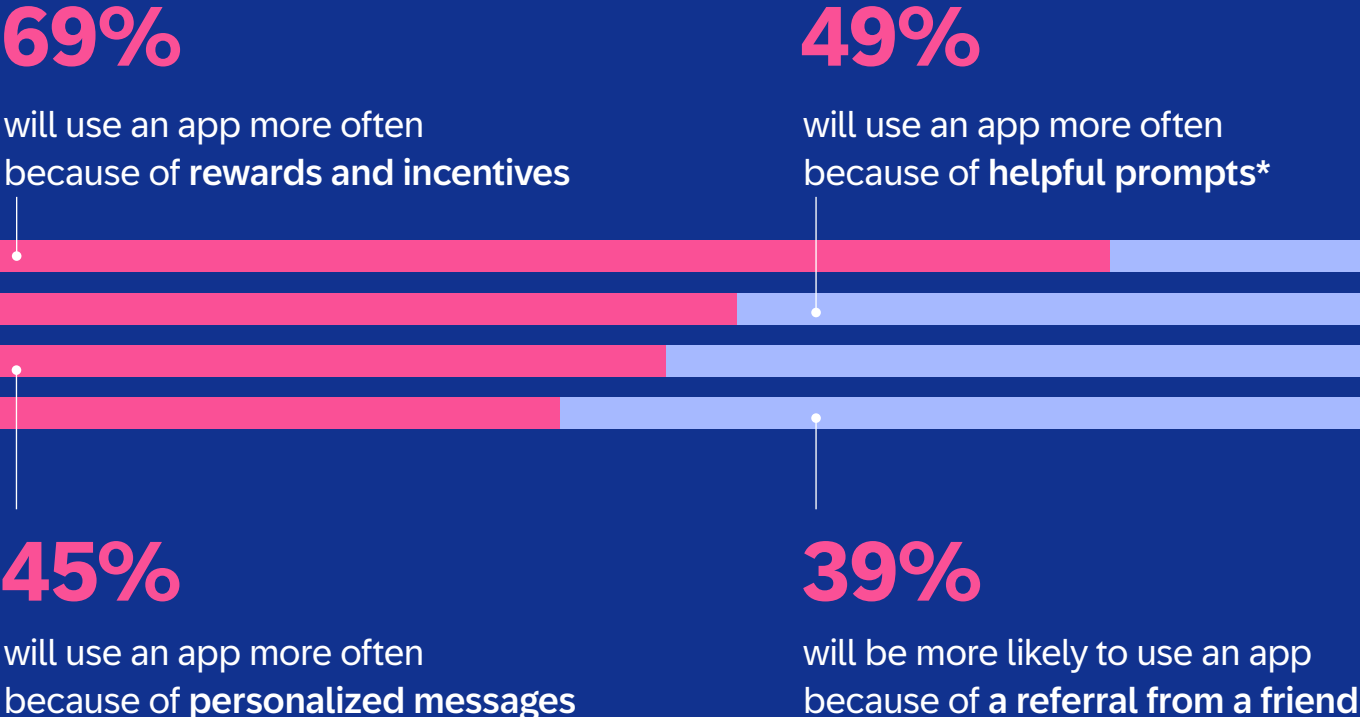
Why Consumers Use Apps

Across the globe, consumers are using mobiles for more tasks than ever before. Surprisingly, there is not a strong generational divide when it comes to app usage. Gen Z, Millennials and Gen X surveyed lead the way in using their favorite apps, however, Baby Boomers are not far behind.

App Usage by Generation



Top Prompts To Using App

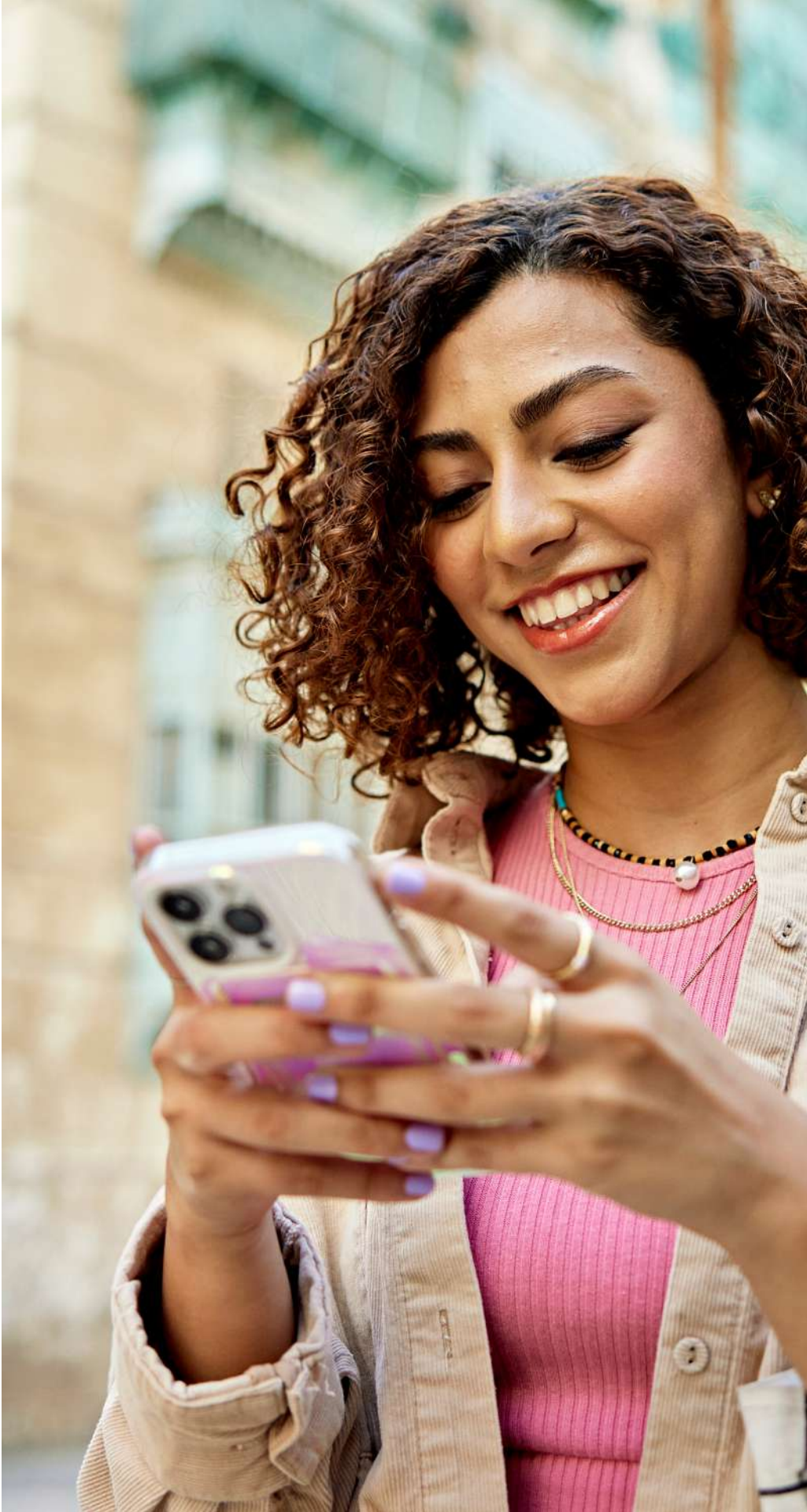
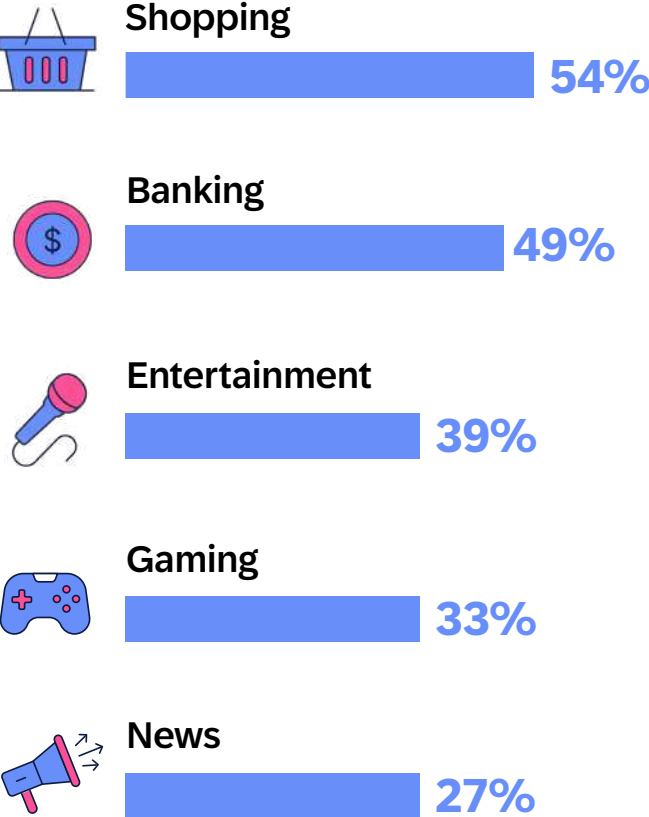


*e.g. order updates, new release updates, additional services available, upgrade options, service delays, withdrawal notifications

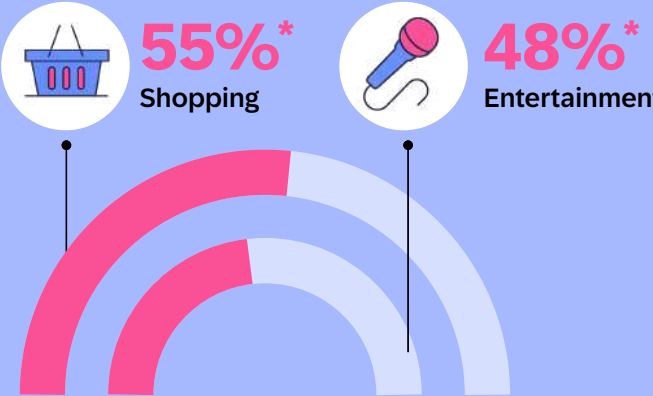
Consumers' Favourite Apps

Here are the top 5 apps used by global respondents, with shopping being the key use case. While Gen X and Baby Boomers primarily use apps for shopping and banking, younger generations use apps the most for entertainment and shopping.

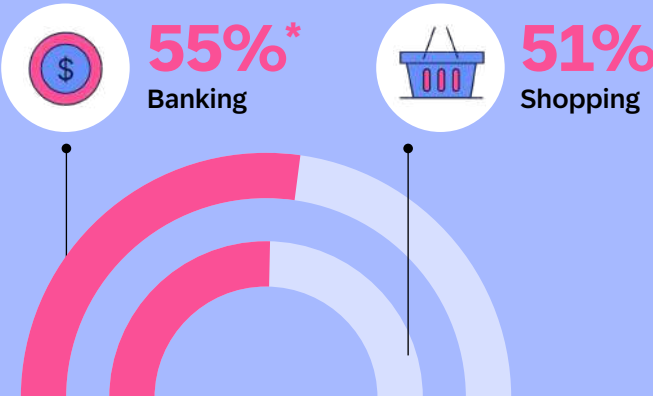
Top 5 Apps Most Regularly Used



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



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

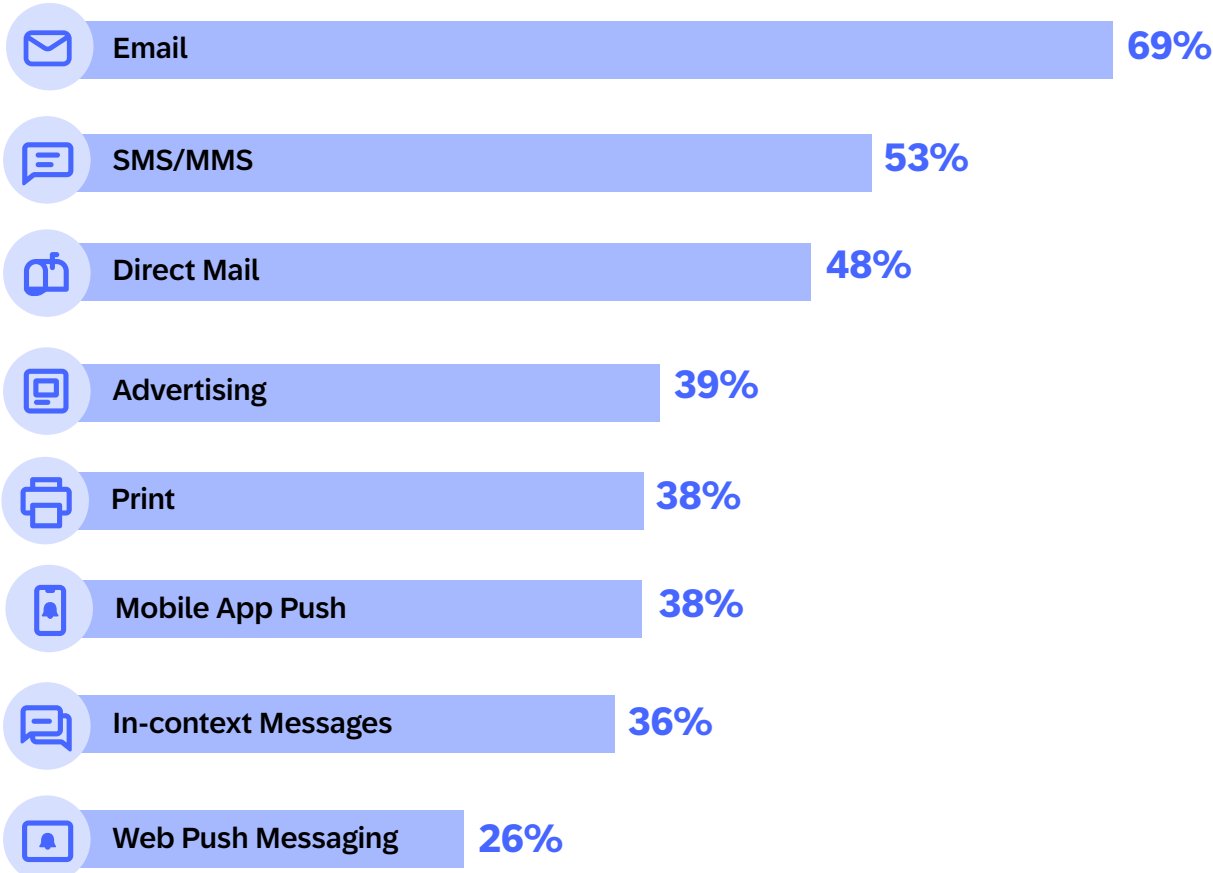


*average percentages.

Reaching Out: How Consumers Want to Be Contacted

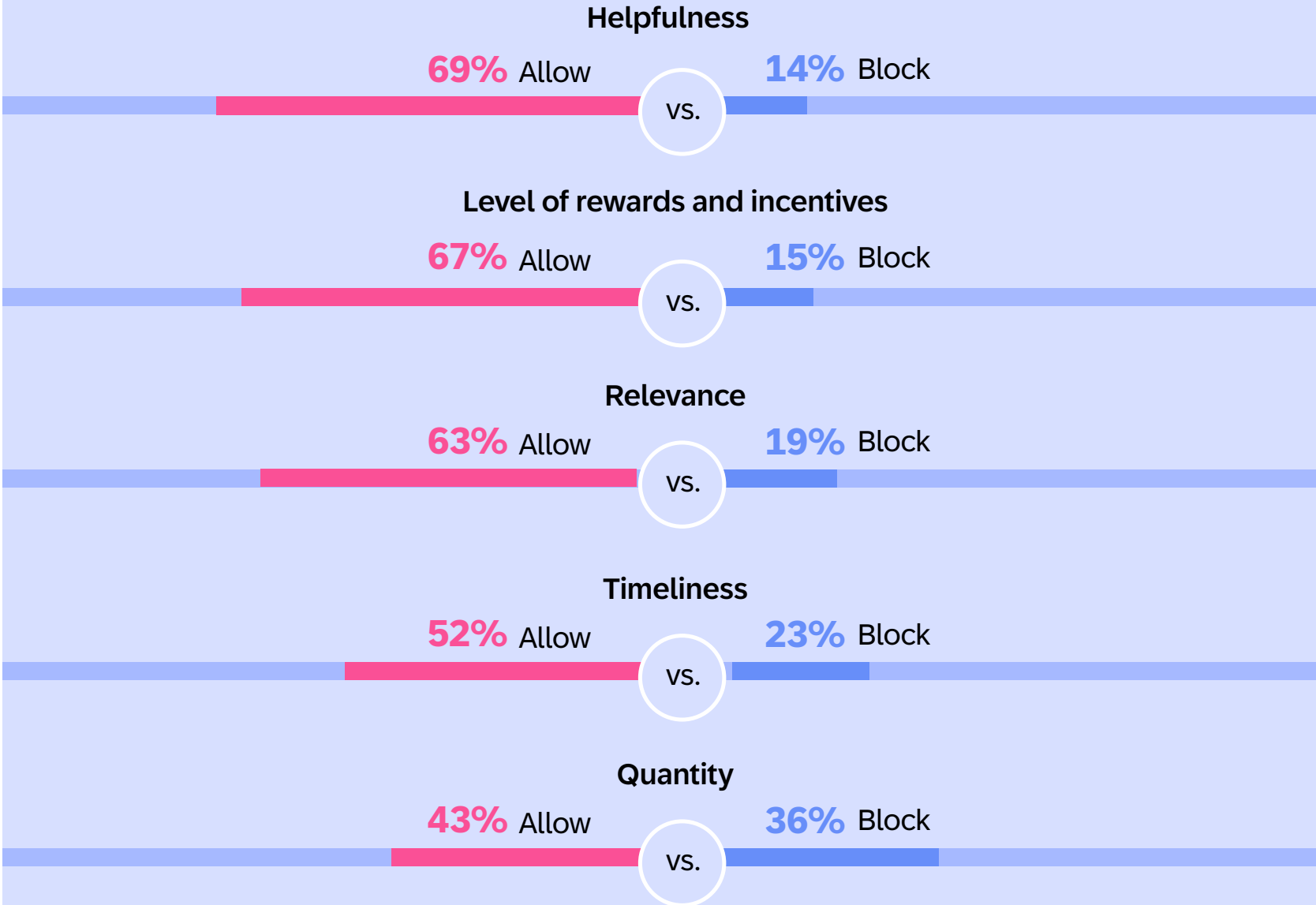
When it comes to loyalty, communication is king. That means brands must connect with potential customers in a way that appeals to them.

Consumers' preferred communication channels



Overall, brands looking to encourage their customers to use their app should pay attention to the helpfulness, 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

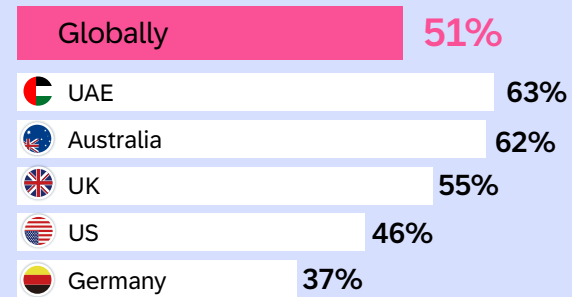
Loyalty among sports and entertainment fans



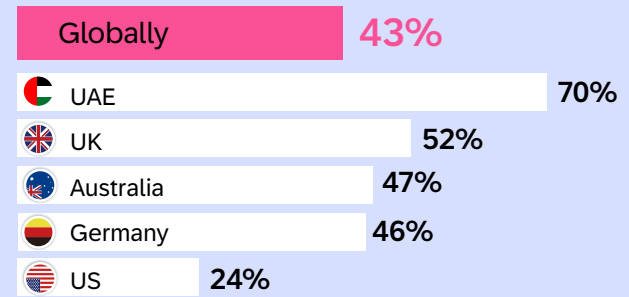
Loyalty Among Sports, Music & Entertainment Enthusiasts

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

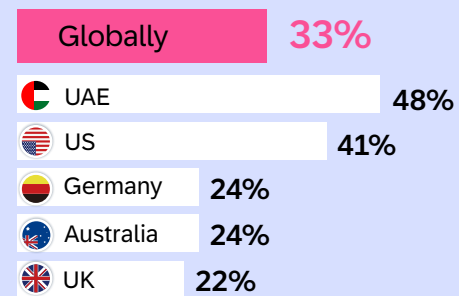
Their country's Olympic team



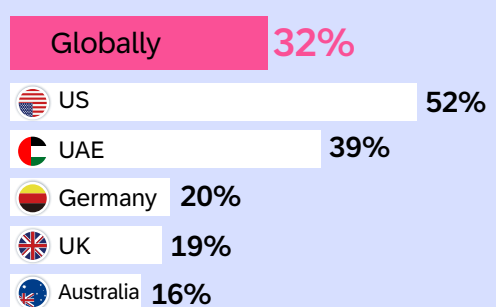
Their soccer club



Their basketball team

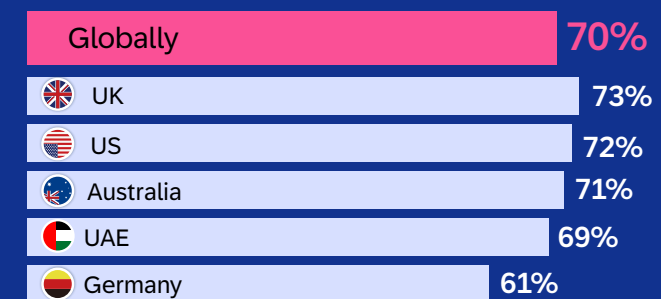


Their American football team

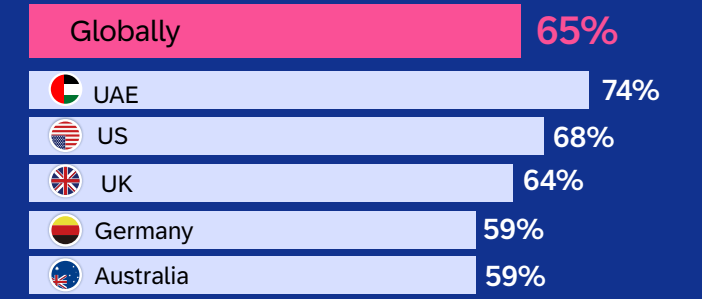


When other interests, such as music and entertainment, are added into the equation, loyalties soar high.

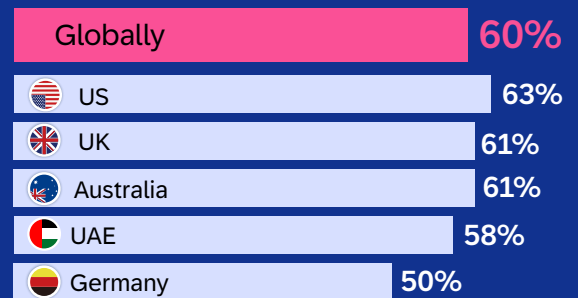
Their favorite TV show



Their streaming provider

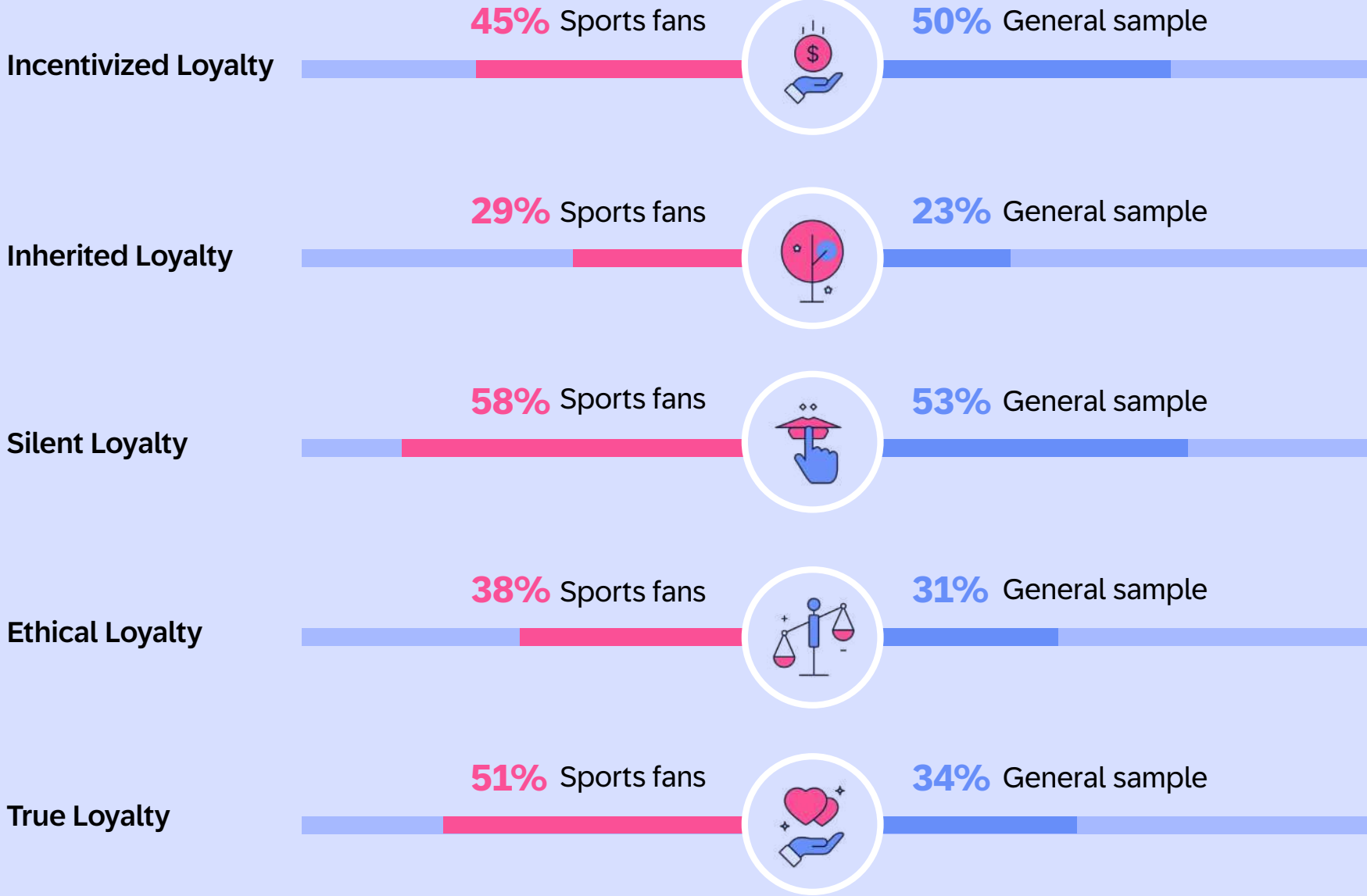


Their favorite singer/ band



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 fan loyalty carries beyond their favorite team and extends into other areas, with 71% of sports fans surveyed generally acting as more loyal consumers than other respondents (69%). This trend is true across other loyalty types measured in the Customer Loyalty Index. Most notably, sports fans are 50% more likely to display True Loyalty—being entirely devoted to certain products, retailers, brands and services—than the general sample.



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

In-depth analysis #3

Consumer Packaged Goods Loyalty

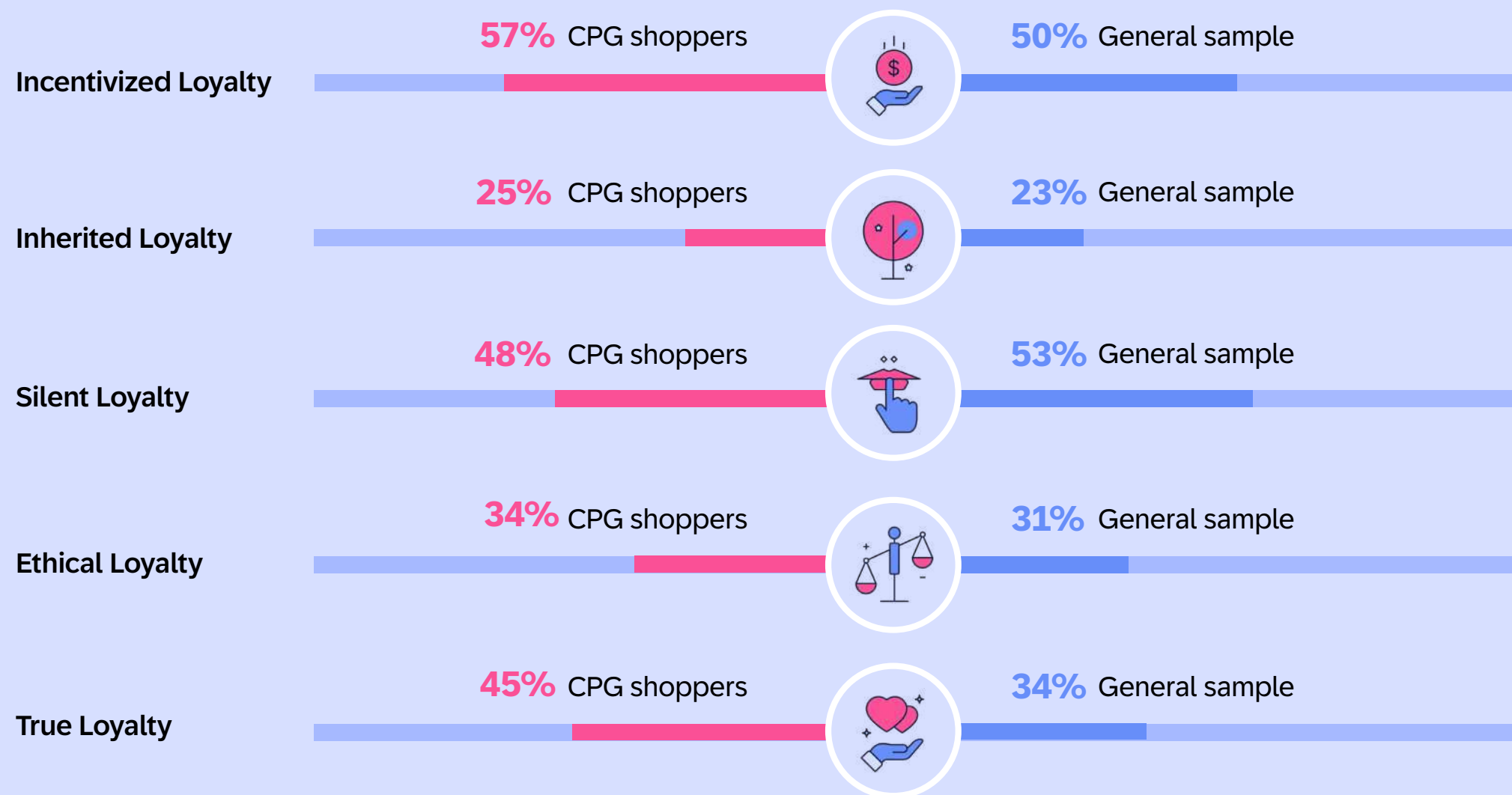
Loyalty trends among CPG shoppers



Loyalty Types Among CPG Shoppers

When analyzing loyalty types among CPG shoppers, we observed differences compared to the general population. CPG shoppers are 14% more likely to be loyal to brands that provide incentives, and rewards. Additionally, they are 32%

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 especially on product quality, and brand longevity, and they are more engaged in demonstrating their loyalty through frequent shopping, recommendations, loyalty programs and app usage. They also have specific expectations in return for their loyalty, including reduced prices, rewards such as loyalty points and cashback, and free returns.

Top factors that most positively impact the loyalty of CPG shoppers

High quality products



Brand longevity



Consistent branding



Staying away from political issues



CPG shoppers most commonly show their loyalty to a brand by

Shopping with them frequently



Recommending them to friends and family



Using their loyalty card/scheme



Having their app on their phone



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

Reduced prices/better deals



Loyalty points or cashback



Free returns



Great customer service



In-depth analysis #4

Luxury Loyalty

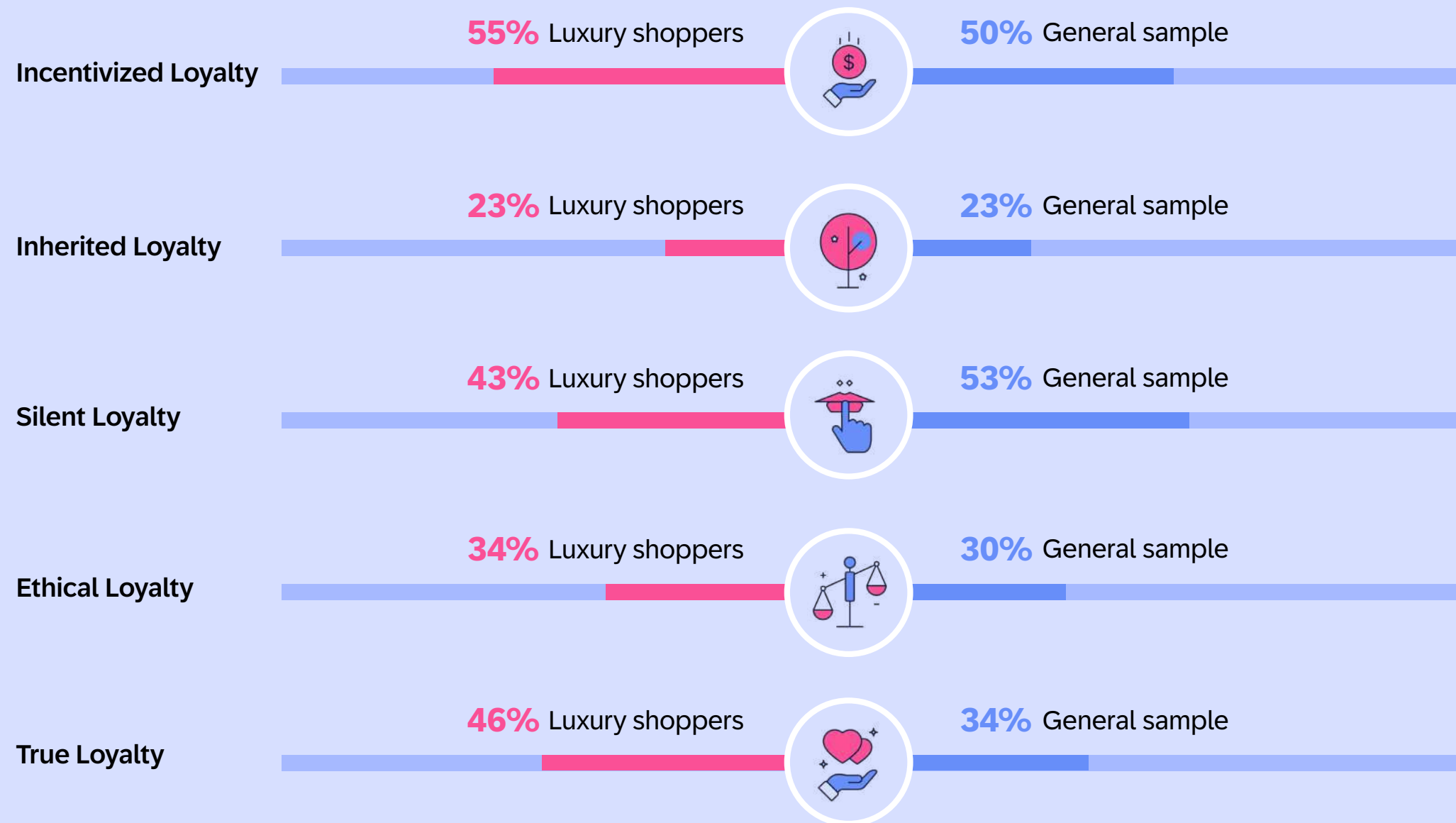
Loyalty among fans of high-end or exclusive brands



Loyalty Among Luxury Shoppers

Another area explored in this year's Customer Loyalty Index report is the relationship between luxury customers* and brands.

Unlike the general sample, global luxury shoppers are 35% more likely to show True Loyalty to a brand, making them some of the most devoted customers to 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 60% 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 24% 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, 'iconic' status and creating unique moments.

What positively impacts brand loyalty?

High-quality products



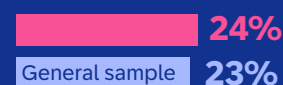
Brand longevity



Consistent branding



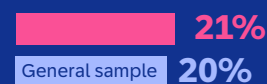
Being 'iconic'



Staying out of politics



Creating memorable experiences



What negatively impacts brand loyalty?

Drop in quality



Poor customer service



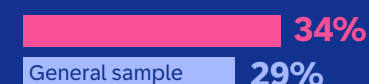
Increasing prices



Being irresponsible with customers' data



Conduct false/ deceiving advertising



Making it harder to speak to a human



Driving Customer Loyalty in 2024 and Beyond

Key takeaways

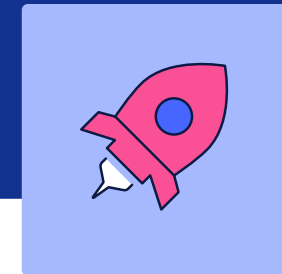
- 1 Focus on Personalization:** Providing personalized offers and content is essential for loyalty. Brands should leverage AI to find data and insights to tailor their offerings to individual customer preferences.
- 2 Create Memorable Experiences:** With high-quality products and memorable experiences 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 personalized content and incentives.
- 4 Prioritize 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:** Incentivized 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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