

for *love* or *money*™ 2022

10TH EDITION
– EST. 2013 –

The research study taking the pulse on
customer loyalty and loyalty programs
in Australia

Executive Summary



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To find out more about the results and insights in this Executive Summary you can purchase the comprehensive report at www.thepointofloyalty.com.au or email adam@thepointofloyalty.com.au

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for love or money™ 2022

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Welcome to For Love or Money™ 2022, the 10th Australian consumer research study tracking key trends and insights on customer loyalty and loyalty programs.



Introduction and research methodology

Welcome to For Love or Money™

The research study taking the pulse on customer loyalty and loyalty programs in Australia



Introduction and research methodology

10TH EDITION
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Welcome to For Love or Money™ 2022

This is the Executive Summary of the 10th edition of the annual For Love or Money™ consumer research study taking the pulse on customer loyalty and loyalty programs in Australia.

With benchmarks first established in 2013, the 2022 study continues to track changes in the Australian loyalty program landscape and build on trends and insights revealed in previous studies.

It also aims to uncover new insights for brands keen to discover more about 'what loyalty is' beyond enrolling in a loyalty program and the key success factors influencing the value and viability of loyalty programs in the future.

Research methodology

For Love or Money™ 2022 was commissioned by The Point of Loyalty and conducted independently by First Point Research and Consulting in the first quarter of 2022 through an online panel of Australian consumers (men and women aged 18+ years) who are all members of at least one loyalty program.

The research was structured to gain quantitative results with comparative analysis. Open text responses were included to gain actual feedback and comments from loyalty program members.

The total sample of N = 1010 provided a margin of error of +/- 3% on the total sample at a 95% level of confidence.

Broad quotas were placed on the sample to ensure an appropriate distribution of responses by gender and age.

Interpreting the results

Use of term 'loyalty program' in the research: For simplicity and consistency the For Love or Money™ research studies asked consumers their point of view on 'loyalty programs'. In the research we defined 'loyalty programs' as any type of loyalty or rewards program, VIP club, frequent buyer, member benefits or discount program.

Throughout the report, significant differences are highlighted as follows:



A result that is significantly lower is highlighted with a red downward pointing symbol.



A result that is significantly higher is highlighted with a green upward pointing symbol.

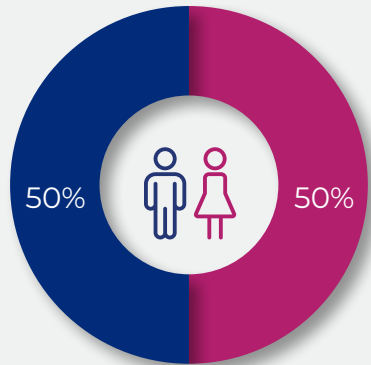
The significant difference is the difference (higher or lower) for the result compared with the 2022 results or compared with results from previous research studies as shown (2013 - 2021).



INSIGHT: The report reveals insights based on the results, trends or the personal point of view of the author.

Profile of participants

Gender



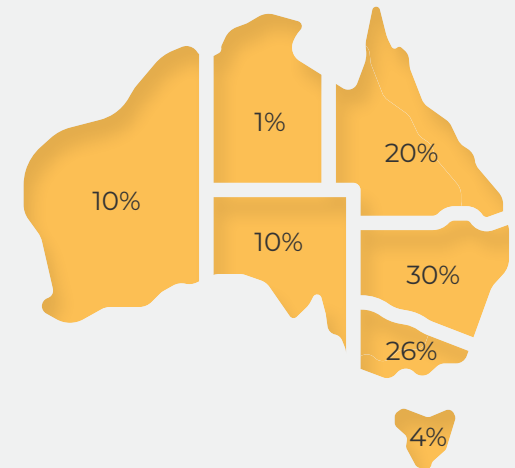
Location



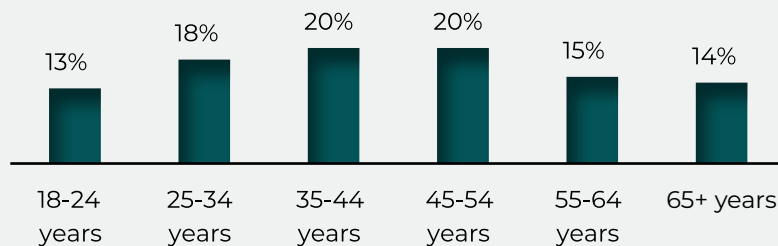
Metro:
75%



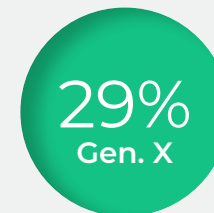
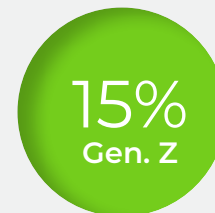
Regional:
25%



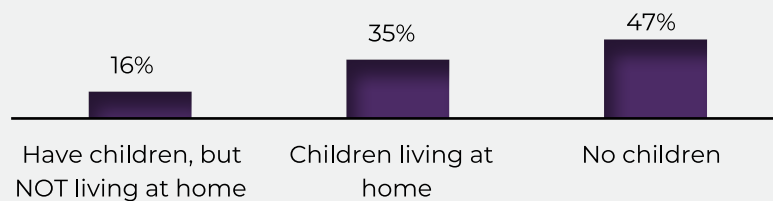
Age



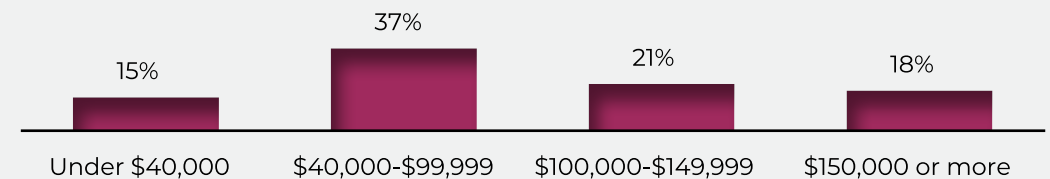
Generational cohort



Household structure



Household income



N = 1010. Figures may not add to 100%. Missing figures accounted for by customers who 'prefer not to say'

Executive Summary



Section 1: Loyalty is not a program. What is loyalty?

Customer loyalty is an ongoing source of debate and discussion, ignited by the ever-changing technology, data, social and demographic landscape. As brands and businesses continue to invest more in customer retention and loyalty, gaining clarity on what 'loyalty' is to a brand from a consumer's point of view helps to determine:

1. Why it is important to invest in customer loyalty as a business growth strategy; and
2. How to achieve it as a profitable outcome.

The 2022 For Love or Money™ study continues to research 'what is loyalty' by asking consumers – 'Beyond enrolling in a loyalty program, what does loyalty to a brand/business mean to you?' The 11 dimensions of 'loyalty' as an outcome were categorised into three constructs and connections:



Behaviour

is primarily driven by a transactional connection to a brand.



Belief

is primarily driven by an emotional connection to a brand.



Belonging

is primarily driven by a personal connection to the brand and its purpose.

The comprehensive report reveals the ranking of the 11 dimensions of loyalty based on Behaviour, Belief and Belonging. It also identifies the results and insights by gender and the generations.

Section 2: The voice of loyalty: recommending a brand

NEW

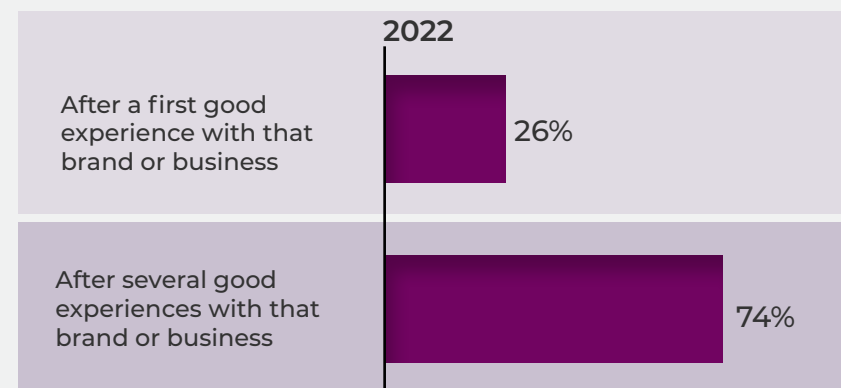
At the heart of loyalty is the voice of your customers.

Their positive reviews, referrals and recommendations of your brand or business is their voice of loyalty. It's their personal reputation on the line when they share a positive review, recommend or refer a brand to friends or family.

Brands cannot take the 'voice of loyalty' for granted.

The 2022 research study identifies **who is more likely to recommend a brand to a friend or family member** and **at what stage of the experience with the brand or business are recommendations more likely**.

Every moment matters. If you want more recommendations and referrals for your brand or business, it's not about one good experience.








The comprehensive report reveals who is more likely to recommend a brand to a friend or family member and at what stage. It also identifies the results and insights by gender and the generations.

Section 3: Actions leading to loyalty

What actions lead consumers to be loyal (or more loyal) to a brand or business?

With an understanding of what loyalty means to consumers, we continued to research deeper into the 14 actions that a brand/business can take to generate loyalty from consumers.

		% who ranked the variable in their top 3 factors impacting their loyalty	2022	2018
Value	They offer value for money		58%	62%
Loyalty/rewards program	They offer me a loyalty/rewards program		▲ 55%	47%
Quality	The quality of the product or service		▼ 34%	43%
Convenience	It is convenient to purchase from them		33%	35%
Easy experience	They make my purchase experience easy		23%	23%

The comprehensive report identifies the results and insights on the 14 actions leading to loyalty by gender and the generations.

Significantly ▲ higher ▼ lower than the total for 2018

Section 4: The Australian loyalty program landscape



In 2022, once again 88% of Australians are enrolled in at least one loyalty program.

This has remained stable over the past seven years.

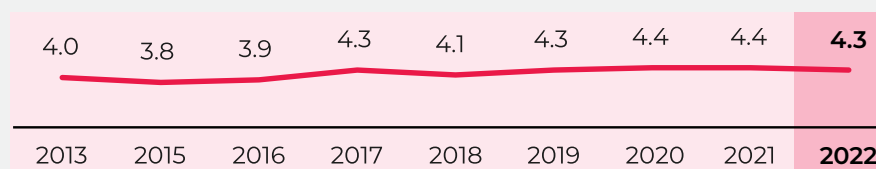
2022	2021	2020	2019	2018	2017	2016
88%	88%	89%	89%	88%	87%	82%

The comprehensive report identifies the results and insights on memberships by age, household income, gender and the generations.

Average number of memberships is stable



Australians on average belong to 4.3 different loyalty programs.



Section 4: The Australian loyalty program landscape

Active participation in loyalty programs

46% of members are 'active' in all of the loyalty programs they are enrolled in

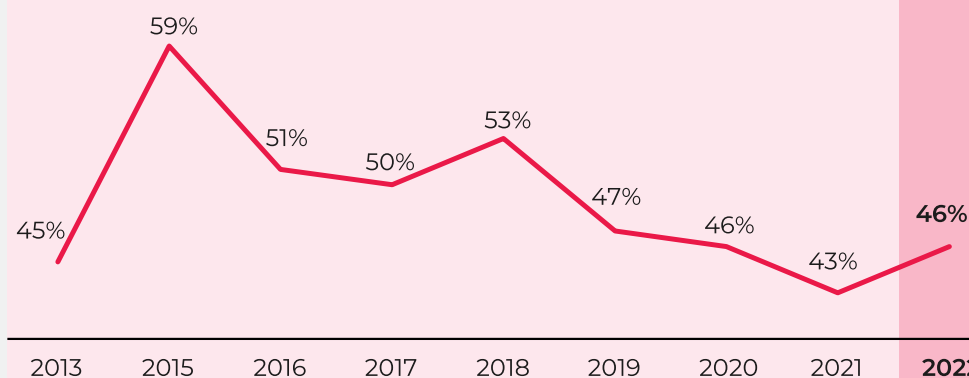
How active members are in their programs is one of the key measures of program engagement and success.

Loyalty programs define 'activity' differently based on their member behaviours.

Activity in loyalty programs is on the increase in 2022 since the low point of 2021 and that's good news!

The comprehensive report identifies the results and insights by gender and the generations.

% who are 'active' in all of the loyalty programs they are enrolled in



'An active member in the research was defined as 'having presented their card or membership number when making a purchase in the past 12 months'

Ranking Australian loyalty programs – 'doing a very good job'

Flybuys achieves number one ranking in 2022 as the loyalty program 'doing a very good job' and has had a significant increase since 2021.

New entrants in 2022 are Amazon Prime and COTTON:ON &Co. Perks.

Full results for 2022 and a comparison to the results for 2021, 2020 and 2019 are available in the comprehensive report, including the list of other programs mentioned by members as 'doing a very good job'.



	2022	2021
1. Flybuys	48.4%	29.7%
2. Everyday Rewards (Woolworths Rewards)	23.0%	28.9%
3. Qantas Frequent Flyer	5.5%	4.8%
4. MYER one	1.6%	1.8%
5. Velocity Frequent Flyer	1.5%	1.6%

'Ranking based on the volume of members who voted the program (unprompted) as 'doing a very good job'.

Significantly ▲ higher ▼ lower than the total for 2021

Section 5: A loyalty program's impact on the host brand it belongs to

78% agree loyalty programs enhance their experience with the brand

This comprehensive report identifies the results and insights by gender and the generations.

A loyalty program's influence on three motivations to interact with a brand

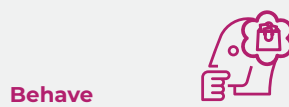
As an update to the results first revealed in the 2020 For Love or Money™ research study, insights were identified again in 2022 on how a loyalty program influences a member's motivation to interact with a brand.



Decide

Program's influence on decision to purchase

76% of members indicated their loyalty program membership has a moderate to significant impact on their decision to purchase from that brand or business



Behave

Program's influence on purchase behaviour (how much and how often members purchase)

71% of members indicated their loyalty program membership has a moderate to significant impact on how much and how often they purchase from that brand or business



Recommend

Program's influence on recommending the brand or business

59% of members indicated their loyalty program membership has a moderate to significant impact on recommending that brand or business

The comprehensive report identifies the results and insights by gender and the generations across the three motivations to interact with a brand.



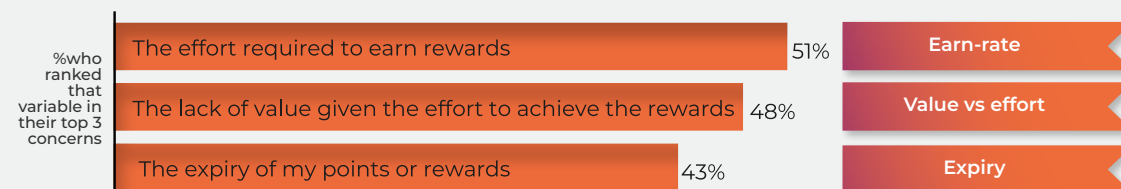
Do loyalty programs increase member expectations of the brand?

62% of members expect more from the brand with a loyalty program they are a member of

The comprehensive report identifies the results and insights by gender and the generations.

The concerns members have about loyalty programs

Eight concerns members have with loyalty programs were researched again in 2022 with results compared to 2020.



The comprehensive report identifies the results and insights by gender and the generations.

Section 6: Member experience, interaction and engagement

Ranking the three principles for optimising the loyalty program experience

The Point of Loyalty has developed a design framework with three principles for optimising the loyalty program experience.



Simple: How simple a program is to interact with = easy to join; easy to identify as a member; easy to earn and redeem rewards



Personal: How personal a program is to members = the communication and rewards are tailored and relevant to members



Valuable: How valuable a program is to members = the rewards are meaningful and valuable to members

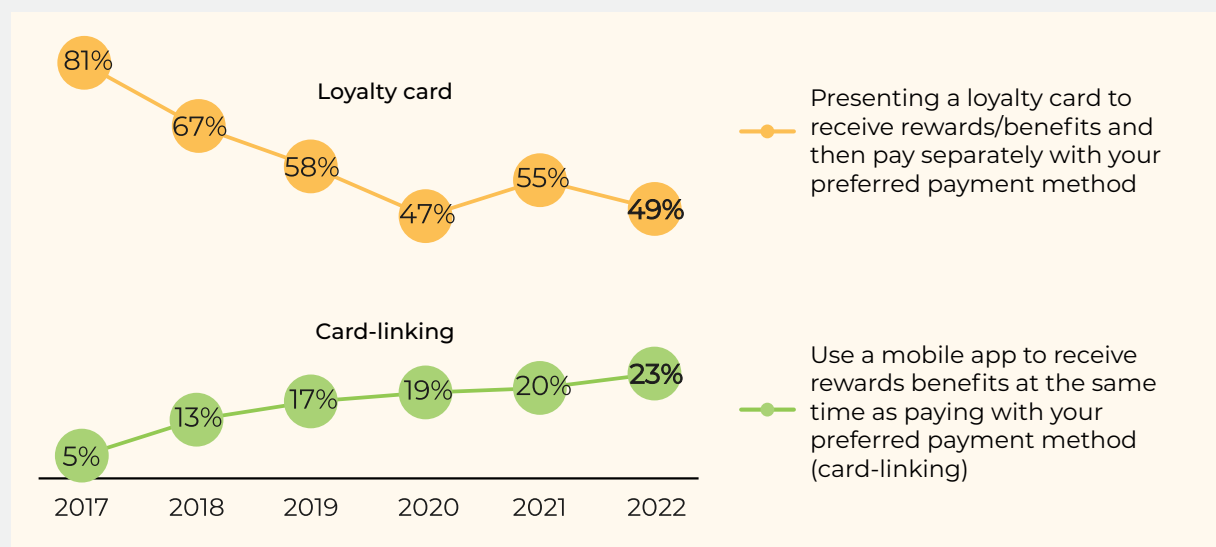
The comprehensive report identifies the results and insights by gender and the generations.

Member interaction, identification and payment integration

While traditional loyalty cards increased in popularity between 2020 and 2021, this declined in 2022.

The five-year trend is away from physical cards with less than half of loyalty program members in 2022 preferring a traditional card.

Conversely, the preference for mobile methods of program interaction (card-linking and mobile apps) continues to grow.



The comprehensive report identifies the results and insights by gender and the generations.

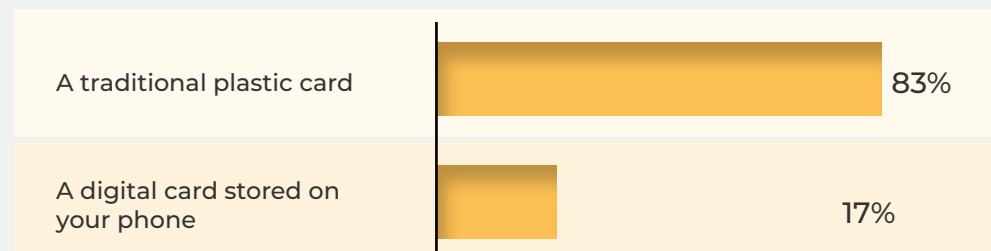
Section 6: Member experience, interaction and engagement

NEW Loyalty cards: plastic or digital?

The 2022 research aimed to confirm exactly what loyalty program members mean when they indicated a preference to 'present a loyalty card'.

It has become clear the majority of members interpret 'a loyalty card' as a traditional plastic card vs a digital card stored on their phone.

When presenting a loyalty card, what sort of card do you prefer to use?

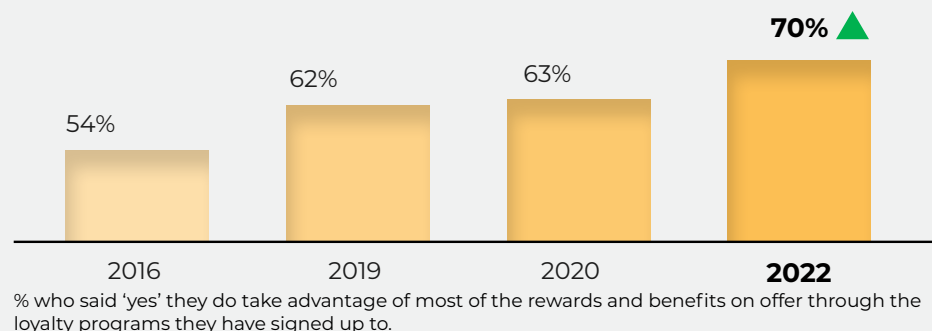


The comprehensive report identifies the results and insights by gender and the generations.

Are members making the most of the rewards and benefits of program memberships?

Yes! 70% of Australian loyalty program members believe they are taking advantage of most rewards and benefits their programs offer. This has been an upward trend since 2016.

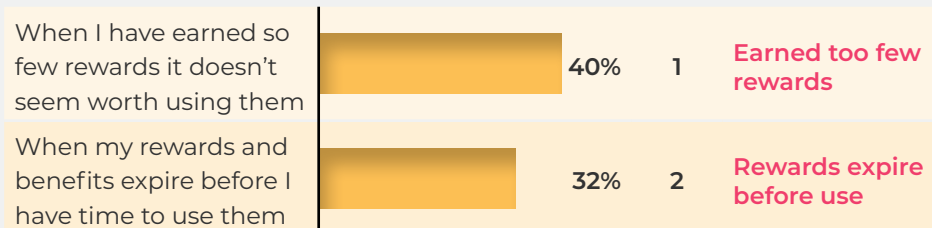
The comprehensive report identifies the results and insights by gender and the generations.



Why don't members take enough advantage of rewards and benefits?

While there has been a significant increase in the proportion of program members who believe they do take advantage of most of the rewards and benefits available to them, the top two of six reasons they don't take enough advantage of the rewards and benefits they've earned are - 'earned too few rewards' and 'rewards expire before they can use them'.

The comprehensive report identifies the results and insights by gender and the generations.

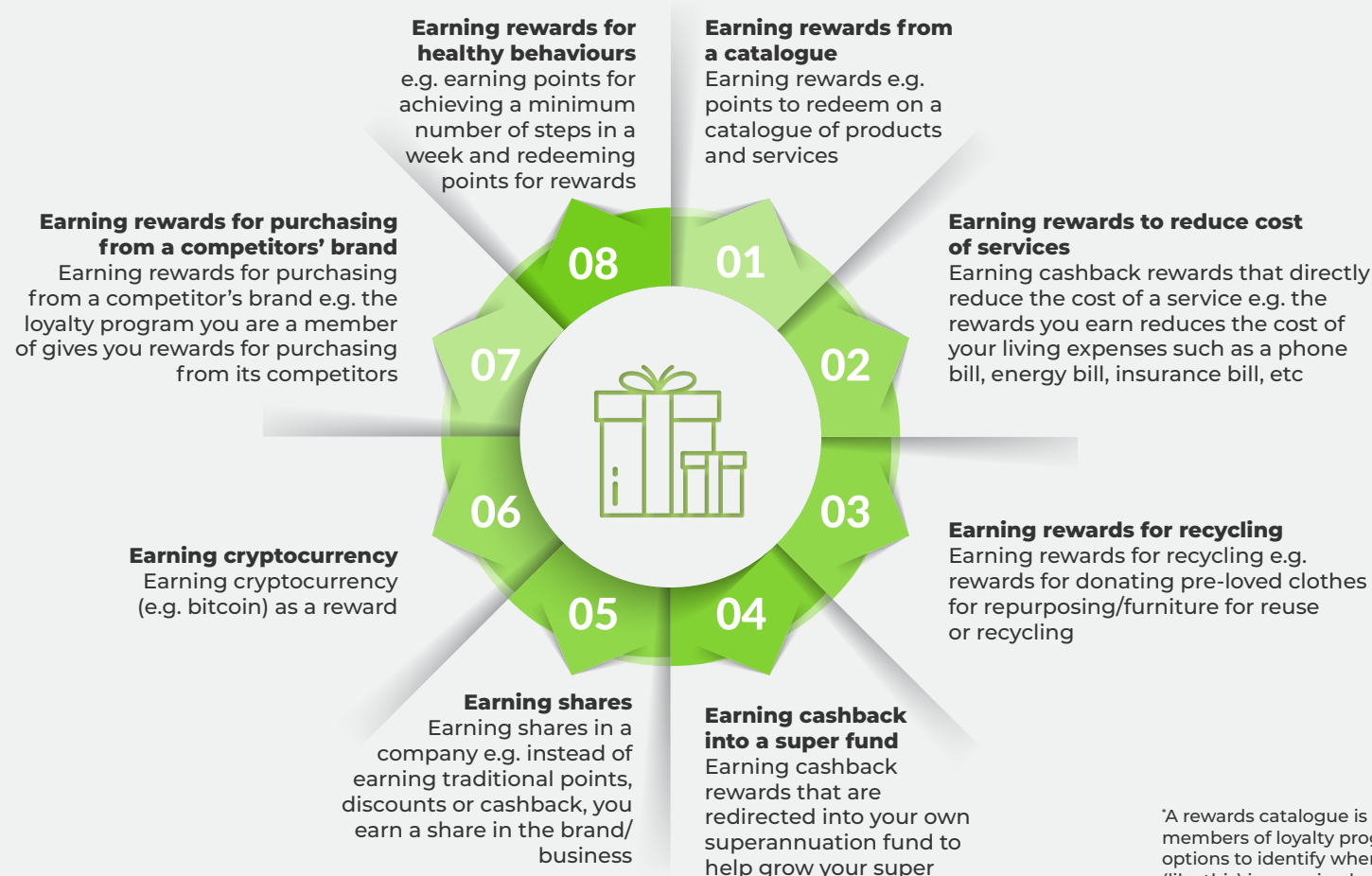


Section 7: Tracking new ways for members to be rewarded

The For Love or Money™ research study continues to identify and track insights to make loyalty and rewards programs more meaningful and desirable for members.

Based on the ideas first gathered in the 2020 study, we continue to track these new ways for members to be rewarded in the 2022 study to identify if there has been any change in how appealing they are to members by gender and the generations.

The comprehensive report identifies the results and insights by gender and the generations.



*A rewards catalogue is NOT a new way of rewarding members of loyalty programs. It was included in the options to identify where a current rewards structure (like this) is perceived among the other new ideas.

Section 8: The state of play on loyalty program structures and benefits

Subscriptions. Hot or not?

Loyalty programs with a subscription fee for extended benefits and greater savings are only preferred by 13% of loyalty program members although Gen Z (21%) are the generation most likely to take up programs with a subscription.

Subscription guilt

Subscription based programs do tend to generate guilt when not accessed fully. More than one in three program members tend to feel guilty about not fully accessing the benefits accessible to them.

The comprehensive report identifies the results and insights by gender and the generations.

Have you ever felt guilty for not using or accessing enough of the benefits offered through that subscription?	2022	2019
Yes	36%	30%
No/Don't know	64%	70%

Significantly ▲ higher ▼ lower than the total for 2019



Preferences for different program types

The 2022 For Love or Money™ research study identified members' preferences for different program structures including:

Points-based programs: you earn 'points' that can be redeemed for rewards and benefits.

A package of benefits: all benefits are the same no matter how much you spend.

Spend-based programs: the more you spend the more benefits you receive.

The comprehensive report identifies the results and insights by gender and the generations.



Multiple methods of payment. Are loyalty points an option?

The research study aimed to identify where 'pay with points' ranked in terms of members' preferences for different methods of payment including:

Cryptocurrency Cash
PayPal Debit card Loyalty program points
Credit card Buy-now-pay-later

The comprehensive report identifies the results and insights by gender and the generations.

Section 8: The state of play on loyalty program structures and benefits



Benefits connected to a cause or charity: earning rewards to donate to a cause or charity

Loyalty programs are constantly considering the option of enhancing their propositions for the 'greater good', by including the benefit for members to earn and donate their rewards to a cause or charity. The research aims to:



1. Identify the appeal of adding the benefit of allowing members to earn rewards they can donate to a cause or charity.



2. Quantify what proportion of rewards earned would be donated.



3. Understand the variables of 'control over choice' of cause or charity to donate to.

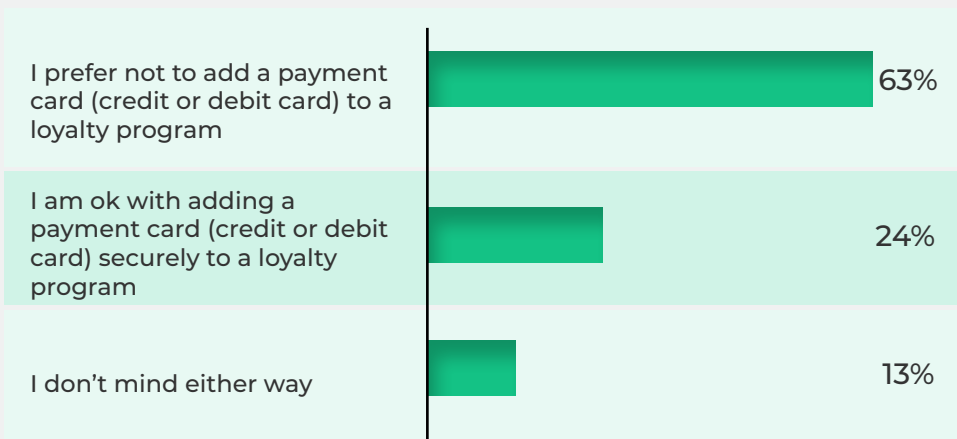
The comprehensive report identifies the results and insights by gender and the generations.

40%

of all program members find it appealing to have the option of earning rewards through a loyalty program to donate to a charity or cause



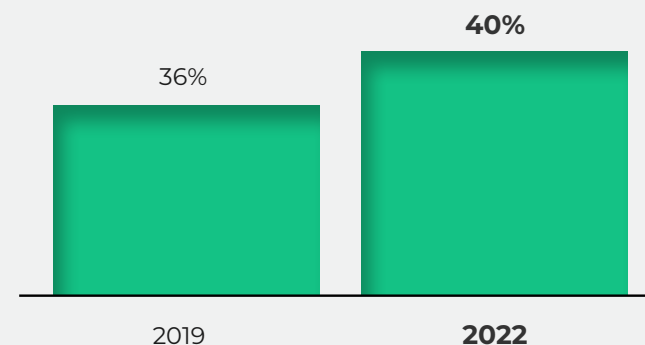
Payments and card-linking: integrating a payment card to loyalty program memberships



The comprehensive report identifies the results and insights by gender and the generations.

Credit cards with rewards: are they still worth it?

% who have a credit card with rewards that gives them points that can be redeemed for rewards.



The comprehensive report identifies the results and insights by gender and the generations.

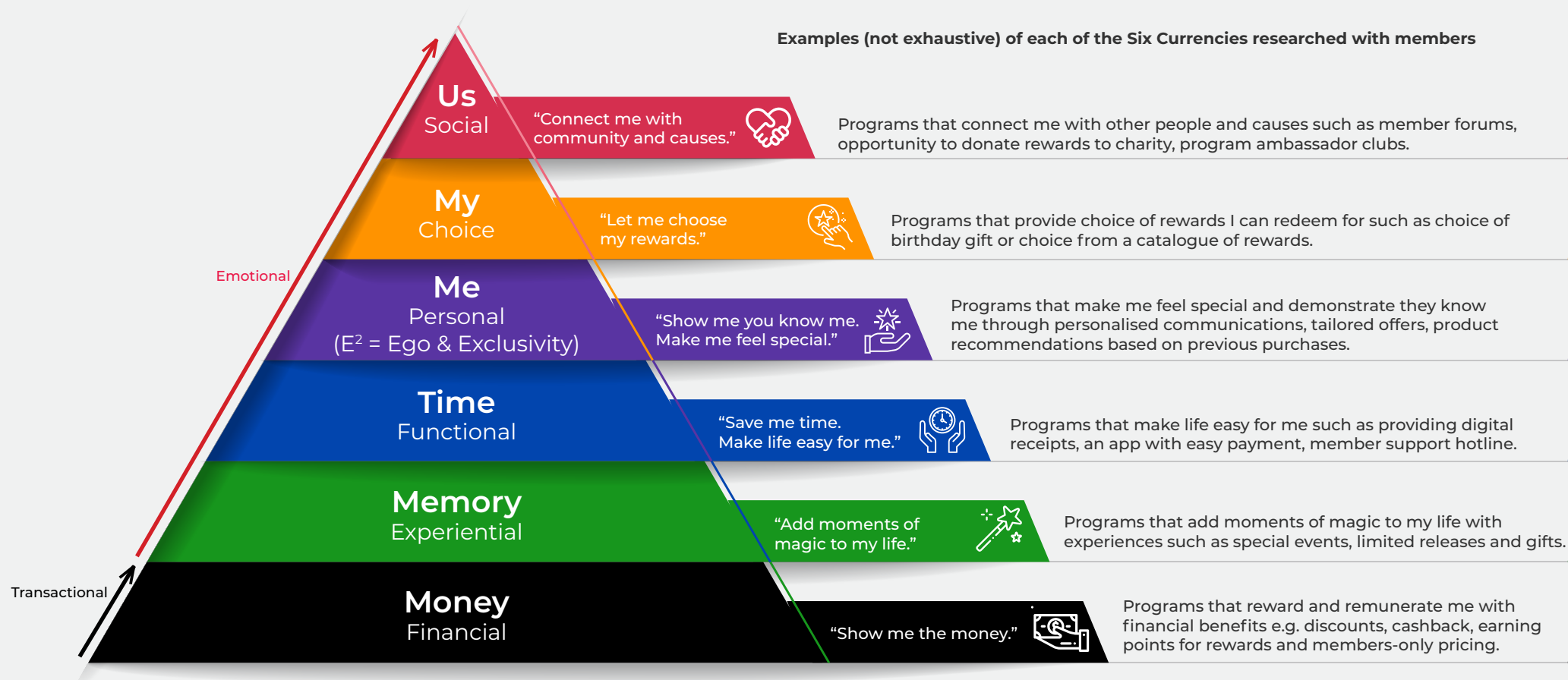
Section 9: The Collection of Six Currencies

loyalty program members care about



To help brands design loyalty program propositions that are meaningful and desirable, The Point of Loyalty has developed the Collection of Six Currencies members care about.

For the first time in the For Love or Money™ research studies, the Collection of Six Currencies has been researched with loyalty program members.

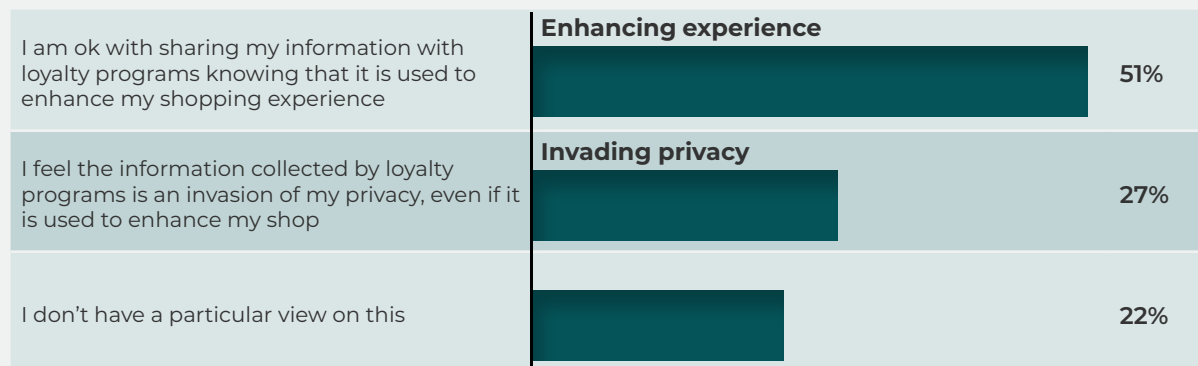


The comprehensive report identifies the results and insights by gender and the generations.

Section 10: Loyalty program data collection and use: privacy, trust and personalisation

Data collection and use: enhancing experience or invading privacy

How do members feel about loyalty programs collecting and using their information?

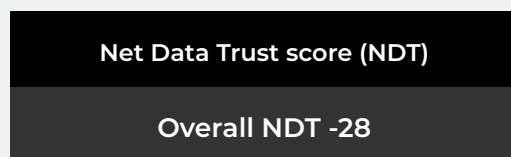


What do members consider when providing their data to loyalty programs?

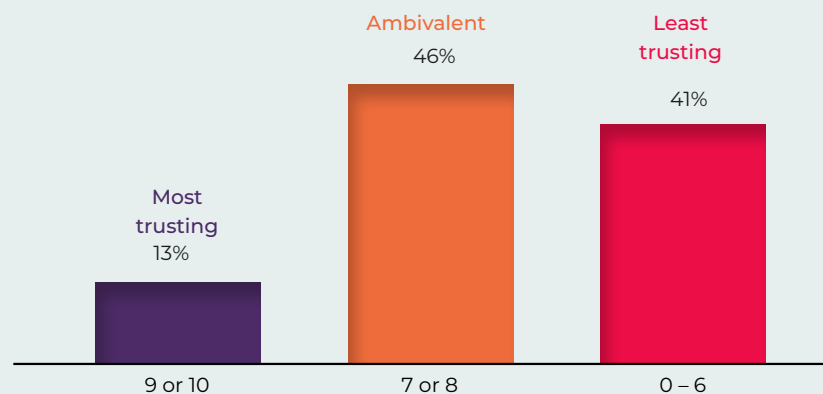
Privacy Policy	Data value exchange
Company reputation	Control
Use of data	Knowing why
Security	

The primary consideration for loyalty program members when asked to provide personal details to a loyalty program is the security of their data (66%).

Loyalty programs data and trust: the Net Data Trust (NDT) score



To what extent do you trust the loyalty programs that you are a member of, with your personal details and data? (Rating provided from 0-10)



The NDT score is calculated by subtracting the proportion of members who are least trusting from the proportion who are most trusting.

The comprehensive report identifies the results and insights by gender and the generations.

Section 10: Loyalty program data collection and use: privacy, trust and personalisation

How is loyalty program personalisation performing?

Adding personal into 'personalisation'. The four pillars of personalised communication

Loyalty programs are known for data collection and the promise of personalisation in communications.

In the 2020 For Love or Money™ research we set a benchmark for the performance of the four pillars of personalised communication. In 2022, we continue to measure personalisation.

The comprehensive report identifies the results and insights by gender and the generations



Medium

"Communicating with me through my preferred channel e.g. email vs SMS vs App message"



Message

"Communicating with me in a personal and relevant way (the message, offers and rewards are relevant to me)"



Member

"Communicating with me in a way that is relevant to me and my lifestyle (they understand me)"



Moment

"Communicating with me at the right time/ right place"



Member expectations of loyalty programs using data in personalised and relevant way

45% of all loyalty program members have higher expectations of the use of their data if they are a member of a loyalty program. "If you ask for their data then use their data to improve their lives".

The comprehensive report identifies the results and insights by gender and the generations.

Behind the research

Who loves loyalty and loyalty programs?



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Behind the research

Who loves loyalty and loyalty programs?



Adam Posner (CEO and founder) is an independent customer loyalty specialist working with brands to retain their best customers and grow the rest through thriving customer retention, loyalty and rewards programs.

He has been a data-driven marketer for more than 29 years and is a Certified Loyalty Marketing Professional - CLMP™.

In 2007 he founded the direct marketing agency Directivity and in 2017 established a divisional brand – The Point of Loyalty.

The Point of Loyalty is dedicated to building profitable and productive customer loyalty assets based on its proven framework – ‘Profit from the seven zones of loyalty program performance’.

Adam has designed and deployed customer loyalty, rewards and membership program strategies, customer and member research for organisations operating in diverse sectors. These include retail (various), hospitality, hotels and holiday parks, child care, financial services, shopping centres, leisure and entertainment, trade, education and B2B industries.

Adam is also the author of one of Australia’s few practical books on loyalty programs, “Give-back to Get-back –9 steps to a profitable loyalty program”.

Since 2013, he has commissioned, co-authored and authored 15 in-depth Australian and New Zealand customer loyalty and loyalty program research studies – For Love or Money™.

Adam presents on customer loyalty and loyalty programs nationally and internationally.

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