

# How to win trust and loyalty

2022

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# / Introduction

Yay, the pandemic is over, we can return to normal now. Oh, what's that, a global economic crisis, inflation tending towards 20% and a likely recession? Great! Just when we thought things were possibly going to settle down into some sort of ordinariness.

Two years ago, when we last ran our loyalty research, we were slap bang in the middle of the pandemic, a global event which no doubt had an impact on how we buy as consumers, and who we are loyal to. Now we find ourselves considering some years of potential strife and, no doubt, that too is going to affect our loyalty.

As such, before we got into our usual questions, we asked our panel what impact the cost-of-living crisis is likely to have. What we learned is probably not too surprising – consumers are becoming much more price sensitive, cutbacks are already happening, and this is felt less by younger consumers – but overall, people are already cutting back. Indeed, over half of the individuals we talked to see themselves as struggling to some degree, with one in 8 already unable to stretch beyond essentials. For all brands, a consciousness of their customers and the strain they are under is going to be vital.

When we then get into the questions we have tracked over the years of this research, we see that our fundamental loyalty segmentation has remained static for several years now, there are underlying changes happening. Consumers are worried, and willing to consider changing brands as a result. Family budgets are being stretched and are being tempted to look at offers as a result. Uncertainty is rife and everyone is feeling more disloyal. In fact, we have already seen a change in our favourite brands with Tesco, Aldi and ASDA all increasing and M&S, Waitrose and Sainsbury's all decreasing.

The next few years are likely to be tough, the outlook is not very positive as we sit here in the summer of 2022. However, consumers still want to be loyal to the brands they love, they want to retain the habits they have built up. But that may not be possible, and offers and cheap prices are likely to become more and more attractive. For brands, that creates a challenge, to stick or to twist, to keep doing what built up loyal customers or to chase possible switchers with offers. Right now, there is probably no correct answer but rather, a need to be adaptable, to be willing to vary plans and to react quickly as needed. Boy, do we hope there can be some sort of normal soon.

## **Scott Logie**

Chair of the DMA Customer Engagement Committee  
MD at REaD Group Insight

# / Foreword – Salesforce

Building lifelong trusted relationships with customers is still the goal of every marketer and every business. No change there. But we are surrounded by change. Change due the pandemic, the economy and the on-going Internet revolution.

Digital sales have surged over the past two years. The digital migration creates opportunities to reach new customers but has also brought with it a new wave of competitive threats.

Data privacy continues to change access to customer data through changes in 3<sup>rd</sup> party cookies, mobile device tracking, email tracking, and more. Previous data regulations were more focused on data governance, and how we store or access data. The new privacy changes from Apple & Google are not just about how the data is stored, but the data marketers once used no longer exists. In fact, 90% of marketers say that recent data privacy changes have fundamentally impact how they have to track performance now.

And as this report highlights, many consumers don't feel loyal. Customers are browsing Amazon while standing in a store, and starting shopping journeys at a search engine or social network. Brands need to focus on the experience as well as the sale.

Building those lifelong trusted relationships needs marketers to use every asset in the toolbox. Growing first party data to understand changing customer behaviour and demands. Using that data with automation and AI to productively find insights and opportunities. And delivering personalised marketing moments for a great customer experience, operational efficiency and long-term growth.

These are all themes we explore with marketers in our [Salesforce Marketing Intelligence Report 2022](#).

**Jonathan Beeston,**  
Product Marketing Director, EMEA, Marketing Cloud at Salesforce

# / Foreword – Drift

Customer loyalty has never been more important. It's true, it's always been important, but not quite as much as it is at present. Why? As the report suggests, the next few years are likely to be tough, the outlook is not very positive as we sit here in the autumn of 2022. For B2C and B2B businesses alike, adaptability is crucial as cheap prices are likely to become more and more attractive.

At Drift we put the customer at the centre of absolutely everything we do and we've decided to partner with the DMA for the creation of this report, to better understand what resonates with customers most when it comes to brand loyalty. As any other business, we invest a lot into our customer base and we want to make sure we keep being their #1 choice, no matter the economic circumstances.

Enjoy reading the report!

**Andra Barbuceanu**  
Head of Marketing (EMEA) at Drift

# / Exec Summary

- Awareness of price increases is high among consumers, particularly for groceries, utilities, and fuel. 82% of consumers say grocery prices have risen, rising to 93% of those over 65s.
- Cutting back is a common response to the cost of living crisis. For example, 39% of consumers who spend on eating out are cutting back on this versus 18% who have stopped spending on this completely. A further 22% are planning to cut back in this area.
- Our segmentation of consumers based on their finances reveals a range of responses to the cost of living crisis. Financially struggling segments all over-index on switching behaviours.
- Families with children under 18 are more likely to be switching brands. 26% of consumers with children under 18 have switched the main supermarket they use to save money.
- Loyalty mindsets remain the consumer default. Active Loyals remain stable at 51%, Habitual Loyals have increased to 21% from 17% while Active Disloyals and Situational Loyals have slightly declined.
- Sensitivity towards deals has shifted. 51% of consumers agree that they often change their mind about what brands or shops to use as a result of deals or offers, in comparison to 49% of consumers in 2020.
- Feelings of disloyalty have increased. 41% of consumers claim that they feel less loyal to brands and companies than they did a year ago, in comparison to 34% in 2020 and 39% in 2018.
- Trust in brands remains weak. While 67% of consumers rely on customer reviews to make purchase decisions with no change in agreement versus 2020, 66% of consumers want brands to do more to prove their product claims.
- Everyday brands are consumers' most favoured brands. While Amazon continues to be the most commonly named favourite brand among consumers, Tesco has increased its ranking with 5% of consumers naming this their favourite in 2022, while Asda and Aldi also rank higher than in 2020.
- Paid-for loyalty still delivers value despite cost pressures. Despite the cost of living crisis, the number of consumers who are members of a paid loyalty scheme has risen from 17% in 2020 to 22% in 2022.
- Functional and Financial drivers of loyalty maintain relevance while compassion and rewarding loyalty drivers increase in significance. 53% of consumers agree that 'Compassion – Personal' drivers make them loyal to their favourite brand compared to 47% in 2018 and 60% of consumers agree that 'Compassion – Societal' drivers make them loyal to their favourite brand compared to 55% in 2018.
- Brands are making headway in meeting loyalty reward preferences as unmet demands decline. Overall, unmet demand has decreased across all benefits since 2020, but the potential remains for brands to offer greater personalisation and brand partnerships
- Email remains consumers' most preferred channel, despite a slight decline since 2020. 62% of consumers in 2022 rank email marketing they receive as relevant and 53% rank email as the most trusted marketing channel overall – although both declined slightly since 2020.
- Social media and video channels continue to gain consumer engagement. 18% of consumers have bought directly via social media in 2022, increasing from 14% in 2020.

# Cost of Living Impact on Consumer Loyalty

In 2022, the cost of living crisis in the UK provides a significant backdrop to any changes in consumer attitudes to loyalty and brand choice. Propelled by soaring energy prices, growing inflationary pressures have become increasingly evident and felt by UK consumers in 2022. At the time the fieldwork for this research was conducted (July 2022) inflation in the UK reached 10.1% according to the Office for National Statistics. This represents the most significant increase in prices in more than 40 years in the UK.

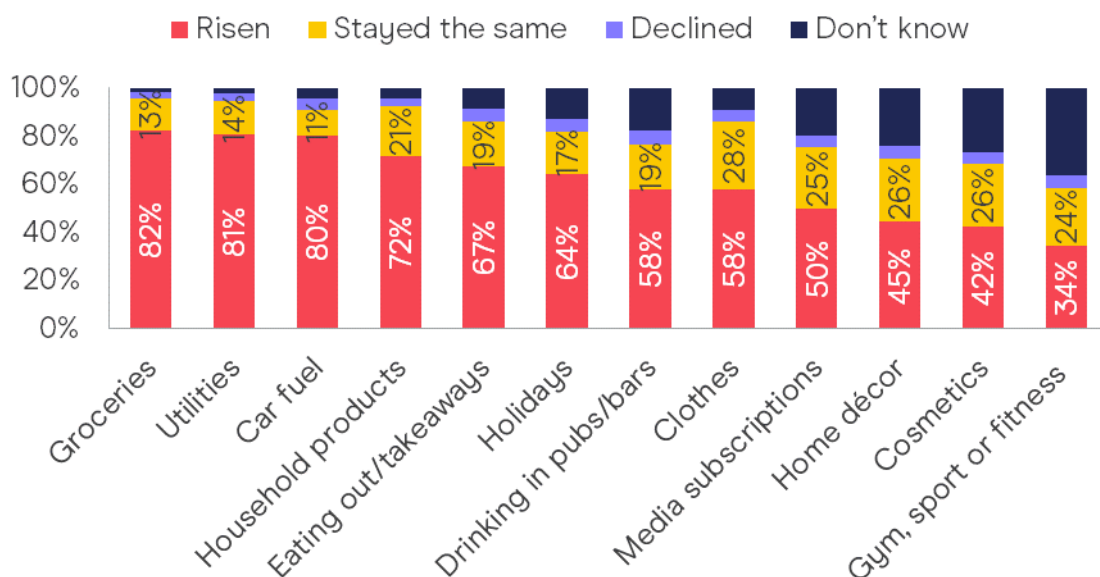
Alongside the directly felt consequences of such price hikes, UK media are reporting that inflation rates in the UK may rise significantly higher still with [Citigroup predicting a peak of 18.6% in January 2023](#).

The direct experience of increasing costs for goods and services, combined with the wider public discourse of the even further price increases to come, will clearly influence consumer attitudes towards future spending and brand choice in 2022. In the opening part of this report, we explore the extent of this influence and consider the wider impact on longer-term trends shaping the future of loyalty in the UK.

## Price sensitivity all around

Across the majority of categories tested, UK consumers state that the cost of products/services has increased over the previous 6 months. The vast majority of consumers are aware of price increases for groceries, utilities, and car fuel with 80% or more saying the cost in these categories has risen. Regarding more discretionary areas, awareness of price hikes is also high; 64% say the cost of holidays has risen, and 50% say the cost of media subscriptions has risen.

Would you say the cost of the following has risen, stayed the same or declined over the last 6 months?

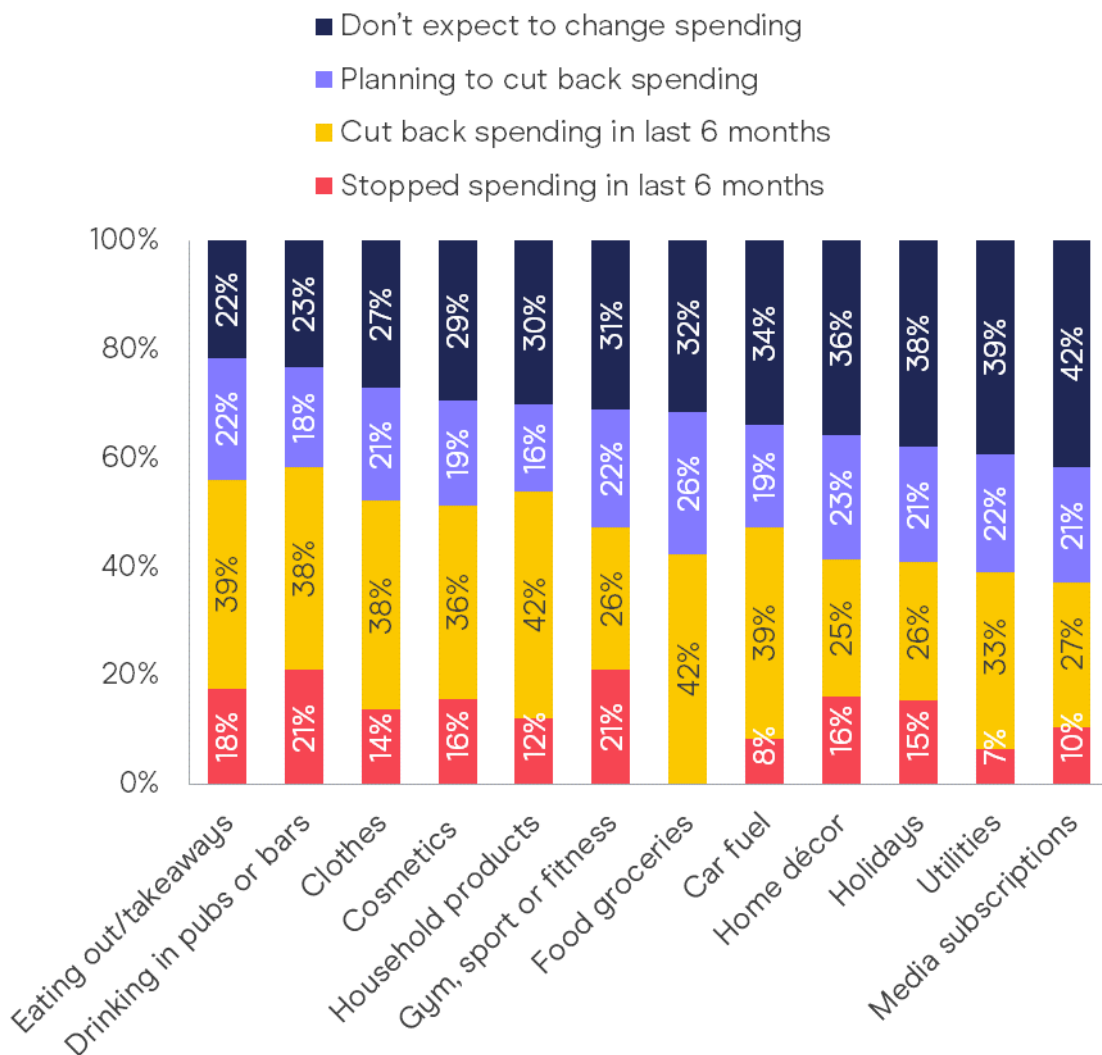


## Consumer spending cutbacks

The current cost of living crisis is challenging consumers to change their spending habits. Across all categories tested, most consumers have made changes or are planning to make changes to their spending habits. Within this, consumers are more likely to have cut back their spending than to have stopped spending completely. This places consumers in an interesting mindset where they are prioritising their needs and questioning existing habits and loyalties.

Certain discretionary categories are being challenged more severely by consumer cutbacks. 21% of consumers who drink out of home have stopped spending on this already, and 21% of consumers who spend on fitness or sport have stopped spending on this. Consumer spending on holidays and media subscriptions seems to be more protected, as 38% and 42% aren't expecting to change their current spend. However, inflation rates and cost pressures remain unprecedentedly high at the time of writing and are expected to intensify. Moreover, those consumers who currently are planning to cut back will put further pressure on existing loyalty as they start to change their spending habits.

How would you describe your spending habits regarding...? (Among those who spend in each category)





## Financial types reveal a range of responses to cost of living crisis

While the cost of living crisis is clearly impacting the majority, segmenting consumers into groups based on their ability to afford to spend on non-essentials and their approach to spending reveals a range of responses to the cost of living crisis. The segmentation groups we have identified and their key characteristics are summarised in the table below.

	Financial type definition	Group size	Response to cutbacks (compared to avg.)	Avg. no. categories cutback on	Group demographic characteristics
Precarious	Struggle to afford essentials and non-essentials and rarely have money spare	16%	More likely to have STOPPED spending or cutback on all categories	6.5	More likely women and/or middle-aged
Struggling	Can afford some non-essentials with budgeting and rarely have money to spare	19%	More likely to have already made cutbacks vs. stopping spending and planning cutbacks to media and fitness	5.5	Slightly more likely Millennial and Gen X and/or women
Spend it all Spenders	Can afford most non-essentials but rarely have money to spare	5%	As well as making cutbacks in standard areas, more likely to be cutting back on non-essentials too like clothes, cosmetics	5.9	More likely younger and/or to have no children
Safe Spenders	Can afford non-essentials with budgeting and usually have some money spare	17%	Similar to average – cutting back mostly on groceries, utilities, eating out	4.4	More likely over 45 years old and/or have older children
Comfortable	Can afford non-essentials and usually have a bit of money to spare	43%	More likely to not be planning changes (30%-50% depending on category)	3.7	Slightly more likely over 65 years old and/or male

16% of consumers are 'Precarious' and are more likely than the average to have stopped

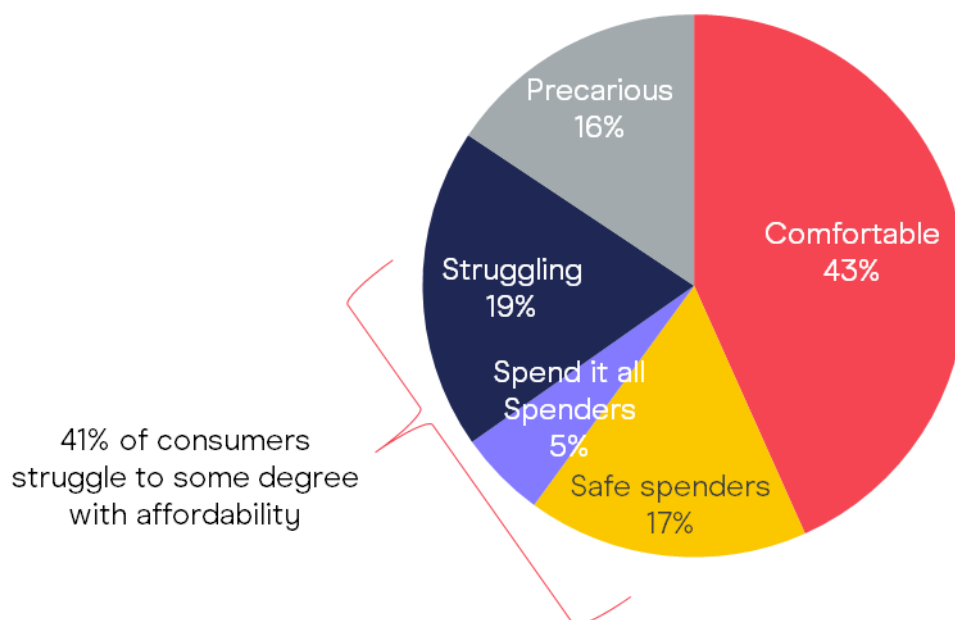
spending or to have cut back on all categories we asked about. For these consumers, support in meeting their essential needs is paramount.

At the other end of the scale, 43% are 'Comfortable' and are more likely than the average to not be making changes to their current spending. This said, the average number of cutbacks they make is 3.7; Comfortable consumers are still actively making changes but not to the extent of other groups. As a result, consumers within this group have a greater degree of flexibility in how they make their cutbacks given they do not have to just focus on meeting essential costs.

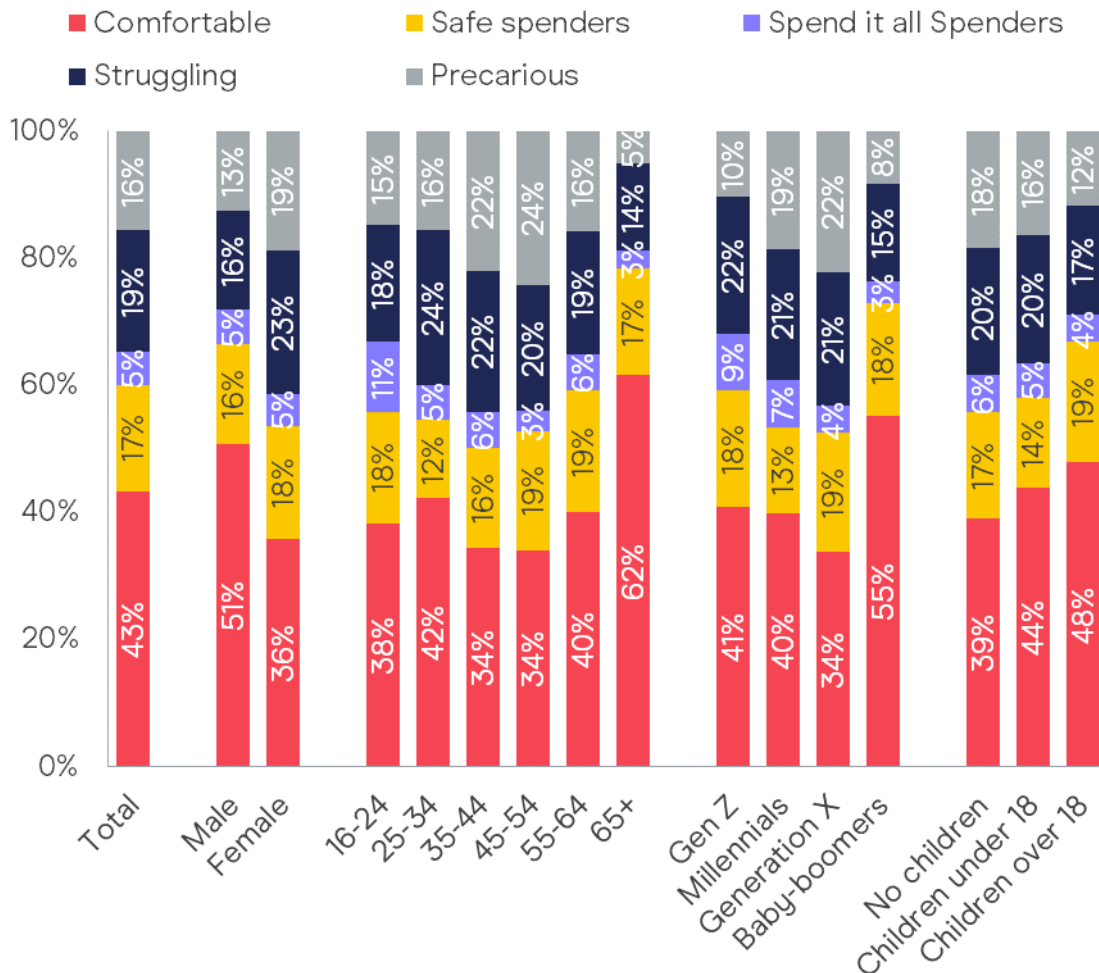
In the middle sits the remaining 43%, comprising 3 segments: 'Struggling', 'Spend it all Spenders' and 'Safe Spenders'. These groups are making many cutbacks but are not stopping spending to the degree of the Precarious group. The Spend it all Spenders, though a small segment comprising 5%, are interesting as their profile suggests they are the kind of consumer who can afford to spend but rarely has much money spare after spending. Their spending habits are being challenged as they are more likely to be cutting back on some discretionary areas like clothes and cosmetics than the average consumer and are more likely to be planning cutbacks than the average consumer. Being a segment that tends to be younger, the focus on cutting back on these areas versus making essential household changes also makes sense.

As challenges to the cost of living continue, brands can respond with a range of approaches to support consumers' varying needs – from focusing on direct relief and immediate benefits relating to everyday spend to communicating the value of longer-term outlays such as premium adds for consumers who feel a little more comfortable managing costs.

#### Financial profile of UK consumers relating to their ability to afford to spend and to have money spare



## Financial types by demographic



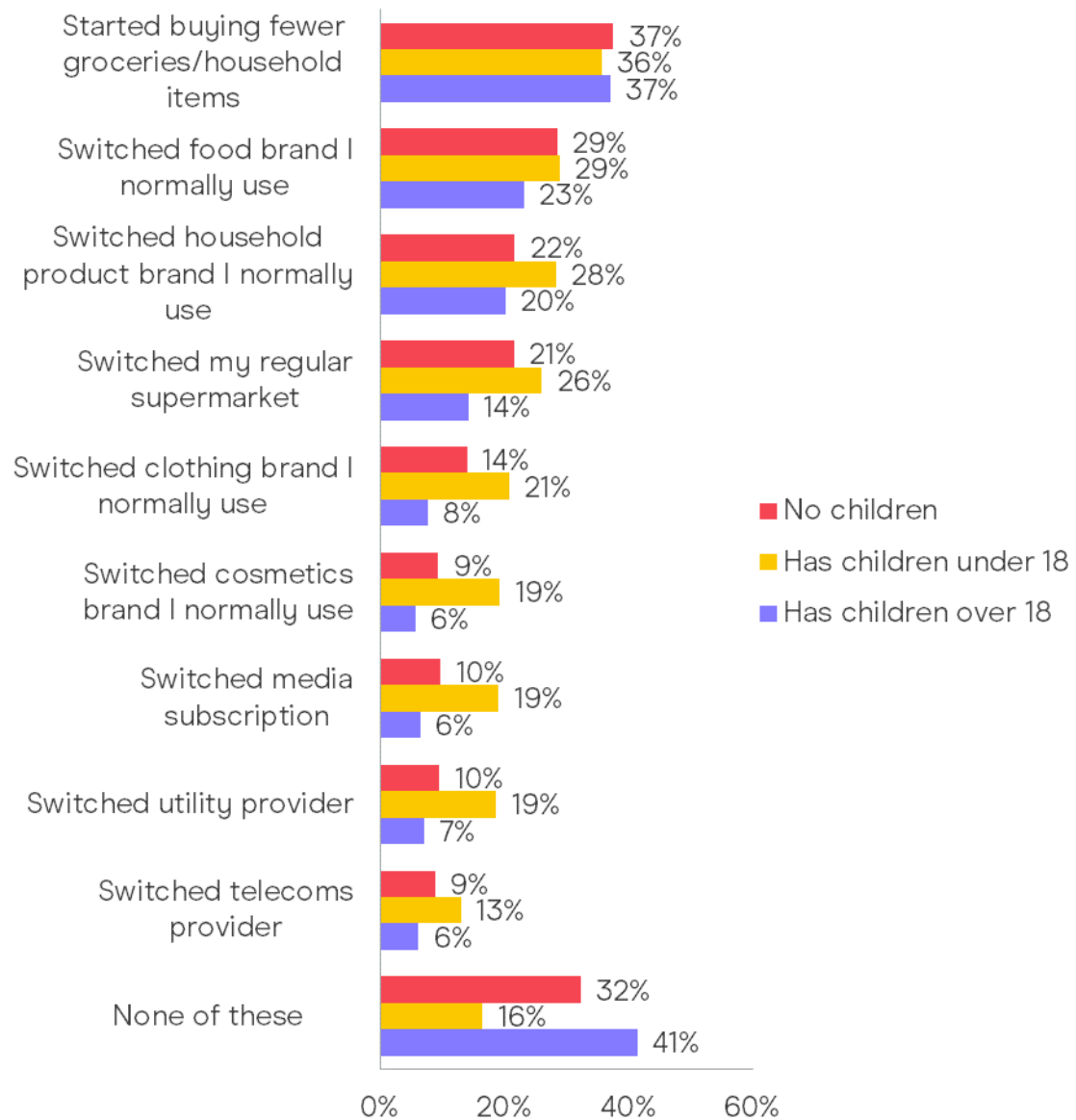
## Consumers are starting to switch in response to cost pressures

We asked consumers whether they had started switching brands they use to save money. It's clear from the chart below that those with children under 18 are the most likely to have done so. Equally the Precarious, Struggling and Spend it all Spender segments all tend to over-index on switching behaviours.

The most likely categories consumers are switching brands in are food and household products, as well as changing the main supermarket they use. 28% of those with children under 18 have switched a household product brand and 26% have switched supermarket in the last 6 months.

However, it is also interesting to note that among all the options presented in the question, consumers were most likely to have simply started buying fewer everyday grocery or household items – 36% of consumers have done this. Rather than attempting to switch or try a new brand consumers prefer to simply buy less but maintain where they are spending. This behaviour tallies with the stable loyalty mindset we track in the next section of this report.

Which of the following, if any, have you done over the last 6 months to save money? (By family type)



# / Tracking Consumer Loyalty

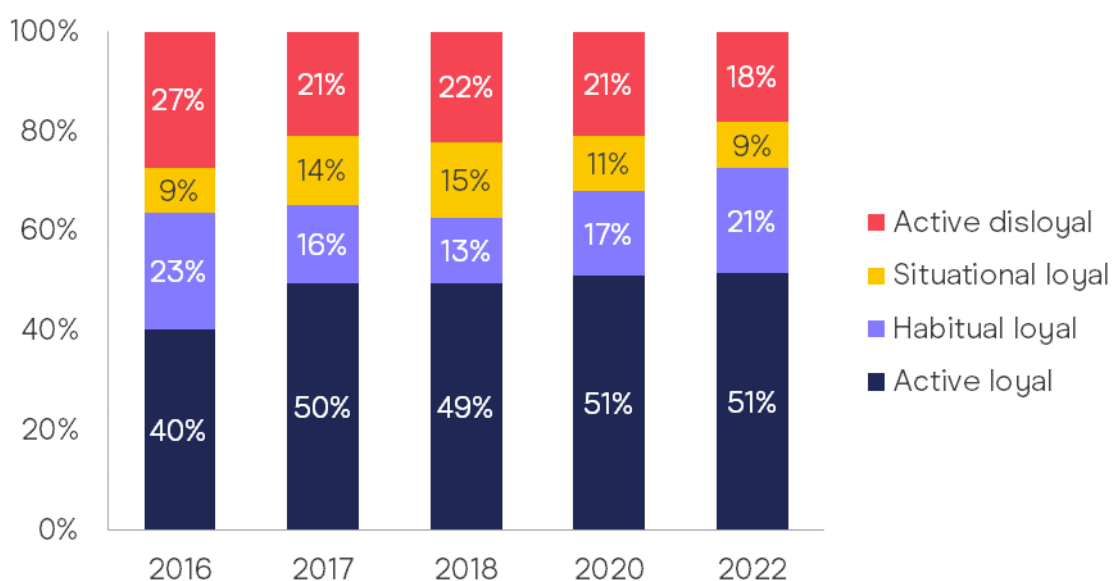
## Loyalty is unwavering in times of crisis

The update to the DMA's long-running loyalty segmentation reveals that the 'Active Loyal' segment remains both the largest segment and unchanged in size since 2020, with 51% of consumers belonging to this group. Outside of this, the pattern of change from 2018 to 2020 is mirrored in the change observed from 2020 to 2022; 'Active Disloyals' and 'Situational Loyals' have declined slightly (from 21% to 18% and 11% to 9% respectively), while 'Habitual Loyals' have increased (from 17% to 21%).

The small growth in Habitual Loyals (consumers displaying loyalty to everyday items over more expensive items) and the decline in Situational Loyals (consumers displaying loyalty when purchasing more expensive items) may be the result of consumers placing a spotlight on non-essential purchases while personal finances are strained.

In 2020, the picture of customer loyalty was remarkably stable considering the stresses and strains imposed on consumers during the coronavirus crisis; again, there is little significant change despite the challenges of the cost of living crisis. In particular, the trend of decline in Active Disloyals and growth in Active Loyals since 2016, despite the coronavirus and cost of living crises, is indicative of a strong loyal default among a majority of consumers.

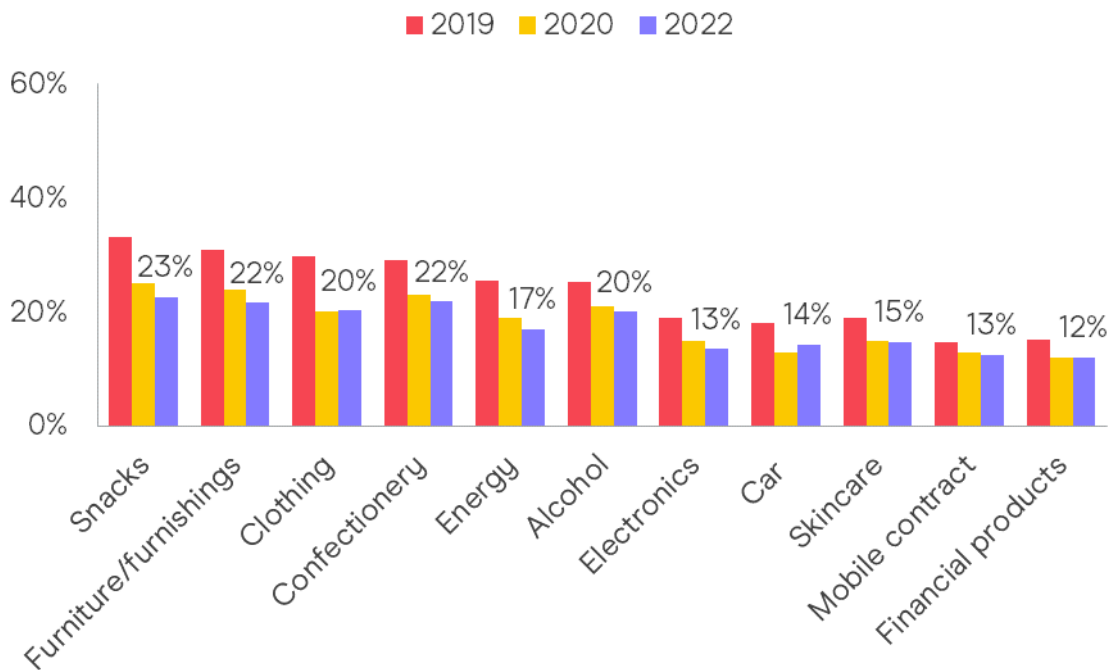
### Trended customer loyalty segmentation



## Preference for familiarity does not equate to stronger feelings of loyalty

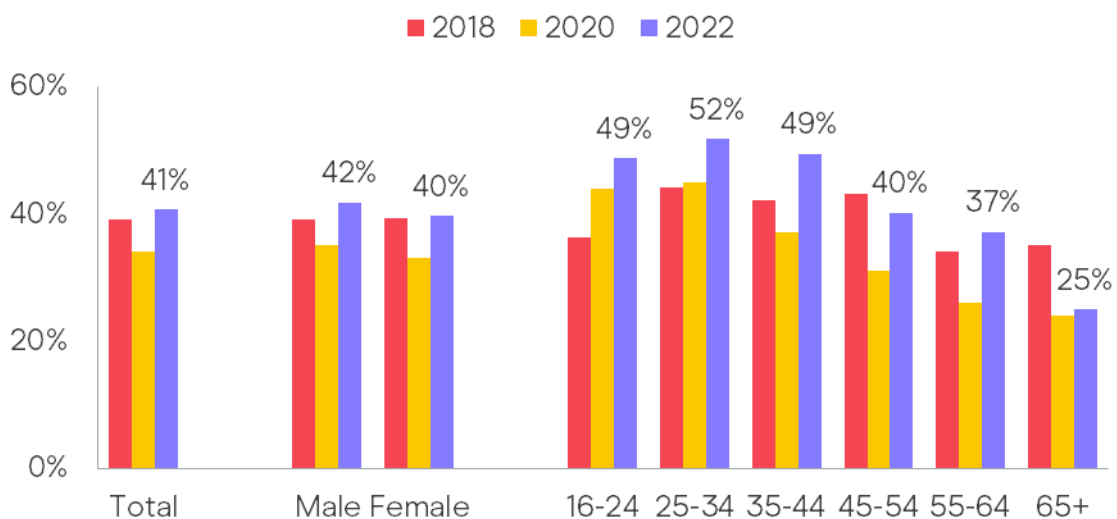
While overall loyalty mindsets remain stable, there has still been a shift in our behaviours and attitudes towards loyalty. In 2022, consumers are slightly less likely to agree that they like trying new brands across almost all categories (excluding clothing, skincare and financial products) than they were in 2020, while they are significantly less likely to agree across all categories compared to 2019. This would suggest that the pressure of the coronavirus crisis and the cost of living (and especially the common denominator of financial pressure) has deterred consumers from taking risks on brands they do not know.

How much do you like to try brands you haven't used before vs. sticking to brands you have used? (Those who rank trying new brands 1-3 out of 7)

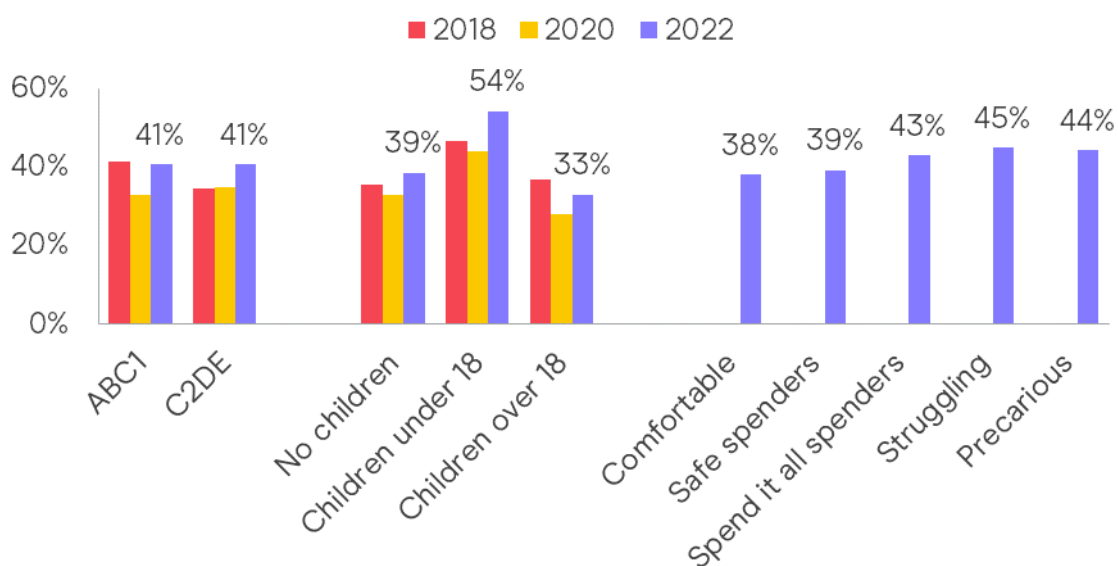


It is important to note, however, that a desire to stick to the same brands does not necessarily equate to genuine feelings of loyalty. In 2022, 41% of consumers claim that they feel less loyal to brands and companies than they did a year ago, in comparison to 34% in 2020 and 39% in 2018. Consumers in a less comfortable financial position (Struggling and Precarious groups) are the most likely to agree that they feel less loyal to brands and companies; a reluctance to risk trying new brands, paired with a potential need to explore cheaper options creates a negative stalemate that is not conducive to a happy loyal customer.

How much do you agree or disagree: "I feel I am less loyal to brands and companies now than a year ago"? (Net agree)



How much do you agree or disagree: "I feel I am less loyal to brands and companies now than a year ago"? (Net agree)

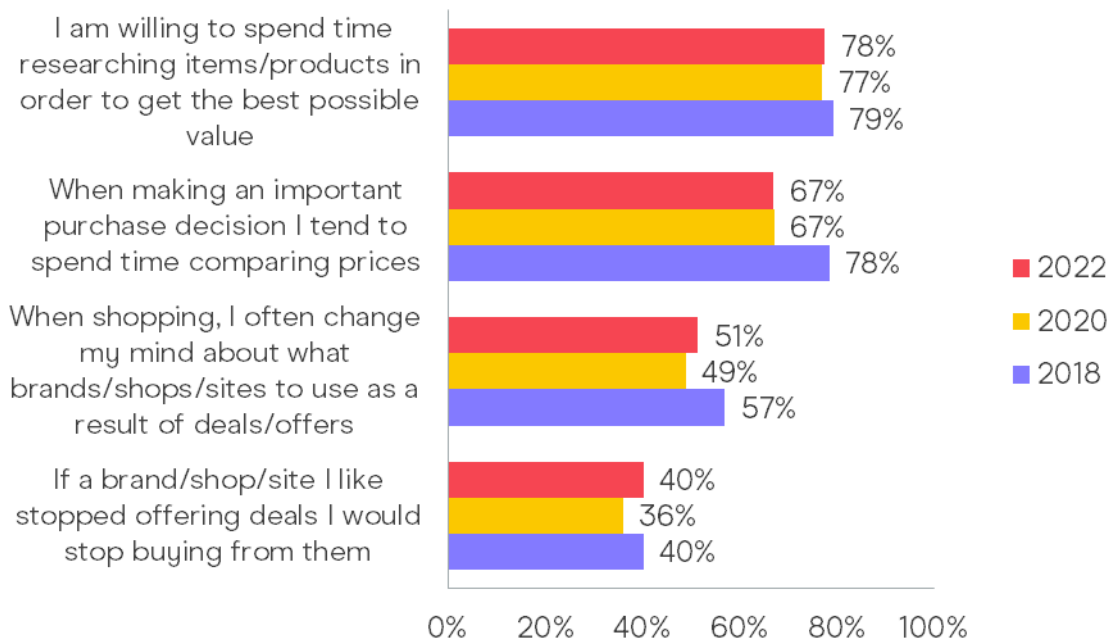


## Deal dependent loyalty

While searching for deals is less of a priority for consumers in 2022, most likely due to price comparison services that are increasingly accessible and better price matching practices by major retailers, the deals themselves have become a greater determiner of loyalty than in 2020.

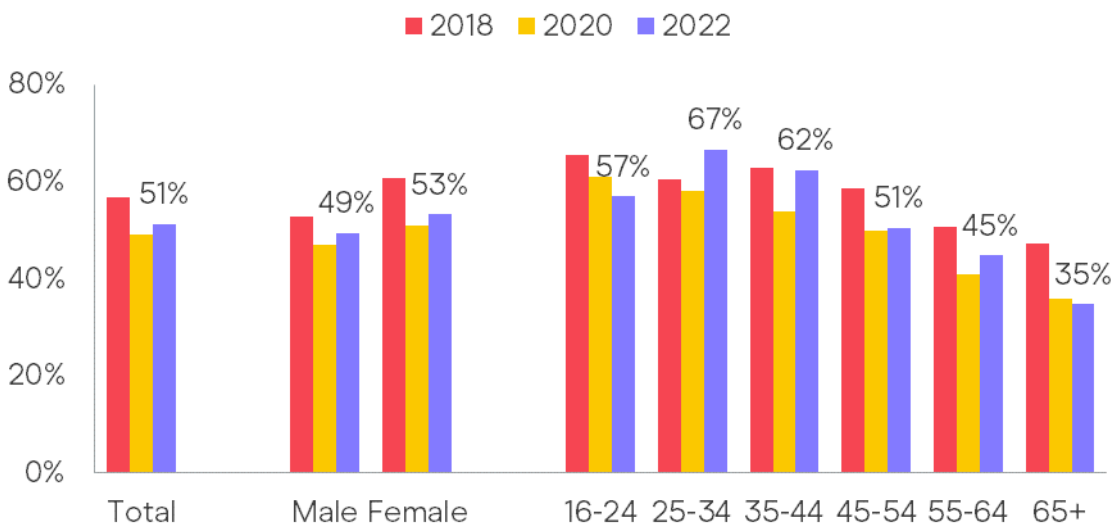
In 2022, 51% of consumers agree that they often change their mind about what brands or shops to use as a result of deals or offers, in comparison to 49% of consumers in 2020. Moreover, in 2022, 40% of consumers agree that they would stop buying from a brand or shop if that brand stopped offering deals, in comparison to 36% in 2020. While this shift would suggest that deals have become a brand trump card during the cost of living crisis, consumers are still less likely to agree that they change their mind based on deals than in 2018 (51% in 2022 versus 57% in 2018), suggesting there may be a general trend away from deals dictating purchase that has been knocked off course slightly by current financial pressures.

How much do you agree or disagree with the following statements? (Those who agree strongly or agree)



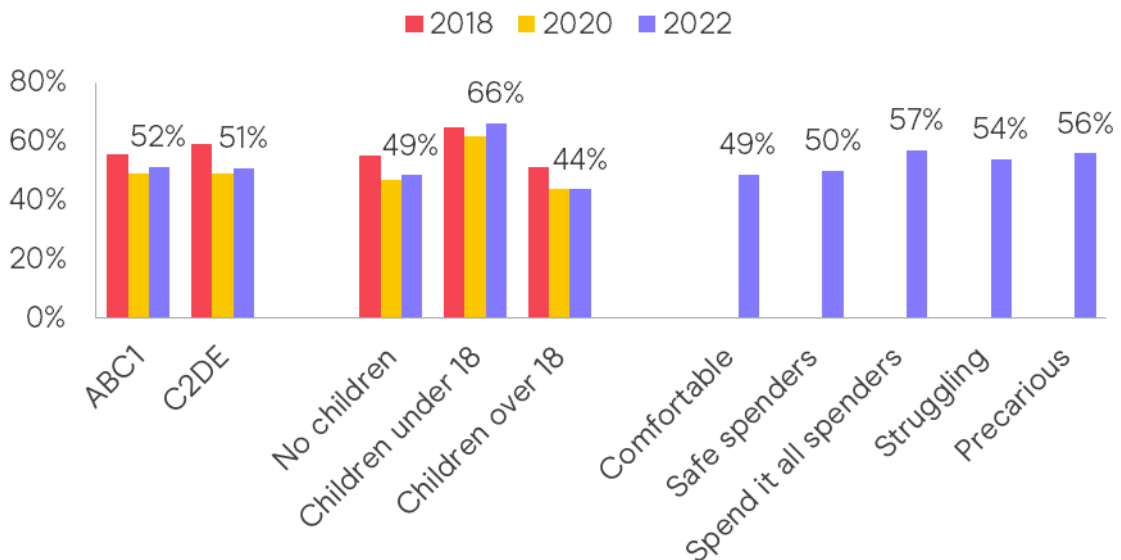
The proportion of consumers that agree that they often change their mind on the brand or shop they're using as a result of deals or offers differs significantly by demographic group. In both 2018 and 2020, consumers aged 16-24 were the age group most likely to agree that they would switch brand or shop for a deal or offer. In 2022, however, consumers aged 16-24 are less likely than consumers aged 25-34 and 35-44 to do so (57%, 67% and 62% respectively). This would suggest that younger consumers today are less likely to be persuaded to switch brands based on a deal or offer than their counterparts in 2018 and 2020, perhaps due to the focus placed on wider brand values amongst this age group.

How much do you agree or disagree: "When shopping, I often change my mind about what brands/shops/sites to use as a result of deals/offers"? (Net agree)



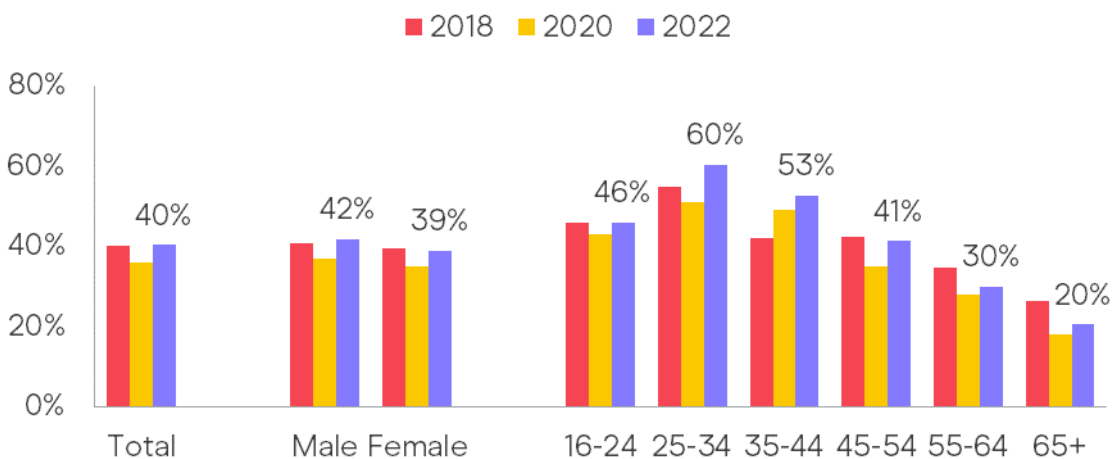


How much do you agree or disagree: "When shopping, I often change my mind about what brands/shops/sites to use as a result of deals/offers"? (Net agree)

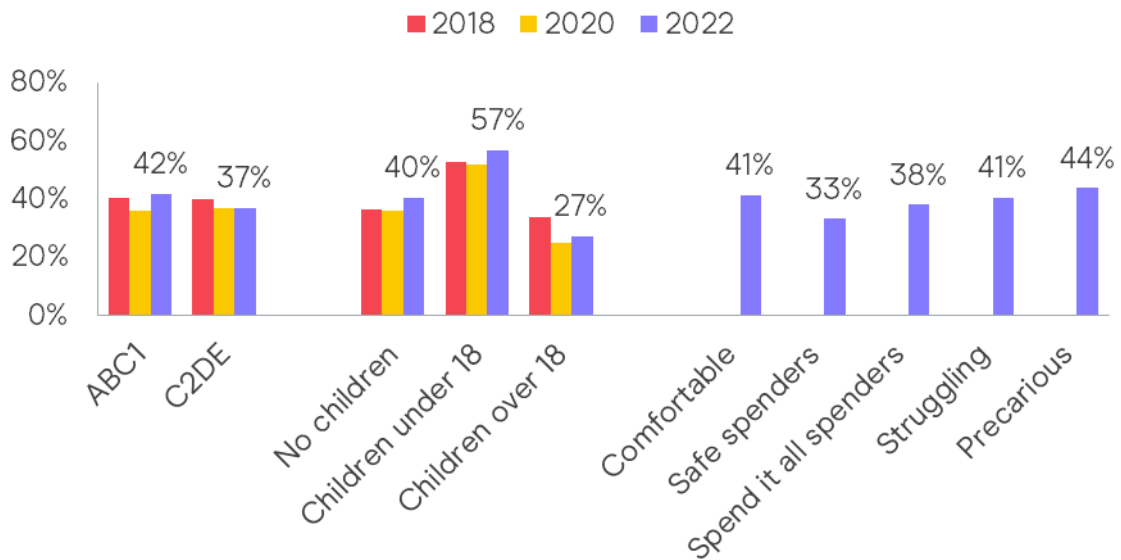


When considering stopping buying from a brand or shop completely if they stopped offering deals by demographic group in 2022, consumers aged 25-44 and consumers with children aged under 18 are still most likely to agree that they would do this. It is interesting to note that more consumers agree that they would switch using a brand or shop for a deal or offer elsewhere rather than completely stop using a brand or shop if they stopped offering deals; this would suggest that while loyalty is tested by deals on a short-term basis, long-term commitment to a brand or shop is less likely to be dictated by deals alone.

How much do you agree or disagree: "If a brand/shop/site I like stopped offering deals I would stop buying from them"? (Net agree)

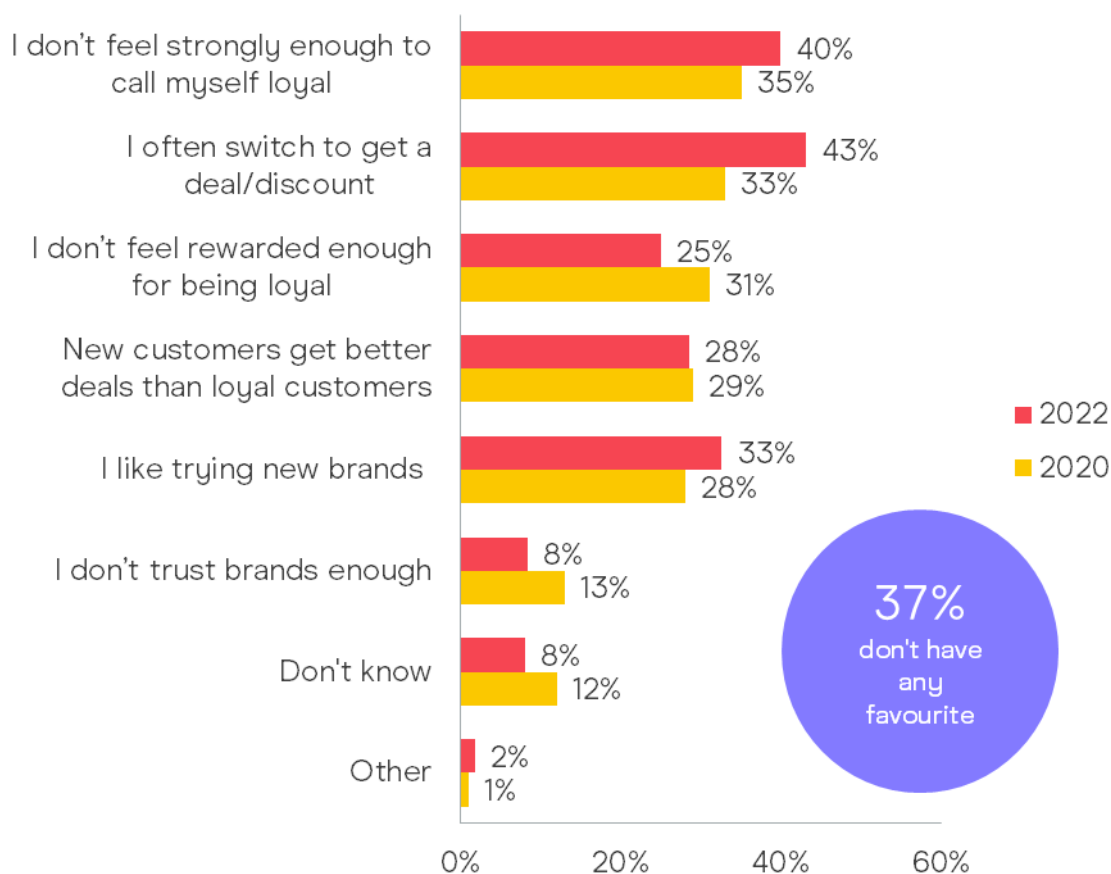


How much do you agree or disagree: "If a brand/shop/site I like stopped offering deals I would stop buying from them"? (Net agree)



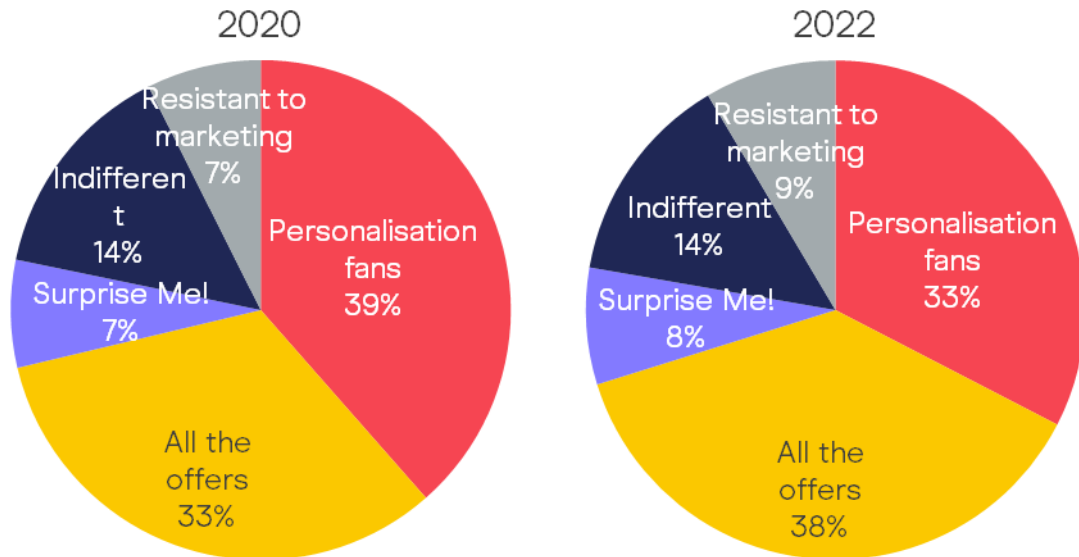
While most consumers are reluctant to leave brands permanently if they do not offer deals, the desire to switch brands or shops temporarily for a deal or offer does appear to have impacted the concept of a "favourite" brand. In 2022, of the 37% of consumers who claim not to have a favourite brand, almost half (43%) cite the reason as often switching to get a deal/discount, in comparison to a third (33%) of the 35% who claimed not to have a favourite brand in 2020. The increase in the number of consumers agreeing that they don't feel strongly enough about brands to call themselves loyal to them (from 35% in 2020 to 40% in 2022) may be the result of financial pressure to prioritise deals at the expense of wider brand values amidst the cost of living crisis.

You said you didn't have favourite brands. Why are you not loyal to any brands in general?  
(Among consumers who don't have a favourite brand)



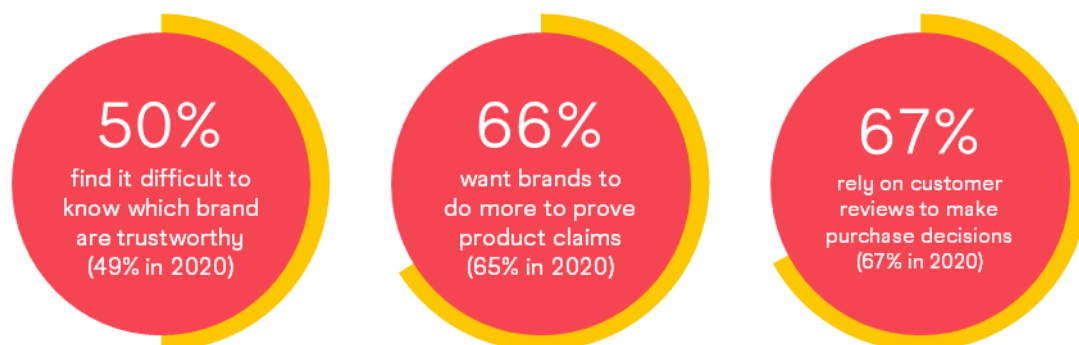
Paralleling the importance of deals for consumers, at least in terms of deciding which brands to use in the short-term, offer-based marketing has grown in popularity. According to our bespoke segmentation of consumers based on their marketing preferences, 38% of consumers in 2022 appreciate both personalised and non-personalised offers ('All the offers'), in comparison to 33% in 2020. At the same time, there has been a decline in consumers who particularly like offers to reflect their tastes and interests ('Personalisation fans') instead of offers being random or surprising. It is worth noting that while All the offers is now the largest segment, a third of the population is still prioritising personalisation despite the cost of living crisis.

### Trended marketing preferences segmentation



## Trust in brands remains weak

Within the context of deciding which brand to use, consumers are also faced with a trust deficit, with half of consumers in 2022 agreeing that they find it difficult to know which brands are trustworthy. While 67% of consumers rely on customer reviews to make purchase decisions with no change in agreement versus 2020, 66% of consumers want brands to do more to prove their product claims, suggesting that customer reviews are used in part due to a lack of proactive trust building from brands.



# / What is Driving Loyalty in 2022?

While 11% of consumers name Amazon their favourite brand in 2022, its dominance has declined slightly since 2020 (15%) and 2018 (14%). While big retailers remain the most popular brands overall, there has been a shift towards relatively less expensive supermarkets amidst the cost of living crisis.

In 2022, Tesco is the second most popular brand with 5% of consumers claiming it is their favourite brand, in comparison to 3% of consumers in 2020 and 2018. Tesco's rise in popularity may be due in part to its proactive stance on food prices during June 2022, when it refused to stock Heinz products that it believed were priced unreasonably high considering the existing pressure on household budgets.

Asda is now the most popular brand for 2% of consumers, whereas it did not feature as a top brand in 2020 and was the favourite brand for 1% of consumers in 2018. Aldi is a notable addition for 2022, with 1% of consumers agreeing that it is their favourite brand.

This suggests that brands providing a direct solution to the cost of living crisis are not just considered necessity brands but transcend into the more emotional arena of "favourite" brands. In turn, it also suggests that a "favourite" brand may be more synonymous with the brand you use most often than the brand you wish you could use most often.

Thinking about all the brands and companies you use, which brand/company would you say is your favourite or are you most loyal to?

	2018		2020		2022
No favourite	33%	No favourite	35%	No favourite	37%
Amazon	14%	Amazon	15%	Amazon	11%
Marks & Spencer	4%	John Lewis	4%	Tesco	5%
John Lewis	4%	Sainsbury's	4%	Sainsbury's	3%
Sainsbury's	4%	Tesco	4%	Nike	3%
Tesco	3%	Marks & Spencer	4%	John Lewis	3%
Apple	2%	Apple	3%	Marks & Spencer	3%
eBay	2%	Nike	2%	Asda	2%
Asda	1%	eBay	2%	Apple	2%
Multiple brands	3%	Multiple brands	4%	eBay	1%
Other (remaining)	30%	Other (remaining)	25%	Aldi	1%
				Other (remaining)	28%

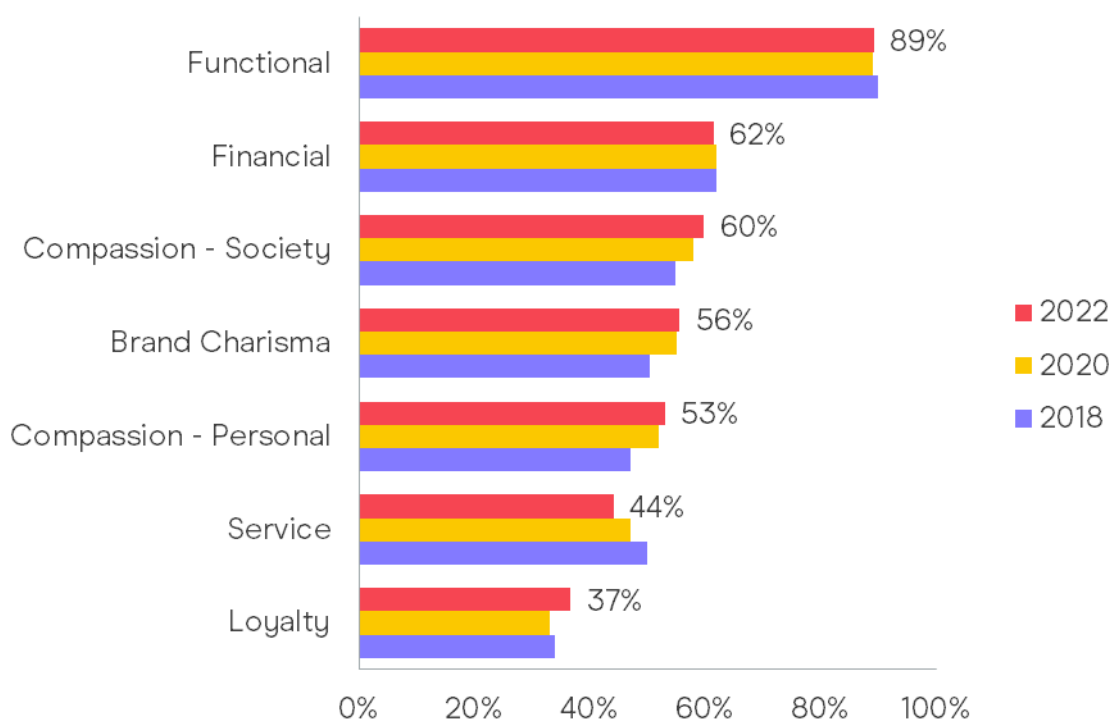
## Functional-first, but compassion and rewarding loyalty increase in importance

Since 2018, functional and financial drivers of loyalty have remained relatively stable in their importance. Both 'Compassion – Personal' and 'Compassion – Societal' drivers of loyalty, such as making the consumer feel good and acting in an environmentally friendly way, have increased in importance since 2020, continuing the trend from 2018 to 2020. In 2022, 53% of consumers agree that 'Compassion – Personal' drivers make them loyal to their favourite brand compared to 47% in 2018, while in 2022, 60% of consumers agree that 'Compassion – Societal' drivers make them loyal to their favourite brand compared to 55% in 2018.

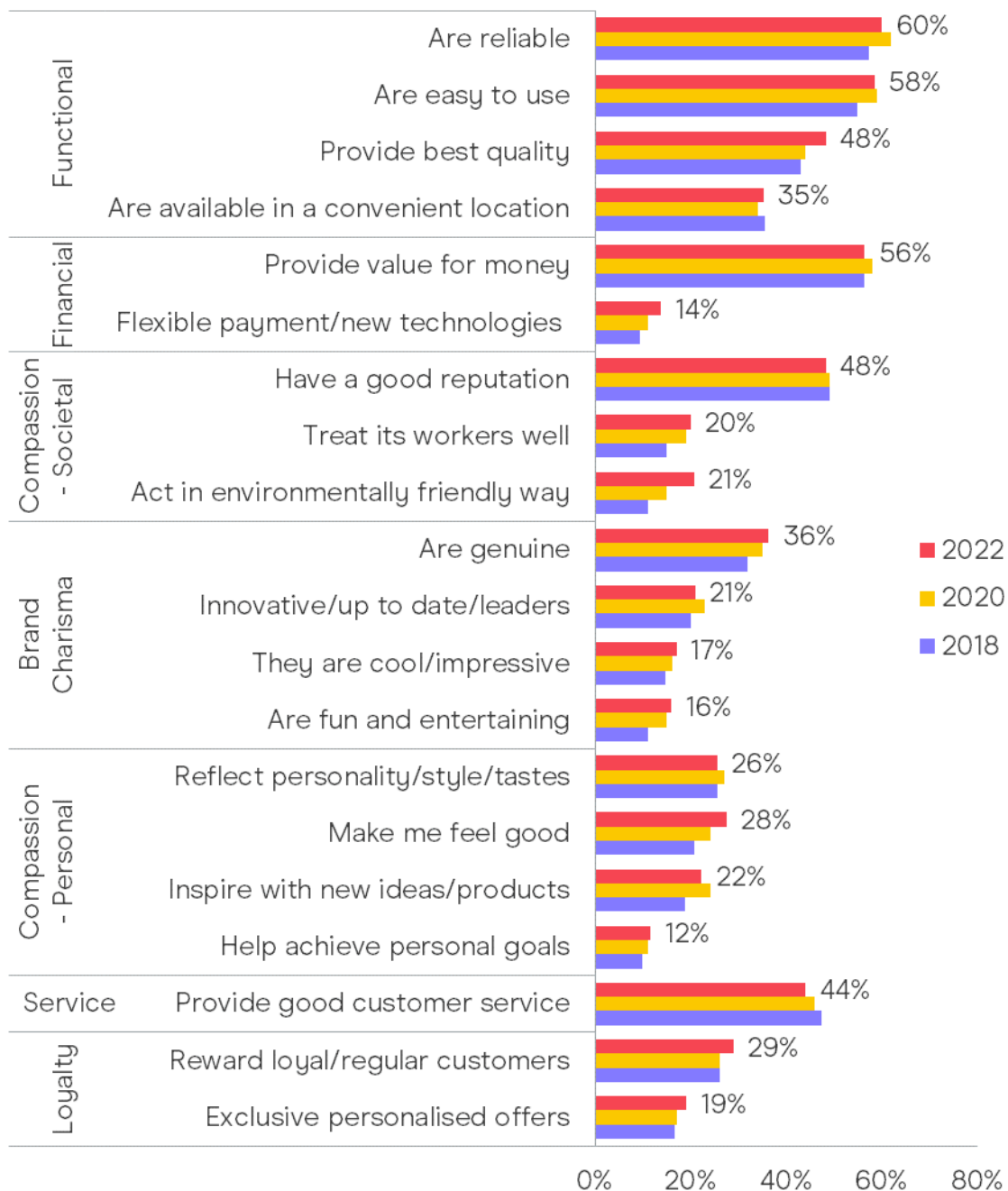
'Brand charisma' drivers, such as a brand being fun and entertaining, are also increasing in importance, following the trend from 2018 to 2020. This year, 56% of consumers agree that 'Brand charisma' drivers of loyalty make them loyal to their favourite brand compared to 50% in 2018. 'Service' as a driver has also become less important since 2020, following the trend from 2018, which may in part be due to a reliance on and an acceptance of the limitations of service available while shopping online amidst Covid-19 offline shopping restrictions.

The only loyalty driver that strays slightly from the 2018 to 2020 trend is 'Loyalty', which includes receiving rewards for loyalty and exclusive, personalised promotions. In 2022, 37% of consumers agree that 'Loyalty' drivers make them loyal to their favourite brand, up from 33% in 2020 and 34% in 2018. This increased desire to be rewarded by brands for loyalty may be in part due to the cost of living crisis and the heightened significance of committing to a certain brand. Even if it is not something consumers are actively seeking more of, being rewarded for loyalty at a time of financial constraint is clearly valued.

### What makes you loyal to your favourite brand? (Grouped)



What makes you loyal to your favourite brand?

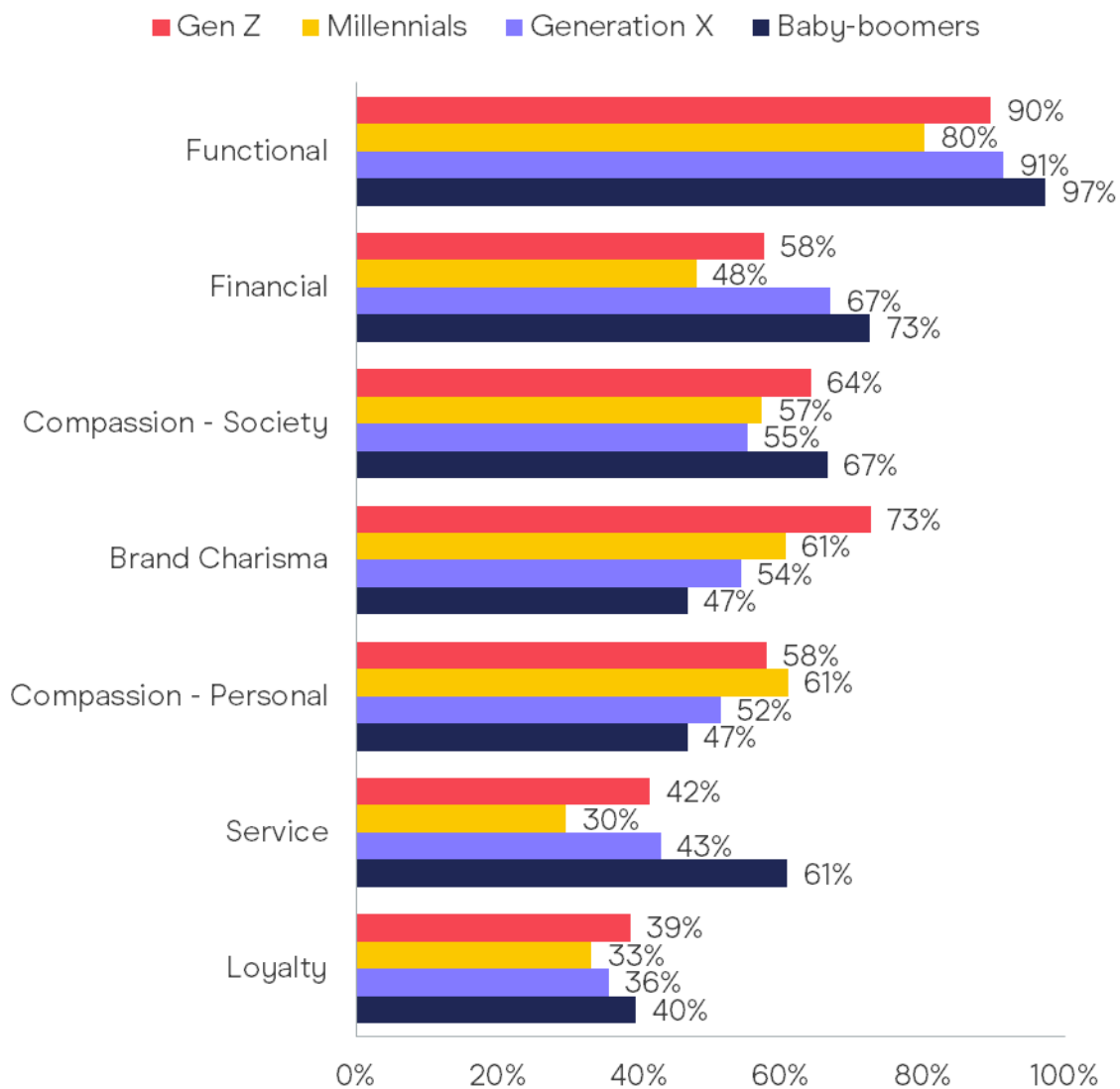


## Loyalty drivers vary significantly by age and sector

The importance of different drivers of loyalty shifts considerably when viewed by age or sector. For Millennials, Gen X and Baby Boomers, functional factors, such as brand reliability and product quality are the biggest drivers of loyalty. For Gen Z, however, 'Brand charisma' is the biggest driver of loyalty with 73% of Gen Z consumers agreeing that a brand having qualities such as being innovative or genuine makes them loyal to a brand. It is also interesting

to note that for both Gen Z and Baby Boomers 'Compassion – Societal' drivers are more important compared to other generations – for both the youngest and eldest consumers, loyalty is more likely to be determined by a brand's engagement with society.

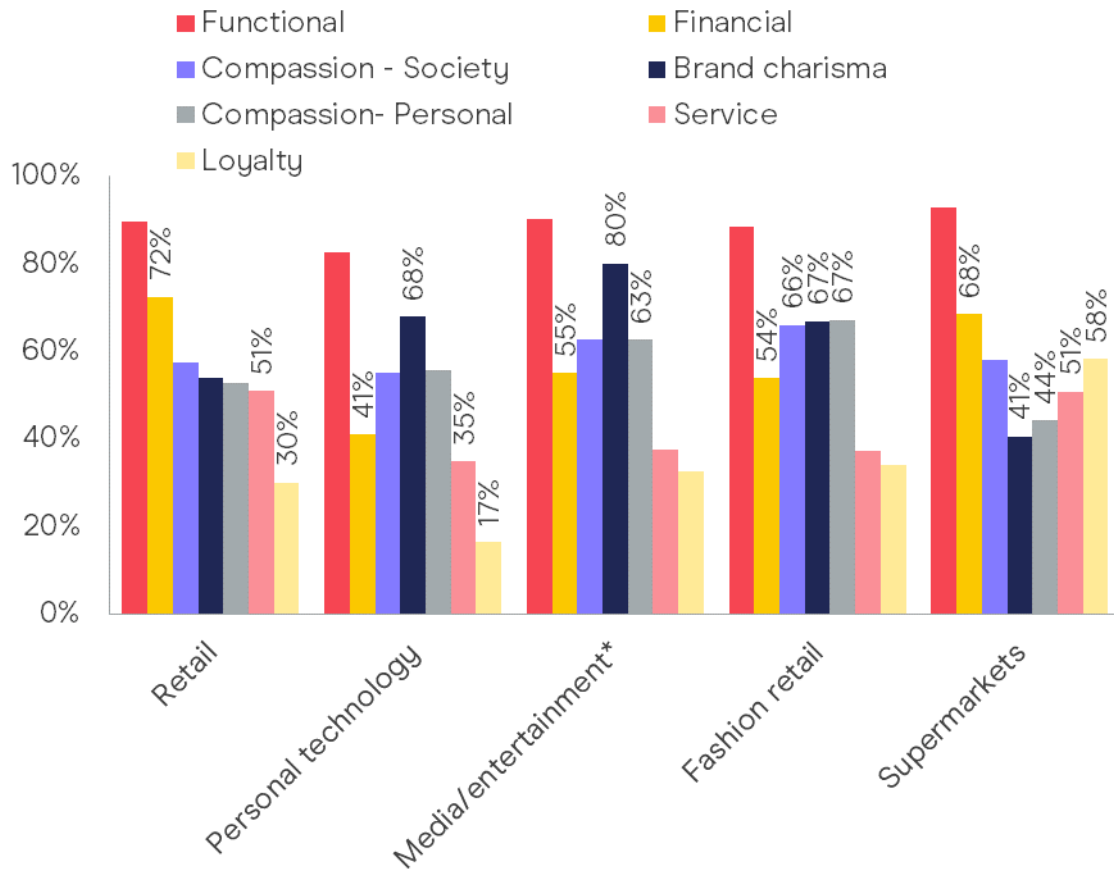
What makes you loyal to your favourite brand? (Grouped and by generation)



Across all sectors, functional drivers of loyalty are the most important in determining loyalty. Financial factors and good service are most important for brands that consumers are likely to use regularly, such as high street shops and websites and supermarkets and are less important for one-off purchases such as fashion or media/entertainment.



What makes you loyal to your favourite brand? (Grouped and by sector)



\* sample size under 50 responses

# / Loyalty Strategies

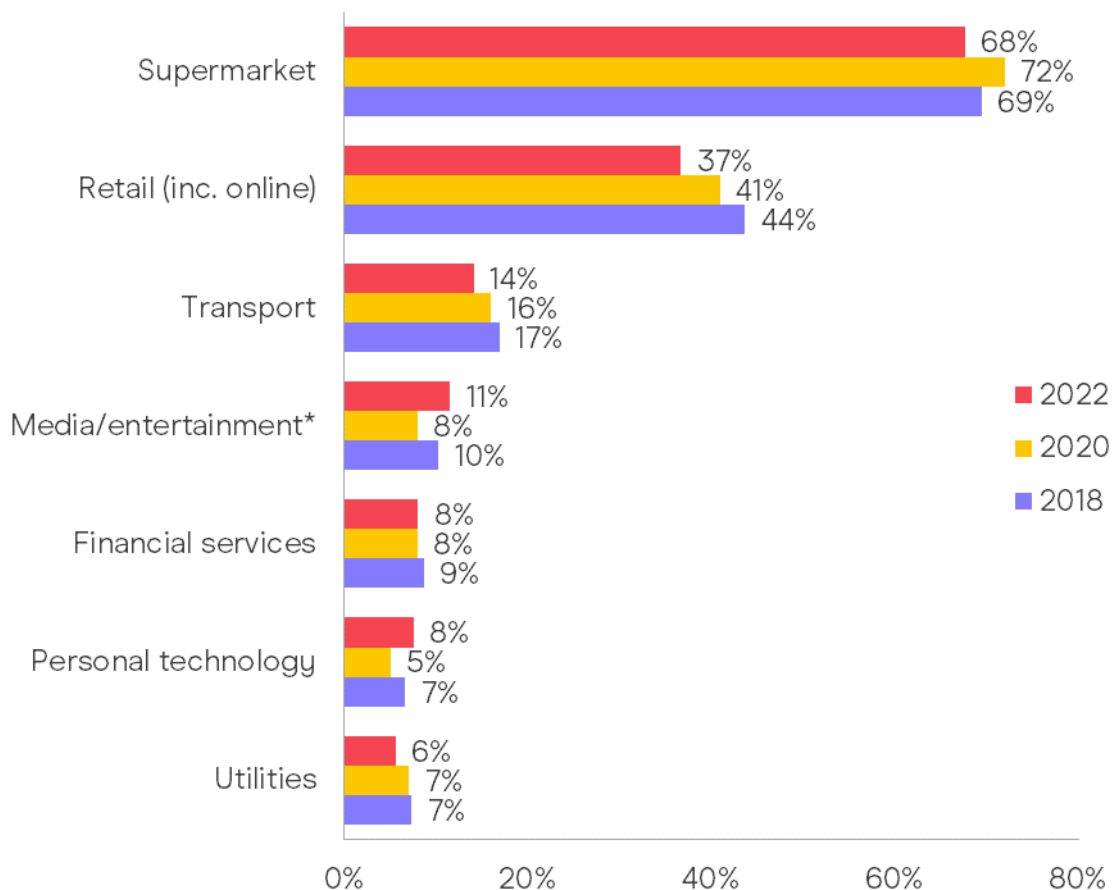
In this section, we examine the usage, perceived value and demands of loyalty schemes in order to understand how well these strategies align with consumer expectations.

## Loyalty scheme usage grows for media and personal technology

In 2022, loyalty scheme usage has declined most significantly among the most popular loyalty scheme sectors: supermarkets (from 72% of consumers in 2020 to 68% in 2022) and retailers (from 41% in 2020 to 37% in 2022). At the same time, more consumers are joining loyalty schemes with media/entertainment brands (from 8% in 2020 to 11% in 2022) and personal technology brands (from 5% in 2020 to 8% in 2022).

The types of loyalty schemes that consumers tend to engage with depends on their demographic. 49% of women aged 45+ use retailer loyalty schemes compared to 37% of all consumers. Men aged 30-44 are more likely to use financial services schemes – 21% do so compared to 8% of the total population. And over 65s are much more likely to use supermarket schemes - 85% of those aged 65+ do so compared to 37% of 16-24s. Many loyalty schemes have the potential to reach a larger and more varied range of consumers.

Are you a member of a loyalty scheme for any of the following types of brands/companies?



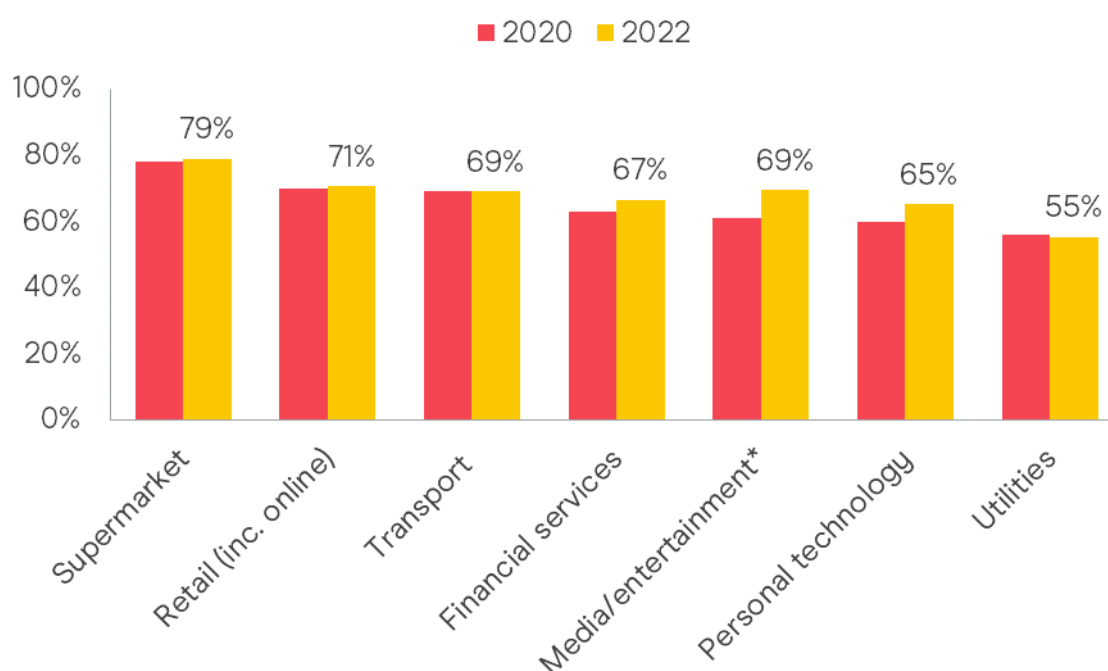
\* sample size under 50 responses

## Usage mirrors value for media and personal technology

Alongside the rise in usage of media and personal technology loyalty schemes is an increase in the number of consumers that believe they get significant value from media and personal technology loyalty schemes. In 2022, 69% of consumers agree that they get a high level (7-10 on a 10-point scale) of value from media/entertainment loyalty scheme benefits, in comparison to 61% in 2020. At the same time, 65% of consumers believe they get value from personal technology loyalty scheme benefits, in comparison to 60% in 2020. While consumers are still most likely to use and highly value the benefits they receive from retailer loyalty schemes, media/entertainment loyalty schemes are closing the gap on perceived value.

It is also important to note that while there has been an overall increase in how much consumers value the benefits they receive from loyalty schemes, there is still a significant proportion of consumers (approximately a third across sectors) that do not agree that they highly value the benefits they receive from loyalty schemes. Meaning there is still room for reward mechanisms to be improved in order to optimise engagement among the entire loyalty scheme customer base.

On a scale from 1-10 how much do you value the loyalty scheme benefits you receive from the following types of companies/brands? If you have more than one, think about the one you use most often (Those reporting 7-10 among those who use loyalty schemes)



\* sample size under 50 responses

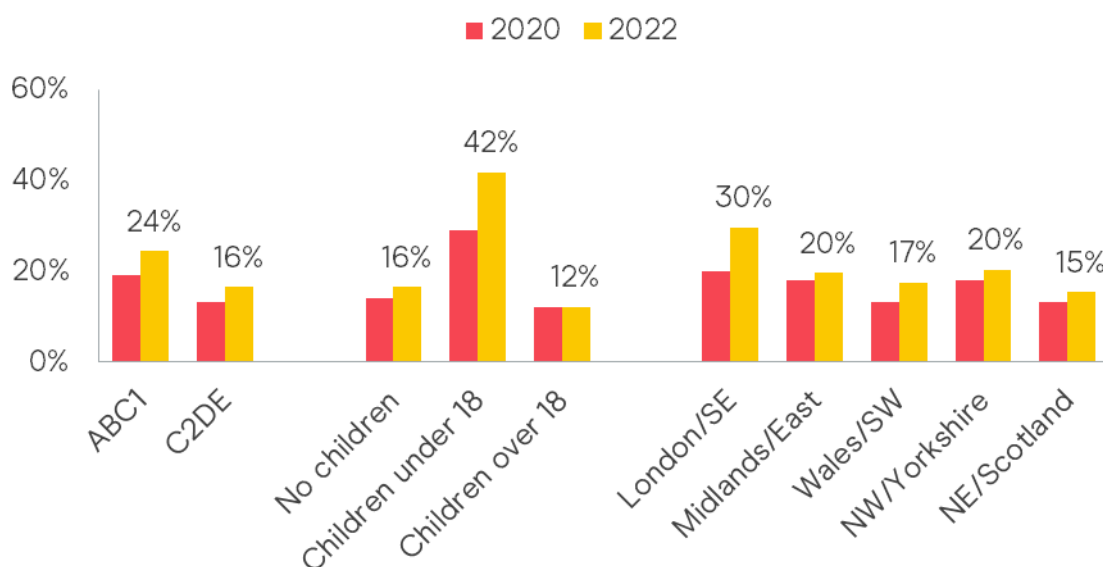
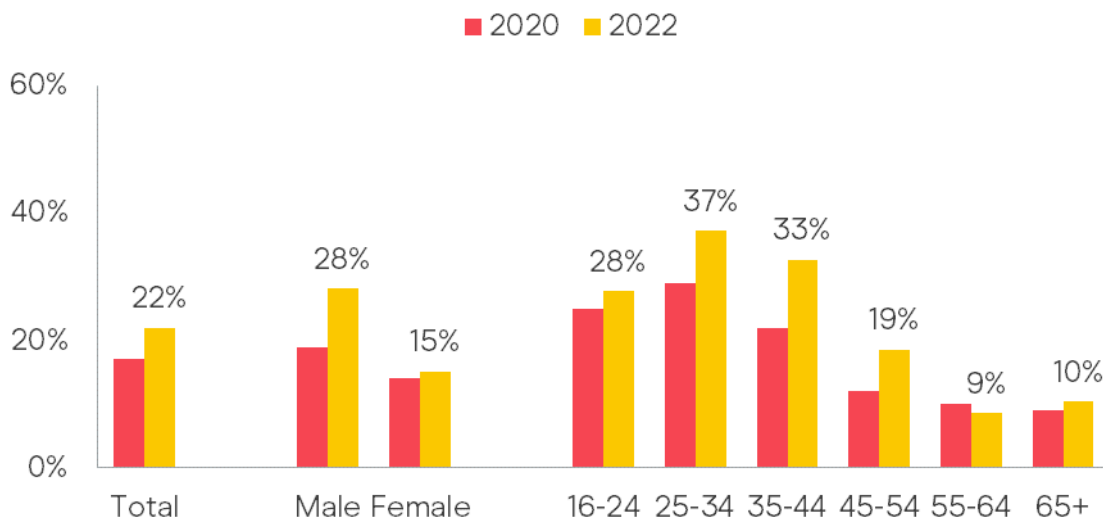
## Popularity of paid loyalty schemes grows despite cost of living crisis

Despite the cost of living crisis, the number of consumers who are members of a paid loyalty scheme has risen from 17% in 2020 to 22% in 2022.

An interesting case study emerges when considering parents of children under the age of 18. In 2022, there has been a particularly large rise in paid loyalty scheme usage among parents of young children, from 29% in 2020 to 42% in 2022. The data has also shown that this demographic group are most likely to be focused on deal hunting, a greater willingness to switch brands for a deal and declining feelings of loyalty towards brands; this demographic group are already under pressure to provide for young children, a pressure that is exacerbated by the cost of living crisis.

What emerges here is a scenario where price-sensitive behaviours become the catalyst for *spending* money rather than cutting back money on loyalty schemes. The value of loyalty schemes outweighs the cost to join the schemes, even for the most price-sensitive and loyalty-wavering consumers.

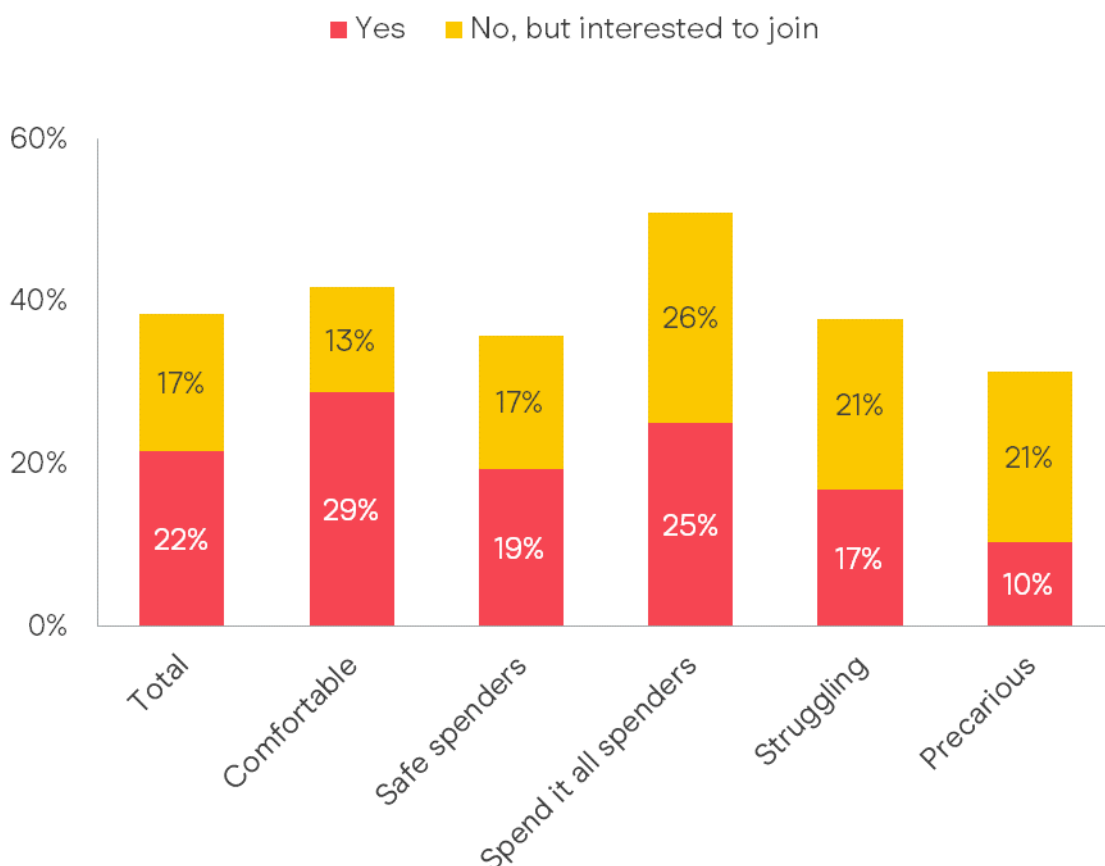
**Are you a member of a paid loyalty scheme – where you pay a regular monthly or annual fee to receive regular benefits such as discounts, free delivery or priority access to products/sales? (Those who said yes)**



It follows then that financial situation is not necessarily the strongest determinant in membership of paid loyalty schemes. While consumers struggling financially (Struggling and Precarious groups) are less likely to currently be members of paid loyalty schemes than groups of consumers that are more financially secure, a significant minority of the Struggling and Precarious groups would be interested in joining (21% within each group).

Considering current membership and interest in joining as one figure, consumers defined as Struggling financially and consumers defined as being financially Comfortable present a similar picture; 38% of Struggling consumers are either members of a paid loyalty scheme or are interested in being members, in comparison to 42% of Comfortable consumers.

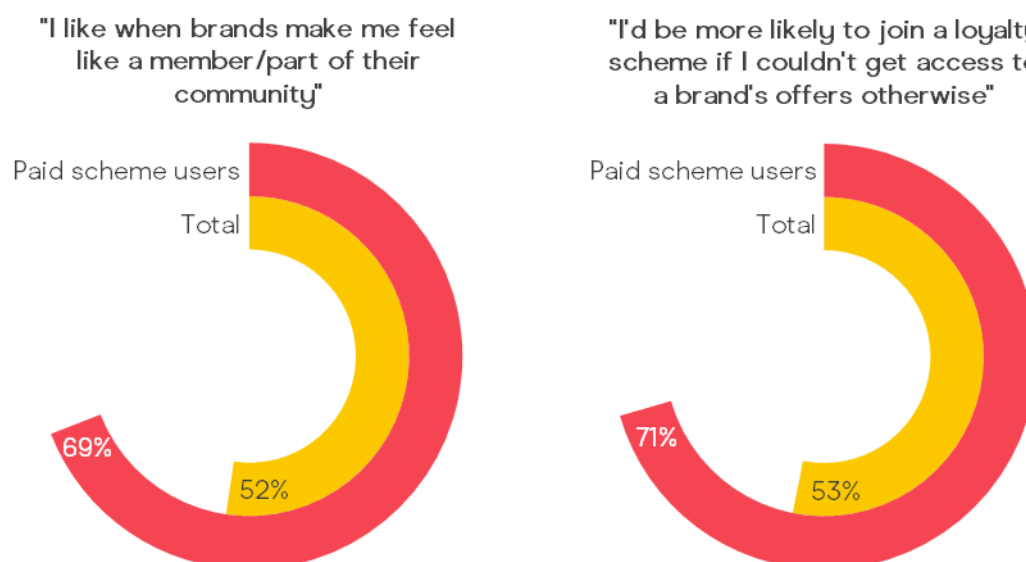
**Are you a member of a paid loyalty scheme – where you pay a regular monthly or annual fee to receive regular benefits such as discounts, free delivery or priority access to products/sales? (By financial segment types)**



## Inclusivity and exclusivity are key for paid loyalty scheme members

For paid loyalty scheme members, both inclusivity and exclusivity are especially important. In 2022, 69% of paid scheme users like it when brands try to make them feel like a member of their community, in contrast to 52% of consumers in total. Likewise, 71% of paid scheme users would be more likely to join a loyalty scheme if they couldn't get access to a brand's offers otherwise, in contrast to 53% of consumers in total.

To retain customers to paid loyalty schemes and attract consumers who are interested in joining paid loyalty schemes, brands must develop (and effectively communicate) loyalty schemes that invite the consumer into a community of exclusive access with benefits that outweigh the cost of joining.



## Unmet loyalty scheme demand declines but opportunities for personalisation and partnerships remain

The below chart compares the number of those who receive a benefit from loyalty/rewards schemes to those who receive and value the benefit or would like to receive the benefit. The bigger the gap between the two groups, the bigger the untapped potential of a benefit – more consumers want to receive this than currently receive and value it.

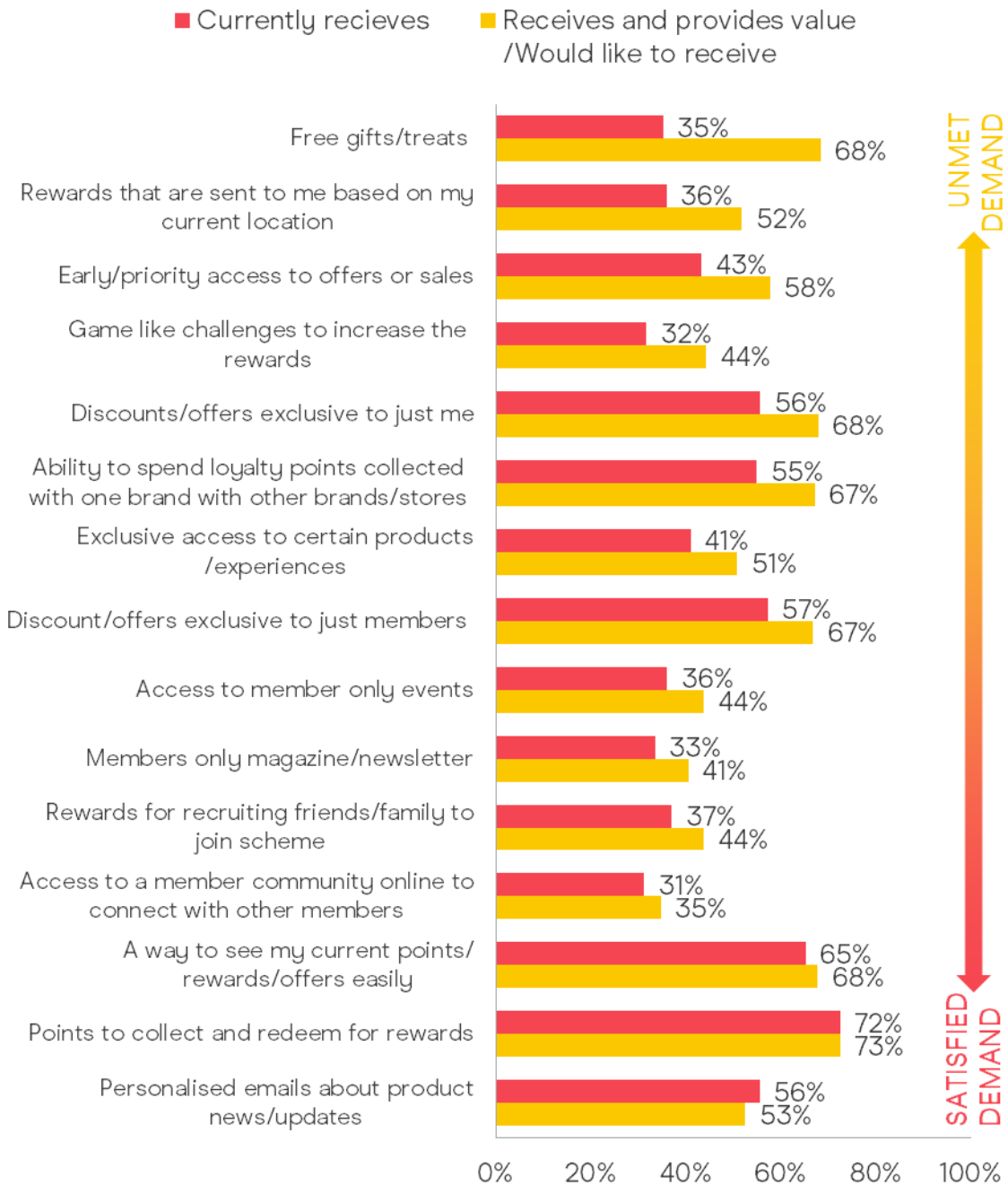
Overall, unmet demand has decreased across all benefits since 2020. The most significant decline in unmet demand relates to reward-based benefits (often with a degree of personalisation attached), such as rewards sent based on current location (from 22% in 2020 to 16% in 2022) and discounts/offers exclusive to the consumer (from 20% in 2020 to 12% in 2022).

As seen in 2020, elements of traditional loyalty schemes, such as rewards for referring a friend or points to redeem rewards, are among the benefits with the least perceived value, while personalised reward-based benefits are amongst those with the most appeal.

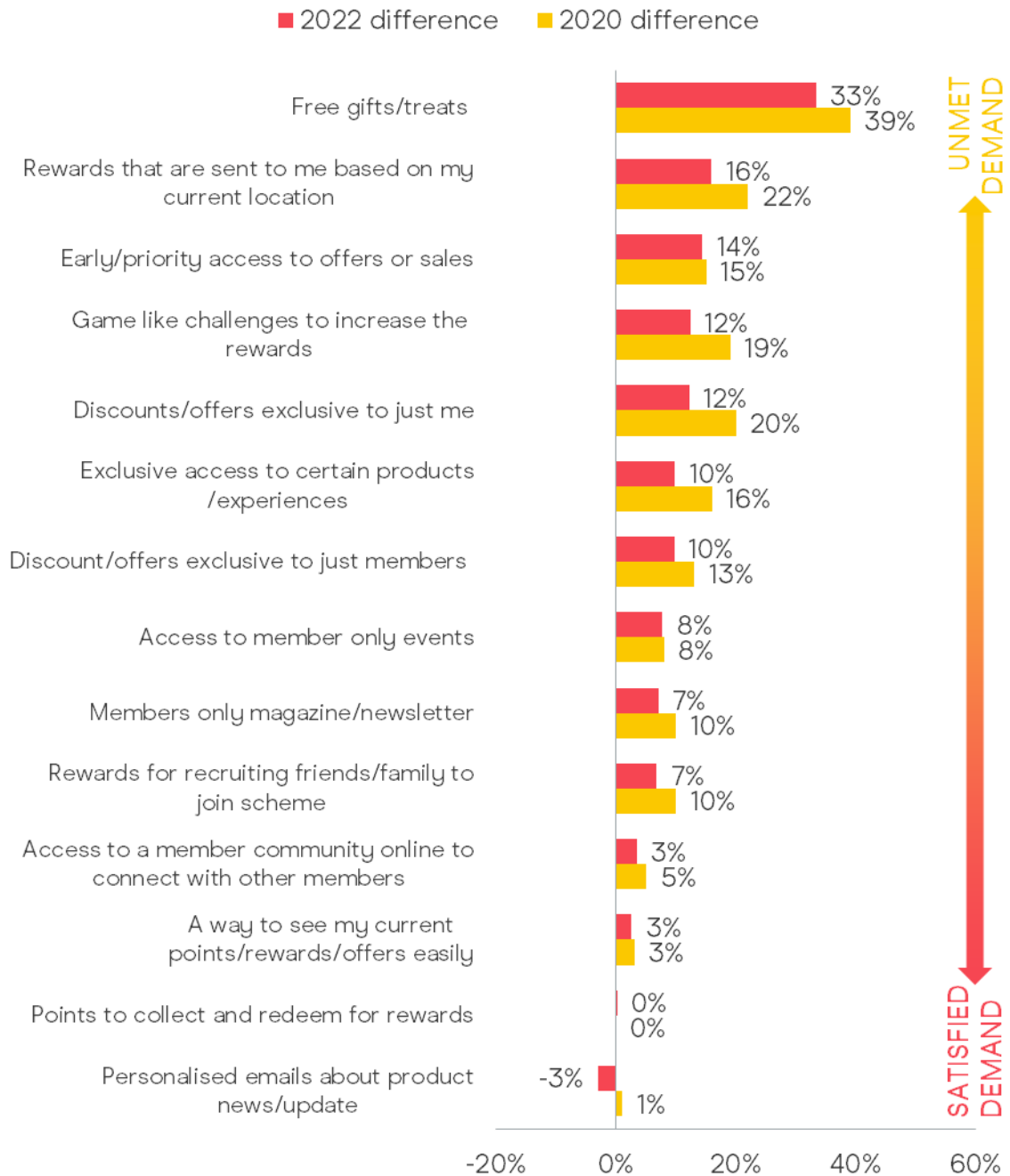
It is important to consider here whether or not the personalised reward-based benefits require the consumer to be active or passive. 43% of consumers value rewards that they have to proactively *earn* by playing games, whereas 52% value rewards based on their location without their active involvement.

Moving forwards, loyalty scheme membership is likely to depend increasingly on both active and passive personalised reward-based benefits though more passive benefits may have a wider reach.

Thinking about loyalty/rewards schemes, which of the following loyalty benefits do you currently receive, and which would like to receive in future? (Those who receive against those who receive and value and those who'd like to receive)



Thinking about loyalty/rewards schemes, which of the following loyalty benefits do you currently receive, and which would like to receive in future? (Difference between those who receive against those who receive and value and those who'd like to receive, by survey year)



Alongside personalised reward-based benefits, a majority of consumers are interested in a loyalty scheme that involves brand partnerships. 59% of consumers agree that they like it when brands partner with other brands to offer a wider range of loyalty offers, while 80% of consumers would like to collect and redeem rewards from across a group of brands.



For brands hoping to re-energise loyalty schemes, add an element of exclusivity or remain competitive in retaining customers, there is significant opportunity in loyalty benefits that do not tie customers to one brand.



# / Preferred Channels

In this section, we will look at how consumers currently discover new products and services from brands they may already know, how they like brands to communicate with them and how they prefer to communicate with brands. We will also consider emerging channels to inform long-term channel strategies for engaging with consumers.

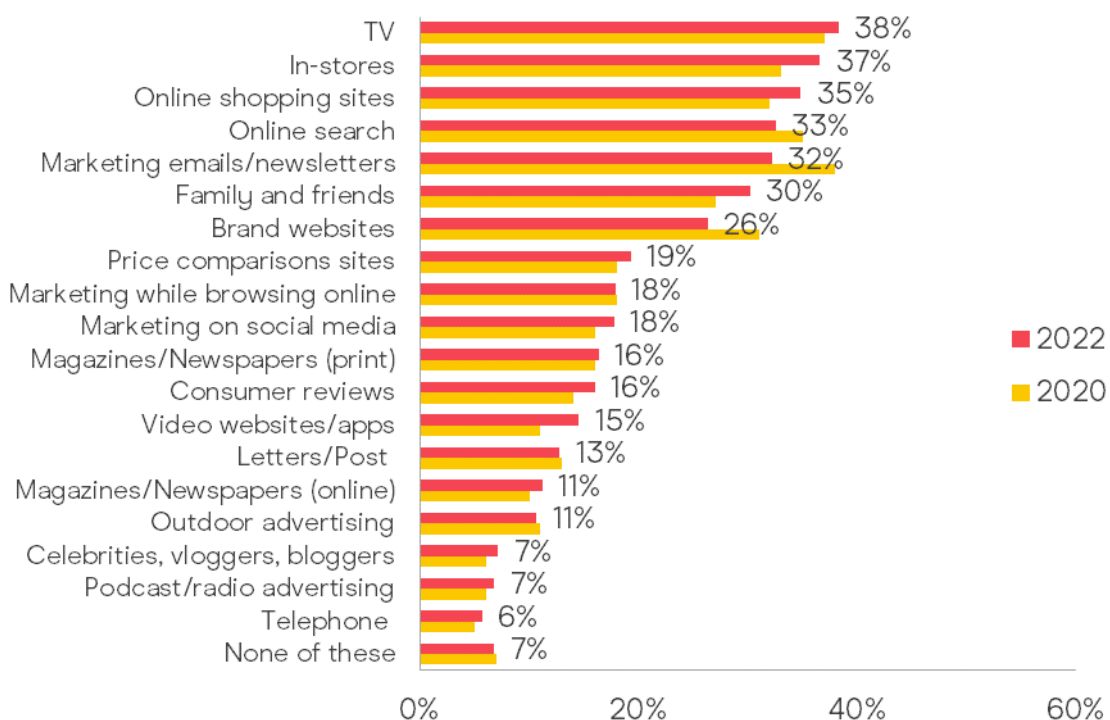
## Channels of discovery

TV remains the main way in which consumers find out about new offers, products or services from brands that they already use, with 38% of consumers agreeing this is typically their route of discovery. In-store is the second most popular route of discovery and has risen from 33% of consumers in 2020 to 37% in 2022, likely due to the reopening of stores following Covid-19-related restrictions. Another key offline source of discovery is through family and friends, with 30% of consumers typically finding new products this way (rising from 27% of consumers in 2020).

In 2022, consumers are less likely to find out about new products through direct channels, such as marketing emails/newsletters from a brand (from 38% in 2020 to 32% in 2022) or a brand's website (from 31% in 2020 to 26% in 2022). In contrast, consumers are more likely to discover new products from online shopping sites where they can access information about new products from a variety of brands.

While online search has declined in importance slightly as a route of discovery (from 35% in 2020 to 33% in 2022), video apps are becoming more important (from 11% in 2020 to 15% in 2022).

**Thinking about brands and companies you already use or are aware of how do you typically find out about their new offers, new products or new services?**

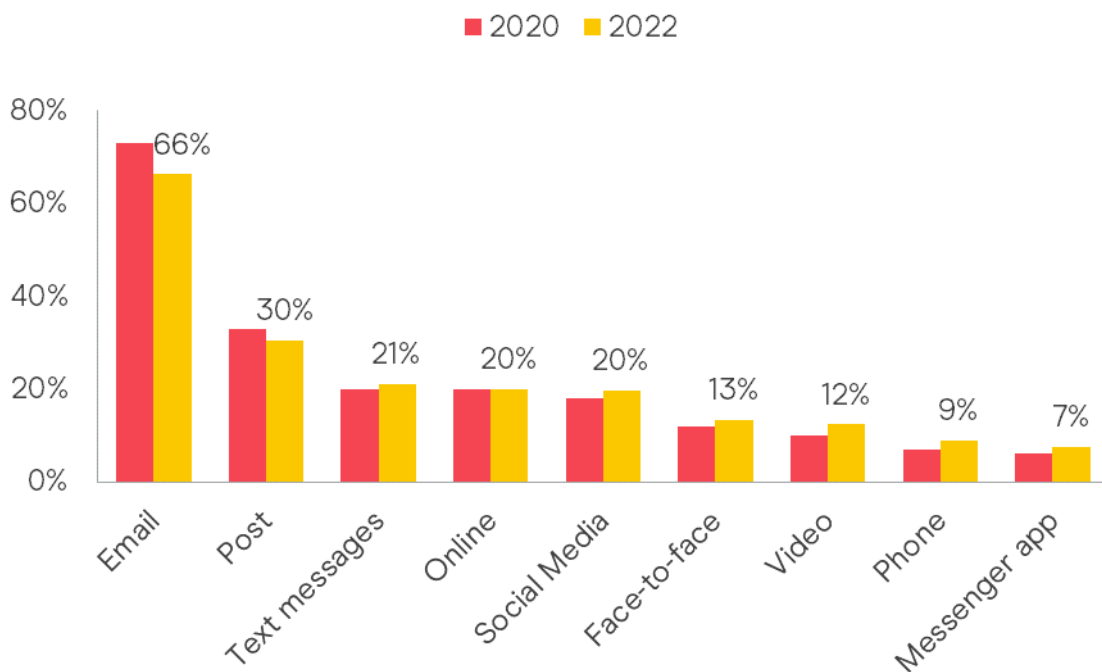


## Email remains the preferred channel despite a decline

Email remains the preferred channel for receiving marketing messages, with 66% of consumers agreeing that it is one of their top two ways of receiving marketing messages. Despite its dominance, email is a less popular form of communication than it was in 2020 (down from 73%), while text message, social media, face-to-face, video, phone and messenger apps are all slightly more popular than they were in 2020.

For brands, it is important to continue to develop engaging email campaigns in order to utilise consumer preference for this channel, while developing complementary channels such as video and social media through which consumers – especially younger ones – are increasingly willing to engage. 40% of Gen Z rank social media in their top 2 ways of receiving marketing messages in 2022, and 25% rank video in their top 2.

What way do you prefer to receive marketing messages? (Those ranking channel in their top 2)



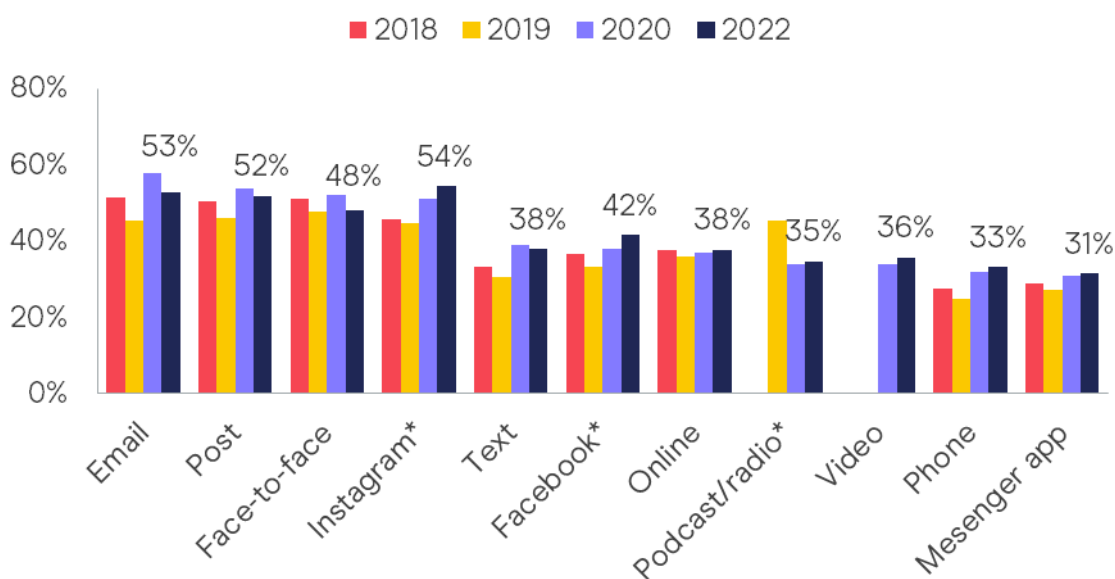
The popularity of certain channels varies depending on the purpose of the communication and whether the consumer is receiving or initiating contact. While relatively similar numbers of consumers are happy to receive and initiate communication for various reasons within each channel, the phone stands out with a much higher number of consumers willing to initiate contact with brands via this channel, but not to receive it. In 2022, 38% of consumers prefer to make a complaint by phone, 34% prefer to ask a question about a product by phone and 24% prefer to contact a brand to receive an update on an order by phone. In contrast, 10% prefer to receive updates on a phone and 10% prefer to receive offers or discounts by phone.

Channel	If you were to receive the following from brands you use how would you prefer to receive this information?		If you were to contact a brand for the following how would you prefer to do so?		
	Updates about products/ services you have bought	Discounts /offers	To make a complaint	To ask a question about a product/ service you've bought/pay for	To receive an update on an order/status of a product/service
Email	58%	63%	56%	54%	60%
Text	19%	22%	10%	13%	20%
Phone	10%	10%	38%	34%	24%
Social media	14%	15%	12%	13%	10%
Face-to-face	11%	13%	16%	15%	10%

## Perceptions of channels

While email and post remain the most trusted marketing channels overall, trust in marketing messages received through email, post and face-to-face has declined since 2020 (from 58% in 2020 to 53% in 2022 for email, from 54% in 2020 to 52% in 2022 for post and 52% in 2020 to 48% in 2022 for face-to-face). Meanwhile, trust in marketing messages received through social media channels, such as Instagram and Facebook, has increased among consumers who use these platforms (from 51% in 2020 to 54% in 2022 for Instagram and 38% to 42% for Facebook).

How much do you trust marketing messages you receive in the following ways? (Those reporting trust as 5-7 on 7 point scale)

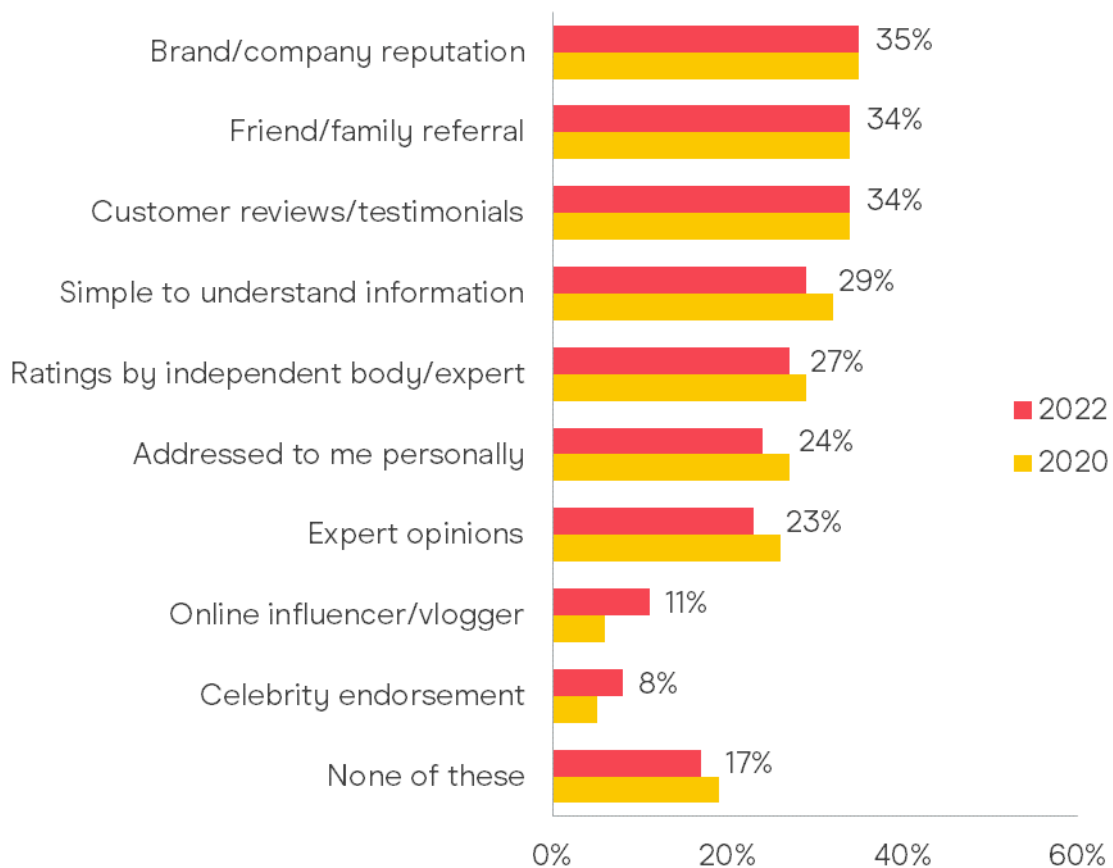


\* Among users only (for Instagram/Facebook/Podcast)

In terms of what encourages consumers to trust marketing messages that they receive from brands, there appears to be a shift from expert affirmation to peer affirmation. In 2022, ratings by independent bodies/experts are important in building trust for 27% of consumers, down from 29% in 2020, while expert opinions are important in building trust for 23% of consumers, down from 26% in 2020.

In 2022, friend/family referrals and customer reviews are important in building trust for the same number of consumers as they were in 2020 (34% for family/friend referrals and 34% for customer reviews). Greater numbers also name influencer endorsement as helpful (from 6% in 2020 to 11% in 2022), although overall this is relatively less important compared to close peer and fellow customer referrals.

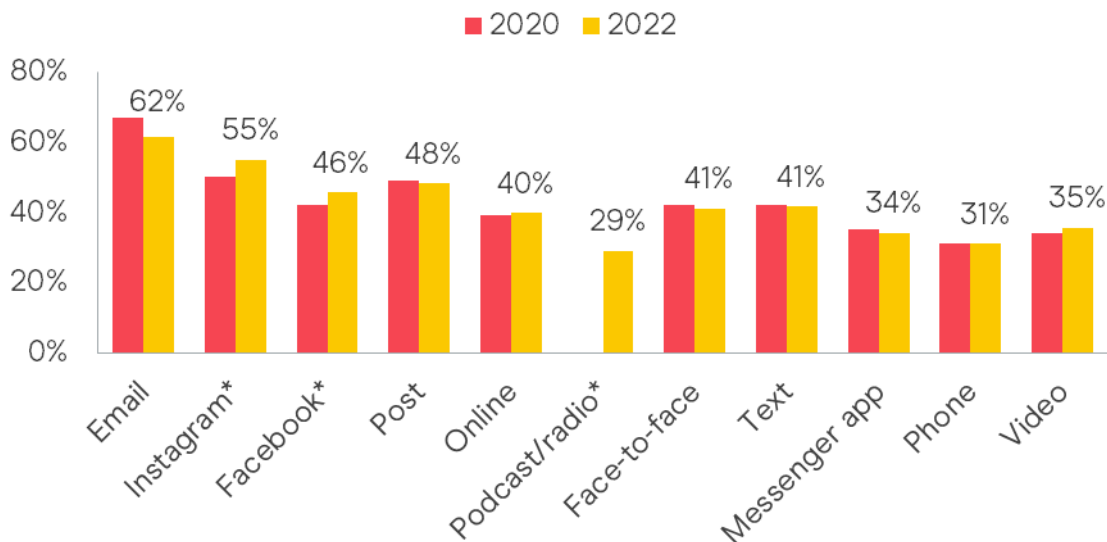
**Which of the following would help you to trust marketing messages you receive from brands/companies you already use or are aware of?**



## Email remains the most relevant channel

62% of consumers in 2022 rank email marketing they receive as relevant, representing a decline from 67% in 2020. Despite this, email marketing is still more likely to be deemed relevant compared to other channels. The number of consumers deeming other channels relevant is comparable to 2020 except for those who use Instagram and Facebook who are more likely to deem marketing they receive on these channels as relevant compared to 2020. 55% deem Instagram marketing relevant in 2022 compared to 50% of users in 2020, and 46% deem Facebook marketing relevant compared to 42% in 2022.

Thinking about the marketing messages you receive or see in the following ways how relevant do you find them? (Those ranking relevance as 5-7 on 7 point scale – excluding 'Don't know')

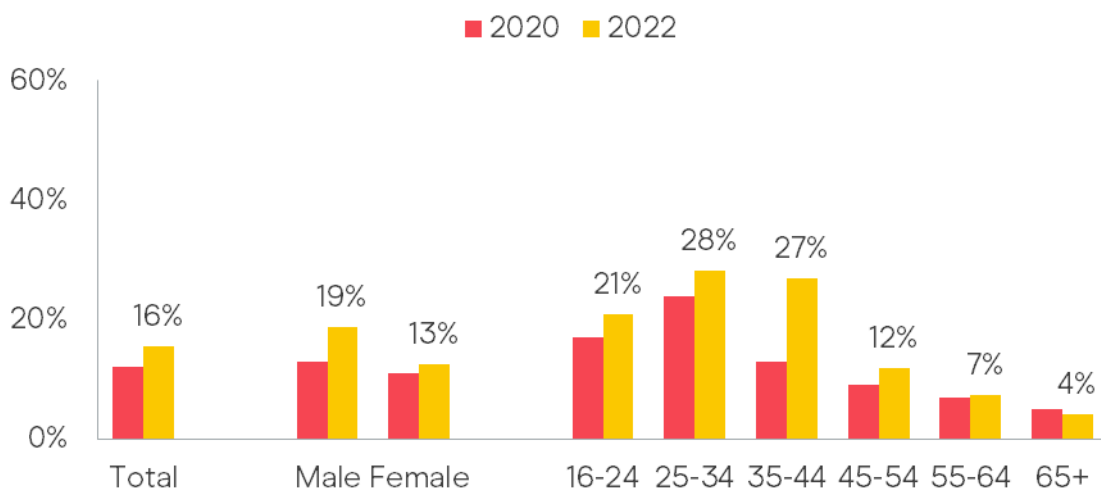


\* Among users only (for Instagram/Facebook/Podcast)

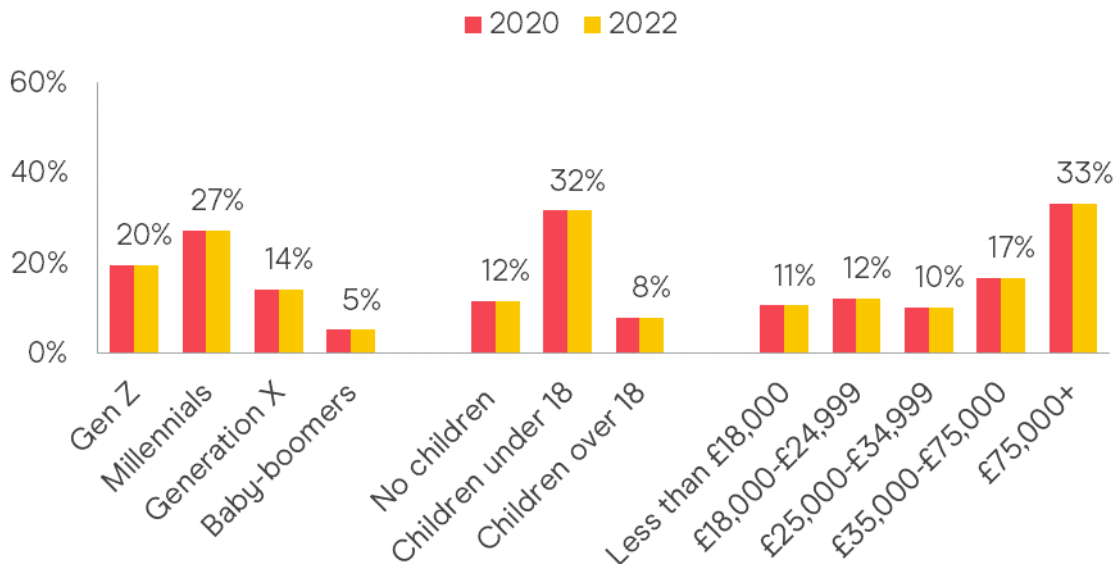
## Growing channels

During the coronavirus pandemic, consumer use of video calls increased, laying the groundwork for consumers to also consider engaging with brands using remote video channels. In 2022, a small minority of 16% of consumers have already engaged with a customer assistant using a video call, with a further 18% interested in doing so. Remote video services are of particular interest among consumers who are more time pressured, such as those with young families. It is interesting to note that among those with children under 18, 32% have already used video customer assistance, with a further 21% interested in doing so.

Which of the following have you done, and which would you be interested in using in the future: "Used video call to speak to a customer assistant"? (Those who have done this and would do again in future)

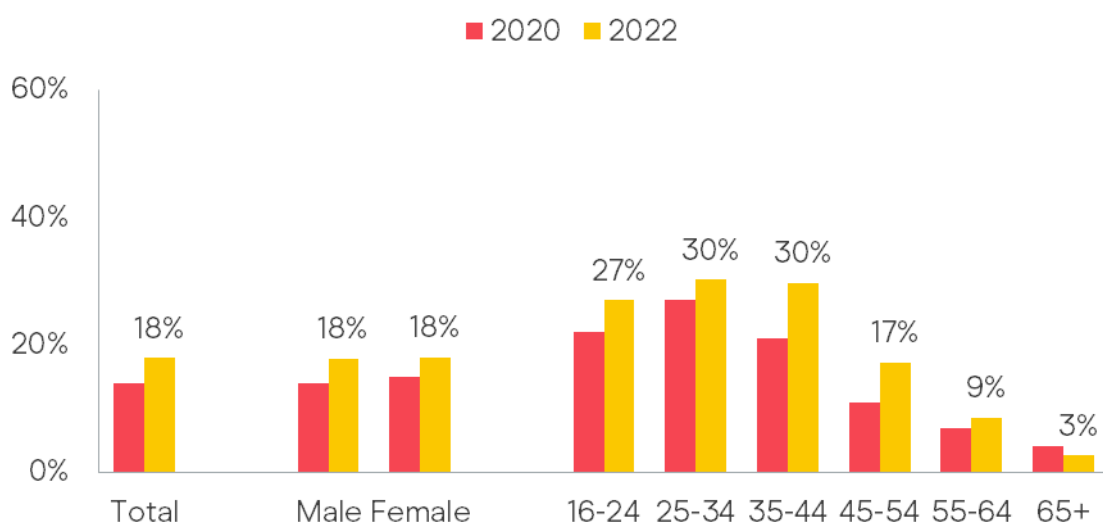


Which of the following have you done, and which would you be interested in using in the future: “Used video call to speak to a customer assistant”? (Those who have done this and would do again in future)

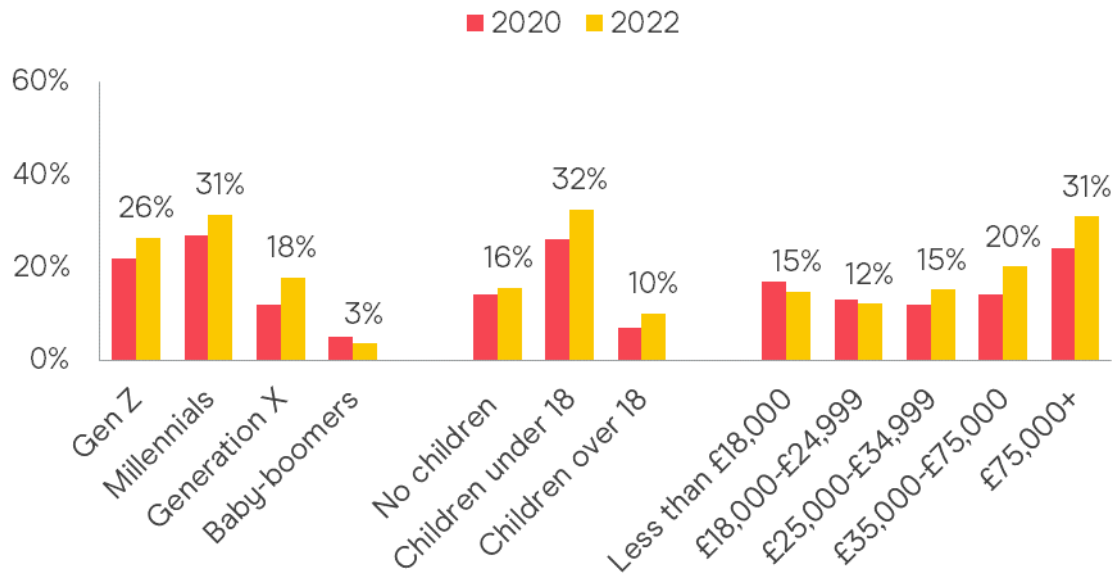


Alongside the greater appeal of social media marketing among younger consumers, we also observe a greater uptake of social media as a direct purchase channel; 18% of consumers have bought directly via social media in 2022, rising from 14% in 2020. Among Millennials, this behaviour reaches 31% of consumers versus 27% in 2020. Considering the upward trajectory we track, it will be important for brands to consider their social media marketing in the context of the significant evolution of social media as a direct purchase channel as well as its impact on cross-channel strategies.

Which of the following have you done, and which would you be interested in using in the future: “Bought a product directly through social media”? (Those who have done this and would do again in future)



Which of the following have you done, and which would you be interested in using in the future: "Bought a product directly through social media"? (Those who have done this and would do again in future)





# / Acknowledgements

A special thank you to the DMA Customer Engagement Committee and particularly the members of its Research Hub for their expertise and support. Contributors and members of the hub include:

- Scott Logie, REaD Group
- Lisa Benson, Serpentine galleries

# / Methodology

The 'Customer Engagement: How to Win Trust and Loyalty' report is a study undertaken by the DMA in partnership with Foresight Factory and the DMA's Customer Engagement Committee, sponsored by dotdigital, Drift, Merkle and Salesforce.

The research was conducted in July 2022 by Foresight Factory, on behalf of the DMA, as a 20-minute online survey of 2,003 GB respondents aged 16+. The questions were reviewed by the DMA, Foresight Factory, and the Research Hub of the DMA Customer Engagement Committee to ensure relevance to the current state of the industry.

Unless referenced, all data included in this report is taken from this survey. For this research, Foresight Factory set interlocking nationally representative quotas on age, gender and region. This ensured the sample was representative of the GB population. Weighting was also applied to further ensure a nationally representative sample.

The analysis of the data was conducted in-house by Foresight Factory's quantitative analysis team and the DMA Insight department. The report was written and designed by the DMA Insight department and in-house design team in partnership with Foresight Factory.

If you have any questions about the methodology used in the report, you can contact the DMA's research team via email: [research@dma.org.uk](mailto:research@dma.org.uk)

# / Appendix –Segmentation Definitions

## Loyalty Segmentation

In 2016, the first year the DMA conducted this research, we designed a segmentation of consumers based on their loyalty attitudes. The segments are defined as follows:

- **Active loyals:** These people tend to stay loyal to brand/shops and sites for both everyday and important purchases
- **Habitual loyals:** These people tend to stay loyal for everyday purchases, but less so for important purchases
- **Situational loyals:** These people tend to be loyal when making important purchases, but are more flexible and fleeting when making everyday purchases – when it matters most, these people will default to using their trusted brands
- **Active disloyals:** These people tend to disagree with the statements and are hence much more likely to be disloyal in their approach to brands

## Personalisation Segmentation

In 2018, as part of the DMA's [GDPR: A consumer perspective](#), we designed a segmentation of consumers based on their preferences for marketing personalisation. The segments are defined as follows:

- **Personalisation fans:** This group favour personalisation of offers, and don't see the appeal of random offers.
- **All the offers:** This group like personalised offers but also want random offers that they might not be aware of. They don't want to "miss out" on things outside of their filter bubble but at the same time like offers tailored to them.
- **Surprise me:** This group would rather see random offers than have them personalised. We might say that they would rather be surprised or passively discover offers for products and services.
- **Indifferent:** This group are indifferent towards offers; they are neither positive nor negative towards either personalisation or random offers.
- **Resistant to marketing:** This group do not like receiving either personalised offers or random offers. They are resistant to marketing in general.

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The Data & Marketing Association (DMA) comprises the DMA, Institute of Data & Marketing (IDM) and DMA Talent.

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Dotdigital's 350+ employees serve mid-market and enterprise companies around the world and across industries. We aspire to inspire responsible marketing and are committed to sustainability, privacy & security. Dotdigital is proud to be the world's first carbon neutral, ISO14001, ISO 27701 & ISO27001 certified marketing automation platform.

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Drift helps businesses connect with people at the right time, in the right place with the right conversation. Using the Drift Conversation Cloud, businesses can personalise experiences that lead to more quality pipeline, revenue, and lifelong customers. Drift brings Conversational Marketing, Conversational Sales, and Conversational Service into a single platform that integrates chat, email, and video to power personalised experiences with AI at all stages of the customer journey.

For more information, visit [www.drift.com](https://www.drift.com).

# / About Merkle

Merkle is a leading data-driven customer experience management (CXM) company that specialises in the delivery of unique, personalised customer experiences across platforms and devices. For more than 30 years, Fortune 1000 companies and leading non-profit organizations have partnered with Merkle to maximise the value of their customer portfolios. The company's heritage in data, technology, and analytics forms the foundation for its unmatched skills in understanding consumer insights that drive hyper-personalized marketing strategies. Its combined strengths in performance media, customer experience, customer relationship management, loyalty, and enterprise marketing technology drive improved marketing results and competitive advantage. With 11,000+ employees, Merkle is headquartered in Columbia, Maryland, with 50+ offices in the Americas, EMEA, and APAC. In 2016, the company joined denstu.

For more information, contact Merkle at 1-877-9-Merkle or visit [www.merkleinc.com](http://www.merkleinc.com).

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