

Brevo

Decoding loyalty programs

Choosing the right strategy
for your business



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Introduction

Loyalty programs are proving to be a key differentiator for companies. According to a Harvard Business School study, a 5% increase in customer loyalty can boost profits by 25% to 95%. By rewarding repeat purchases and collecting data on customer preferences, these programs enable brands to personalize their offers and strengthen their relationships with customers, ensuring a sustainable competitive advantage.

In this white paper, you'll discover the benefits of loyalty programs, explore the different configurations available, and draw inspiration from real-life examples.

Benefits and latest trends

Loyalty programs, designed to reward repeat purchasing behavior, play a crucial role in companies' customer retention strategies. Offering much more than simple rewards, these programs seek to establish a lasting relationship between consumers and brands.

Benefits of a loyalty program

Increase customer retention

Customers who subscribe to a loyalty program are more likely to return, reducing the need to invest in acquiring new customers. After all, **attracting new customers is 5 to 25 times more expensive than keeping existing ones.**

Sales growth

Loyalty customers tend to spend more. On average, **loyalty program members spend 12% to 18% more per year than non-members** (source: Accenture).



Gain customer insights

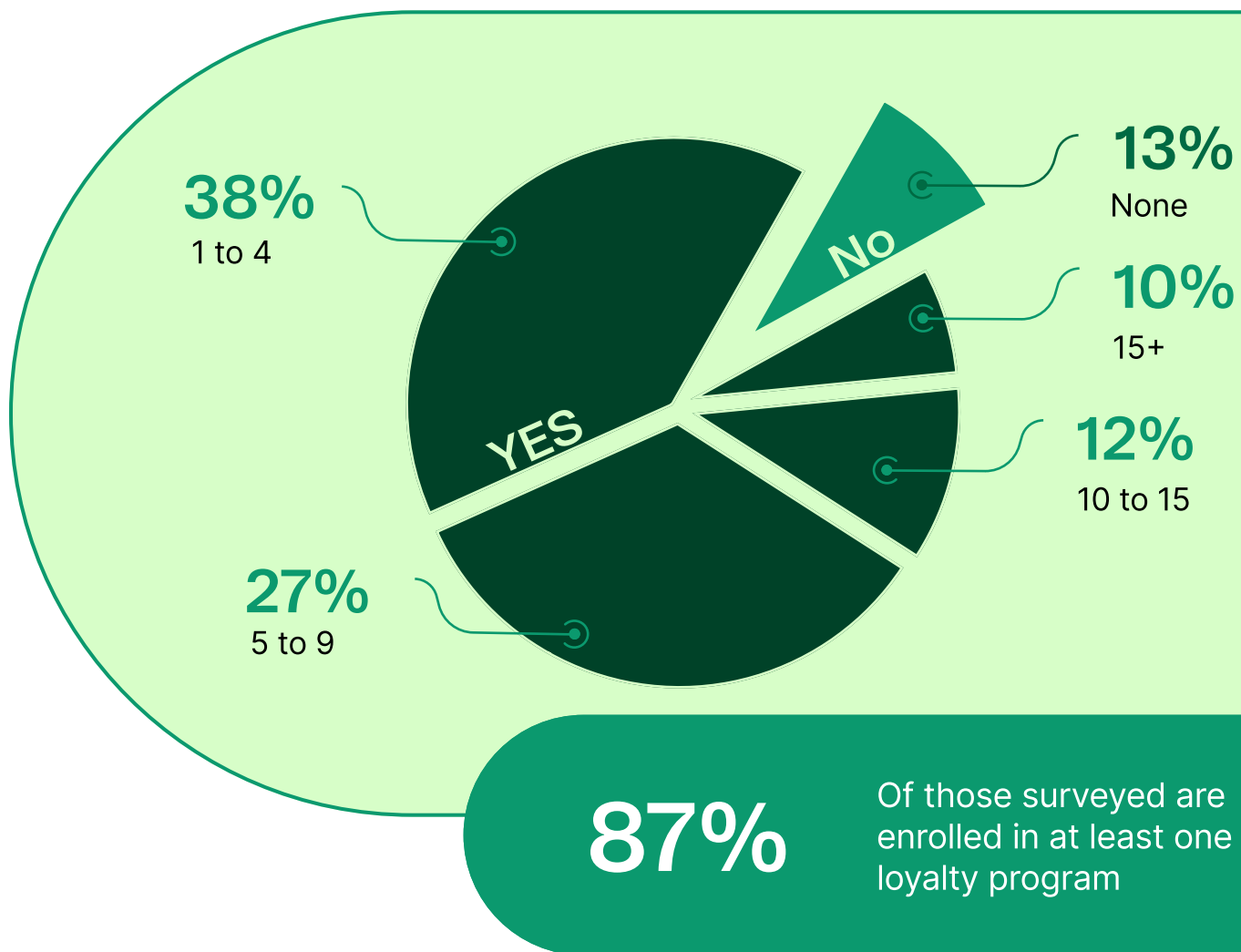
Loyalty programs provide a wealth of information on customer preferences and purchasing behavior, enabling companies to refine their marketing strategy and offer more personalized experiences. A McKinsey study indicates that companies using customer data in their decision-making are **23 times more likely to outperform their competitors in terms of new customer acquisition**, and 6 times more likely to retain those customers.

Strengthen customer relations

By recognizing and rewarding customer loyalty, brands can strengthen emotional bonds, fostering a deeper connection between customer and brand. A study by Yotpo reveals that **73% of loyal customers are willing to recommend the brand to their friends**, and 43% spend more with the brand they like.

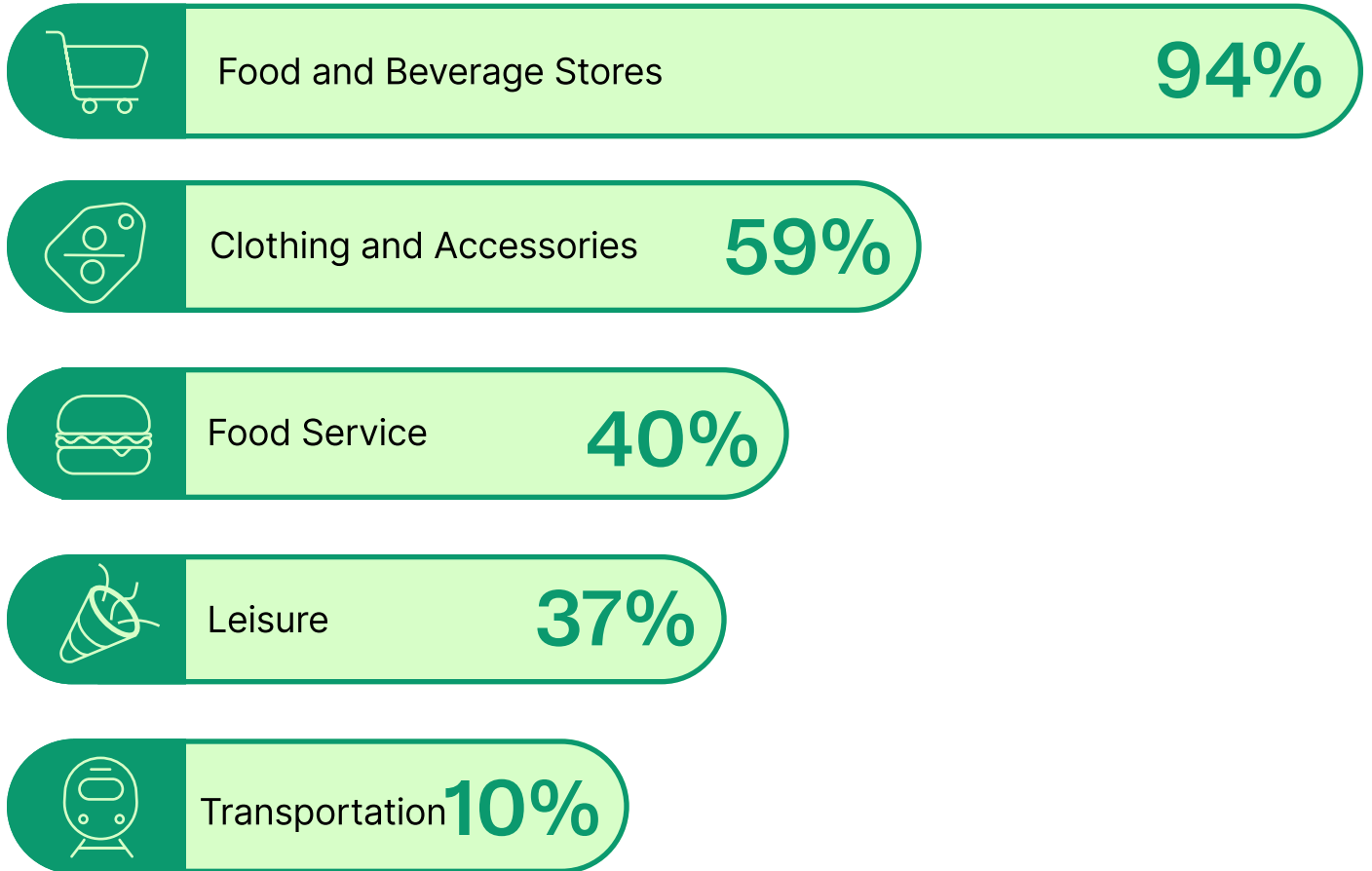
Loyalty program membership

How many loyalty programs do consumers participate in?



The popularity of loyalty programs is undeniable. According to the 2024 loyalty barometer (Brevo x IFOP), almost 90% of respondents are enrolled in at least one brand loyalty program, with **an average of 6 programs per person**, highlighting the importance of these programs in brand retention strategies.

Sectors with the highest consumer participation in loyalty programs.



The most popular sectors are Food and Beverage (94%), Clothing and accessories (59%), and Food Service (40%).

This massive take-up demonstrates that consumers value the benefits and rewards on offer, underlining the opportunity for companies to invest in well-designed loyalty programs to capture and retain the attention of their customers.

Types of loyalty programs

There are many types of loyalty programs, each offering benefits tailored to the specific needs of companies and customers. Within these programs, different configurations exist, and companies can adopt several of them: the points system, tiering, cash back, financial rewards, and even offer paid membership.

To get a complete picture, we analyzed the loyalty programs of over 250 of our clients in a wide range of sectors. Our comprehensive analysis reveals valuable insights into the effectiveness and popularity of different programs.



Points programs

This model rewards customers with points for each purchase, which can then be exchanged for rewards. It's one of the most common and flexible loyalty programs. Among more than 250 clients analyzed,

67% of them use this type of program. For example, Yves Rocher rewards its customers with points convertible into products, reinforcing loyalty and encouraging repeat purchases.

67% of our customers offer a points program

Benefits



Flexible rewards, easy for customers to understand.

Points to consider



Can become complex if the rules for accumulating and redeeming points are not clearly defined.



Tiered programs

Customers progress through levels or tiers based on their commitment or spend, unlocking exclusive benefits at each new level. 32% of our customers analyzed operate tiered programs, enabling fine-tuned customer segmentation.

Intersport, Etam, Clarins and Maison 123 use tiers to offer increasing benefits, motivating customers to increase their commitment to access higher rewards.

32%

of our customers have implemented a tiered program

Benefits



Encourages repeat purchases by motivating customers to reach higher levels for exclusive benefits.

Points to consider



May discourage new customers or those at a lower tier who feel the best benefits out of reach.

\$ Paid membership programs

Customers pay membership fees to access exclusive benefits, often in the form of a subscription. Only 10% of businesses surveyed have paid membership programs in place, but these offer exclusive benefits that justify the cost to customers.

For example, companies such as Ecomiam, Botanic, Jacadi, SNCF and Castorama are adopting a paid loyalty program to offer their customers exclusive advantages and premium services.

10% of our customers have set up paid membership programs

Benefits



Generates direct income and increases the sense of exclusivity and value.

Points to consider



Can limit the number of customers willing to pay to join a loyalty program.



Cash back programs

Purchases accumulate a cash balance which can be used for future purchases. 22% of customers surveyed use cash back programs, with particularly strong adoption in the retail sector, where 64% of loyalty

programs including Auchan, Carrefour, Castorama and Botanic incorporate this program.

22%

of our customers use a cash back program

Benefits



Offers a simple, easy-to-understand mechanism for accumulating cash with every purchase. Seeing the cash amount accumulate in the kitty is very gratifying for the customer and more tangible than points, reinforcing their commitment to the loyalty program.

Points to consider



May require major purchases to accumulate a significant balance.



Financial rewards programs

This program offers discounts, vouchers or financial benefits on future purchases. Among our customers analyzed, 75% offer financial rewards in the form of discounts or vouchers.

This strategy is universally adopted in the retail, and e-commerce sectors, demonstrating its effectiveness in encouraging repeat purchases and increasing long-term loyalty.

75% of our customers offer financial rewards.

Benefits



Provides tangible motivation for future purchases. Intermarché and Jardiland are two successful examples.

Points to consider



Requires a balance to ensure that rewards generate additional revenue without eroding margins.



The importance of gamification in loyalty programs

Gamification, or the use of game aspects is a key element in increasing engagement and participation in loyalty programs. By adding competitive elements, challenges and rewards, loyalty programs become more attractive and motivating for customers.

Avantages



Gamification can significantly increase customer engagement by making program participation more fun and rewarding. It encourages behaviors such as repeat purchasing, by offering instant rewards or recognition.

What's more, it provides valuable insights on user preferences and behaviors.

Points to consider



Implementing gamification requires careful design to avoid unnecessarily complicating the loyalty program. It's essential to strike the right balance to avoid discouraging users with overly complex or difficult game mechanisms.

Gamification examples



Points programs

Companies like Sephora and Starbucks use gamification to make points accumulation more engaging, offering seasonal challenges or specific missions to earn bonus points.



Tiered programs

Programs like Air France-KLM's Flying Blue encourage customers to reach higher levels by offering exclusive benefits and making progress to the next level visible.



Financial rewards program

Platforms like Rakuten offer special events where customers can earn increased cash back percentages by completing certain actions or purchases within a limited time.

Gamification is a **powerful lever for loyalty programs**, capable of **increasing customer engagement and satisfaction** while stimulating sales growth. Companies that integrate gaming elements into their loyalty programs benefit from significantly **higher interaction rates and customer loyalty**.

Insights by sector



Retail

100%

of programs use financial rewards, with a strong adoption of cash back programs (64%).

100%

offer financial rewards

64%

have a cash back program

36%

have a points program

14%

have a tier/status program



Food service

89%

use points programs, encouraging repeat visits and customer loyalty.

89%

have a points program

72%

offer financial rewards

22%

have a tier/status program

11%

have a cash back program



Fashion

83%

of programs include a points program, and 69% offer financial rewards, showing a trend towards rewarding loyalty while encouraging repeat purchases.

83%

have a points program

69%

offer financial rewards

45%

have a tier/status program

14%

have a cash back program

The choice of program type depends on many factors, including company objectives, customer preferences, and industry specifics. The key to success lies in **understanding your customer base** and selecting a program that not only **rewards loyalty**, but also **encourages purchasing behavior that benefits your brand**.

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Real-world examples

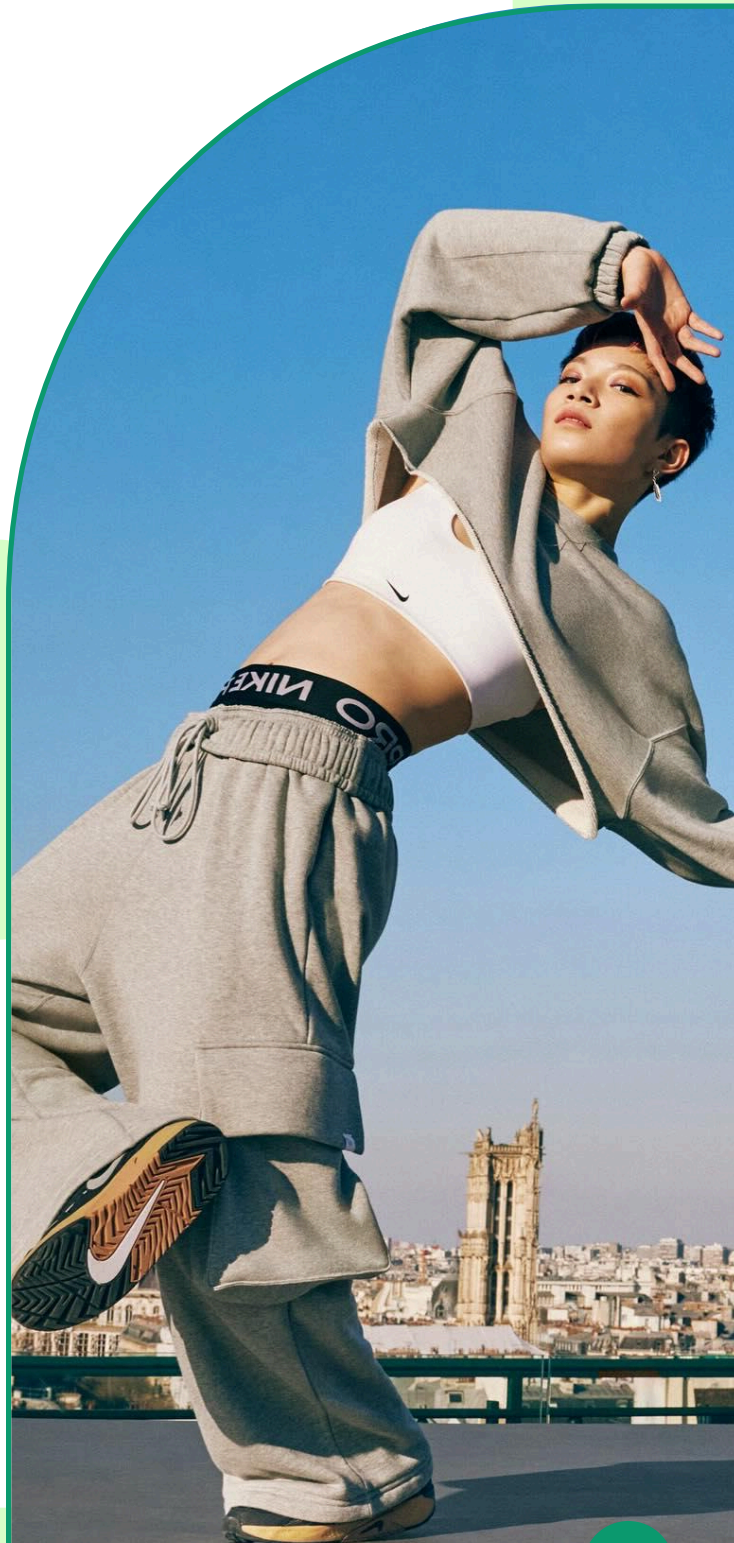
A look at companies that have successfully implemented loyalty programs



Nike Plus rewards customers not only for their purchases, but also for their physical activity recorded via the Nike app. Members enjoy exclusive access to products, special events and personalized training sessions.

Why it's a success

By combining shopping rewards and physical activity, Nike reinforces its brand around an active lifestyle and creates an engaged community of loyal consumers.





The North Face offers a loyalty program called XPLR Pass, allowing members to earn points not only for purchases, but also for using The North Face products on outdoor adventures. Benefits include exclusive rewards, early access to sales and more.

Why it's a success

This program reflects and reinforces the brand's values by encouraging and rewarding exploration and adventure, creating a strong emotional bond with its customer base.



Ikea Family is a free loyalty program offering discounts on selected products, exclusive offers and free services such as interior design. Members also benefit from free or discounted coffee when visiting stores.

Why it's a success

By offering tangible benefits that enhance the shopping experience, Ikea succeeds in building customer loyalty while gaining valuable insights on consumer preferences.



Tesco's Clubcard program rewards customers with points for every purchase, which can be converted into vouchers at Tesco or selected partners. Members also receive personalized coupons based on their purchase history.

Why it's a success

Tesco uses the data collected via Clubcard to personalize offers and rewards, increasing relevance to the consumer and strengthening brand loyalty.



The most successful loyalty programs are those that go beyond simple transactions to **engage customers on a more personal and emotional level**. Whether through lifestyle activities, shared brand values, or benefits that enhance the customer experience, these programs create a lasting connection that encourages loyalty and supports long-term business growth.



Summary

Loyalty programs play an essential strategic role for companies in improving customer retention and engagement, which is why 64% of our surveyed users have adopted one..

To take full advantage, it's crucial to understand your customers, define a strategy aligned with your business objectives, and deploy the right technology to make it happen. This will enable you to design a loyalty program that fosters a lasting, profitable relationship for both your customers and your company.

When loyalty programs are personalized and well-executed, they can transform the way customers interact with your brand. The challenge is to design a program that not only rewards loyalty, but also enriches the customer experience at every touchpoint.

So, are you ready to take the plunge and make loyalty your new growth lever?

Brevo



**Strengthen
customer loyalty,
effortlessly.**

Contact us