



PERSONALIZATION

Deepen value with personalized loyalty program rewards

August 2024

Personalization is more crucial than ever, according to Deloitte Digital's latest research.* Since our foundational study two years ago,¹ consumer interest in personalization has increased 20%, and 50% more brands consider it a core component of their customer strategy.

Yet despite heightened attention, only a quarter of brands are delivering the kind of personalization consumers recognize and want. How do these standouts do it? They recognize personalization as a mutual exchange in which customers share information about themselves—and brands reciprocate by delivering spot-on experiences that bring value to customers' lives.

In a new series of articles Deloitte Digital is delving into areas of personalization that can help brands flourish by driving a positive, reciprocal exchange. Loyalty programs are one of those areas.

COOKIE-CUTTER LOYALTY REWARDS DON'T CUT IT

The landscape of standard loyalty programs is familiar: Customers sign up to get member-only prices and/or free shipping, and they earn rewards for certain actions and occasions.

Thing is, consumers today covet more than the familiar, lookalike rewards. **Nearly 3 in 4 surveyed consumers said they want personalized loyalty program rewards.** In fact, personalized rewards ranked just behind money-saving offers on consumer wish lists for personalized marketing. While all age groups voiced strong interest in personalized rewards, this preference was strongest among Gen Xers (born between 1965 and 1980) and millennials (born

between 1981 and 1997), two generational cohorts with outsized spending power.²

In a world awash with generic loyalty programs, brands that meet this demand for personalized rewards can stand out and garner the kind of authentic customer loyalty that drives sustained business value. Brands with mature personalization abilities saw greater improvement across key customer metrics—including engagement, satisfaction, order value and lifetime value—than did less mature brands. These brands were also 48% more likely to have exceeded their revenue goals in 2023, by nearly 10% above goal, on average.



* This report highlights results from a January–February 2024 survey of 500 business executives who are responsible for personalizing the customer experience at US business-to-consumer companies, plus 1,000 adult consumers who had interacted with a brand online or through an app in recent months. Unless otherwise noted, the statistics and insights highlighted in this article are based on that research survey.

KNOW ME, REWARD ME

To show members that you know them by personalizing their rewards, you first need to know your member personas *but also* your program's differentiating ambition. Do you want to grow share of wallet, win share of heart, support seamless transactions, influence members' lifestyles, foster a community among members, or something else? The only wrong approach is to do a bit of everything. By anchoring the program on a clear ambition, your brand can personalize rewards that drive both member and business value. Here are some ways to make it happen:

- **Design partner programs that see the whole person.** By teaming up with persona-aligned complementary brands or service providers, you can gain a more complete understanding of members' lifestyles, interests and needs outside of your direct interactions. These brand partnerships create more points of connection and help members feel seen and known.
- **Watch out for *their* bottom line.** Nearly 8 in 10 consumers said they want personalization that helps them save money. By leveraging all the data you have about a member, you can pinpoint their priorities and offer

dollar-stretching rewards that also benefit your brand. For instance, you can create personalized challenges that unlock discounts into a new product category, or offer unique rewards through a social channel the member already uses but hasn't used to engage with your brand.

- **Incentivize behavior with tailored perks.** Winning brands use personalized rewards to intentionally nudge loyalty members in new directions. For example, a retailer aiming to improve in-store visits could invite a loyalty member who usually shops online to an exclusive store event, or an airline could offer special beach destination fares to a member who typically travels just for business.
- **Protect your customer's privacy—and trust.** Think carefully about the data you collect and how you use it. In recent Deloitte Digital research on loyalty programs,³ consumers said that their willingness to share personal information is contingent on the brand's transparency about how their personal information is used, as well as having the ability to opt in and out of what information is collected and shared.



COME TOGETHER TO SET YOUR BRAND APART

Many surveyed brands recognized consumers' growing demand for unique and personalized loyalty programs. While fewer than half currently offer personalized rewards, a total of 82% anticipate doing so by year-end 2024.

Achieving this ambition for your brand will require enhanced collaboration across multidisciplinary teams. Loyalty can no longer operate in isolation, only sporadically involving finance, IT, customer insights and marketing. Instead, a core team

spanning program strategy, data science, user experience, engineering, operations, finance and more is essential. By working together, you'll create distinctive and captivating loyalty experiences that make each customer feel valued and understood.

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GET IN TOUCH

Bobby Stephens

Principal

Deloitte Consulting LLP

rostephens@deloitte.com

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ENDNOTES

1. Leala Shah Crawford, *Embrace meaningful personalization to maximize growth*, Deloitte Digital, July 2022, p. 2, <https://www.deloittdigital.com/content/dam/digital/global/legacy/documents/offerings/offering-20220713-personalization-pov.pdf>, accessed August 6, 2024.
2. Preethi Lodha, "Here's how different generations in the US spend their income," *World Economic Forum*, October 5, 2022, <https://www.weforum.org/agenda/2022/10/americans-spend-their-money-by-generation/>. Accessed August 14, 2024.
3. Deloitte Digital, Consumer Loyalty Survey insights, analysis of owned, custom research, July 2023.

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