

**Deloitte.**



The annual report  
on consumer loyalty  
expectations and  
preferences



# Introduction

## To drive a valuable loyalty program, it's critical for brands to understand consumer behaviors and preferences.

While offering strong financial reward remains critical, consumers are increasingly looking for personalized, flexible, and digital-centric loyalty programs. Adapting loyalty program strategies to align with shifting consumer preferences is essential for keeping programs valuable for both the consumer and the brand. For the fourth year in a row, Deloitte's Consumer Loyalty Survey<sup>1</sup> explores the changing consumer landscape and serves as a vital resource to help loyalty programs remain desirable and relevant.

This year, Deloitte expanded its annual Consumer Loyalty Survey to include consumers from the **United Kingdom, India, and Brazil**, reaching more than 9,800 consumers. By understanding how consumers around the world behave and what they prefer, brands can use insights to design personalized experiences that offer features and benefits that consumers value.

### 2024 key findings



**Financial rewards** and **simplicity and ease of use** remain the most important loyalty program attributes with **86% of respondents** rating them as **"important" or "very important."**



**Flexibility** is also critical, with **four out of five consumers** reporting they value flexibility when earning and redeeming program rewards.



**Personalization** is an opportunity for improvement with **only 60% of consumers** satisfied with the customized and targeted experiences currently offered.



**Engaging, enjoyable digital experiences** are a requirement for younger consumers with **three-quarters of Gen Z and millennial consumers** stating a **high-quality digital experience is essential** for loyalty programs.

# Profitable loyalty

**Brands should expand how consumers can engage with their loyalty programs to increase the value of their offerings (or these programs) to consumers. As consumers' inflation mindset persists, executives have renewed their focus on making loyalty programs stronger and stickier. Deloitte's 2024 retail industry outlook found that strengthening loyalty programs was the highest of four growth priorities among executives.<sup>2</sup>**

Adapting loyalty program features to address evolving consumer priorities and the changing competitive landscape is critical. Loyalty programs should identify what resonates with their customers and balance creating value for consumers while maintaining program profitability.

**Our survey identified key program features that engage consumers and help brands drive profitable loyalty:**



**Paid membership tiers** provide interested consumers with access to additional benefits and brands with an additional revenue stream. The paid membership market is large and growing: **70% of surveyed consumers already participate in paid loyalty programs, and almost half of those who do not currently participate in a paid program report that they are willing to pay for a membership if the right value is offered.** To attract these consumers, brands should offer exclusive benefits for paid members, such as members-only discounts, promotions, and products, so that consumers clearly understand the value they are receiving in exchange for the fee.



**Brand partnerships** provide consumers with more opportunities to use their loyalty program benefits and help brands expand their consumer base. Partnerships allow consumers to earn and redeem benefits in more than one place—this helps increase the perceived value of the program and creates opportunities to build brand loyalty in consumers' everyday lives. There is strong demand for this: **Nearly three-quarters of consumers expect brands to offer benefits beyond their own products.** However, brands should remember that it is not merely the number of partnerships, but rather their quality and strategic alignment, which ultimately attracts consumers.



**Generating and capturing consumer data** is an additional benefit of expanding loyalty program reach. Customer data can both power more tailored loyalty experiences and act as a stand-alone revenue driver. In Deloitte's 2024 retail industry outlook, **nearly two-thirds of brands said they share or plan to share customer loyalty data with advertising platforms.<sup>3</sup>**

# From mass to micro

**Consumers crave personalized programs and are willing to share their data for more tailored experiences. Brands can act on this interest by translating customer data into personal, meaningful interactions.**

Personalized experiences and rewards were the third most important program attribute for surveyed consumers. Personalization will become increasingly more important—in the United States, **10% more consumers identified personalization as important in our 2024 survey, compared to 2022 survey findings.** However, improvements are needed as only 60% of consumers are satisfied with the current level of personalization in their loyalty programs.

To improve consumers' satisfaction and respond to demand for increased personalization, brands should do more than just increase the volume of personalized recommendations and tailored offers. They should explore ways to forge deeper emotional connections with consumers. For instance, personalizing digital engagement based on consumers' likes and dislikes can simplify, streamline, and create a more rewarding experience.

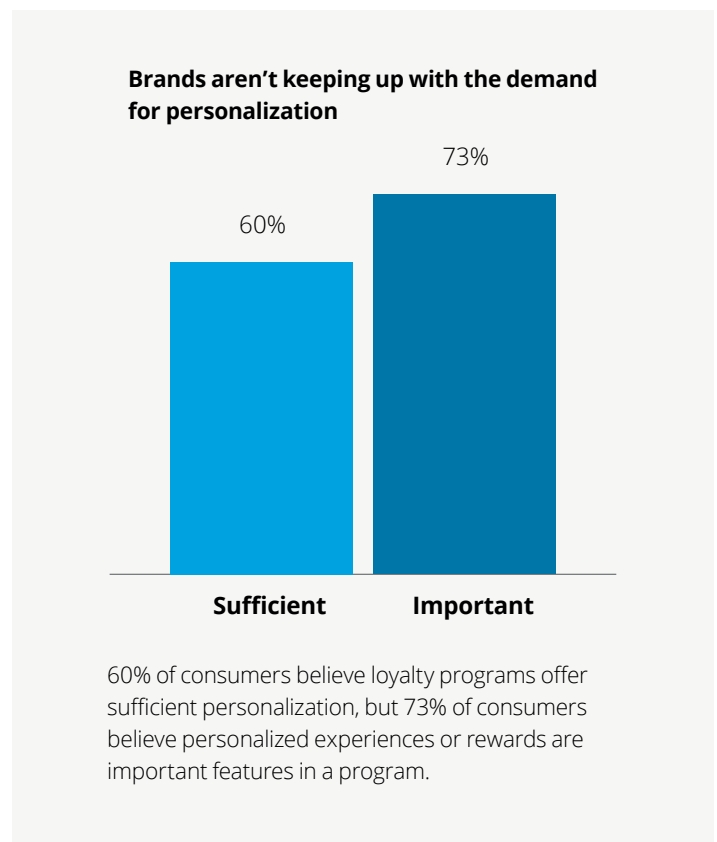
Companies are also improving personalization by engaging with consumers across the customer journey—not only up to the point of purchase, but beyond it. For example, personalized post-purchase support reiterates a brand's commitment to customers. A positive service recovery experience can drive deeper loyalty than if the consumer never experienced an issue. **Brands in hospitality industries, such as airlines and hotels, should pay particular attention to providing personalized customer support as consumers in these industries indicated the outsized importance (an increase of 5–10 percentage points compared to the cross-industry average).**

From near one-on-one personalization to the creation of individualized brand experiences, personalization exists on a spectrum, both of which are compelling but come at a cost and require significant investment. Despite these challenges, brands should not shy away from investing in robust data governance and infrastructure. These data enhancements are necessary to ensure clean, applicable data that can be leveraged to better implement personalization features. **While more than half of Americans (51%) are willing to share their data for a more personalized experience, the data provides little value if it can't be effectively utilized.**

As data is increasingly valuable, brands should focus on maintaining consumer trust and access to data. **Our survey found that while consumers are willing to share personal information, they subsequently want to retain control.** When asked what affected their willingness to disclose data about themselves, the top two answers consumers gave were transparency around how data is used and the ability to opt out of its use.

If individualized personalization remains a distant goal due to the required investment, **brands should focus on enhancing their understanding of target segments.** Cohort-based personalization can still deliver a more tailored, unique experience without extensive resources.

Whether aiming for one-on-one personalization or segment-based tailoring, developing more mature data strategies is crucial. **These strategies enable brands to effectively pull more complex personalization levers above and beyond just tailored communications and offers, ultimately driving a more seamless consumer experience.**



# Looking across generations

**As younger generations gain more purchasing power, loyalty programs can accentuate their main draw of financial rewards with tailored offerings to capture increased engagement with new generations of members.**

Our survey continues to show that consumers across all age groups care most about value. From Generation Z to baby boomers, consumers want to maximize program value through its monetary benefits. **Eight out of 10 consumers said earning and redeeming financial rewards was the most important attribute when looking for a loyalty program.**

The 2024 survey showed the importance of experiential benefits in capturing younger consumer. For example, brands can emphasize digital capabilities: **More than 75% of Gen Z and millennials find an accessible and enjoyable digital experience important, compared to less than half of baby boomers.** This is especially true in the travel industry. In Deloitte's *Future of Travel* study, we found that "digitally native" younger generations will continue to challenge travel and hospitality brands to incorporate new technology into loyalty programs.<sup>4</sup>

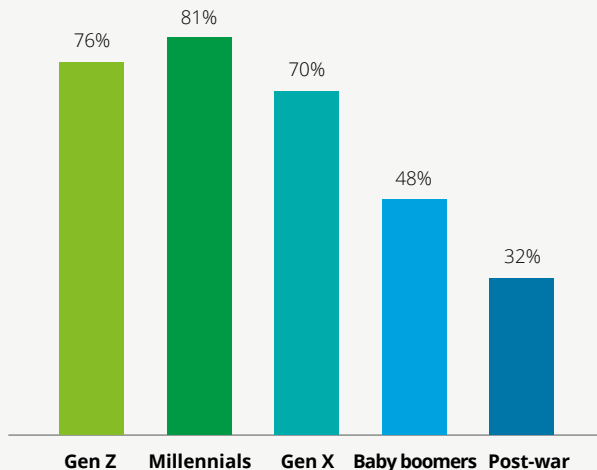
In addition to technology, younger consumers prioritize community within loyalty programs. **More than half of Gen Z and millennials state that opportunities to participate in a member community is an important loyalty program feature, compared to less than 20% of older customers.** Younger consumers are seeking interpersonal connections, and brands can engage these consumers with opportunities to meet others with similar interests within the loyalty program.

Gamification can also help loyalty programs better target younger consumers. **A majority of Gen Z and millennials find gamified recognition important compared to less than 20% of older consumers.** To satisfy this, brands can leverage elements like leaderboards and badges to recognize and thank loyal members for continued support.

Incorporating digital, gamified, and technology-centric elements are critical as younger consumers are more selective about joining loyalty programs and are most likely to switch if they find a competitor's offerings more attractive. **Our survey found that younger generations are more than twice as likely to switch to a competitor's loyalty program compared to consumers in other age demographics.**

Younger consumers are not inherently less loyal, but they are more discerning about the brands with whom they are loyal. When younger consumers switch programs, they tend to do so for a few key reasons. The most common factors include more appealing or valuable ways to earn financial rewards, improved access to nonfinancial benefits, and a simpler program structure. These aspects again show the continued importance of loyalty program basics, as value and simplicity are the most important attributes across all age groups and the main reasons why consumers switch to a competitor's program. **To attract, engage, and retain loyalty members of all ages, retailers should continue providing financial value and simplicity, while also exploring opportunities to add digitally driven, community-oriented features.**

**Younger consumers place a greater value on digital experience**



Higher percentages of consumers in younger age groups consider digital experience important in their loyalty programs

# Looking across cultures

**Loyalty programs should adapt to local preferences to thrive in diverse markets. A loyalty program's core can remain globally consistent while providing flexibility for market-specific benefits, rewards, and partnerships that respond to local consumer needs.**

Determining how to account for geography-based differences is a brand-specific exercise without a one-size-fits-all approach. However, our survey surfaces key trends that are a good starting point for brands looking to tailor loyalty programs to specific markets.

A few examples of market-specific insights are:

**India:** In India's highly competitive market, brand loyalty programs should make exceptional customer service a priority. Approximately half of Indian consumers said they would pay a fee to participate in loyalty programs that offered enhanced services. When they receive that level of service, consumers in India feel appreciated, with an 11-percentage-point edge over the global average.

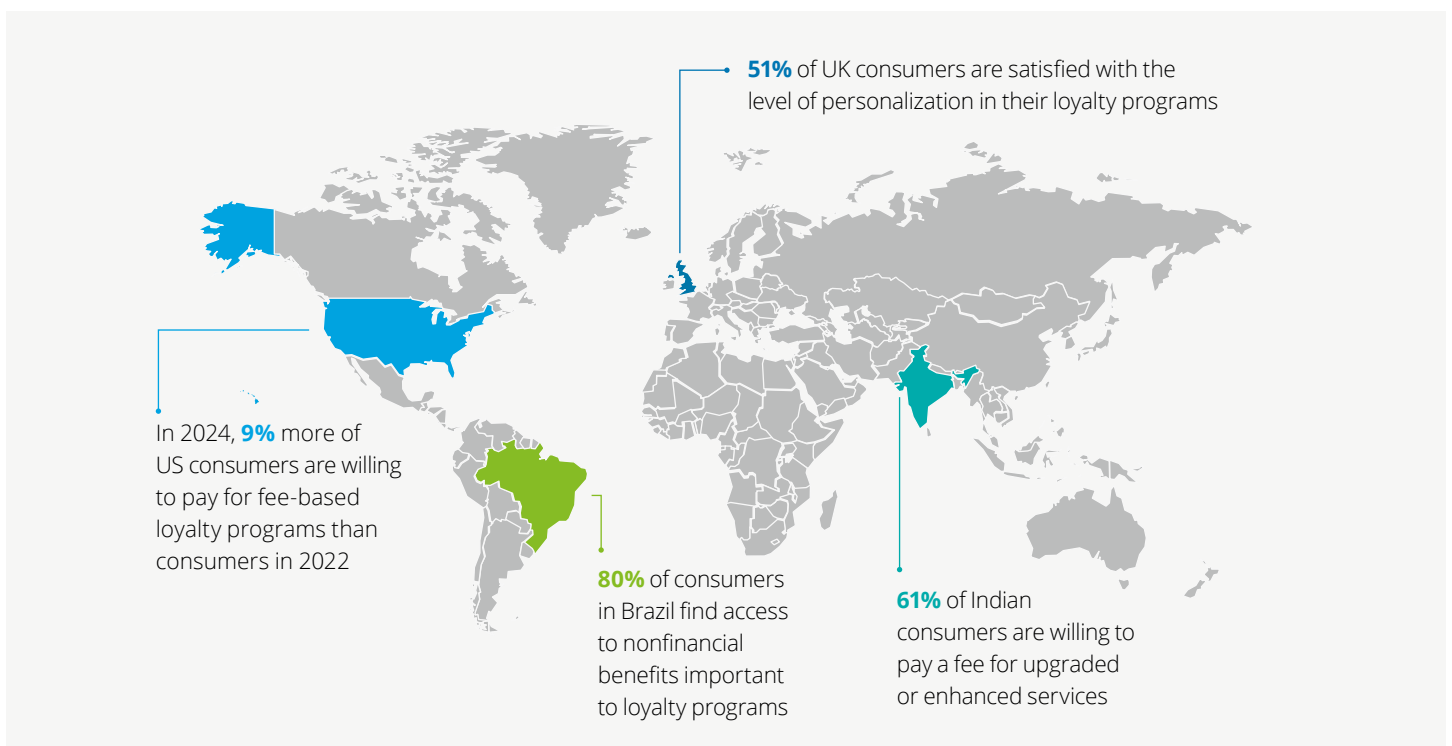
**United States:** US consumers have a growing acceptance of fee-based or "subscription" loyalty programs, such as meal services, food delivery, or entertainment subscriptions. They are **9% more likely**

**to pay for a loyalty program in 2024 than they were in 2022.**

This suggests that offering convenience is a way to attract more US consumers to a loyalty program. Streamlining the subscription process, making services more available, and expanding support offerings can deepen US consumer commitment and loyalty.

**Brazil:** Brands that want to build loyalty in Brazil should explore nonfinancial benefits alongside traditional financial rewards. Exclusive experiences, upgraded services, expedited delivery, and similar offers appear to have a special appeal to Brazil consumers: **80% of surveyed Brazilian consumers said access to nonfinancial benefits was important to them, 20 percentage points higher than US and UK consumers.**

**United Kingdom:** Despite 65% of UK survey respondents identifying personalization as an important attribute, UK consumers are the least satisfied with personalization in their current loyalty programs. **Only half of UK consumers believe their programs provide adequate personalization, which is almost 10% below the global average rate of satisfaction.** It is especially important for UK brands to consider strengthening their personalization (e.g., improved targeted, tailored offers) to better grow their loyal consumer base.



# Know your consumers

## Taking the time to know your consumers can lead to a more valuable program

**In their scale, complexity, and reach, consumer loyalty programs have come a long way from the sandwich-shop punch card. With more data about consumer preferences than ever before, they can evolve even further. Retailers can use the insights from the Deloitte Consumer Loyalty Survey to forge more meaningful connections with their consumers and make their programs more responsive to evolving consumer preferences and market-specific needs.**

Consumers are increasingly adopting a “Yes, and” mindset. Yes, they want meaningful financial rewards, *and* they want to be able to redeem them with other brand partners. Yes, they want intuitive program designs, *and* they want customized experiences that recognize their unique preferences.

Consumers will always value the rewards they receive, but rewards alone are not enough to capture and keep the attention of increasingly selective consumers. While this presents brands with the difficult challenge of balancing core program features with newly developed benefits, it also presents brands with an opportunity to redefine how they think about their loyalty programs and the value they create for customers.





# Methodology

We surveyed **more than 9,800 consumers** in April 2024 **across the United States, United Kingdom, India, and Brazil**, representative of the population across age and gender. Race and income were also used to develop a representative sample of the US population. Each consumer was asked a series of questions around their loyalty behavior and preferences for loyalty programs in a specific industry.

The following industries were included in this survey:

- Airlines
- Hotels
- Ride share providers
- Media and entertainment
- Convenience and gas stations
- Grocery stores
- Pharmacy and drug stores
- Restaurants
- Retail banks
- Department stores
- General retailers
- Specialty retailers\*

*\*Specialty retailers includes apparel and footwear brands; health, beauty, and wellness; home goods and electronics; and sports, leisure, and hobbies. Sub-industry breakouts are available.*

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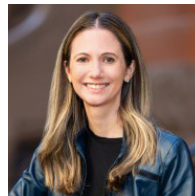
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# Endnotes

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