

United Arab Emirates

Customer Loyalty Index 2024

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



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, Aldo Group, 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 3Gem Research and Insights, among a sample of 2,000 general respondents aged 18 and over across the United Arab Emirates. 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 data from research conducted by Opinion Matters between 12.06.2024 – 17.06.2024 among a sample of 10,041 general respondents across the UK, US, Australia and Germany. 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:



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

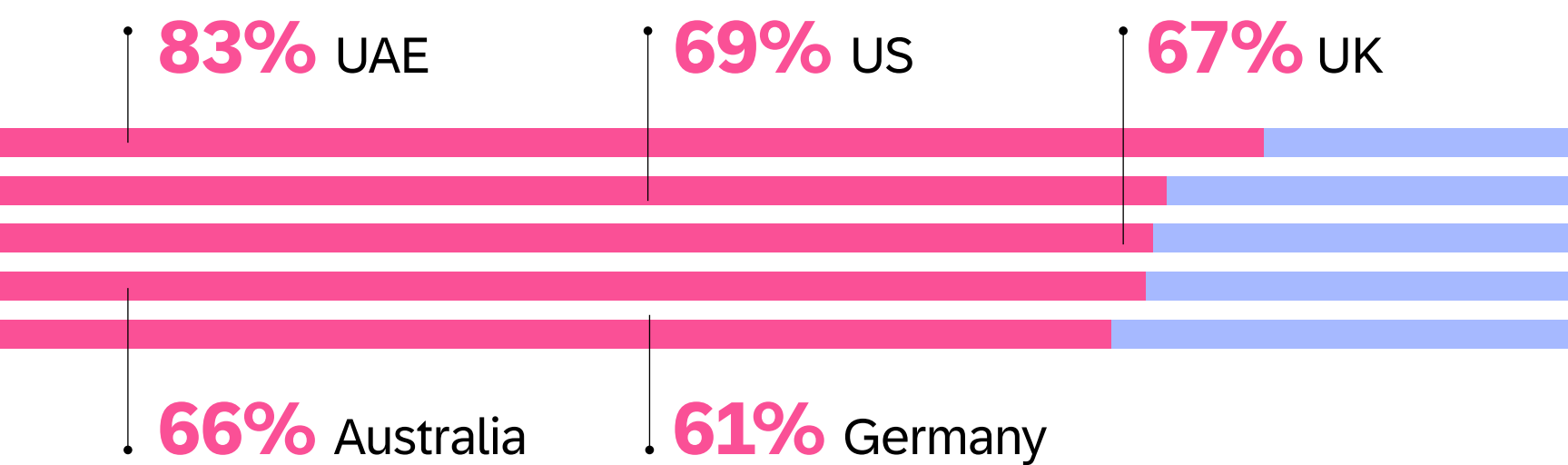
True loyalty is unwavering, unshakeable loyalty built on trust, love, and devotion to a brand—the holy grail of customer loyalty, and what all brands aspire to achieve.

2024 Loyalty Levels

With 83% of respondents considering themselves loyal to a particular brand, the United Arab Emirates achieved the highest ranking among all regions in this year’s SAP Emarsys Customer Loyalty Index. This strong debut has placed the UAE ahead of the US, which has moved to second place for the first time.

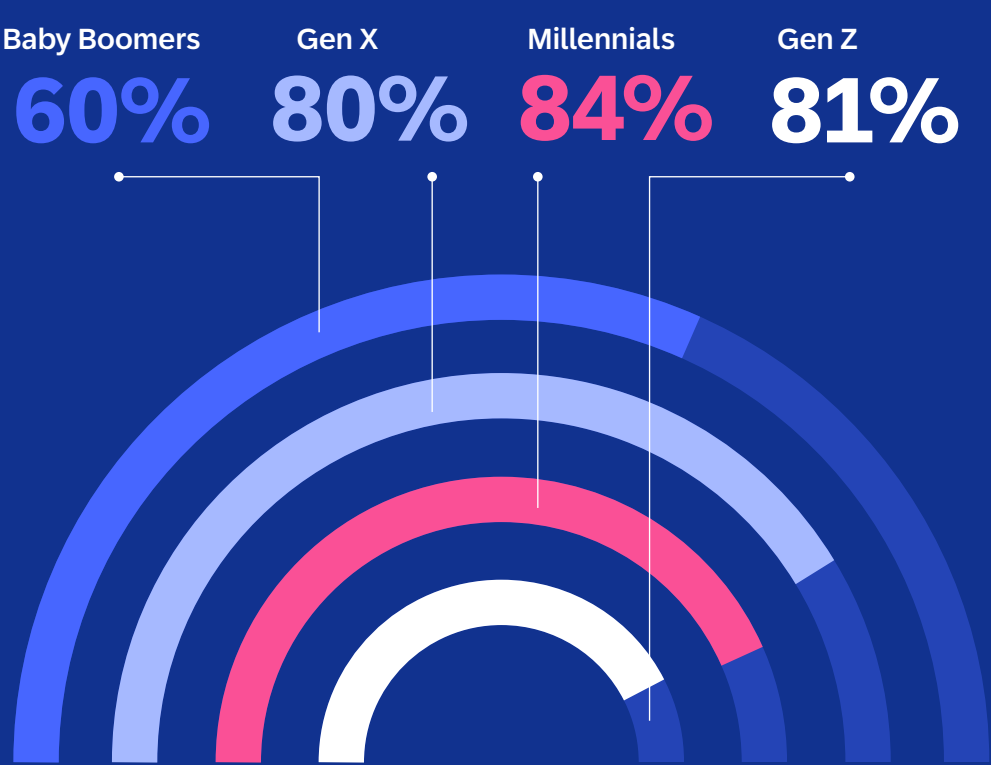
With some of the most positive attitudes toward Artificial Intelligence (AI) in the UAE, AI could be a key factor behind the country's top-ranked loyalty levels. AI now makes it easier for brands to build better, more personalized omnichannel experiences, allowing them to nurture loyal customers.

Percent of respondents “loyal” to certain retailers



Loyalty Across Generations

Unlike in other regions where older generations* tend to exhibit greater loyalty, in the UAE, it’s the younger generations who display stronger brand allegiance. When surveyed, Baby Boomers reported the lowest levels of loyalty, with a significant 24 percentage point drop when compared to Millennials.



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

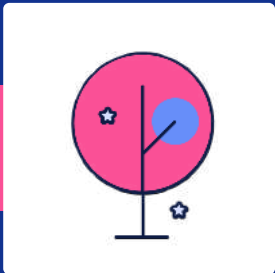
Customer Loyalty Types

In examining various types of loyalty, Incentivized Loyalty emerged as the highest scorer, aligning with global trends. Notably, consumers surveyed in the United Arab Emirates

demonstrated a stronger commitment to Ethical Loyalty than the global average, reflecting a significant emphasis on moral and ethical values in their purchasing decisions.



Incentivized Loyalty



Inherited Loyalty



Silent Loyalty



Ethical Loyalty



True Loyalty

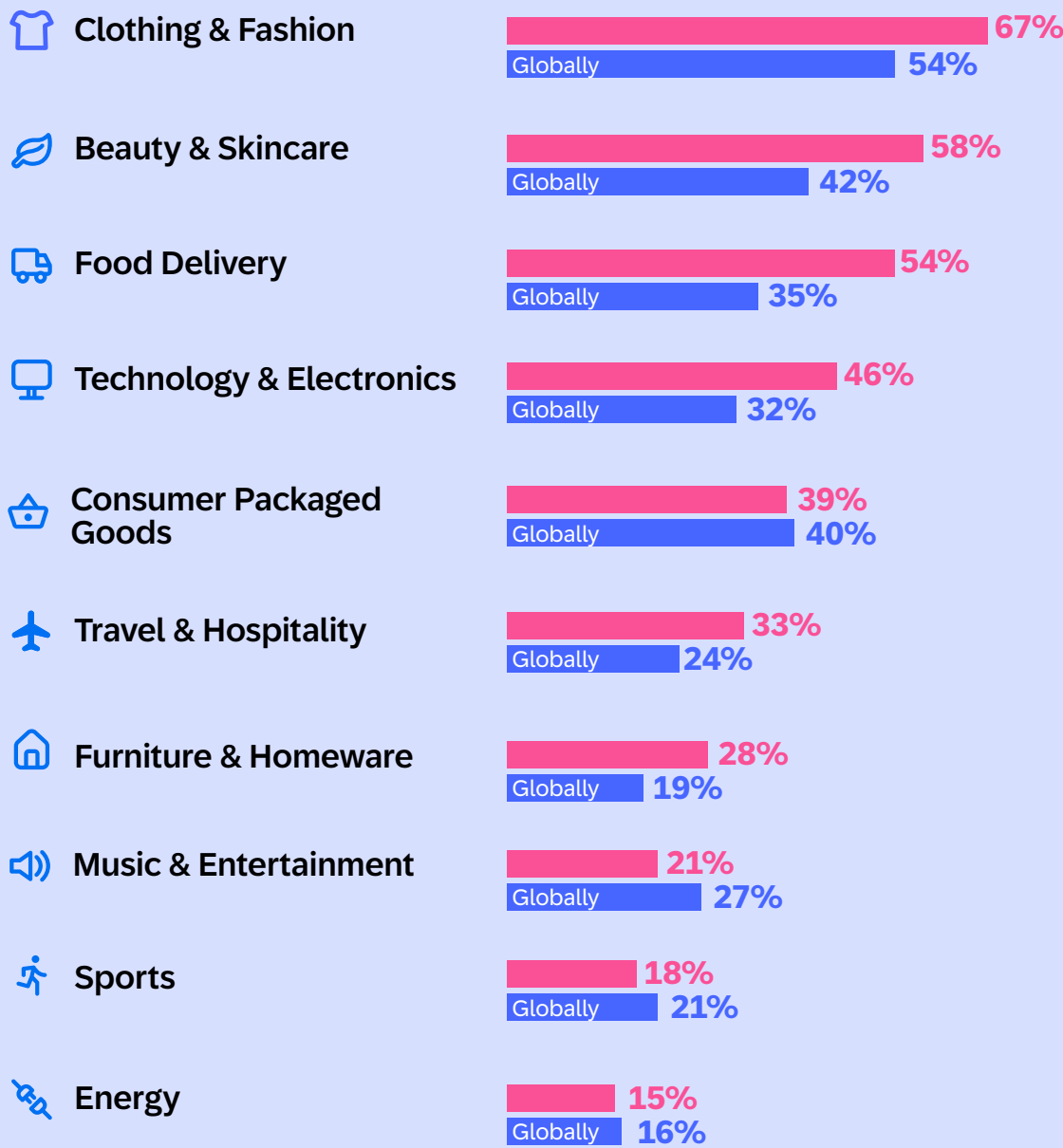


Loyalty by Sector

While Clothing & Fashion and Beauty & Skincare ranked the highest among surveyed UAE residents—mirroring global trends—, there’s a clear divergence in loyalty to Food Delivery and Technology & Electronics brands. UAE residents are more connected to retailers in these sectors compared to global averages, ranking them third and fourth respectively.

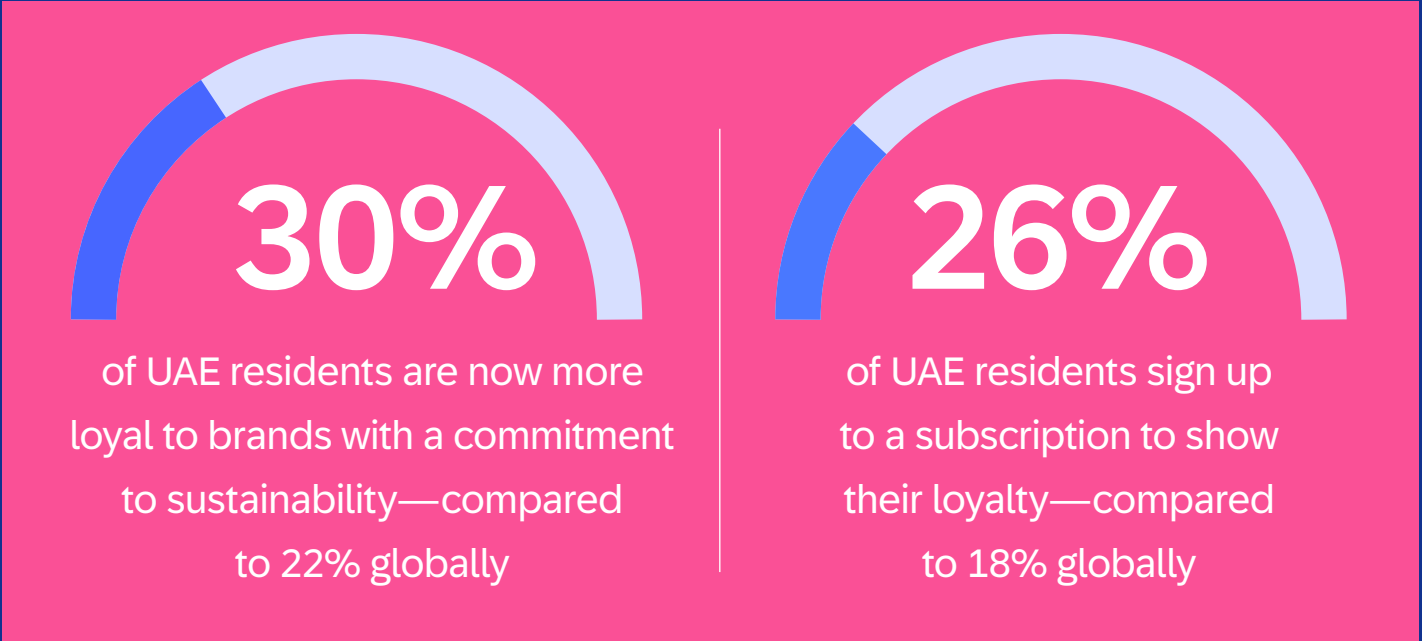


Thinking about the retailers that you are most loyal to, which industries are they in?

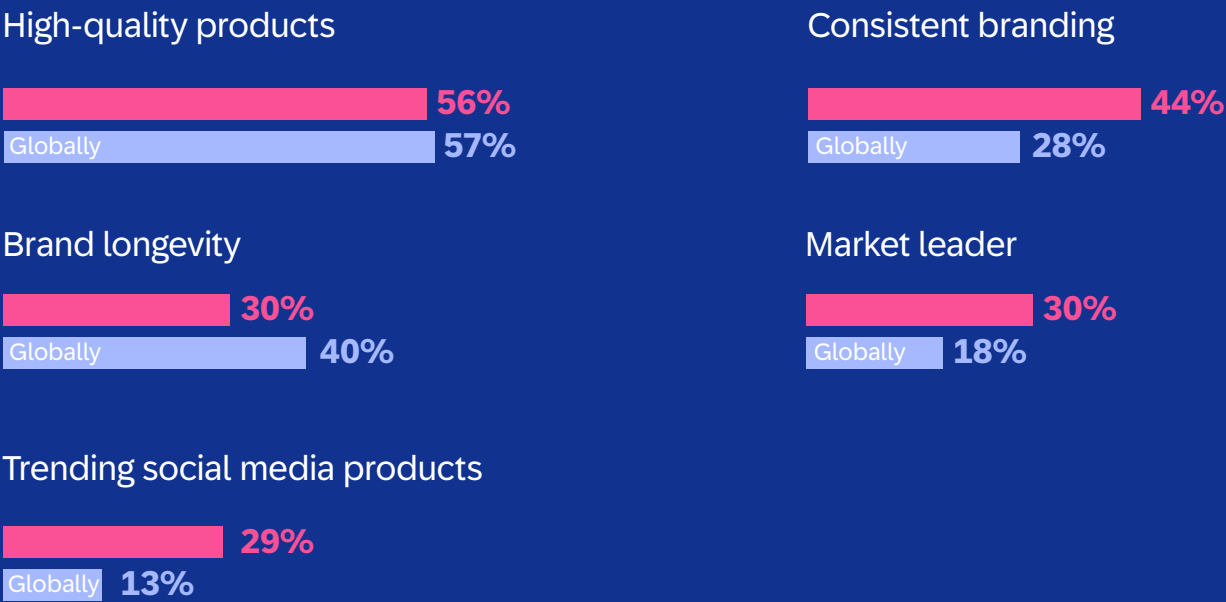


What Drives Customer Loyalty

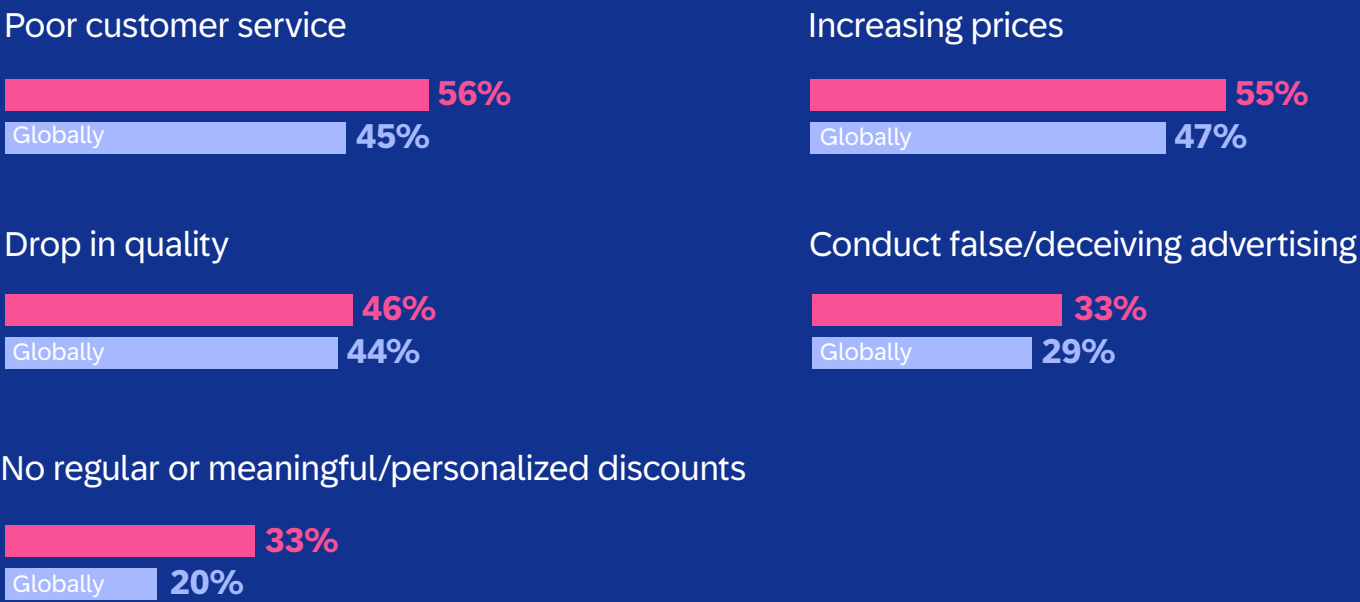
When examining the key factors driving brand loyalty among UAE customers, we see patterns consistent with global trends: high-quality products are the top factor positively influencing loyalty, while poor customer service remains the leading negative factor. However, other trends have emerged among UAE residents, highlighting the growing importance of brand’s sustainability practices, social presence, market leadership, and the provision of regular, meaningful discounts. At the same time, the rise of subscription-based buying and ‘DTC’ brands continue to provide a new channel for ‘locked in’ loyalty.



What positively impacts brand loyalty?

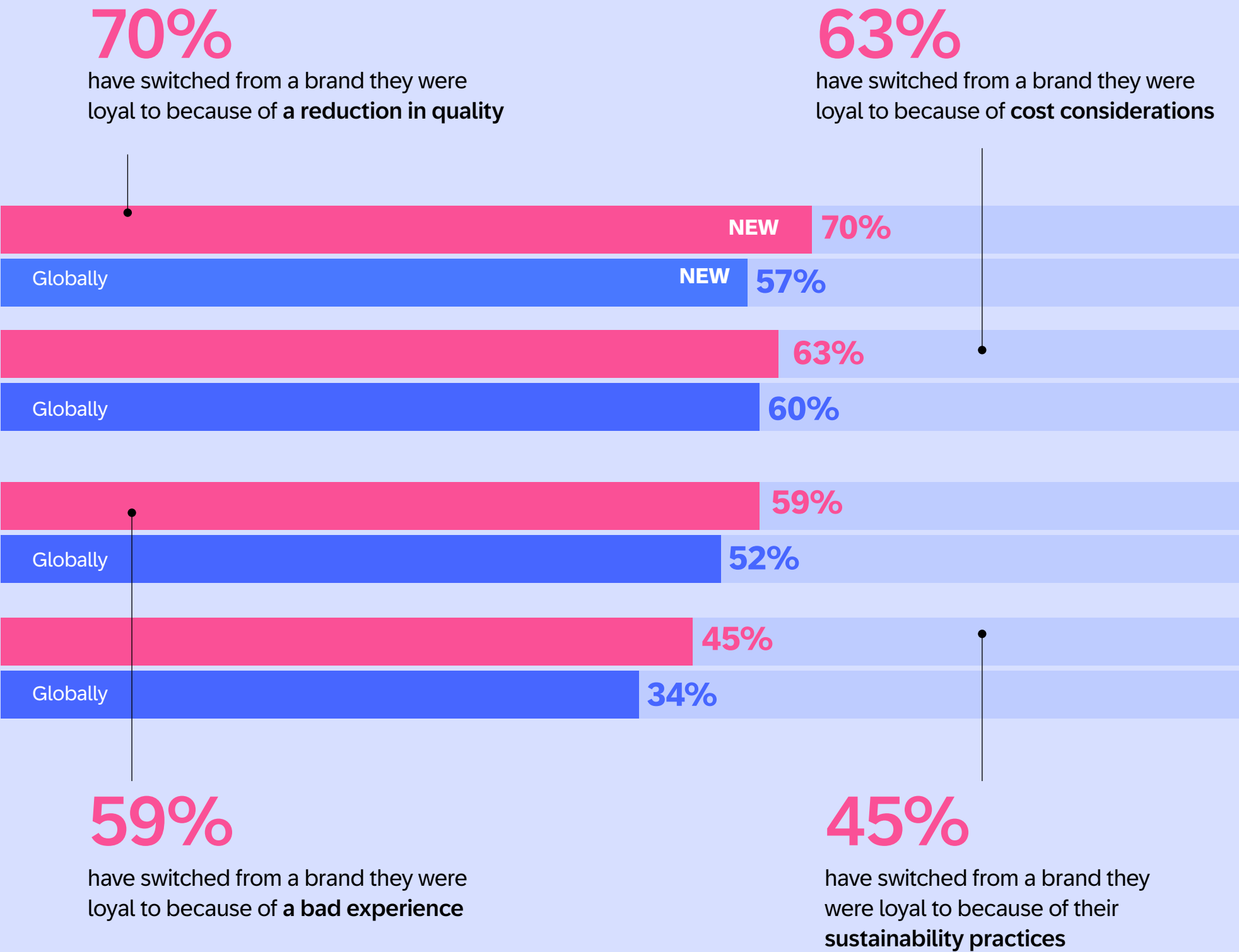
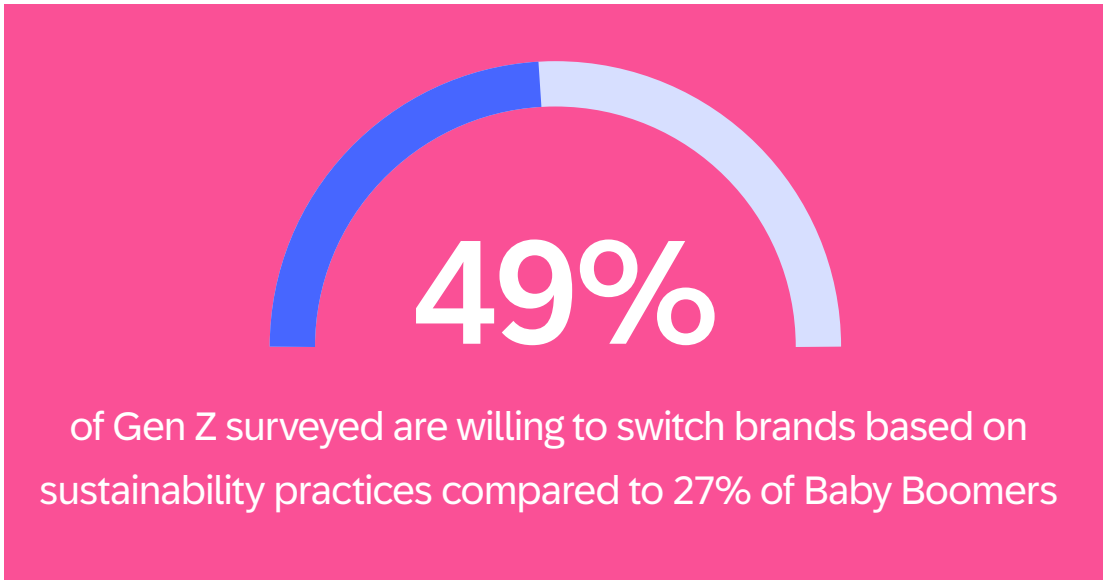


What negatively impacts brand loyalty?



Factors Driving Customers to Switch Brands

In 2024, surveyed customers in the UAE are highly likely to switch brands primarily due to quality concerns. A significant 70% have already changed brands because of a drop in quality, underscoring the high value they place on product excellence. Other major factors influencing brand loyalty include cost considerations (63%), negative shopping experiences (59%), and sustainability practices (45%). These elements play a crucial role in causing UAE consumers shift their loyalty to competitor brands.



How Customers Express Loyalty

When UAE residents are asked how they demonstrate loyalty to their preferred retailers, they favor recommending their favorite brands to friends and family and installing brand apps on their mobile devices. This contrasts with other regions, where frequent shopping is the primary expression of loyalty.

Moreover, 35% of UAE residents have intensified their use of loyalty programs, representing a 30% increase compared to global averages. This underscores the importance for brands in the UAE to offer personalized and cost-effective solutions to sustain and enhance customer loyalty.

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

Recommending them to friends and family



Installing their app



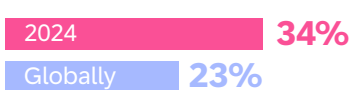
Shopping with them frequently



Using their loyalty card / 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

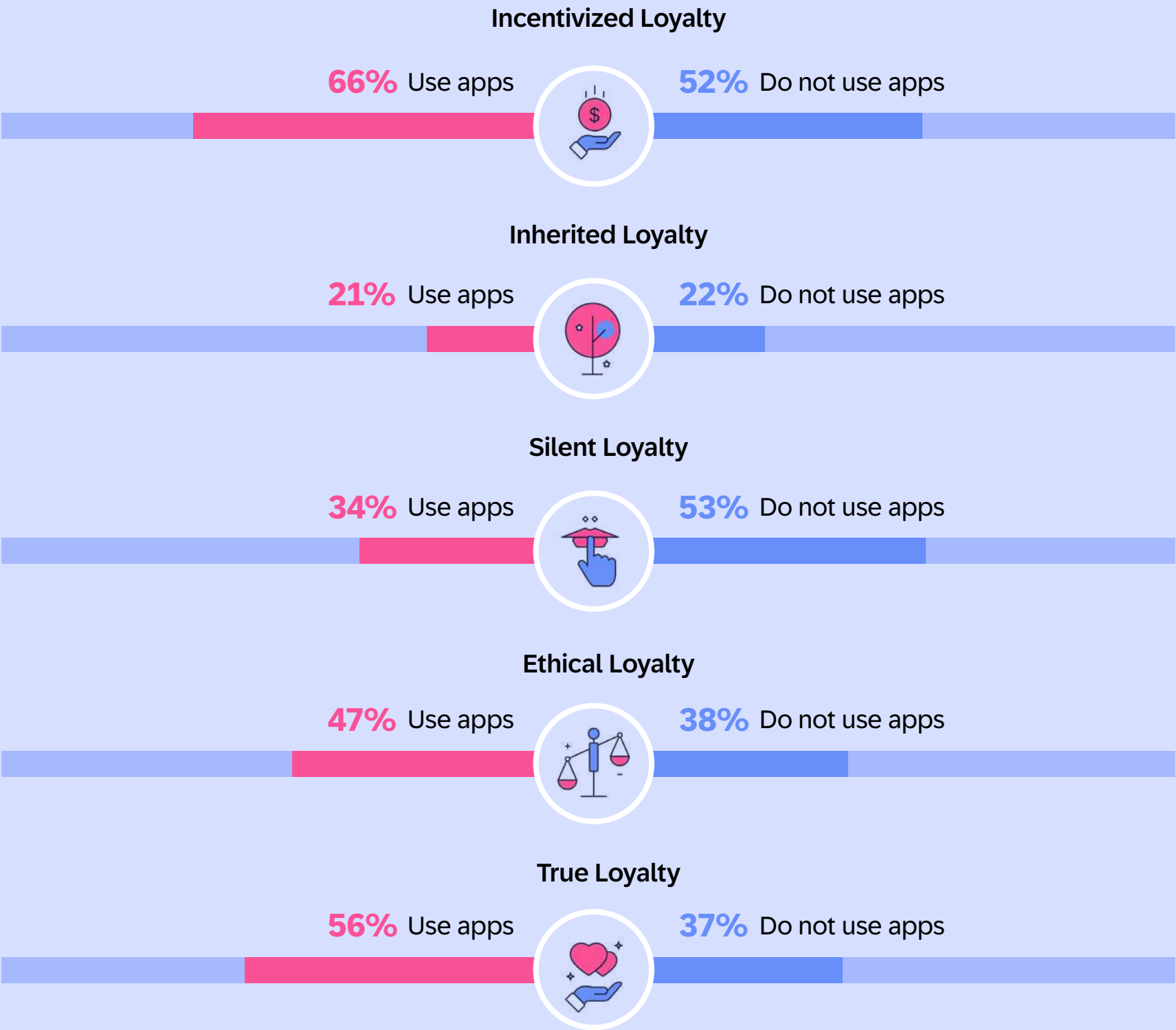


The Impact of Mobile Apps on Loyalty

As one of the world's most digitally connected countries, it's no surprise that UAE consumers who use their favorite brands' apps are 51% more likely to show True Loyalty to those brands compared to those who don't have these apps. Our research also shows that surveyed consumers in the UAE who have their favorite brands' apps on their phones are more driven by offers and other incentives (27%) and more vocal about their loyalty (36%) 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 create compelling incentives within their mobile apps to maintain and grow customer loyalty.

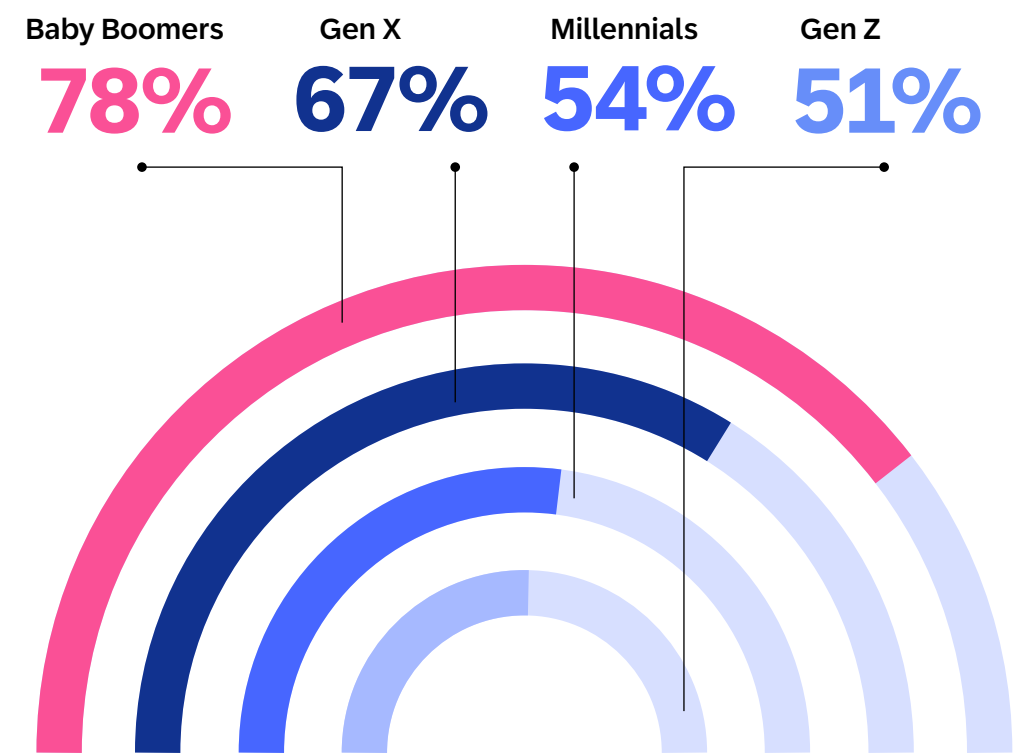
Loyalty Types Among Consumers Using Mobile Apps



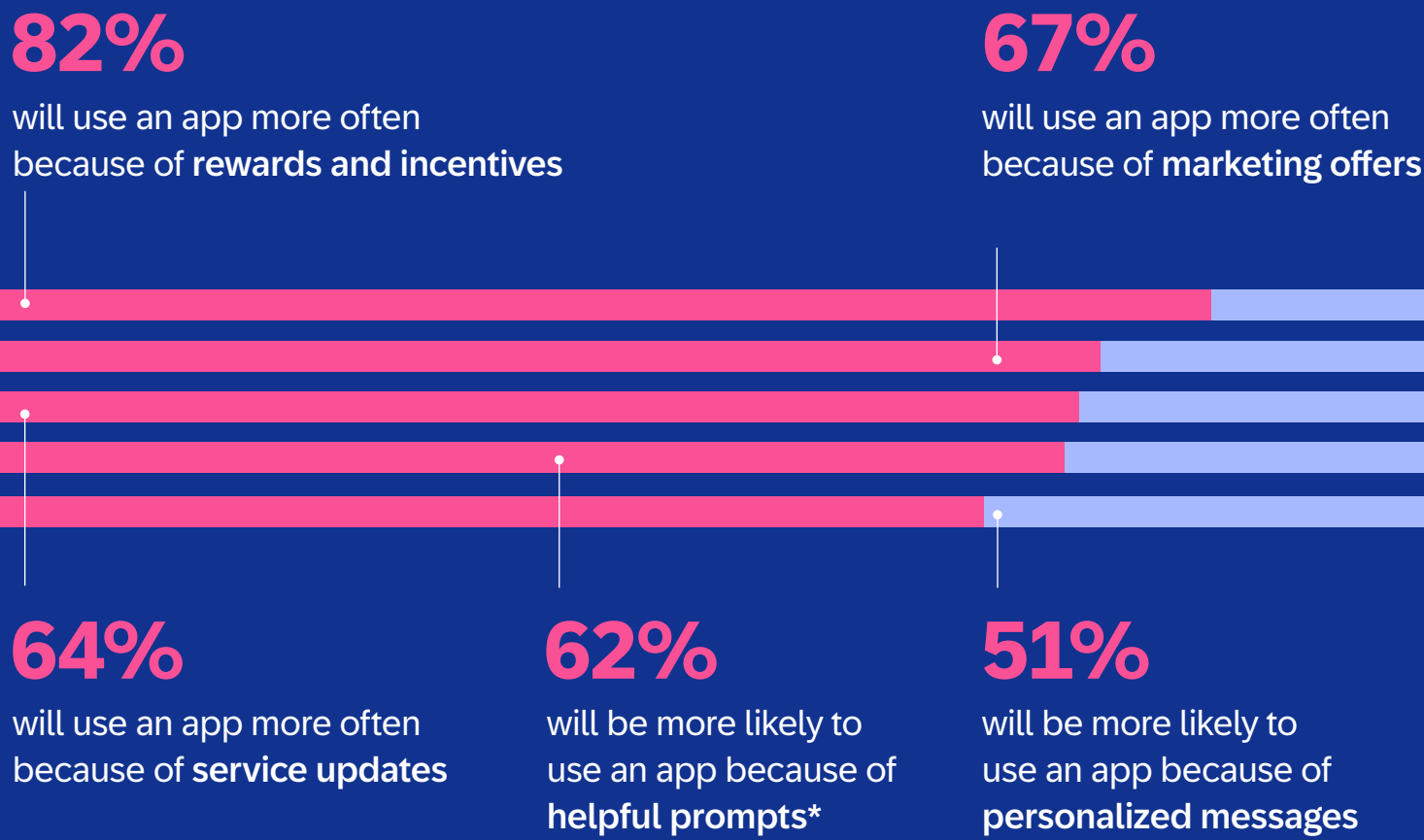
Why Consumers Use Apps

Consumers are using mobile apps for more tasks than ever before, both in the UAE and globally. Surprisingly, and unlike trends observed in other regions and on a global level, app usage in the UAE increases across generations with Baby Boomers showing the highest rate of app usage.

App Usage by Generation



Top Prompts To Using App

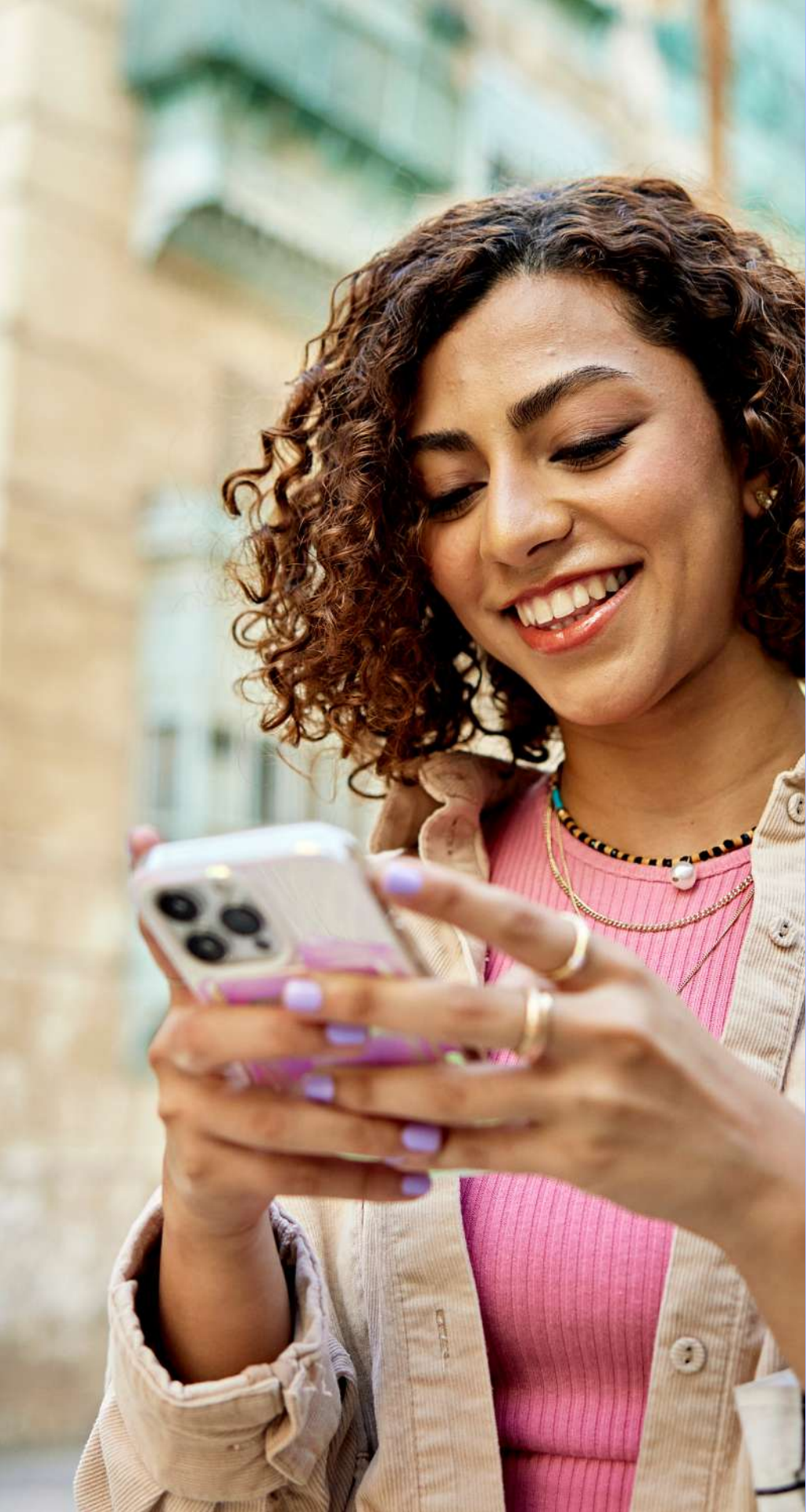
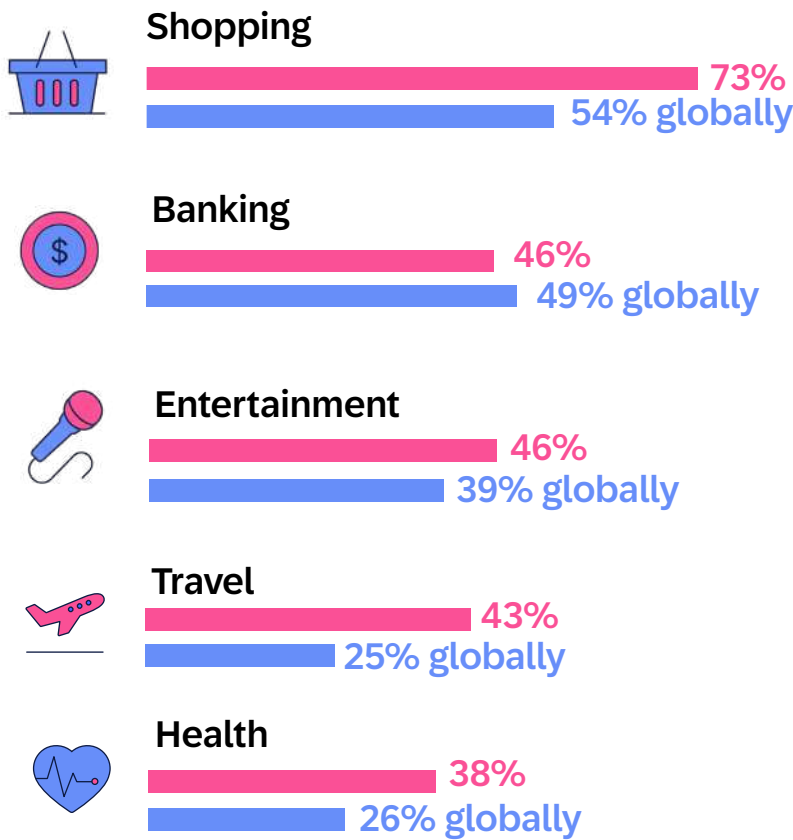


*e.g. order updates, new release updates, additional services available, upgrade options, service delays, withdrawal notifications

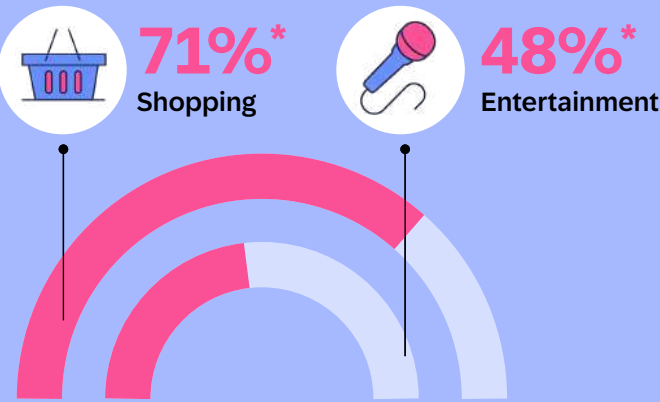
Consumers' Favorite Apps

The top 5 apps used by UAE respondents largely matched those in our global ranking, with shopping, banking, and entertainment apps being the most popular. However, shopping apps are significantly more popular in the UAE, showing a 35% higher usage compared to global figures. Additionally, Travel and Health apps are more prominent among UAE respondents, surpassing the usage of gaming and news apps seen globally.

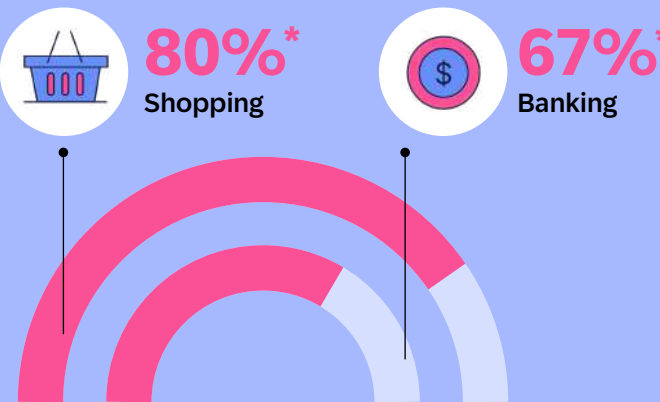
Top 5 Apps Most Regularly Used



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



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

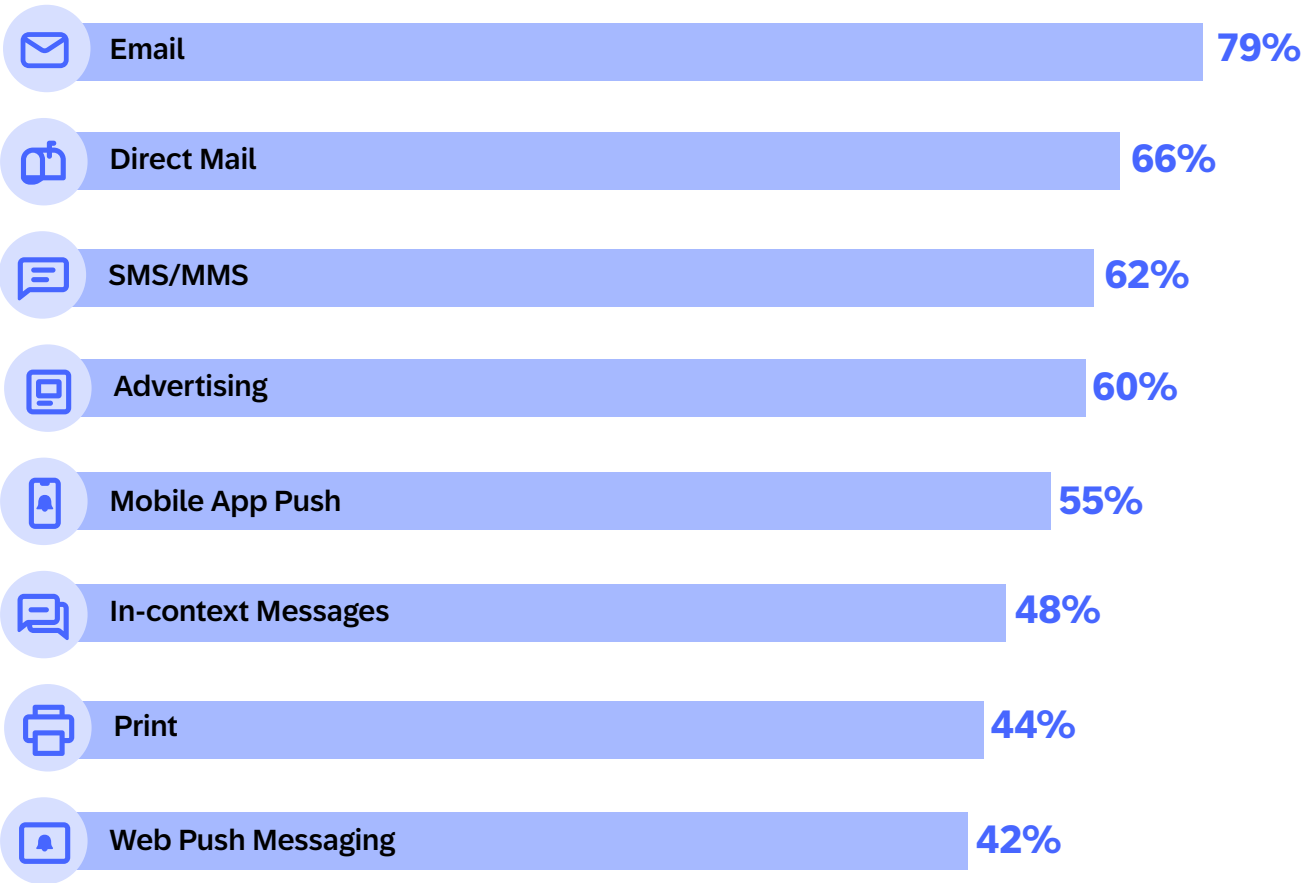


*average percentages.

Reaching Out: How Consumers Want to Be Contacted

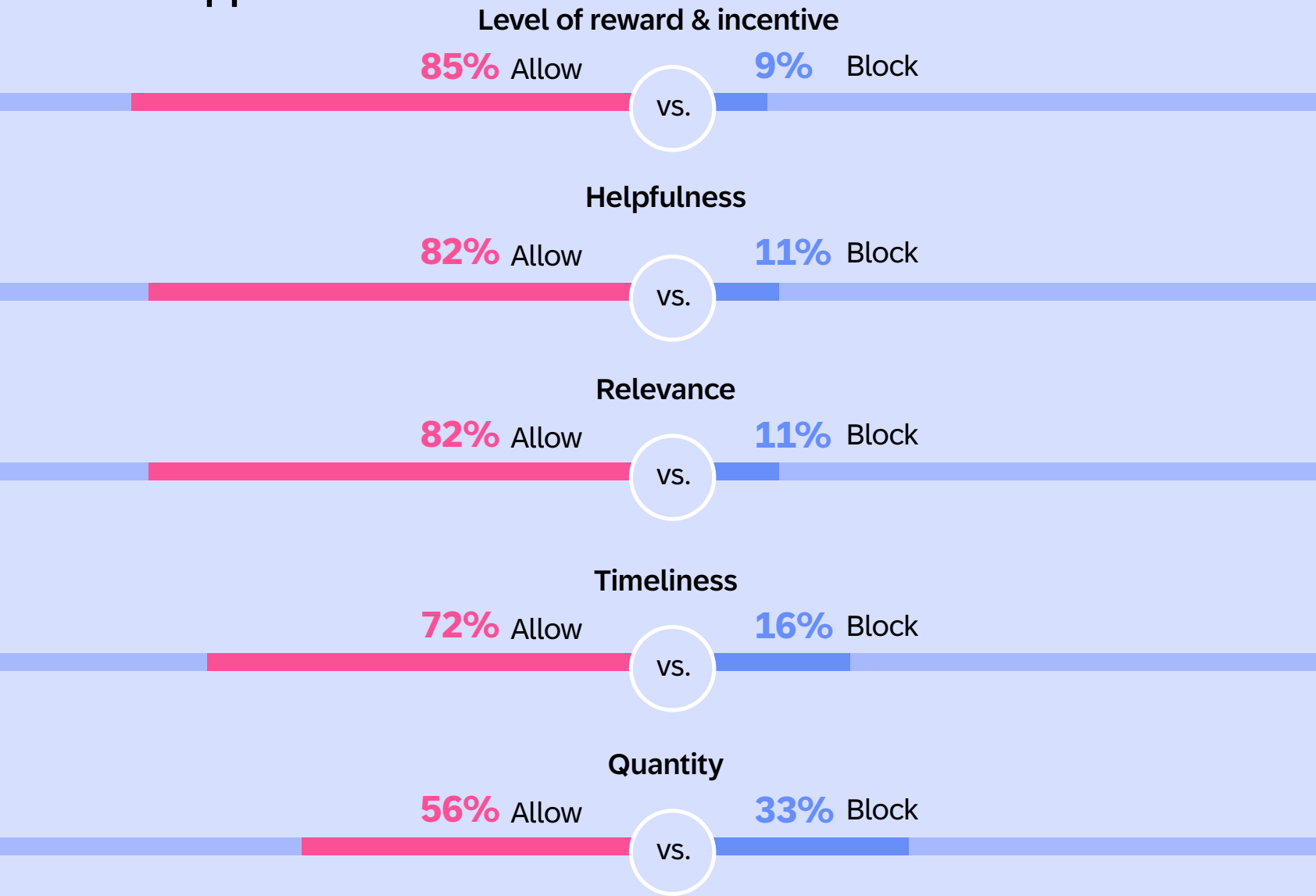
When it comes to loyalty, communication is king. That means brands must reach out to potential customers in a way that appeals to them.

Consumers' preferred communication channels



Overall, brands looking to encourage their customers in the UAE to use their app should pay close attention to the helpfulness and level of rewards and incentives. They should also focus on the 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

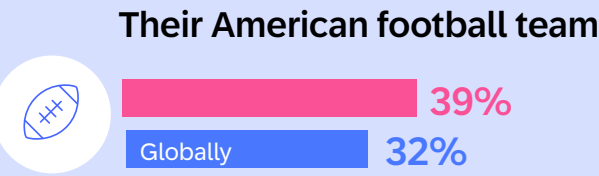
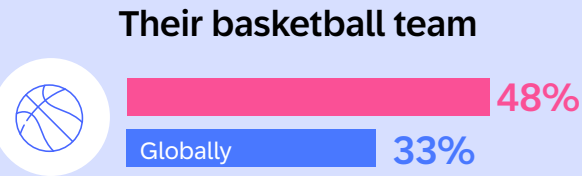
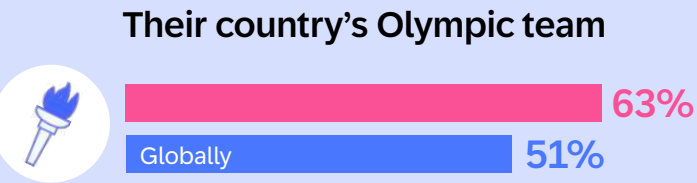
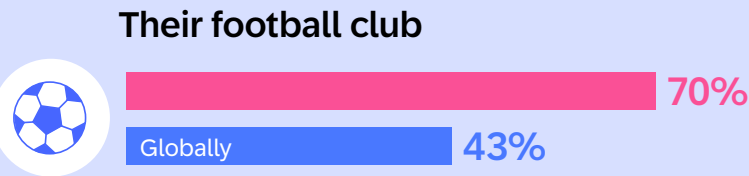
From Loyalty to Fandom

Loyalty among sports and entertainment fans

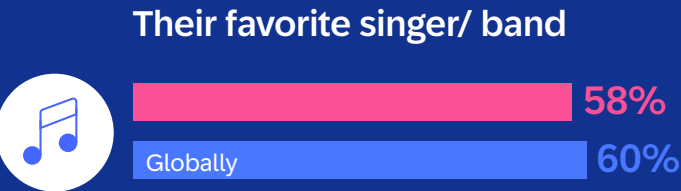
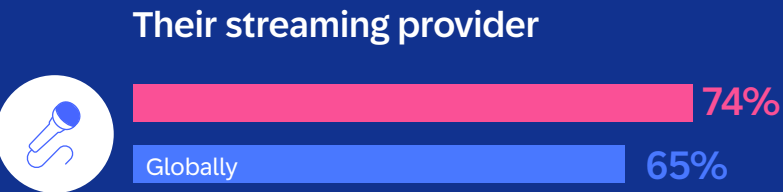


Loyalty Among Sports, Music & Entertainment Enthusiasts

Nowhere is loyalty more prevalent than among 'fans'—those absolutely committed to a sport, team or even their favorite band. By looking at these groups, brands can learn a lot about their approach to loyalty and building a fanbase of their own. When it comes to the world of sport, UAE residents are loyal to various sports, including:

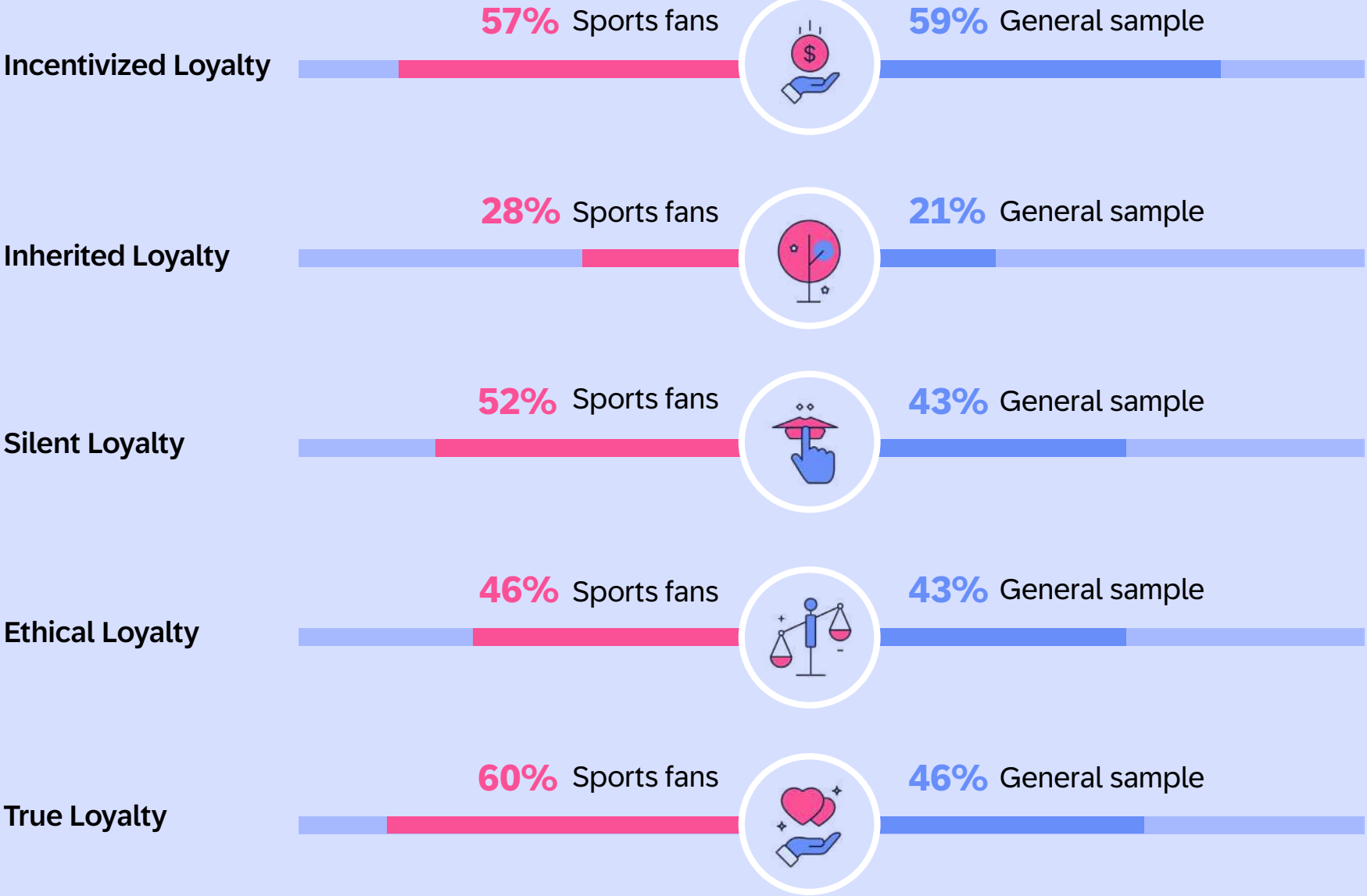


When other interests, such as music and entertainment, are added into the equation, loyalties soar high.



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 favorite team and extends into other areas, with 94% of sports fans surveyed in the UAE generally acting as more loyal consumers than other respondents (83%). This trend is true across almost every loyalty type measured in the Customer Loyalty Index. Most notably, sports fans in the UAE are 30% more likely to display True Loyalty—being entirely devoted to certain products, retailers and brands—than the general sample.



In-depth analysis #3

Consumer Packaged Goods Loyalty

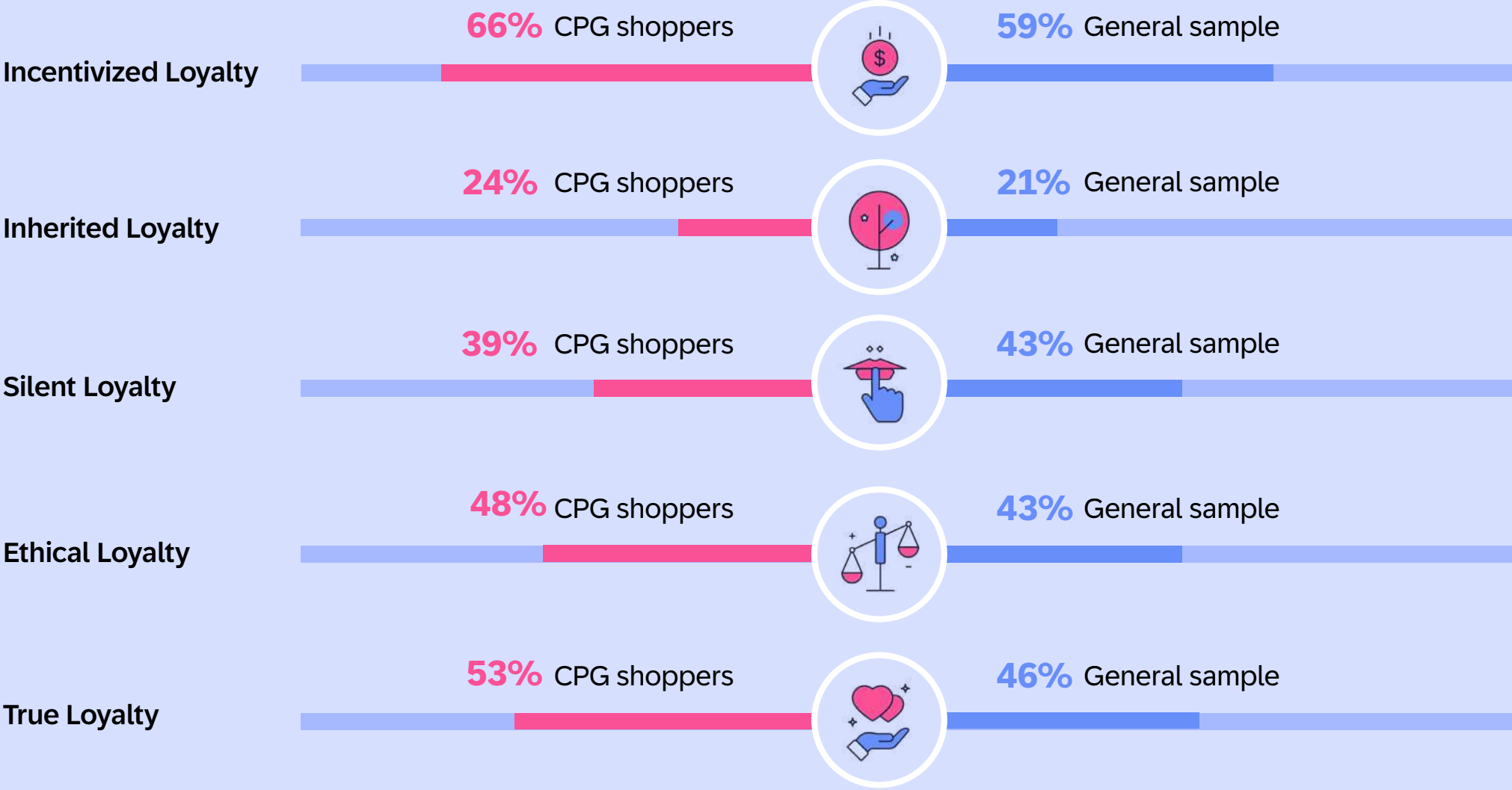
Loyalty trends among CPG shoppers



Loyalty Types Among CPG Shoppers

When analyzing loyalty types among CPG shoppers in the UAE, we observed notable differences compared to the general population. CPG shoppers surveyed are 12% more likely to be loyal to brands that provide incentives, and rewards.

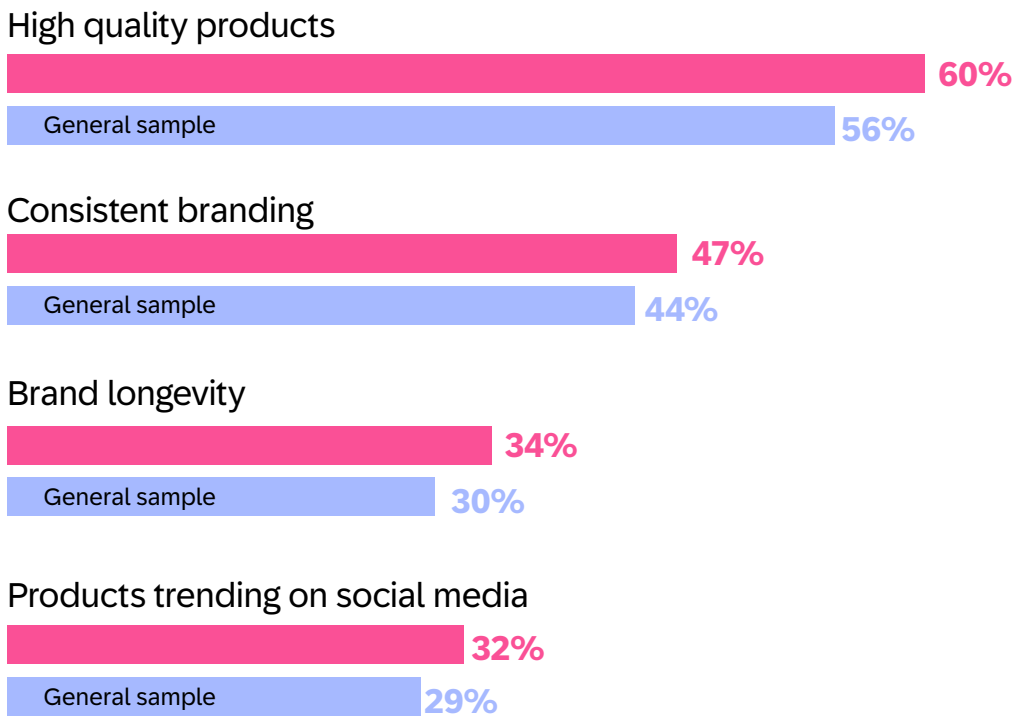
Additionally, they are 15% more likely to exhibit True Loyalty—demonstrating a strong commitment to specific products, retailers, brands, and services—compared to the general sample.



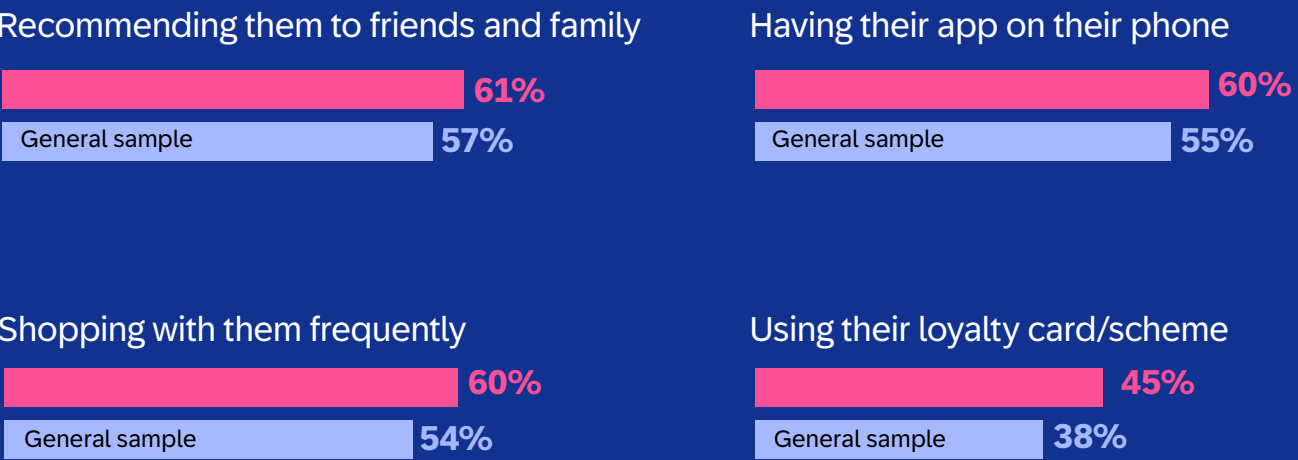
Key Drivers and Expectations of Loyalty Among CPG Consumers

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

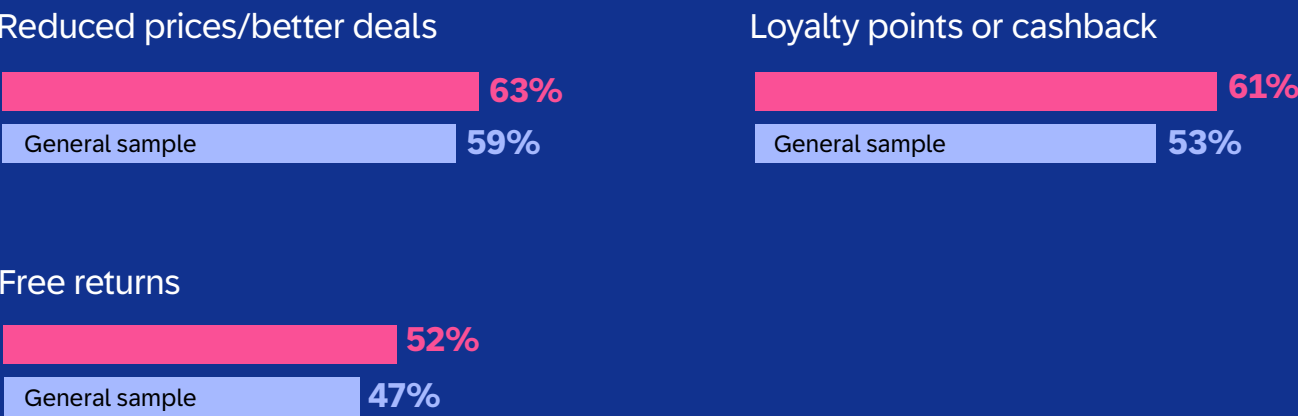
Top factors that most positively impact the loyalty of CPG shoppers



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



In-depth analysis #4

Luxury Loyalty

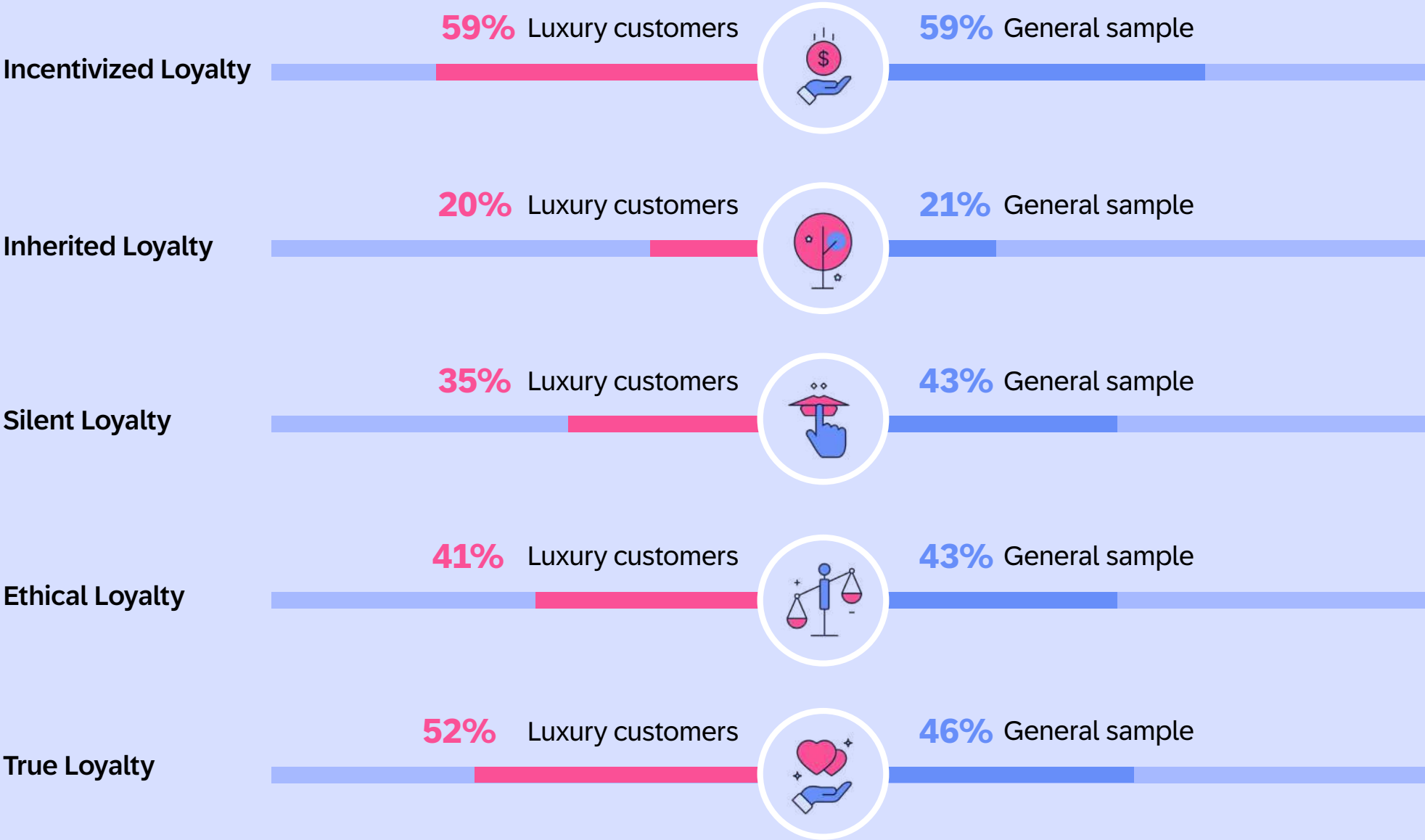
Loyalty among fans of high-end or exclusive brands





Loyalty Among Luxury Shoppers

Another area explored in this year’s Customer Loyalty Index report is the relationship between luxury customers surveyed* and brands. Just like the general sample, over half (59%) of luxury customers in the UAE are influenced by Incentivized Loyalty—retailers offering them discounts, incentives, and rewards. Unlike the general sample however, luxury shoppers are 13% more likely to display True Loyalty to a brand than non-luxury shoppers, 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 64% 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 experience is 39% 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.

What positively impacts brand loyalty?

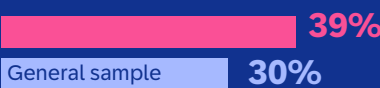
High-quality products



Consistent branding



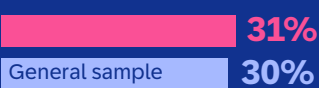
Brand longevity



Being ‘iconic’



Market leader



What negatively impacts brand loyalty?

Poor customer service



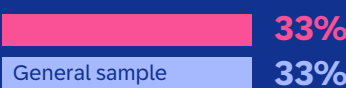
Drop in quality



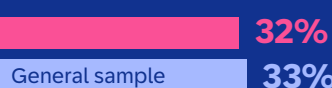
Increasing prices



Conduct false/deceiving advertising



No regular or meaningful discounts



Driving Customer Loyalty in 2024 and Beyond

Key takeaways

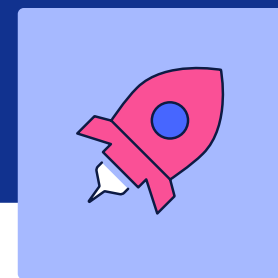
- 1 Focus on Personalization:** Providing personalized offers and content is essential for loyalty. Brands should leverage AI to find data and insights to tailor their offerings to individual customer preferences.
- 2 Create Memorable Experiences:** With high-quality products and memorable experiences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



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Supercharge Your Omnichannel Customer Engagement



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