

June 2023

# Digital Loyalty Index

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# Introduction

00

Welcome to the inaugural Future Platforms Digital Loyalty Index. We are Future Platforms, an independent design and build agency based in the UK with a long history of creating digital experiences that drive commercial returns for our clients. From our beginnings with clients like Domino's, PSG, Glastonbury, First Group, Virgin Active, and EE we understood the importance of creating digital products and experiences that users love and keep coming back to. The products we create serve hundreds of thousands of customers each day and result in over £1B in yearly revenue for our clients.

There have always been elements of digital loyalty experiences built into our work but as in more recent times, we have seen a significant increase in the number of clients who are asking us to support them on their digital loyalty journey.

If done well, the benefits are significant in particular at a time when shopping habits are undergoing a significant change. In our post-pandemic world and with the challenges around the cost of living increases, consumers are now paying much closer attention to the value they can earn from a relationship with a brand and with the

ability now to genuinely offer up a seamless customer experience across digital and retail channels, the case for digital loyalty is clear. The choices of how to get there however are not, digital loyalty is hard work. From a wide range of platforms to choose from, the many different approaches to how you build your experience, increased competition from other brands and the challenge of delivering a truly integrated omni-channel experience, creating and evolving your digital loyalty experience is a complex challenge.

In order to help us all better understand how we approach that challenge, we wanted to hear from the customer themselves. We wanted to take a snapshot of how digital loyalty habits and behaviours were evolving in the first half of 2023. We spoke to 1000 digital loyalty users, from a mix of ages from 16 to 78 years old to get some real insight around the key characteristics of what is working, what isn't, and some of the more nuanced benefits that effective digital loyalty can deliver.

We hope you enjoy the findings and it helps contribute to improving your work.

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The UK's Top 20 Digital Loyalty Experiences

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Loyalty as a key behaviour change driver

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Key lessons from our research

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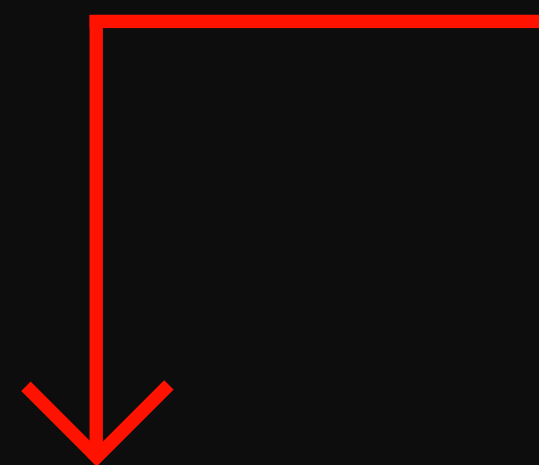
How we can help

# 01

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## The UK's Top 20 Digital Loyalty Experiences

JUNE 2023

# Incumbents dominate, but there are new challengers. TOP 20

01

As a part of our research, we asked our panelists to nominate their favourite digital loyalty experiences in their own words with the question, "Which loyalty programme that you are currently a member of, are you most satisfied with?" Our respondents named over 100 brands, with Tesco emerging as the clear favourite.

Frequency of use is one of the key characteristics of the majority of the brands in the Top 10, with 18 of the brands included being ones that had built-in reasons to regularly return to the experience.

We can also see clearly that mobile loyalty is now dominating with 90% of consumers saying they now engage with loyalty programmes through mobile apps, ahead of 63% who use more traditional loyalty cards, and 47% who engage via web channels.

	Brand	Scheme Start	Respondents
1	Tesco	1995	358
2	Sainsbury's/Nectar	2002	163
3	Asda	2022	117
4	Boots	1997	98
5	Amazon	2005	67
6	Lidl	2020	38
7	Costa	2010	29
8	Marks & Spencer	2015	15
9	Co-Op	2016	12
10	Morrisons	2014	11



# Incumbents dominate, but there are new challengers. TOP 20

01

	Brand	Scheme Start	Respondents	
	Starbucks	2008	11	Most favourites have been going for a long time: median age of top 10 is 11.5 years.
12	McDonald's	2021	10	
13	Blue Light	2008	9	3/4 chose a grocery brand when asked which loyalty scheme they were most satisfied with.
14	Superdrug	2011	8	
	ASOS	2016	8	3/4 used their favourite scheme more than once per month.
16	Costco	1993	6	
	Waitrose	2009	6	Incumbents like Tesco, Boots, Amazon & Ikea have decades of customer data to draw on.
18	John Lewis	2013	5	
	Barclays	2015	5	
	Netflix	2012	5	

However, some newer programmes emerging near the top:

**Asda** - Build up cashpot to spend in-store as you shop

**Lidl** - Spend £50, £100, etc over the month to unlock rewards

**McDonald's** - Integrated ordering, earn points to unlock items

# Completing the TOP 50\*

\* In alphabetical order

## Brand (A-H)

- Aldi
- American Express
- Avios
- Booking.com
- British Airways
- Caffè Nero
- Emirates Airline
- Greggs
- H&M
- HSBC

## Brand (I-P)

- Iceland
- IHG
- Ikea
- Look Fantastic
- Nando's
- Nike
- Odeon
- Pampers
- Piggy
- Pret

## Brand (S-Z)

- Sephora
- Shell
- Spotify
- Subway
- Three
- Topcashback
- Uber Eats
- Virgin Red
- Waterstones
- YouTube

# New challengers

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01

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The majority of the top 20 were older programmes, with brands like Tesco and Boots still enjoying the benefit of a decades long head start. Customer recognition and the ability to use data to fuel insights compounds over time, giving older schemes a significant advantage.

However, we found three brands that prove that it is still possible to launch a new scheme that lands in the 2020s.

Adsa Rewards ranked at #3 in the Digital Loyalty Index less than a year after its nationwide rollout, while Lidl and McDonalds made it into the top 20 despite only launching in 2020 and 2021 respectively.

To understand how a brand new scheme can leapfrog over competitors with significant strategic advantages, we dug into what these three schemes are doing well.



# Asda

New challenger

- / Building cashpot pounds rather than points makes benefit seem real rather than abstract. Grocery customers are even more value-focussed than other loyalty consumers.
- / Savings with loyalty are flagged throughout stores so the benefits of having the app are obvious.
- / Double gratification as earning money into the cashpot and spending it later are enjoyable events.
- / Gamified missions incentivise customers to try something new. Time limits create a sense of urgency.
- / Separate app for loyalty but referenced during online & offline shopping experiences.

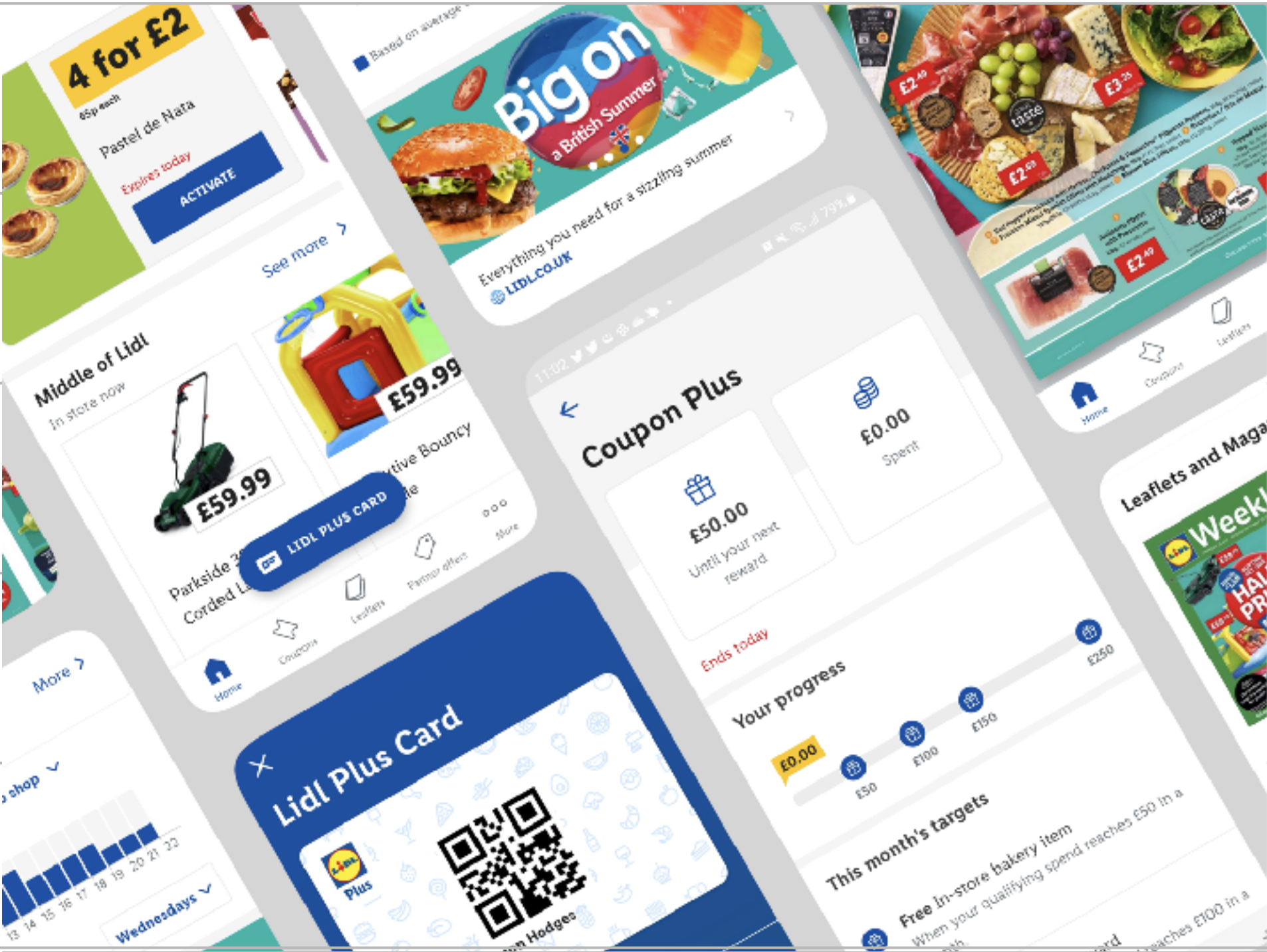




# Lidl

New challenger

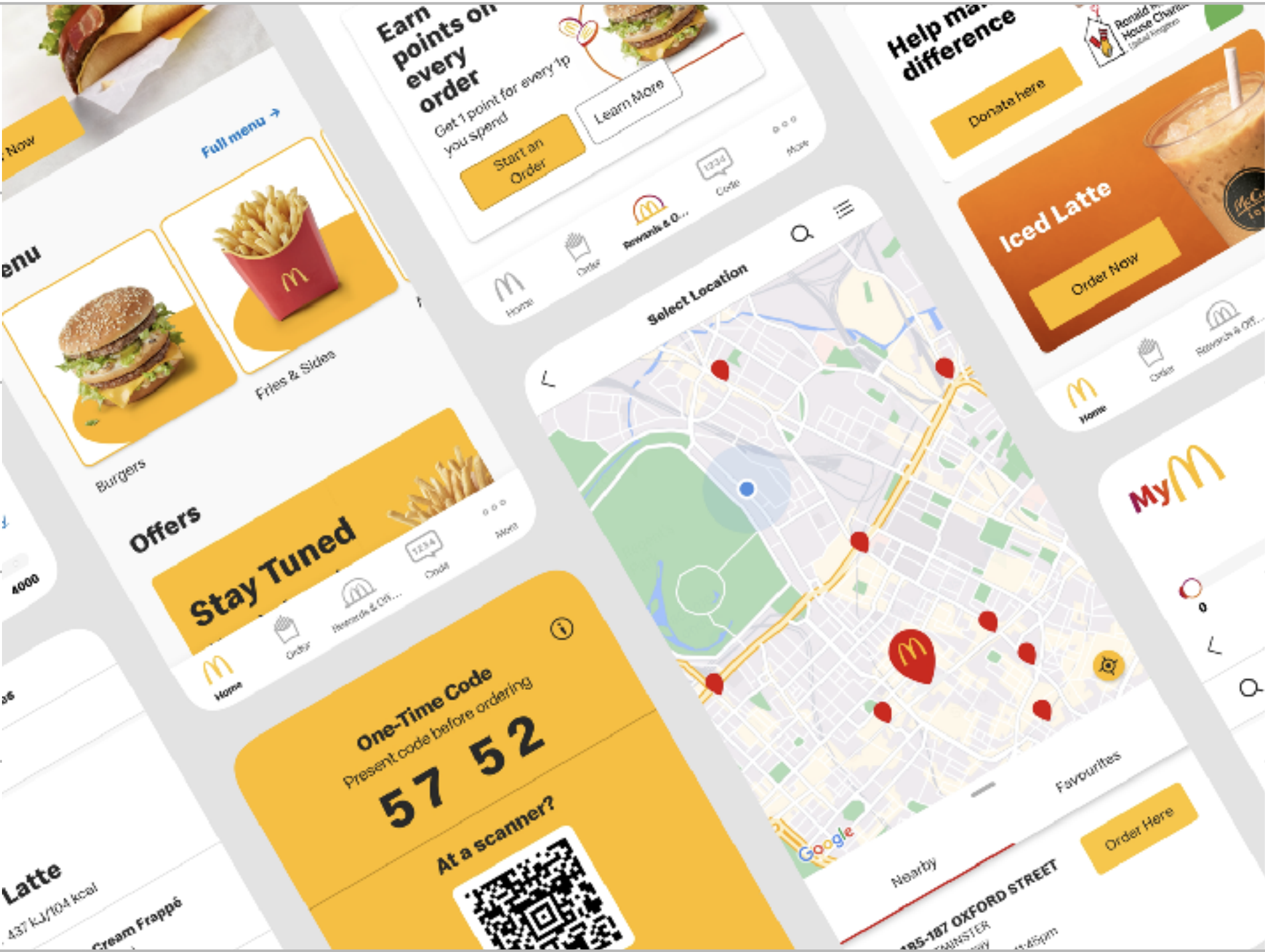
- / No points - unlocks offers based on spend with progress bar shown in app. It's very clear what to do when in order to unlock a benefit.
- / Integrated with store experience - find the best time to shop, "Middle of Lidl" offers, leaflets.
- / Store-specific discounts give an experience that is tailored to the local area.
- / Digital receipts option to reduce environmental impact.
- / Focus on value: grocery customers were more likely to value benefits (68% vs 63%) & less likely to choose a scheme just because they love the brand (8% vs 4%).



# McDonald's

## New challenger

- / Integrated ordering - find products & prices offered at nearby branches or order with UberEats. Can add orders made through kiosk, counter, drive-thru, delivery.
- / Respondents choosing a QSR brand reported using it multiple times per week and tended to have higher incomes. Saving time therefore represents real value.
- / Bonus points on first order to show the value of joining right away. Collect points for free stuff.
- / Bonus points awarded for purchasing certain products. Customers choosing a QSR brand were even more likely to have used it to try a new product or service.
- / Option to donate your points to charity connects to customers' deeper, altruistic motivations.





# Key insights

02

We asked our respondents 20 questions about loyalty, probing to find out more about their favourite schemes, including why they joined, how frequently they engage, and what made them fall in love.

Consumers told us what convinced them to sign up to a loyalty scheme (and what put them off) and how they preferred to be rewarded. We also checked in with people on whether they had noticed any changes in their own behaviour as a result of loyalty, drilling into the nature of those changes with follow-up questions.

Following a precedent set by Tesco in 2019, several prominent schemes including Sainsbury's, Co-Op, Morrisons and Marks & Spencer hit headlines when they launched loyalty pricing in 2023. With consumer budgets tightening amid the growing cost of living crisis, we asked people how they *really* felt about these controversial members-only prices.

Some of our findings were not things we set out looking for, but themes that naturally emerged as respondents gave us their perspectives in their own words.

## Insight 1

**Material benefits outweigh all others.**

## Insight 2

**Member-only prices are seen as positive.**

## Insight 3

**Subscription & paid schemes are seen as loyalty.**

# Material benefits outweigh all others.

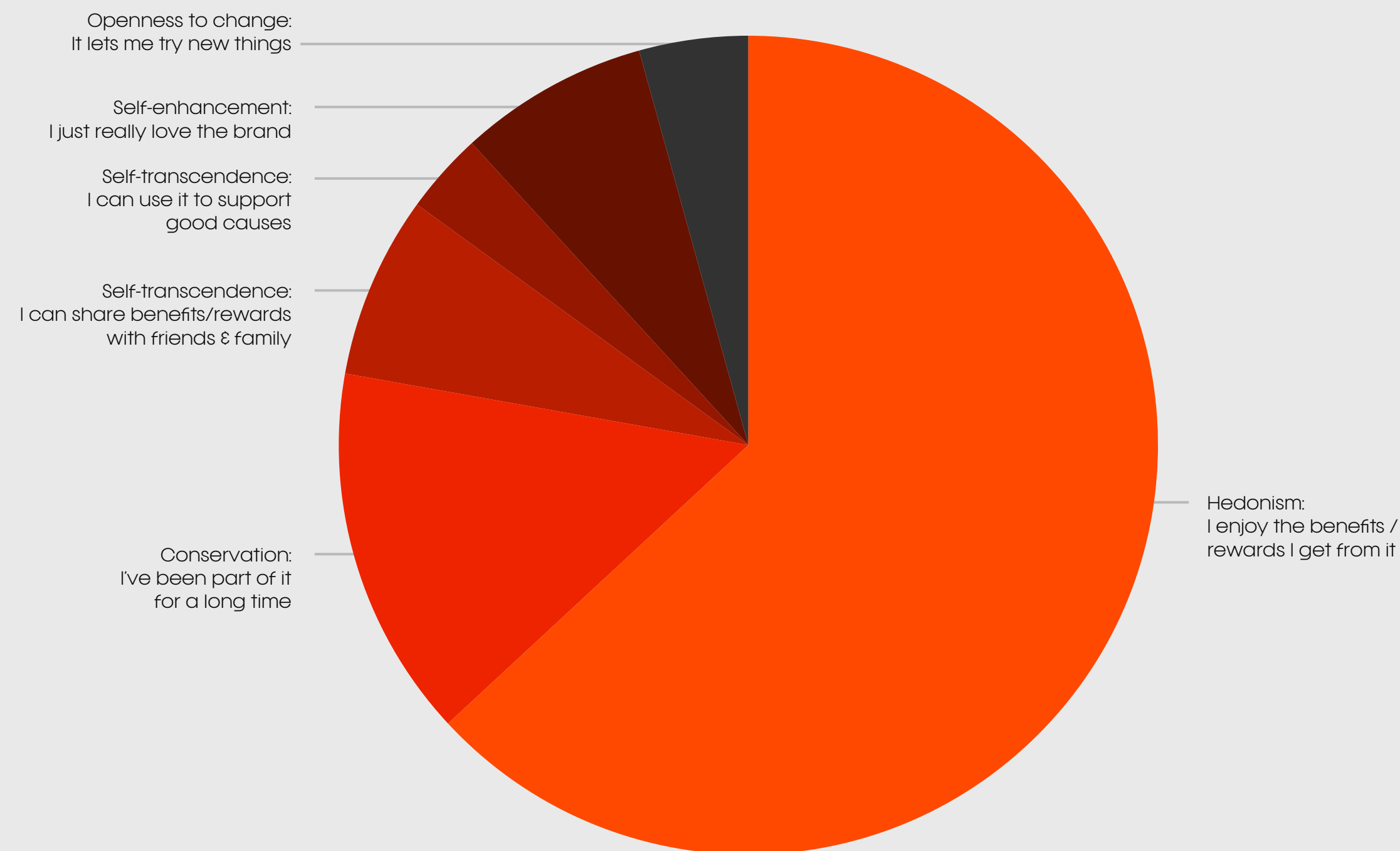
03

/ It would **save me money or give me discounts** was the **#1 reason for joining** a loyalty programme (56%).

/ 63% said that the best thing about their favourite loyalty programme was "the benefits/rewards I get from it."

# Insight 1

Material benefits outweigh all others.  
But you can pair incentives with **deeper motivations.**



/ More than a third of respondents chose **something non-material as their favourite aspect of their top loyalty programme**

/ 15% of respondents particularly valued the duration of the loyalty relationship, with their favourite thing being that they "had been part of it for a long time"

/ 10% of respondents valued sharing benefits with family, friends, or supporting good causes. To facilitate this, e.g. offer points donation, timing offer expiry to let customers save up & treat loved ones on special occasions.

/ 7% viewed loyalty as an extension of their love of the brand and 4% valued the opportunity to try new things most highly.



# Member-only prices are seen as a positive.

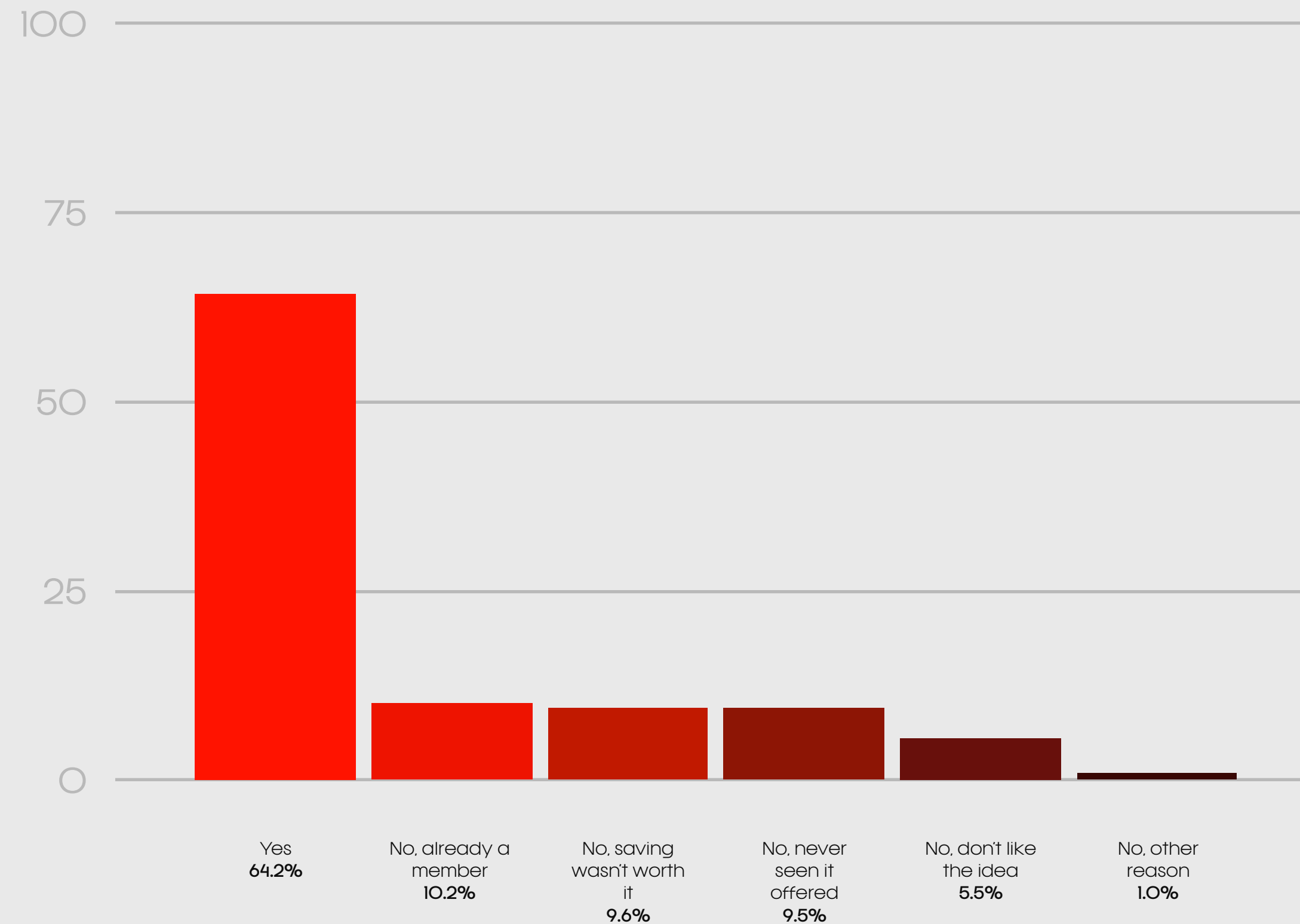
03

- / 2/3 respondents reported joining a loyalty scheme to benefit from member-only prices (e.g. Tesco).
- / 3/4 of survey respondents felt "positive" or "very positive" about member-only prices.

# Insight 2

Member-only prices are seen as a positive.  
**Deeper savings** are even better.

02



The majority of respondents who said they had not joined a loyalty programme for member-only prices mentioned reasons with neutral sentiment: already being a member (10%) or not seeing it offered (10%).

A further 10% said that they had not joined because the saving wasn't worth the bother, indicating that **steeper discounting for members might prompt more people to join** a scheme with member-only prices in the future.

A small but significant proportion of respondents (5.5%) hadn't joined because they "didn't like the idea" of member-only prices, with one person stating "Non loyalty price[s] are inflated".

However, a significant majority were in favour of member-only prices with higher prices for non-members not generally being seen as a punishment or tool for compliance.

# Subscription & paid schemes<sup>\*</sup> are seen as in loyalty.

<sup>\*</sup> To avoid prejudicing our results, we did not define the term “loyalty programme” or provide any examples before asking respondents to name their favourites. The conflation of loyalty and subscription was an unexpected emergent theme.

03

/ **Netflix #18 most common response** to “Which loyalty programme that you are currently a member of, are you most satisfied with?” (5 respondents).

/ Respondents naming a subscription product such as YouTube, Spotify, Xbox Game Pass tended to skew younger (average 26 years vs 39 years for all respondents).

# Insight 3

# Consumers see subscriptions & paid schemes as loyalty. They hit the same **emotional beats**.

Which loyalty programmes  
do you pay for?"

Respondents

Amazon	73
Tesco	51
Netflix	12
ASOS	10
Co-Op	9
Costco	8
Nectar	7
Blue Light	6
Topcashback	6
Boots	5

**Amazon Prime** (#5 overall) has particularly **blurred the boundaries between subscriptions and loyalty** with its paid for programme offering unlimited free postage and content streaming.

**ASOS** made it to #15 in the list **without having a “loyalty programme” at all**. Their A-List loyalty scheme ran for only 2 years, retiring in 2018. However, this has become conflated with their ASOS Premier unlimited free postage offer.

The **most popular paid loyalty programmes are products with a clear value proposition**, e.g. Tesco Clubcard Plus which gives 10% off in store twice per month.

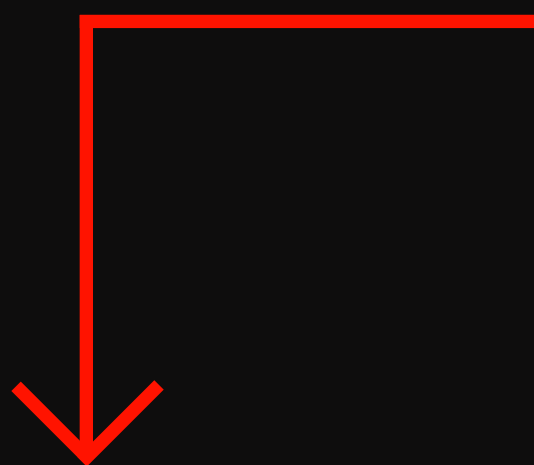
**Subscriptions** are seen as loyalty programmes because they represent **ongoing investment into a brand**. Recognising their emotional value and aligning to loyalty could bring direct revenue as well as brand retention benefits.

# O2

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Loyalty as a  
key behaviour  
change driver

The ability for well executed loyalty to increase customer spend is well established.

One of the lesser known benefits of digital loyalty is the ability for digital loyalty **to shift behaviour and for that shift to be adopted outside of the loyalty program.**



# Habits Create Brand Value

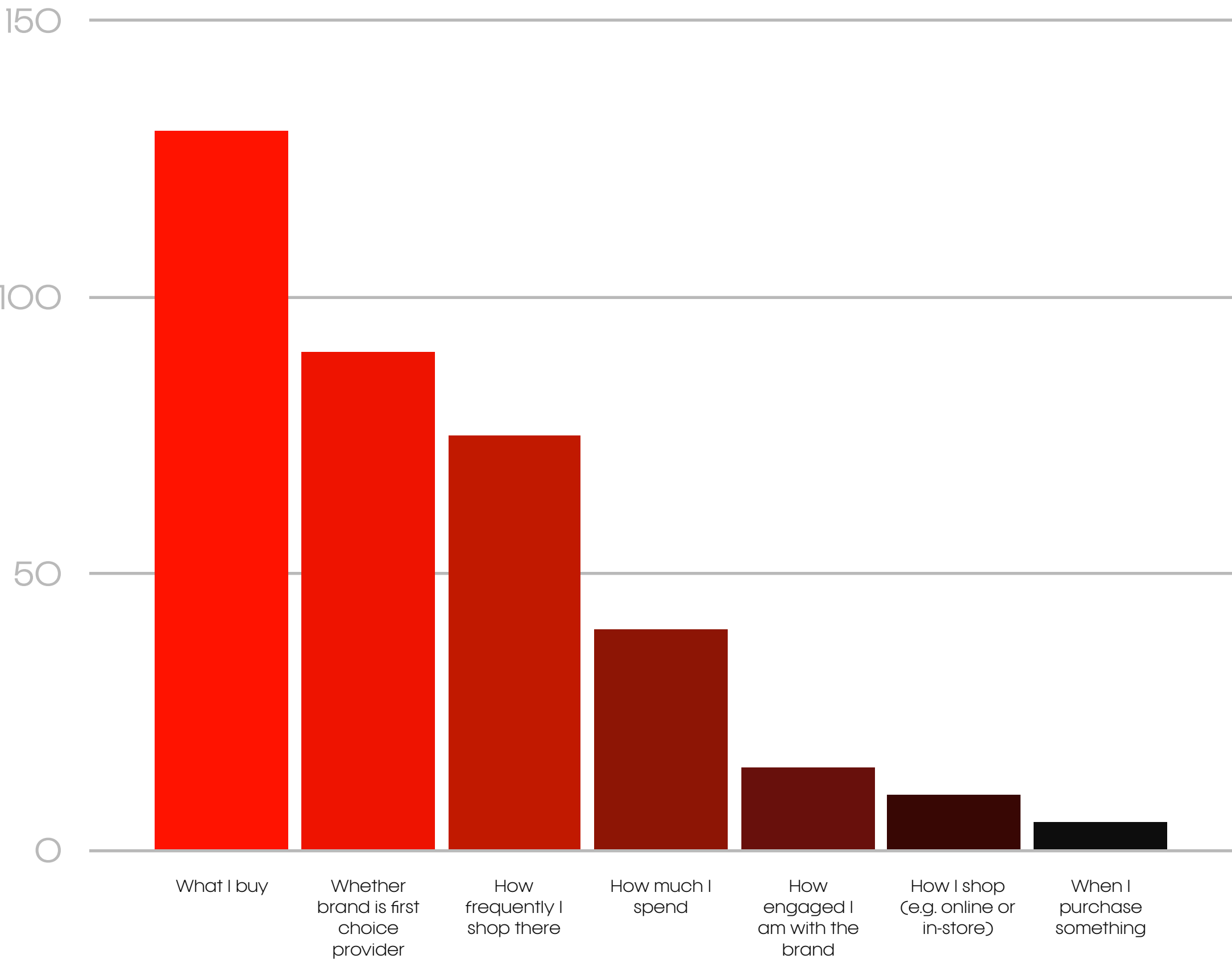
We asked customers if their favourite loyalty programme had changed their behaviour. Of the 48% who did perceive a change, the majority mentioned a behaviour offering clear brand value. The most common change mentioned was buying something different (27% of this group). This indicates that loyalty can trigger customers to break old habits and consider new ones.

The next most common response (19%) was a shift to seeing the brand as their first choice in its category, with responses such as:

- / "It has made it my go-to hotel provider".
- / "I would actively go to Tesco stores over others".
- / "I get coffee from there rather than just using any coffee shop".
- / "It has made me more loyal to Amazon, i wouldn't go elsewhere".

Other changes mentioned were:

- / Shopping there more frequently (16%).
- / Spending more (9%).
- / Engaging more frequently with the brand (3%).



# Effective Loyalty **Shifts Behaviour**

02

What's Changed		Respondents	
1	What I buy	129	#1 self reported behaviour change triggered by loyalty was buying different items (27%).
2	Whether brand is first choice provider	91	Nearly half (46%) of all respondents used loyalty to try a product they hadn't tried before.
3	How frequently I shop there	76	1/5 (22%) of all respondents had tried a service they hadn't used before through their loyalty scheme.
4	How much I spend	41	Well executed loyalty helps customers to be open to trying things that they might not otherwise consider.
5	How engaged I am with the brand	13	Once a new behaviour has been introduced it is likely to be retained.
			Financial incentives become less important if customers discover something they like.

98%

of our respondents continued with the new product or service that they first experienced through their digital loyalty experience

1.7%

9.4%

28%

30%

30.9%

No

Yes occasionally, if it's free or discounted.

Yes regularly, because it's still free or discounted.

Yes regularly, because I like it.

Yes occasionally, because I like it.

## New Behaviours Become **Habits**

02

# Frequency

Regular thing or occasional treat? We asked consumers how often they repurchased a product or service they had initially tried through a loyalty offer.

**58%** said that they continued to **use the product or service they had tried through loyalty “regularly”**.

Once a new behaviour has been introduced it is likely to be retained and **become part of customers’ regular routines**.

# Motivation

Still discounted or just because? We wanted to understand why consumers chose to continue to use a product or service loyalty had prompted them to try.

**Over 60%** said that they **continued just “because they liked it”**, not because it was free or discounted.

**Financial incentives** become **less important** once customers **discover something they like**.



**People know what they “should” do - loyalty can tap into deeper motivations by helping them to achieve it.**



**Loyalty is helping them make healthier choices and look after the environment.**



**People find trying something a bit different a positive if there are incentives to do this.**

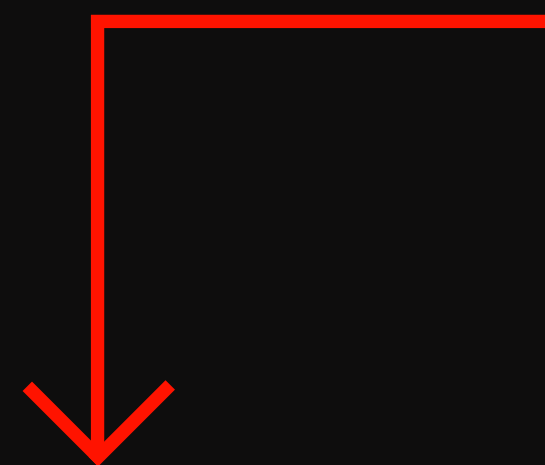
- \* Short-term incentivised changes may be brought into someone's regular routine if they decide the new way is better than what they did before (after the 2014 Tube strikes 1 in 20 commuters changed their route permanently).
- \* Loyalty can be a tool to reveal preferences that customers have not yet had the opportunity to discover, unlocking items that “weren't available to me before”.

# O3

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## Research key insights

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# 01

## Get the basics **right**

### **Mobile first.**

Digital services that can be used on the go are essential to the loyalty experience: 91% use mobile. Apps allow you to offer deeper localisation, personalisation, payment integration and reminders. Asda's successful 2022 launch of their digital-only rewards programme shows that mobile is the key channel to get right.

### **Make it easy to start.**

Ease of joining is the second most important thing that convinces respondents to join (45% of respondents) second only to saving money or getting discounts (56%).

### **Simplicity.**

Schemes must be easy to understand: Marks & Spencer learned this lesson the hard way when they were forced to reboot their "confusing" Sparks programme in 2018. "It wasn't clear how it would benefit me" was the key reason for turning down the opportunity to join loyalty scheme.

84% people reckon they have a good or excellent understanding of their favourite scheme.

# O2

Offer tangible  
**value** and more.

## **Offer variety as well as value.**

Taking the risk out of trying new things is appreciated as a benefit of loyalty. Customers are open to new experiences when loyalty gives them a reason to try them.

## **Launch new services with loyalty.**

Subscription products offering real value are perceived as part of loyalty even if they aren't e.g. ASOS Premier postage subscription. Framing new subscription services as an enhanced loyalty offering may give them faster traction.

## **Jumpstart what you want to continue.**

Customers like to try new things and are likely to continue if they like it. Incentivised changes become habits that no longer need incentives.

# 03

## Build the **relationship**

### Be fast.

Prove your value to customers right away. Over 1/3 recalled experiencing an immediate benefit from their favourite loyalty programme.

### Be available.

Regular loyalty touchpoint keep your brand top of mind. Demonstrate value with every brand interaction, not just reward redemption.

### Be obvious.

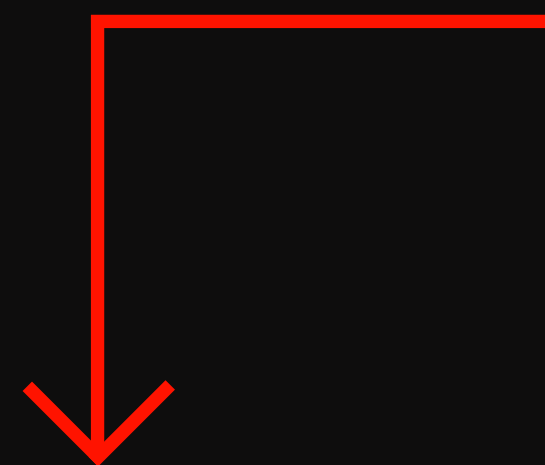
Surprise does not delight. Customers want to know what they are getting so that they can decide if it's worth investing their time in.

# O4

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# How we can help

# Product strategy & roadmap

Define a strategy and proposition that works for your users & business.



# Bring ideas to life

Create a prototype you can test and validate.



# Launch digital products

Get your app, website or experience in the market.

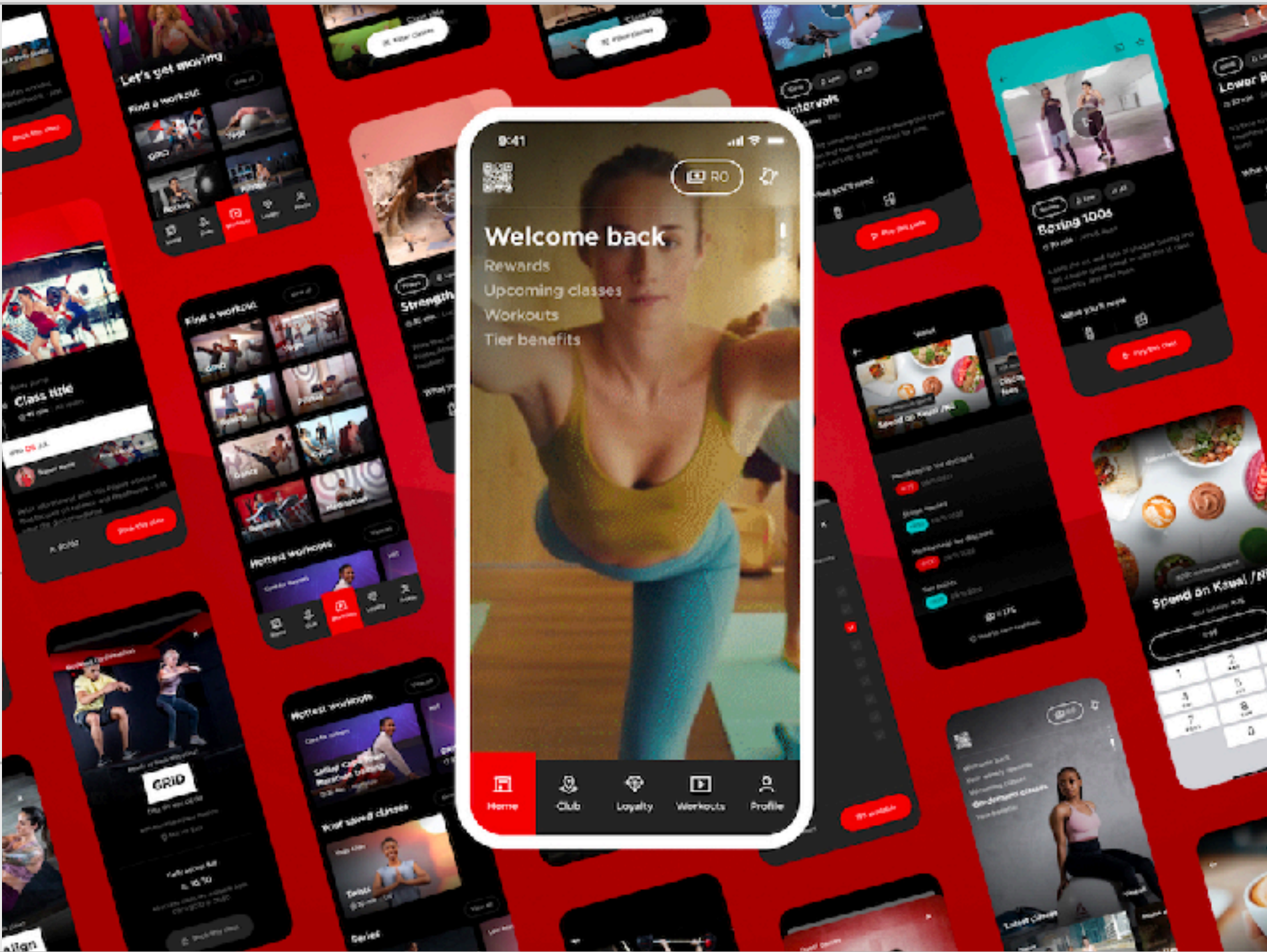




# Virgin Active

04

- / Designed an industry first member experience that rewards effort and supports long term behaviour change.
- / Weekly rewards for regular gym visits incentivise immediate action while building up the habits that lead to meaningful fitness progress and member retention.
- / Multiple successful weeks in a row generate compounding rewards including money off membership fees. Members can progress through tiers to unlock even more benefits by working out in the club and online.
- / Acting as a new focal point for a wider global digital transformation of the business.
- / In May 2023, the new experience was successfully launched in South Africa and will soon be rolled out across the 8 other global markets. [The case study video can be watched here.](#)





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