

SIAPARTNERS

SHOPPING TODAY

Who wins the future of customer loyalty?

Sia Partners' Loyalty Program Benchmark 2024

Shopping Today Event

10th of October 2024

De Fabrique, Westkanaaldijk 7, 3542 DA Utrecht



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We are a next-generation consulting firm

By investing heavily in **technology and design**, we easily adapt to the new challenges of our customers

We are part of an **international consulting firm** that has grown steadily over the past last 20 years

We enrich our **expertise by investing in R&D** and optimizing our proximity to our customers' industries



5

AI Centers
12 Design Centers



HEKA.DI



1.000 Clients
92% returning



3.200 Consultants

BUSINESS
EXPERTISE &
TRANSFORMATION



CONSULTING
FOR GOOD

50 Offices 20 Countries



455M€ | FY22/23 | Revenue



4% of our revenues
Invested in R&D



+300k
Followers



4 capabilities

Our 360° offering allows us to advise clients from current state analysis to strategy definition to transformation and operations

AUDIT /

- ✓ Evaluate performance and processes of current state
- ✓ Identify potential risks and opportunities
- ✓ Provide recommendations for improvement and optimization

STRATEGY DEFINITION /

- ✓ Define long-term goals and objectives
- ✓ Conduct research and analysis
- ✓ Develop action plans and strategies to achieve desired outcomes

TRANSFORMATION /

- ✓ Implement changes to business processes, technology, and culture
- ✓ Drive organizational development and adapt to market trends
- ✓ Enhance efficiency, productivity, and competitiveness

OPERATION /

- ✓ Manage day-to-day activities and processes
- ✓ Monitor and optimize operational processes to maximize productivity
- ✓ Ensure smooth and efficient workflow to meet organizational goals



“ **What is a good loyalty program for you?** ”

There are different loyalty programs models that can also be combined to create a multifaceted experience

Point-Based Model



HEMA

Hema Klantenpas

Customers earn points for each purchase, which they can redeem for discounts or other rewards.

Tiered Model



Booking.com

Genius

The program has 3 levels, with each tier providing progressively better benefit. The more you book, the higher tier you reach, unlocking better offers.

Paid Membership Model



bol.

Bol. Select

Customers pay a fee to access exclusive benefits, like free shipping or special discounts.

Cashback Model



ING

ING Rentepunten

Customers earn a percentage of their spending back in the form of cash or store credit.

Coalition Model



AIR MILES

Air Miles Netherlands

Multiple brands partner to offer a shared loyalty program where customers earn points that can be redeemed across all participating businesses.

Value-Based Model



TONY'S
CHOLONELY

Tony Chocolonely

Instead of earning points or discounts, customers receive benefits tied to their values, such as donations to charity.

Gamified Model



McDonald's

My McDonald's Rewards

Customers engage with the brand through fun, game-like activities (e.g., challenges, leaderboards) to earn rewards.

Despite customers expecting personalized rewards, *many companies struggle* meet these demands, risking loyalty due to slow rewards and limited innovation

Key loyalty challenges:

1 Market Saturation

In a sea of loyalty programs, what bold and unexpected twists can we introduce to **make our program stand out**?

2 Data Overload

In a world overwhelmed by data, how can we craft **tailored experiences** that feel uniquely crafted for each individual without being invasive?

3 Technology Integration

How might we turn the challenge of integrating technology into a playground of **innovation and user-friendly** experiences?

4 Low Engagement and Participation

How might we create an immersive loyalty experience that transforms transactional interactions into **meaningful relationships**?

5 High Program Costs

What if we reimaged loyalty as a **collaborative ecosystem** where both the brand and customers share the investment in rewards?"

6 Customer Distrust

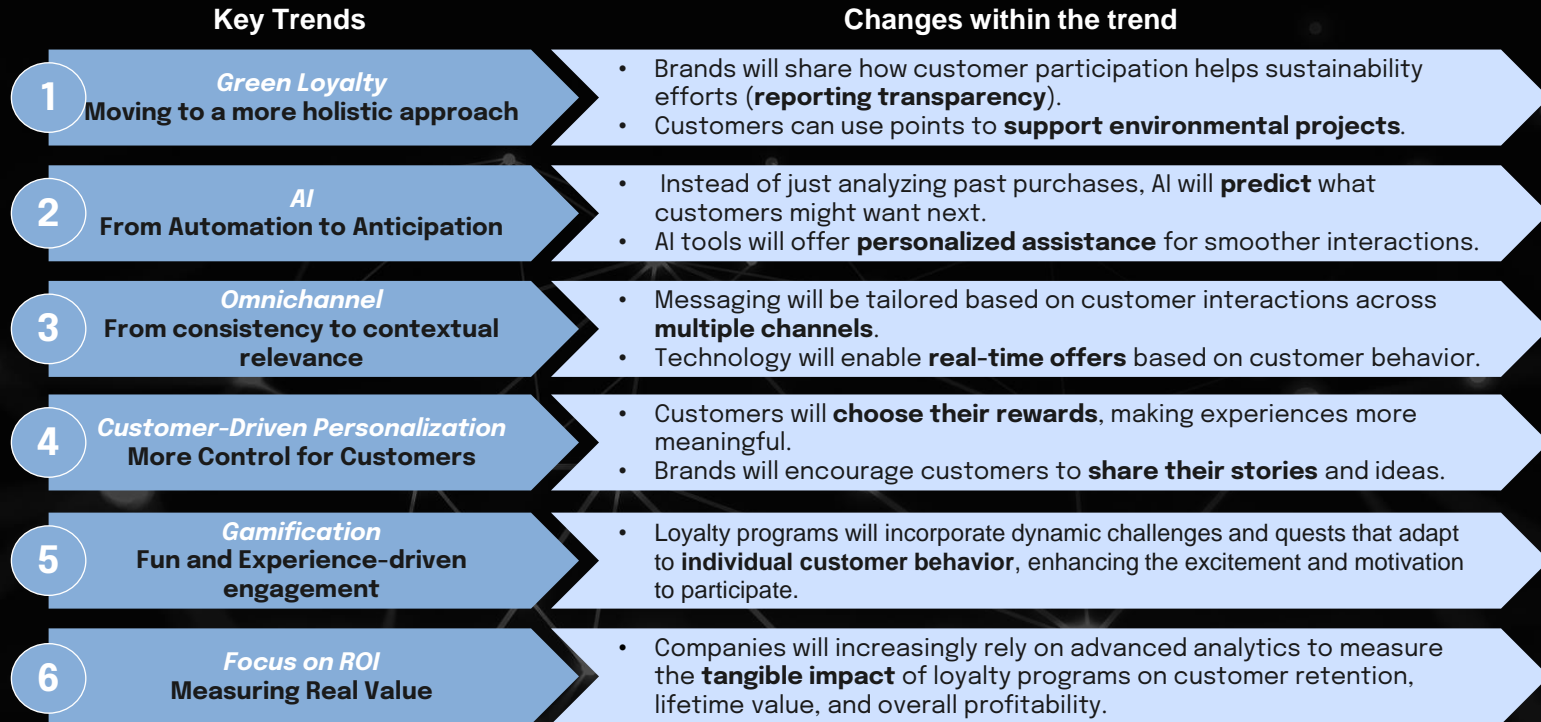
What if we could tap into the **emotional journeys** of our customers to create loyalty bonds that transcend traditional rewards?

03.

What can impact your loyalty program?

While trends remain steady, it's vital to recognize the evolving changes that reflect shifting consumer expectations

03. What can impact your loyalty program?



Sustainable loyalty programs aren't just a trend—they're the future of customer engagement. The choice is clear: adapt or fall behind



Why focus on "Green Loyalty"

- Research shows that especially **Millennials** and **Gen Z** prioritize **sustainability** and will pay more for **eco-friendly products**.
- Capgemini found **79% of consumers** are shifting to **purchases based on sustainability***.
- Consumers are **more loyal** to brands addressing **social** and **environmental** issues and will leave those that don't.

How to do "Green Loyalty"

- Green loyalty programs **reward customers for making environmentally responsible purchases and choices**. These programs **encourage conscious consumer behavior**.

Examples:

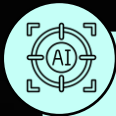
- Educate members about living sustainably and making informed purchase decisions
- Offer special discounts to customers who choose green alternatives
- Rewarding customers for bringing in used products for up-/recycling or second-hand marketplaces
- Using rewards to offsetting carbon footprint or donate to environmental organizations



Challenge of "Green Loyalty"

A major challenge is that rewarding purchases often conflicts with promoting sustainable behaviors, which requires a carefully thought through loyalty and communication strategy.

Focusing on *AI* in loyalty programs (LP) presents a compelling opportunity for companies to enhance customer experiences, drive engagement, and improve operational efficiency



Enhanced Customer Experience: AI enables personalized rewards and seamless customer interactions, improving satisfaction.

- **Data-Driven Insights:** Provides deep analytics and predictive modeling to refine loyalty strategies.
- **Operational Efficiency:** Automates routine tasks and allows real-time adjustments for agile decision-making.
- **Competitive Advantage:** Adopting AI can differentiate a company in the market and support scalable solutions.

Why focus on AI within LP

How to implement AI in LP

- **Data Collection:** Integrate data from multiple sources to gain a comprehensive view of customer behavior.
- **Choose AI Tools:** Invest in platforms for customer analytics and personalization, like recommendation engines and chatbots.
- **Personalization Strategy:** Use AI-driven algorithms to segment audiences and create tailored offers.
- **Automation:** Deploy chatbots for customer inquiries and automate personalized marketing campaigns.



Challenges include **data privacy concerns, integration issues with legacy systems, skill gaps in AI expertise, and the high cost of implementation.**

Challenge of AI within LP

By focusing on *omnichannel* strategies, businesses can significantly enhance their loyalty programs, ultimately leading to more transactions, more sales



Omnichannel loyalty programs provide a consistent and integrated experience across all channels (online and offline), making it **easier for customers to engage with the brand**.

- Brands that successfully implement omnichannel strategies often see a boost in **repeat purchases** and overall customer lifetime value.
- An omnichannel approach allows businesses to **gather data** from various touchpoints, providing a holistic view of customer behavior.

Why focus on Omnichannel within LP

How to implement a seamless omnichannel

- **Unified Customer Database:** Integrate customer data across channels for consistent messaging and experiences.
- **Consistent Branding and Messaging:** Maintain uniform branding and promotions to reinforce brand identity.
- **Utilize Technology:** Implement CRM systems and marketing tools to support integrated strategies and enhance customer engagement.



Challenges include **fragmented customer information** due to separate databases can lead to inconsistent experiences and **significant investment** in technology and training is required.

Challenge of Omnichannel implementations

04.

How did we perform this benchmark?

The benchmark is an outside-in analysis based on a tailored framework focussing on customer-centricity and experience

- **Customer-centricity:** Assessors are mostly **existing customers** and use only publicly available information that they have access to as members of the loyalty programs (**outside-in analysis**).
- A **standardized framework**, which is **tailored to each criterion** and provides specific examples of what is required to reach a particular score. Furthermore, each criterion is **weighted based on its impact (retention) and relevance (trends)**.
- **Objectivity and transparency** is also supported by **three individual assessments** per brand.

Assessment categories

1

User Experience

12 criteria assessing the **user friendliness, customization, engagement and accessibility** of the program across applications and channels.

2

Functionalities & Features

8 criteria referring to the **loyalty mechanism and benefits structure** that should deliver the added value to the members.

3

Branding, Marketing & Promotion

9 criteria to evaluate the communication strategy and channels as well as branding, partnership and CSR elements of the program.

Our benchmark enables companies to...



Compare loyalty programs to competitors and loyalty leaders across sectors.

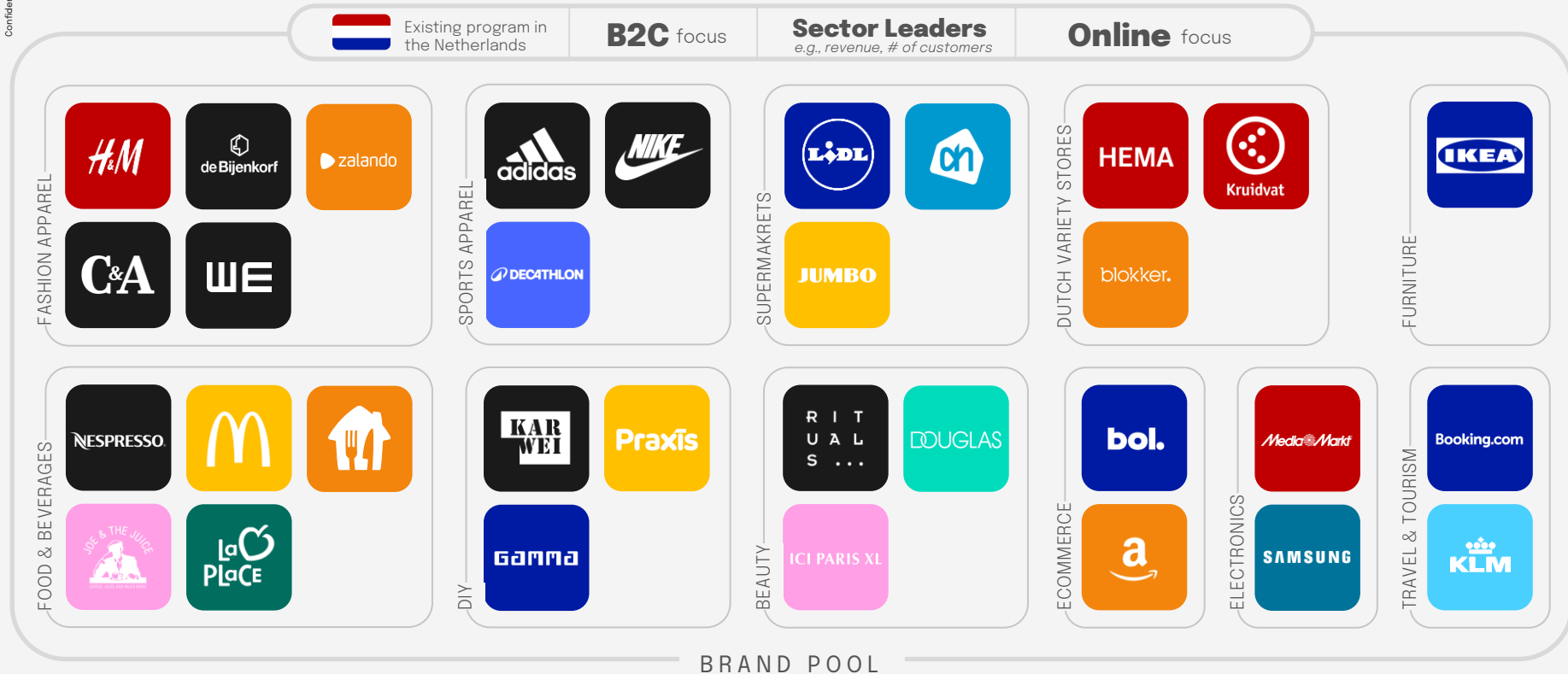


Identify trends, gaps and opportunities for your continuous innovation and improvement.



Get an unbiased customer point of view assessment to improve customer-centricity.

The loyalty programs of 32 companies were assessed focusing on customer-centricity and experience



05.

Who is the winner?

Overall rankings of our 2024 benchmark per category of User Experience, Functionalities & Features, and Branding, Marketing & Promotion

		1st place	2nd place	3rd place
User Experience				
Functionalities & Features				
Branding, Marketing & Promotion				
Total				



The comparison shows the loyalty leaders, challengers, followers and laggards

Loyalty Leaders		Loyalty Challengers		Loyalty Followers		Loyalty Laggards	
Score		Score		Score		Score	
2,45	H&M	2,09	bol.	1,78	JUMBO	1,61	DOUGLAS
2,41	cn	2,04	Booking.com	1,78	amazon	1,58	WE
2,36	DECATHLON	1,97	JUST EAT Takeaway.com	1,78	MediaMarkt	1,53	blokker.
2,32	KLM	1,90	KARWEI	1,77	de Bijenkorf	1,50	NESPRESSO.
2,30	McDonald's	1,88	ICI PARIS XL	1,75	LIDL	1,48	Praxis
2,20	adidas	1,86	GAMMA	1,68	Kruidvat	1,25	La Place
2,20	NIKE	1,84	IKEA	1,68	JOE & THE JUICE	1,21	C&A
2,10	HEMA	1,84	zalando				
2,10	SAMSUNG	1,84	RITUALS				

- H&M dominates the benchmark by
- Three Sports Apparel brands appear in the Top 10: Decathlon, Adidas and Nike.
- On average, brands score highest in the User Experience category (0,89), followed by Functionalities & Features (0,52), and Branding, Marketing & Promotion being the lowest scoring category (0,47).



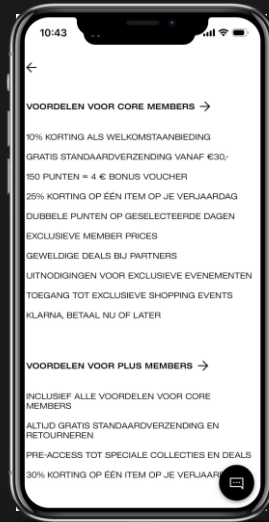
H&M as benchmark winner offers a comprehensive loyalty program

Overall Score



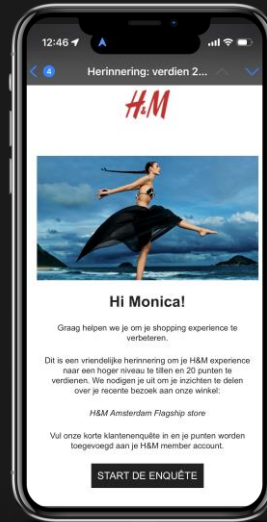
Loyalty Mechanism

- Clearly explained **how the program works**, what the benefits are, and it's **easy** to sign-up
- Track** what you earned or burned points for
- Previous purchases (online and offline) are automatically **logged** with the **earned points**



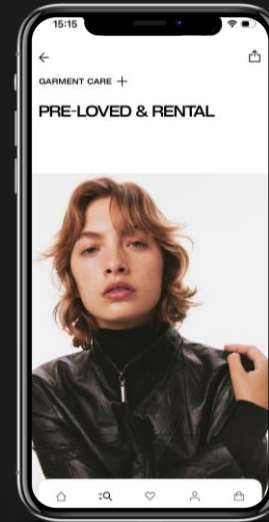
UX

- Clear touchpoints** throughout the customer journey directed towards the loyalty program and its benefits.
- The program is well integrated across multiple channels: **App, website and in-store**



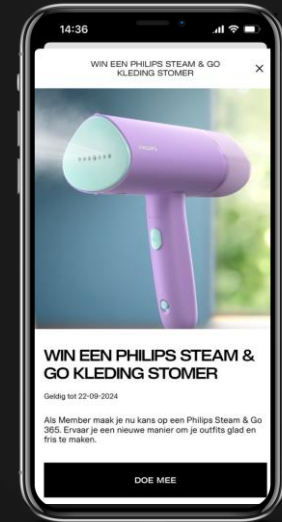
Communication/ Personalization

- Offers **personalized** greetings, birthday gifts, communication preferences, and saved items option.
- After each purchase you are asked to provide **feedback**. And you will also receive extra discounts on providing reviews.



Sustainability:

- You can **rent** items at H&M
- You will also get more points if you **take your own bag, return** old clothes,
- You can also buy pre-loved items from the **second-hand shop**.
- Members also get extra points for: bringing back old clothes or bringing your own bag.



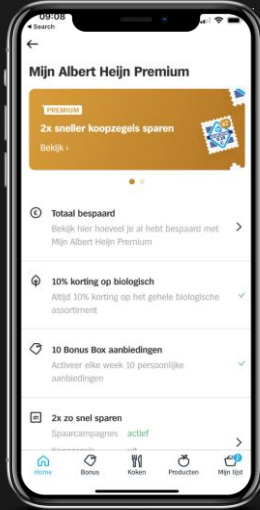
Partnerships

- Sometimes H&M works with partners (such as **Philips**) where members are able to redeem rewards for their earned points.



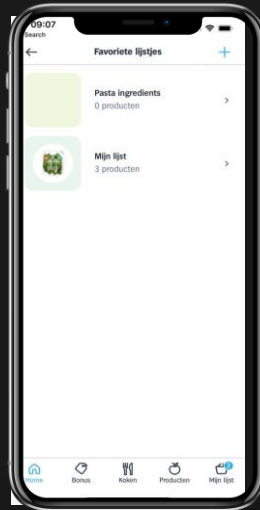
Albert Heijn as second winner of the benchmark offers a harmonized retail experience of online vs offline

Overall Score



Loyalty Mechanism

- The Albert Heijn's "Bonuskaart" is quite **simple to understand**.
- Customers can **track** their savings, special offers, and digital coupons through the AH app or website.
- Members can see how much they **saved** with the premium account
- Personalized** extra bonuses per week
- Members can save "**koopzegtels**" 2x faster with the loyalty program.



UX

- Customers can use the Bonuskaart in-store by **scanning their card or app** at checkout, and the app/website for online grocery shopping.



Communication/ Personalization

- AH offers a "**Mijn Bonus Box**" which is a personalized discount feature which allows members to receive customized offers based on their shopping habits.
- Discounts are provided on **previously purchased** items to create a personalized experience.



Sustainability:

- AH promotes sustainable shopping by offering **points or discounts** for eco-friendly behaviors.
- Customers who bring their own **reusable bags** are encouraged to do so, though extra points are not offered.
- AH **encourages recycling** through in-store collection points where customers can return plastic bottles for deposit refunds.



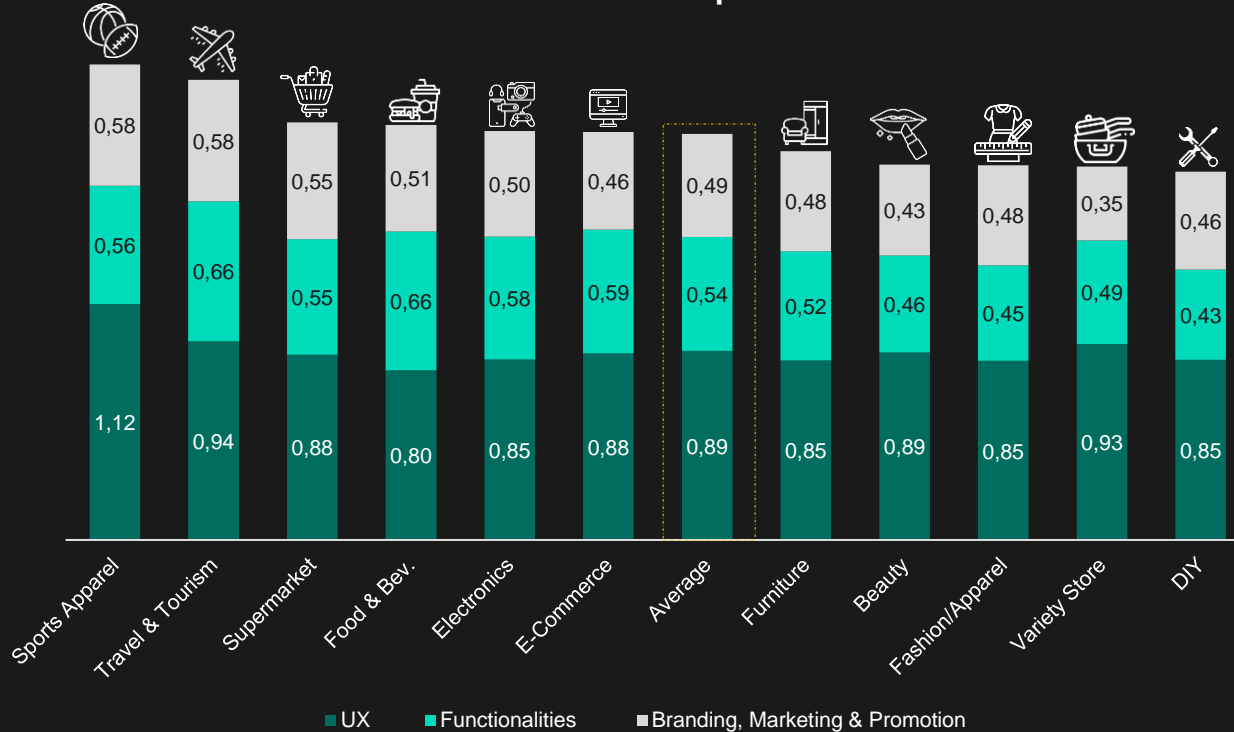
Partnerships

- AH offer exclusive offers with various partners for additional benefits and more engagement of the customer (such as Bol).
- The benefits are offered **across different sectors** such as entertainment, health, and sustainability, while also maintaining strong ties within the Ahold Delhaize family of brands.
- These partnerships aim to **extend the value** of the loyalty program beyond just grocery shopping.



The sector comparison reveals the Sport Apparel sector leads, followed by the Travel & Tourism sector

Sector comparison



- The **Sports Apparel sector** leads the ranking due to **strong emotional connections to the brand**, **frequent innovations of the brands** and **effective engagement** through athletes, personalization, and community-building initiatives.
- The high ranking of the **Travel & Tourism** shows that not only traditional retailers attribute great importance to loyalty programs, but also service companies.
- The comparatively **low** score of **DIY** suggests these brands lack the emotional connection with brands, limited customer engagement or community-building compared to other sectors like apparel.



User Experience Category





Sports apparel category leads in UX category with seamless, personalized experiences

Category deep-dive: User Experience

Top scoring brands

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Lowest scoring brands

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Sports Apparel

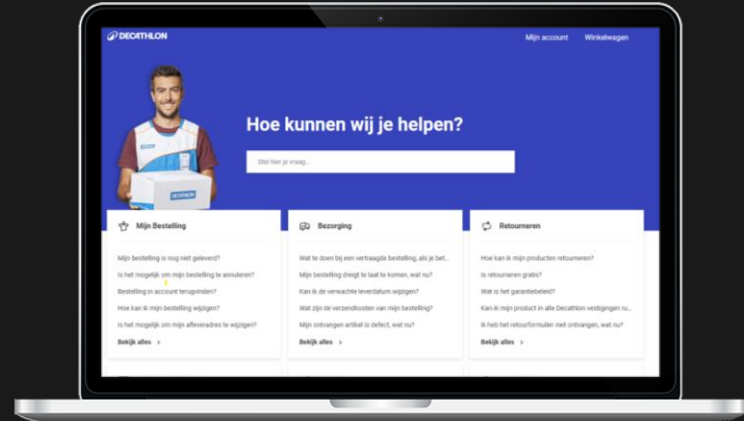
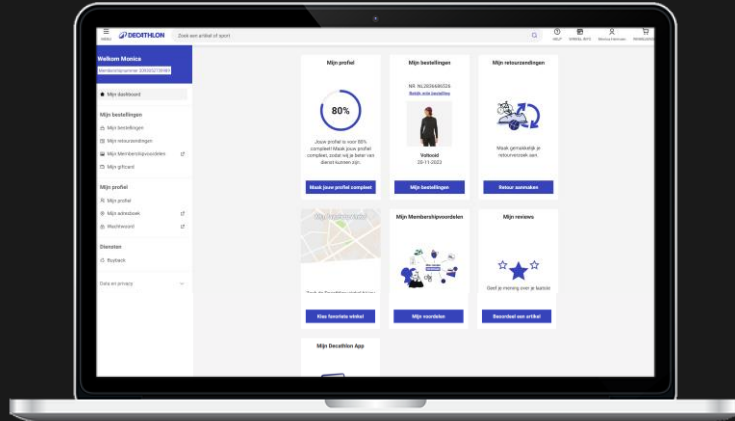
Beauty

- **Sport Apparel** sector scored the highest on the User Experience category. This could be due to due to seamless navigation and integration of the loyalty program, personalized experiences, mobile optimization, and innovative digital features such as virtual try-outs.
- **The Beauty sector** scores average compared to other sectors. These brands offer a solid online experience, with intuitive navigation, and design. But they often lack the exceptional user-centric innovations, personalization or immersive digital experiences.
- **La Place**, missed out on many points in the UX category as they offer a very basic application, with little to no personalization and engagement features.



Decathlon scored highest on the user experience category as they provide a seamless and intuitive shopping experience through their user-friendly interface

DECATHLON



- User-Friendly Interface:** Decathlon's website and mobile app are designed to be intuitive and easy to navigate, making it simple for customers to find information about the loyalty program, earn points, and redeem rewards.
- Seamless Integration:** The loyalty program is well-integrated into the shopping experience, allowing customers to earn and redeem points effortlessly during checkout.
- Community:** Decathlon fosters loyalty through events and workshops, aligning with its brand values and creating a sense of belonging among members.
- Customer Service:** Easily accessible customer service through various channels, such as phone, email, live chat, and social media.



Functionalities & Features



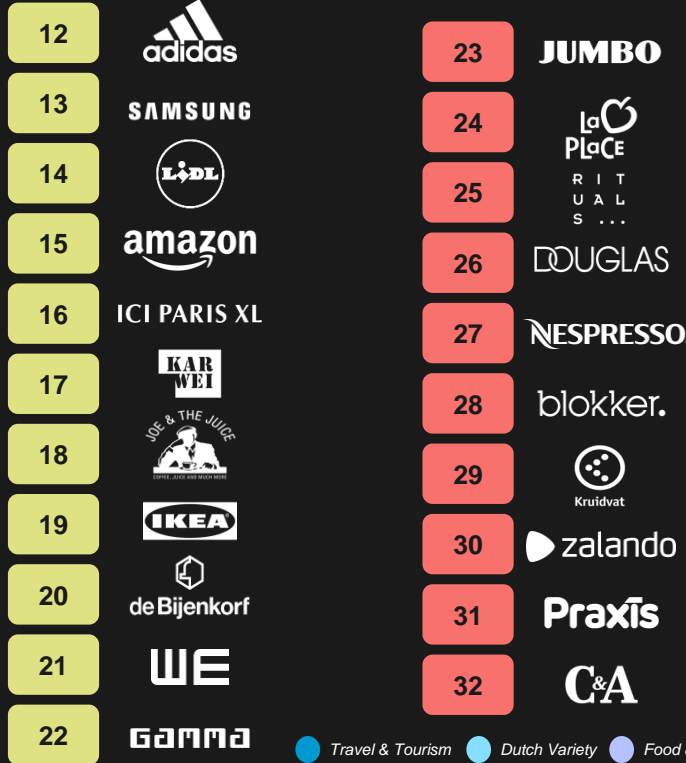
KLM's top ranking in functionalities and features offering a comprehensive value proposition for customers

Category deep-dive: Functionalities & Features

Top scoring brands



Lowest scoring brands

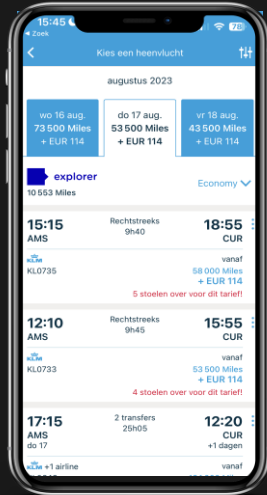


● Travel & Tourism ● Dutch Variety ● Food & Bev.

- **KLM** is ranked first, due to its comprehensive approach, blending a robust structure, diverse earning and redemption options, user-friendly technology, and excellent customer service.
- **HEMA** and **McDonald's** follow closely, suggesting that non-airline sectors can also compete strongly when it comes to customer loyalty features.
- Brands like **KLM (airline)** and **HEMA (retail)** highlight how loyalty programs can **vary significantly between industries**. Airlines often focus on travel-related rewards, while retail brands might emphasize discounts, exclusive offers, or product features.
- **McDonald's** and **Just Eat Takeaway** are notable players in the food and beverage sector, indicating that loyalty programs in this space may leverage convenience and frequent purchases as key functionalities.
- **C&A**, **Praxis** and **Zalando** missed several key features in the Functionalities, as they offer fixed member benefits instead of a point-based loyalty system. This allows for less flexibility in the features.



KLM, winner of the functionalities & features category combines ease of use, flexibility, and diverse reward opportunities, making it a rounded loyalty program



Buy tickets by using loyalty points



Buy **complementary services** with loyalty points



Buy products from **partners** at the Flying Blue Store

- KLM's stands out due to its **diverse earning** and **redemption** options that cater to a wide range of customer preferences, ensuring flexibility and value at every stage of the customer journey.
- Members can earn points not only from **flights** but through partnerships with **hotels, car rentals, and retail partners**, creating a seamlessly integrated loyalty ecosystem.
- The **Flying Blue Store** offers an extensive catalog where points can be redeemed for travel-related products, experiences, and even non-travel items, encouraging customers to stay engaged beyond KLM's core services.
- KLM's strategic integration of earning and redeeming mechanisms across various touchpoints not only keeps customers active within the program but also **expands KLM's ecosystem** by encouraging engagement with partners.

3

Branding, Marketing & Promotion





H&M's top ranking in Branding, Marketing & Promotion offering a compelling example on how to drive customer loyalty

Category deep-dive: Branding, Marketing & Promotion

Top scoring brands



Lowest scoring brands



● Fashion / Apparel ● Sport Apparel ● Supermarkets

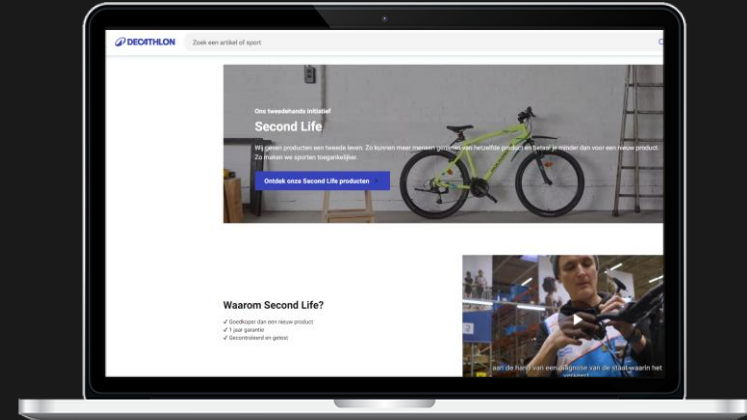
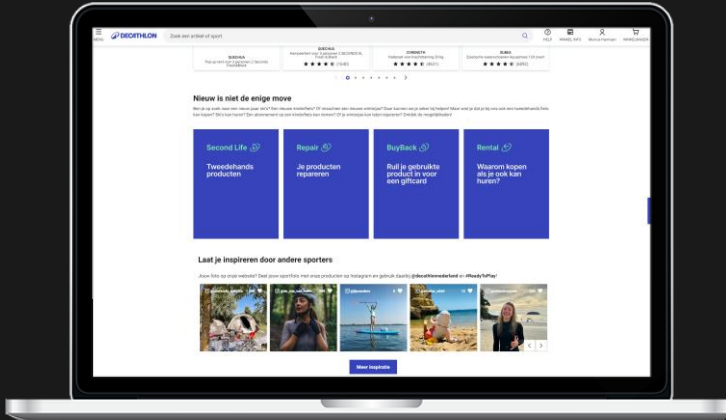
- **H&M** and **Zalando** lead the retail and fashion segment, indicating that effective branding in this industry heavily relies on **trend responsiveness**, **influencer partnerships**, and **digital marketing strategies**. Both brands successfully engage younger consumers by emphasizing sustainability and inclusivity in their campaigns.
- **Albert Heijn** and **Jumbo** highlight the importance of local marketing and community engagement in the grocery sector. Their promotions often focus on seasonal events, local produce, and loyalty incentives, fostering a sense of community among shoppers. This approach is effective in building brand loyalty in a highly competitive market.
- **Decathlon** and **Adidas** emphasize brand ambassadors and community involvement in its marketing efforts. The sportswear industry increasingly focuses on lifestyle branding and sustainability, which resonates with consumers looking for products that align with their values and active lifestyles.




Decathlon's loyalty program scored the highest on CSR

Decathlon promotes sustainability with incentives for circular consumption, eco-friendly products, and participation in educational events

DECATHLON



- Decathlon promotes circular consumption through **recycling programs** and initiatives like **Second Life** for refurbished goods, **Buy Back** for used gear, and **Repair and Rental** services, offering loyalty members incentives such as discounts and points for participating in these sustainable practices.
- Decathlon has launched various **sustainable product lines**, including items made from recycled materials or with a lower environmental footprint. Loyalty members may get exclusive access to these sustainable products or receive special discounts.
- Decathlon may use its loyalty program to **educate members** about sustainability in the sports industry, through newsletters or workshops. Members can be rewarded for attending educational events or learning about eco-friendly practices.
- Decathlon often **collaborates** with NGOs and other organizations committed to sustainability. Loyalty members may be encouraged to participate or contribute to these partnerships through engagement or donations.



06.
Closing

Loyalty Programs, your key to long-term success



- Loyalty programs go beyond merely rewarding loyal customers: they **strengthen brand connections, improve customer retention, and encourage repeat purchases.**
- The benchmark revealed that what was once limited to traditional point systems has now **evolved into advanced technologies, data-driven insights, and personalized rewards.**
- In the long run, loyalty programs can be invaluable for any company to invest in customer engagement, helping to maintain or enhance their market position.



**Let's grab a
coffee to discuss
the benchmark
and how we can
support you!**

