



2022 PREMIUM LOYALTY DATA STUDY:

HOW TO KEEP YOUR CUSTOMERS ENGAGED WHEN LOYALTY STANDARDS ARE HIGH

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INTRODUCTION

The Need for Greater Loyalty Engagement

Customer loyalty is a challenge for brands to gain and maintain in today's business environment.

Factors like the pandemic, supply chain struggles and inflation have flipped consumer loyalty on its head, forcing many brands to go back to the drawing board to build loyalty and provide top-of-the-line experiences to premium loyalty members.

To assess the consumer landscape of brand loyalty, Clarus Commerce surveyed 2,500 consumers about their feelings on premium loyalty programs and paying for enhanced benefits, as well as their shopping habits and interactions with brands.

In addition to noting year-over-year consumer behavior shifts against our Premium Loyalty Data Studies from 2019, 2020 and 2021, this report

explores consumers' thoughts on incentivized engagement with brands beyond transactions as well as the rise of digital developments such as the metaverse and non-fungible tokens (NFTs).

Our findings show that while enrollment in all types of loyalty programs remains high, premium loyalty is becoming more in demand among consumers.

But we also found that there are valuable opportunities for brands to engage loyalty members within programs themselves, which can help drive revenue and customer engagement.

Let's take a look at the complete scope of premium loyalty in 2022 as well as how consumers are adjusting their loyalty habits in a constantly changing world.

Premium vs. Traditional Loyalty Programs

Premium loyalty programs

Offer immediate benefits that can be used at any time in exchange for a membership fee. Examples include Amazon Prime, Walmart+ and CVS CarePass.

Traditional loyalty programs

Offer free enrollment, but usually require members to make purchases over time for rewards that come later (e.g., by accumulating points).

KEY FINDINGS

78%

of consumers would pay for a premium loyalty program.

72%

of consumers belong to a premium loyalty program.

77%

of consumers that don't belong to any premium loyalty programs would join one if their favorite brand offered one and the benefits were valuable to them.

83%

of consumers said they were likely to invest in a brand's premium loyalty program if they already belong to that brand's traditional loyalty program.

91%

of premium loyalty members said they're likely to choose a brand over a competitor offering a lower price if they're satisfied with the special benefits offered by the brand's premium loyalty program.

71%

of premium loyalty members shop with brands whose programs they participate in at least once a week.

A photograph of two women in a clothing store. The woman on the left, with short brown hair, is wearing an orange button-down shirt and black pants, and is holding a pair of black shoes. The woman on the right, with long dark hair in braids, is wearing a brown sleeveless top and light-colored wide-leg pants, and is holding a white tablet. They are standing in front of a large black clothing rack filled with various shirts and blouses. In the background, there is a mannequin and a window with sheer curtains. The image has a blue gradient overlay on the left side.

SECTION 01

PREMIUM LOYALTY ADOPTION
IS HIGH AND CONSUMER
EXPECTATIONS ARE SHIFTING

CONSUMERS ARE WILLING TO PAY FOR THE LOYALTY BENEFITS THEY EXPECT

For the third year in a row, a majority of consumers acknowledged their loyalty is more difficult for a brand to maintain than ever before.

Around two-thirds (68%) of consumers agreed with that sentiment in 2022, holding steady from 2021 results.

Furthermore, 78% of consumers said they are willing to pay for a premium loyalty program. When consumers were asked what amount they'd be willing to pay for a loyalty program with their favorite brand, less than \$50 per year remained the most popular answer in 2022 (46%). The percentage of consumers who chose that option increased 8% year over year, up from 38% in 2021. Additionally, nearly a quarter of respondents (22%) said they would be willing to pay at least \$51-\$100 for a loyalty program with their favorite brand.

While consumers are still willing to spend on premium loyalty programs with their favorite brands, brands need to be strategic about potential price increases for their programs. We're seeing major brands like Amazon adjusting their program prices amid cost increases — the e-commerce giant recently raised its price for Amazon Prime from \$119 to \$139 per year. As more brands consider increasing their premium loyalty program prices, they need to figure out price points that are viable for both operations and most importantly — their customers.



What consumers are willing to pay annually for a loyalty program with their favorite brand

1	Nothing	23%
2	Less than \$50 per year	46%
3	\$51-\$100 per year	22%
4	\$101-\$150	8%
5	More than \$150 per year	2%

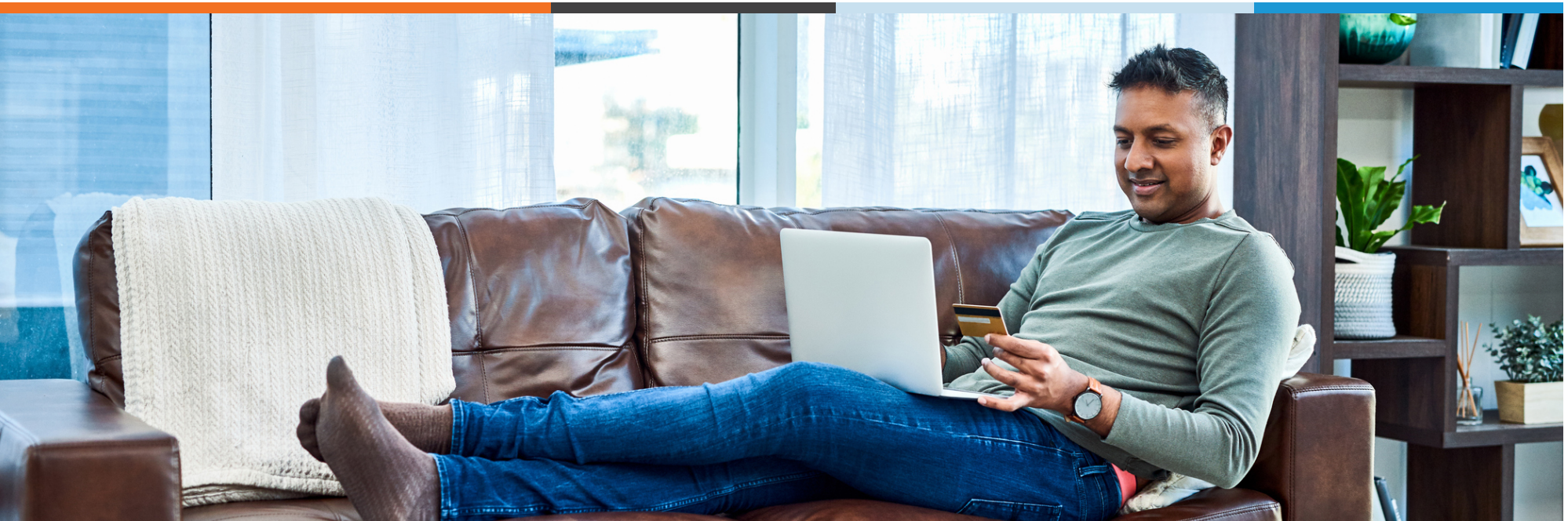
LOYALTY TRENDS SHOW THE SIGNS OF THE TIMES

After three years in which premium loyalty program adoption grew by an average of 6% year over year, adoption increased only slightly from 70% in 2021 to 72% in 2022. But that doesn't necessarily indicate interest is waning.

Nearly three-quarters of consumers now belong to premium loyalty programs. And those program members want more — 78% said they plan on joining additional premium loyalty programs in the next 12 months based on their experience with these programs. **Younger generations (Gen Z through Gen X) especially indicated a high likelihood to join additional programs:**

Consumers planning to join additional premium loyalty programs, broken down by generation

1	Gen Z	87%
2	Millennials	85%
3	Gen X	79%
4	Baby boomers	61%
5	Silent generation	46%



Products consumers would be willing to pay for a premium loyalty program

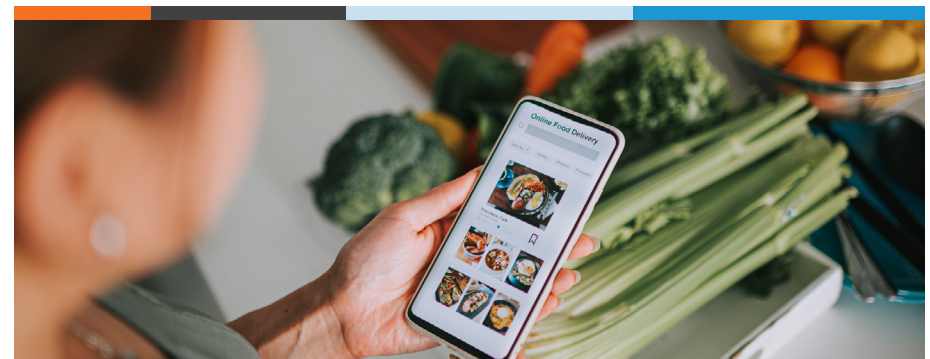
	Groceries	65%
	Clothes and accessories	50%
	Health and beauty	35%
	Gas	50%
	Travel and hospitality	33%
	Entertainment	34%
	Furniture	20%
	None of the above	13%

These numbers indicate that these programs' value has reached a new standard — they're no longer a “nice to have” for brands, they're a “need to have” for effective customer engagement.

With premium loyalty becoming more common across brands, consumers' expectations for membership remain high. [The percentage of consumers who don't want to wait to accumulate points in loyalty programs and think loyalty programs should provide immediate benefits to maintain their loyalty held steady year over year at 78% in 2022.](#) And the percentage of premium loyalty members who expected immediate benefits also remained firm at 38%.

However, these high expectations possibly carry more weight as inflation has hit Americans at grocery stores and gas pumps — the percentage of respondents overall who said they'd be willing to pay for a premium loyalty program for gas and groceries increased by 16% and 7% respectively year over year.

And after a 10% decline from 2020 to 2021, willingness to pay for an entertainment-based premium loyalty program increased by 6% in 2022. This boost may indicate a greater consumer willingness to go out for entertainment purposes as pandemic restrictions ease.



Additionally, the top five benefits that would motivate respondents to invest in or renew a premium loyalty program in 2022 are all related to the desire for convenience, savings and worthy rewards.

Which benefits would motivate you to invest in or renew a premium loyalty program?



A CONSUMER UNDERSTANDING?

The desire for faster shipping as a perk that would motivate consumers to invest in or renew a premium loyalty program saw a decline of 11% from 2021 to 2022. This could be due to consumers accepting that slower shipping times are now more common due to pandemic-induced supply chain delays. And ultimately, free shipping, instant discounts and free giveaways are what consumers want most.

Percentage of consumers who would invest in or renew a premium loyalty program for faster shipping, by year

1	2019	38%
2	2020	48%
3	2021	51%
4	2022	40%

A woman with dark, curly hair is sitting on a grey couch in a modern living room. She is wearing an orange short-sleeved top and blue jeans, and is looking down at a smartphone in her hands. The room has a blue-tinted background with a wooden shelf holding various bottles and a small potted plant on a side table to the right.

SECTION 02

MISSED CUSTOMER ENGAGEMENT OPPORTUNITIES

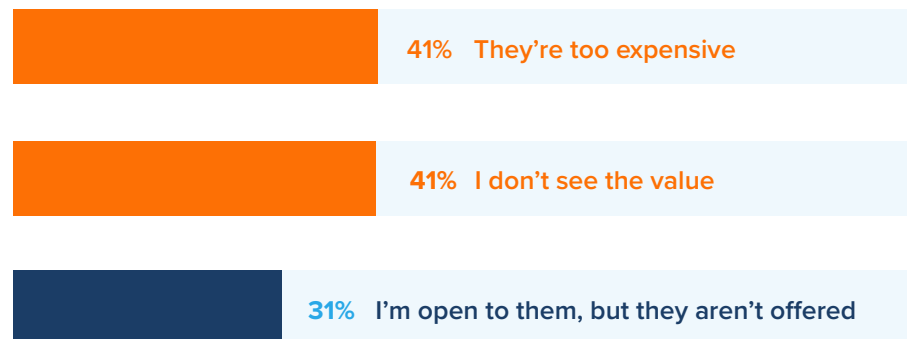
BRANDS WITHOUT PREMIUM LOYALTY PROGRAMS ARE MISSING A MAJOR OPPORTUNITY

For non-premium loyalty members, the song remains the same — the reasons why they don't belong to these programs remained virtually unchanged year over year.

As in 2021, most non-premium loyalty members in 2022 either think the programs are too expensive or they don't see value in the programs. But once again, nearly a third of consumers who don't belong to a premium loyalty program said their favorite brands don't offer these types of programs.

Additionally, 77% of non-premium loyalty members in 2022 indicated a willingness to join a premium loyalty program if their favorite brands offered them and the benefits were valuable to them.

Which statements reflect why you currently don't belong to any premium loyalty programs?





Shopping frequency of consumers with brands whose premium loyalty programs they participate in

1	Every day	9%
2	Every few days	29%
3	Once a week	33%
4	Once every few weeks	20%
5	Once a month	7%
6	Once every few months or less	3%

This willingness to join coupled with the fact that 31% of consumers say their favorite brands don't offer premium loyalty programs tells us one thing — valuable opportunities await. In addition to deeper customer engagement, premium loyalty programs can pay great dividends for sales and additional customer acquisition.

91%

of premium loyalty members said they're likely to choose a brand over a competitor offering a lower price if they're satisfied with the special benefits offered by the brand's program.

91%

of premium loyalty members said they were likely to recommend a brand to friends or family when the brand offers a program with benefits they find valuable.

71%

of premium loyalty members shop with brands whose programs they participate in at least once a week.

Brands should consider how they can strike while the iron is hot to either launch new loyalty programs or refine current offerings that demonstrate real value to consumers.

TRADITIONAL LOYALTY PROGRAMS SEE THE HIGHEST MEMBERSHIP RATE IN 3 YEARS

But there's an opportunity to increase engagement. In addition to premium loyalty programs, it appears that brands are missing out on opportunities to engage traditional loyalty program members more. Seventy-eight percent (78%) of respondents said they belong to traditional loyalty programs, the highest rate since 2019 and a 7% increase from last year.

Consumer traditional loyalty program **membership rates** (2019 to 2022)

1	2019	74%
2	2020	73%
3	2021	71%
4	2022	78%



However, while traditional loyalty program membership has increased, usage rates have remained unchanged. A little more than two-thirds of 2022 respondents (69%) belong to 1-4 programs, similar to 2021 (68%).

The same trend also goes for monthly usage of traditional loyalty programs: **Almost three-quarters (73%) of 2021 respondents used 50% or less of their traditional loyalty program memberships on a monthly basis**, while 70% did the same in 2022. These numbers indicate that while brands have improved customer acquisition for traditional loyalty programs, they've remained neutral in boosting consistent usage.

The bottom line: Customers are willing to join traditional loyalty programs, but getting them to engage more is an increasing challenge.

As mentioned in Section 1, 78% of all consumers say they don't want to wait to accumulate points in loyalty programs and think loyalty programs should provide immediate benefits. Brands stand to improve their customer engagement once customers are in the door by offering a premium tier that allows members to opt in to instant benefits for a fee.



Furthermore, 83% of consumers said they were likely to invest in a brand's premium loyalty program if they already belong to that brand's traditional loyalty program. In breaking down this insight by age group, younger generations (Gen Z through Gen X) indicated a higher likelihood of investing in these programs compared to older generations.

Ultimately, it's critical to offer programs that cater to all customers. Traditional loyalty programs give customers a base tier they can benefit from. These programs can also be used as a springboard to drive the best customers to premium loyalty programs that offer enhanced benefits.

RETAILER SUCCESS STORY

CVS CAREPASS® CATERS TO ALL CUSTOMERS WITH MULTIPLE LOYALTY PROGRAM TIERS

CVS has a traditional loyalty program called ExtraCare® that offers benefits like 2% back on purchases and weekly ad sales. But the pharmacy giant has done a great job further boosting customer engagement through its premium loyalty program, CarePass®. The program offers top CVS customers a high-value trade-off for just a \$5 monthly payment (or a discounted \$48 annual payment) that caters to the needs of active pharmacy shoppers. With benefits like free same-day prescription delivery, 20% off CVS Health® brand products and a 24/7 pharmacist helpline, CarePass® customers gain a ton of value and extra service for a cost-effective price. And ultimately, the program helps drive revenue for CVS by getting people in store to make other potential purchases.

Consumers that are likely to invest in a brand's premium loyalty program if **they already belong to that brand's traditional loyalty program**, broken down by generation

88% Gen Z

90% Millennials

85% Gen X

66% Baby boomers

61% Silent generation

A man and a woman are sitting together, looking at a tablet. The man is pointing at the screen. They are both smiling. The woman is wearing a yellow sweater. The man is wearing a white t-shirt. There are plants in the background.

SECTION 03

BUILDING LOYALTY THROUGH GREATER ENGAGEMENT

In addition to looking at year-over-year trends in premium loyalty, we also explored consumer insights on brand engagement — the exchange of consumer action in return for an incentive (e.g., discount code, gift card, free item, chance to win sweepstakes).

What we found was that brands could stand to boost their engagement efforts — and opportunity is ripe on social media.

Forty-two percent of respondents said they've followed a brand on their social media page in exchange for an incentive — the most common incentivized action consumers took. However, nearly as many (39%) said they have never engaged with a brand on social media in any way in exchange for incentives, signaling an opportunity for brands to improve and possibly boost their engagement efforts.

Relatively few consumers have taken other actions in exchange for incentives, like commenting on brands' social media posts (26%), resharing brands' posts (23%) and tagging friends in comments on brands' posts (22%).

Only 23%

of consumers have reshared a brand's social media post in exchange for an incentive.



Why? It all comes down to value. Many consumers clearly have either never seen the value in engaging with a brand on social media or have felt disinclined to go beyond following a brand on its social pages.

Translation: If brands want to use social media to build customer loyalty, they have to be willing to exchange more than what they're currently offering. Engagement ultimately has to be worth it for consumers to act.



How consumers have engaged with a brand on social media in exchange for an incentive

(e.g., discount code, gift card, free item, chance to win sweepstakes)

Followed the brand on their social media pages 42%

I have not engaged with a brand on social media in exchange for incentives 39%

Commented on the brand's social media post 26%

Reshared a post from the brand 23%

Tagged friends in a comment on a brand's social post 22%

Used a brand's hashtag or @mentioned them in a post to boost the post's visibility 15%

Direct/private messaged with the brand on social media 13%

Used a brand's hashtag or @mentioned them in a post in order to participate in a promotion, sweepstakes or contest 12%

THE MORE SPECIFIC THE DATA, THE LOWER THE RATE OF EXCHANGE FOR CONSUMERS

We saw the same trend for better engagement opportunities from brands when it came to consumers exchanging personal data.

Respondents indicated they've shared information like their email, name, birthday and phone number with brands in exchange for an incentive.

However, respondents have been much less willing to part with more specific pieces of data like browsing history, health data and buying preferences.

Which of the following pieces of personal data have you shared with a brand in exchange for an incentive

(e.g., discount code, gift card, free item, chance to win sweepstakes)?

1	Email	73%
2	Name	62%
3	Birthday	57%
4	Phone number	44%
5	Gender	39%
6	Home address	30%

7	Race/ethnicity	29%
8	Marital status	26%
9	Social media handle	20%
10	Income level	19%
11	Buying preferences (e.g., "I'm interested in athletic apparel")	19%
12	I have never shared any data with a brand in exchange for an incentive	14%
13	Health data (steps, heart rate, etc.)	8%
14	Browser history	8%

CLIENT SUCCESS STORY

VOLVO HARNESSSES THE POWER OF ZERO-PARTY DATA

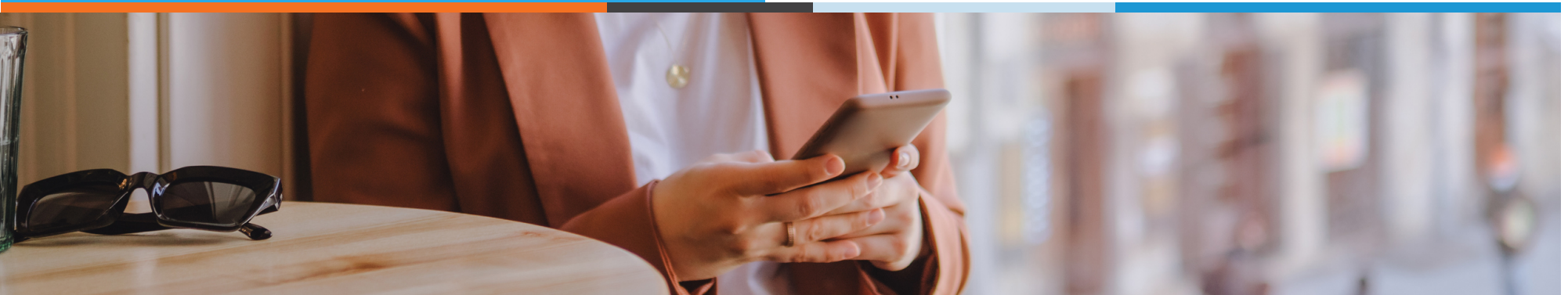
For the 2020 “Big Game,” we helped Volvo use high-value engagement to obtain zero-party data. The automaker pledged to give away \$1 million worth of its automobiles if either team scored a safety during the game. Fans were able to configure their dream Volvo online and had to register for the giveaway component by entering a few pieces of personal information — giving the brand valuable zero-party data on potential customers.

Although consumers demonstrated less willingness to part with more personal pieces of data like browser history, health data and buying preferences, that doesn’t necessarily mean they aren’t willing.

Nearly half of consumers (45%) say they’re willing to share their data in exchange for an enhanced customer experience. But like our engagement data on social media, our results on personal data show that the value proposition for exchanging more personal data isn’t there yet.

How can brands gain more valuable insights by making it worth it for consumers?

By collecting zero-party data through high-value engagement tactics like chance-to-win, offers and rebates, brand advocacy and gamification — which can also be layered into your loyalty programs.



A woman with voluminous curly hair is smiling while looking at a laptop screen. She is wearing a white ribbed turtleneck sweater. The background shows a kitchen with a wooden countertop, a stove, and a small Christmas tree with red ornaments. The image has a blue gradient overlay on the left side.

SECTION 04

THE VIRTUALIZATION OF LOYALTY

CONSUMER INTEREST IN THE METaverse AND NFTS IS RISING

As our world becomes ever more digital, we took a look at two major digital trends in this year's survey: the metaverse and non-fungible tokens (NFTs).

Metaverse and NFTs defined

The metaverse

A set of interconnected virtual reality worlds where people can create, explore and socialize.

NFTs

Digital assets that show ownership of a digital or real-world item, like an image or video. NFTs can be bought, sold or traded just like real-world items.

Although it's a new phenomenon, **more than half of respondents (56%) knew what the metaverse was.**



How familiar are consumers with the metaverse?

56%

of consumers correctly identified the metaverse as a set of virtual reality worlds

56%

44%

of consumers said they didn't know what the metaverse was, or incorrectly identified it as a video game or wellness app

44%

After being presented with the correct definition of the metaverse, a healthy majority (65%) indicated an interest in engaging with a brand in the metaverse to unlock an exclusive offer from the brand, with more than a quarter of respondents (27%) saying they were “very interested.”

There’s much debate about what the metaverse will ultimately become for consumers and brands. However, with companies like Walmart, Adidas and Miller Lite investing in metaverse capabilities, brands should do their homework on how virtual worlds could factor into their future goals.

And with nearly two-thirds of consumers already showing interest in the metaverse, this figure could exponentially grow as it advances.



Which of the following best describes your **interest level in engaging with a brand in the metaverse** to unlock an exclusive offer from the brand?

1	Gen Z	83%
2	Millennials	79%
3	Gen X	66%
4	Baby boomers	40%
5	Silent Generation	12%

Which of the following best **describes your interest level in NFTs (non-fungible tokens)?**

1	Gen Z	74%
2	Millennials	73%
3	Gen X	59%
4	Baby boomers	27%
5	Silent Generation	10%

DOES THE FUTURE OF PREMIUM LOYALTY LIE IN THE METAVERSE AND NFTS?

While the metaverse shows great potential for consumer engagement opportunities, there was less interest in NFTs.

Although NFTs have seen sales as high as \$91.8 million, just over half of respondents (57%) indicated an interest in the digital assets, while 43% said they were not interested at all.

57%

of consumers are interested in NFTs

However, NFTs could still be a valuable tool for some brands — especially those looking to engage younger generations. Gen Z and millennials indicated very high levels of interest in the digital worlds and assets that the metaverse and NFTs bring. These generations are much more likely to be interested in engaging with a brand in the metaverse to unlock an exclusive offer from the brand. And they're much more likely to be interested in NFTs.

CLIENT SUCCESS STORY

MILLER LITE'S FIRST FORAY INTO THE METAVERSE

Miller Lite drove beer drinkers to the Meta Lite Bar in the metaverse to watch its “Big Game” ad in February 2022. The virtual experience, which took place in Decentraland, was the first-ever brand hosted bar in the metaverse. In addition to the ad viewing, we helped Miller Lite encourage further customer engagement by allowing fans to pour a virtual beer from the “golden beer tap” for a chance to instantly win \$500. The result was a memorable experience for metaverse attendees that was created through exclusive offers.



CREATE THE BEST EXPERIENCES FOR YOUR BEST CUSTOMERS

Consumer interest in premium loyalty programs has skyrocketed over the past few years. But in 2022, it's clear that brands need to consider how to best leverage loyalty programs, especially premium loyalty programs that can provide an enhanced experience for brands' best customers.

Consumers are willing to spend on premium loyalty programs, but the benefits have to be worthwhile for them to sign up. You must take the opportunities consumers are giving your brand and provide value that will push members to take action within your program, whether that's through purchasing or increased engagement.

But to take advantage of those opportunities, the value of exchange with your brand needs to be there for consumers — no matter if it's within your current premium loyalty program or in the future through the metaverse or NFTs.

Ultimately, getting customers to engage in loyalty programs comes down to what you're willing to do to make the programs appealing and worthwhile. It's time to think differently about loyalty programs and give your best customers the value they desire.

METHODOLOGY

Clarus Commerce surveyed 2,500 U.S. consumers in late February 2022.





ABOUT CLARUS COMMERCE

Clarus Commerce is a leader in loyalty and customer engagement strategies. Our solutions use strategic incentives to engage consumers throughout the lifecycle of their relationship with your brand. We help you capture consumers' attention, motivate the behaviors your brand wants to see, and use the meaningful insights generated to promote deeper and more valuable engagement for your customers.

Interested in learning more about loyalty and customer engagement? Download and explore the following resources:

- [2022 Customer Loyalty Data Study](#)
- [iPaper: Gather Zero-Party Data with Creative Engagement Strategies](#)
- [The Premium Loyalty Starter Bundle](#)

For even more, visit us at claruscommerce.com.

