

The Loyalty Factor

**Brand Loyalty and Satisfaction
Across Key Consumer Sectors**

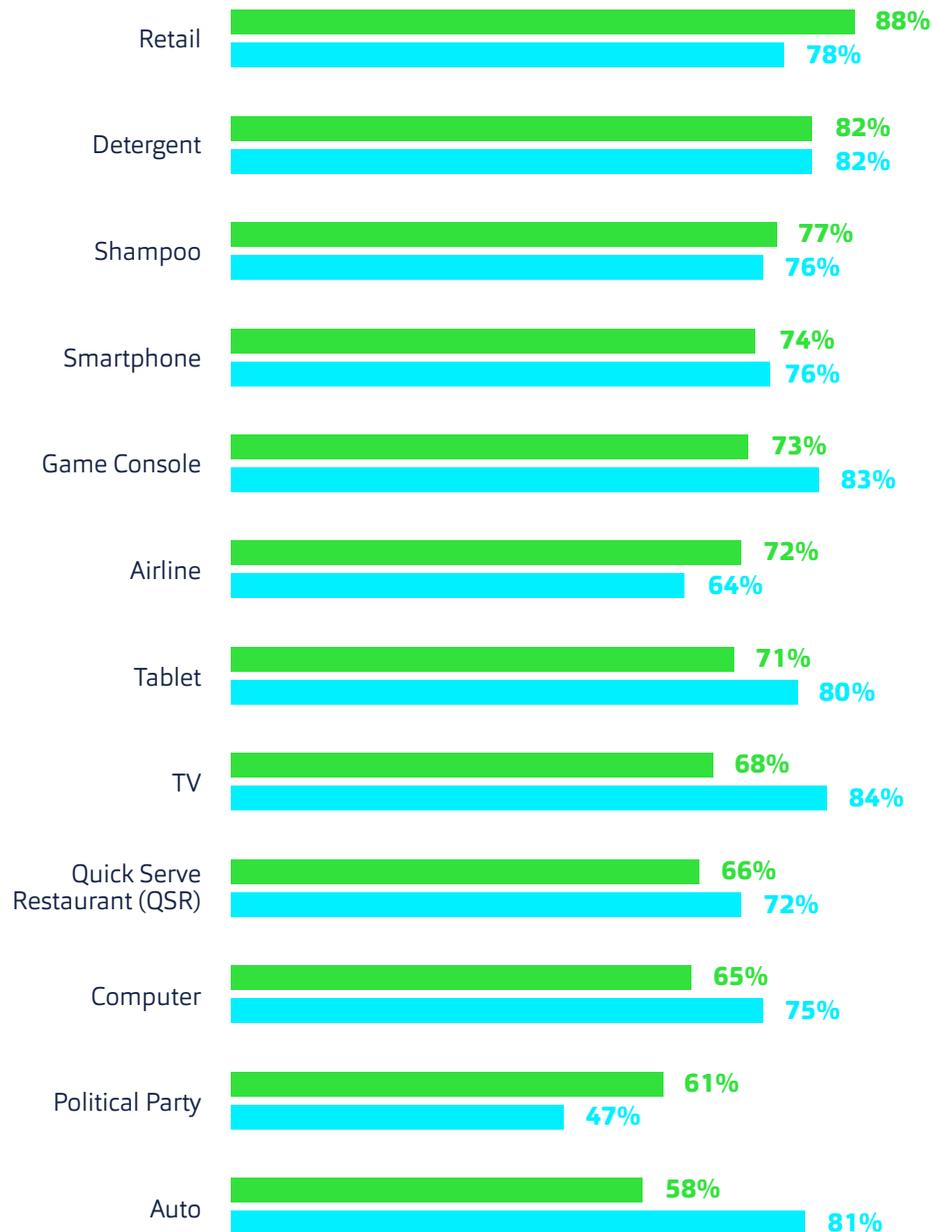
The Loyalty Factor

Marketers spend a lot of time and money trying to figure out the best ways to keep consumers loyal to their brands. From emphasizing product quality and customer satisfaction, to building loyalty programs designed to entice customers to come back at their precise moments of need, there is a lot to be gained by keeping consumers happy and devoted to a brand.

In our latest research report “The Loyalty Factor”, we set out to measure which brands and industries stand out as best-in-class when it comes to loyalty, as defined by the likelihood for consumers to purchase the same brand (or from the same brand) again.

In our study, we included the largest and most relevant consumer industries. For each industry, we surveyed consumers about 15-20 of the largest brands. Additionally, this report includes best-in-class brands, as well as a deep dive into industries which garnered the largest number of respondents.

– Loyalty and Satisfaction for Select Industries and Products



- Loyalty
- Satisfaction

- Companies in the retail and CPG categories enjoy the highest levels of brand loyalty, followed by smartphone and game console companies.
- While consumer loyalty is generally correlated with brand satisfaction, in the retail sector consumers are most likely to repeat shop in stores despite lower satisfaction levels compared to other sectors (a possible reason for this discrepancy is a lack of choice in terms of where to shop, as opposed to affinity for retail brands).
- The auto sector is another interesting outlier. While consumers are generally very satisfied with their car brands, they are the least likely to say they will purchase the same car brand again.

- Satisfaction Does Not Always Predict Loyalty



- Loyalty
- Satisfaction

In industries where it's not always easy to switch from one brand to another, consumers are likely to continue to shop with the same brand, even though their experiences may be less than satisfactory. Sectors where loyalty is higher than satisfaction include retail, airlines, and political.

Airlines and political are especially interesting examples, where despite low satisfaction, Americans are nevertheless unlikely to swear off an airline or a political party. This is potentially happening because consumers do not perceive there to be a worthy alternative available. These industries suffer from consumer boredom and may be ripe for disruption. We have seen an example of such disruption in the political sector in 2016, where both parties were taken over or almost taken over by perceived "outsiders" (Donald Trump and Bernie Sanders).

Best-in-Class Brands

There are a few brands that combine great products with excellent service and customer loyalty programs, resulting in customer satisfaction and loyalty rates that are the highest in their respective industries.



Costco // *Loyalty: 95%* / *Satisfaction: 91%*

Providing consumers with excellent products at low costs, coupled with great customer service, Costco remains a leader in the retail industry.

According to chief financial officer Richard Galanti, Costco's goal has been to boost sales while cutting long-term costs (by trimming freight expenses, scaling its merchandise, negotiating prices with vendors, and reducing packaging) so that it can pass those savings along to members. "Our rule of thumb is to give 80% to 90% back to the customer," Galanti says.² Those efforts have paid off, with memberships reaching an all-time high of 87 million members in 2017.³



Apple // *Loyalty: 91%* / *Satisfaction: 85%*

Apple remains the gold standard for practical innovation. The brand continues to integrate more and more devices, ensuring that as consumers add to their Apple ecosystem (iPhone, iPad, Apple Watch, etc.) they become increasingly dedicated to the brand's signature experience.¹



Starbucks // *Loyalty: 84%* / *Satisfaction: 84%*

By offering high quality products, easy to find locations (Starbucks is virtually everywhere), pleasant environments (with free Wi-Fi and wireless phone charging stations) and good customer service, as well as a superb mobile experience with their app, Starbucks has paved a way to consumers' hearts and wallets. In addition, the company offers a great customer loyalty program, that has created a wave of returning consumers and boosted the company's revenues. Upon implementation of the Starbucks Rewards customer loyalty program, Starbucks reported increased revenue of \$2.65 billion, with brand executives pointing towards their rewards program as one of the major enablers for such an increase.

Since the adoption of smartphone technology in the last decade, Starbucks gradually shifted every aspect of its loyalty program to be compatible with its mobile app, allowing Starbucks Rewards members to use their account to full potential. Even if they forget to carry their membership cards with them, they can easily use their app to make a purchase without losing any rewards points.⁴

1 Prophet, "Relevant Brands Study", 2016

2 fortune.com, "Costco's ability to attract loyal shoppers is beating the competition", 2015

3 Seeking Alpha, "Amazon Prime Subs Closing In On Costco Membership Numbers", 2017

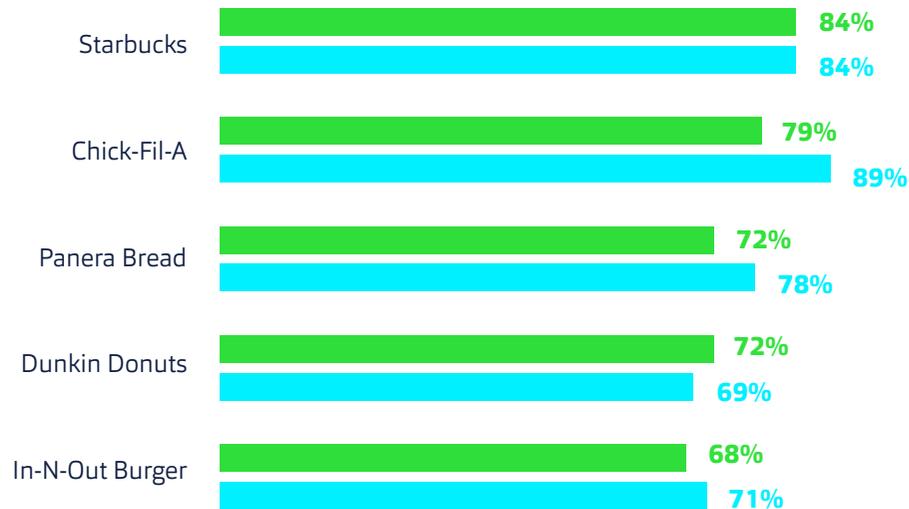
4 boomtrain.com, "The Science Behind Starbucks' Massively Successful Customer Loyalty Program", 2017

Quick Serve Restaurants

The QSR brands with highest loyalty scores include Starbucks as well as a few cult favorites, such as Chick-Fil-A, Panera Bread, and In-N-Out Burger. These brands deliver high quality products and service, and the satisfaction scores reflect their success with consumers. Dunkin Donuts has a slightly lower satisfaction score than others, but their customers nevertheless keep coming back for cheap coffee and a sugar fix. It is also worth noting that while customers are generally more satisfied with Chick-Fil-A, the Starbucks loyalty program contributes to a higher loyalty score from its customers.

Top 5 brands in terms of consumer loyalty

- Loyalty
- Satisfaction

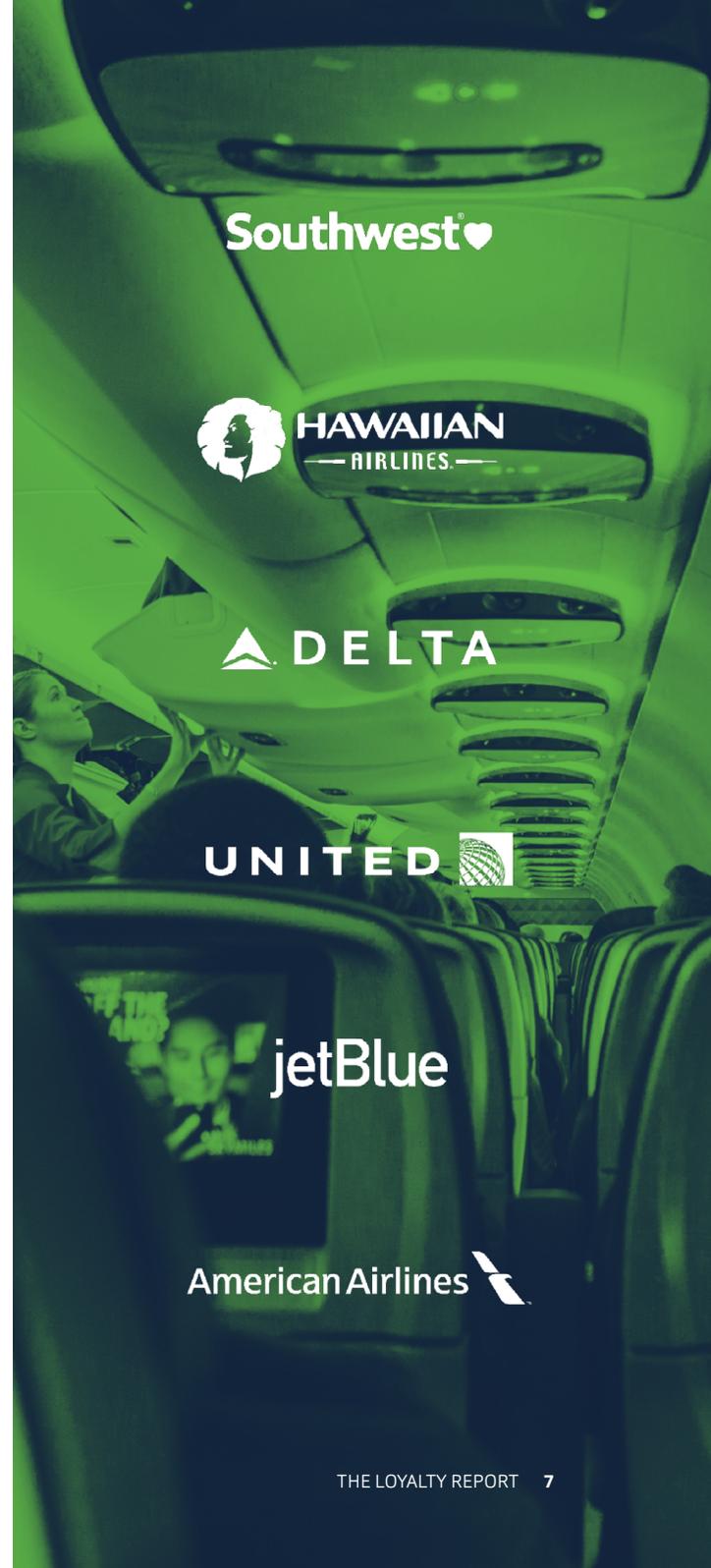
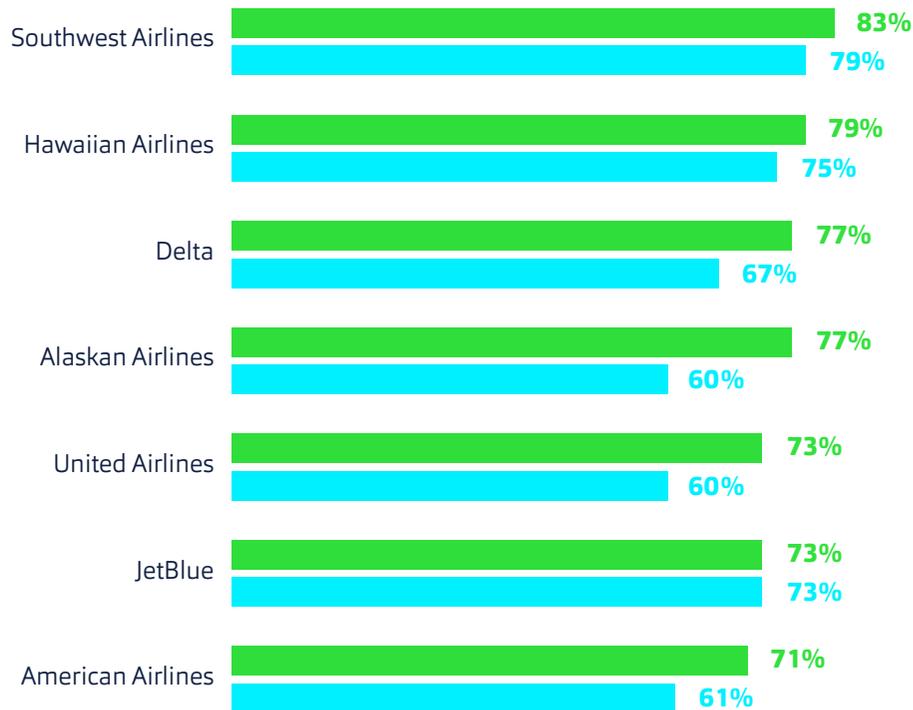


Airlines

Airlines can entice passengers to return by various methods: offer the great service that Southwest, Hawaiian and JetBlue do, or have a wide network of flights in addition to extensive loyalty point programs such as Delta, United and American. However, recent waves of PR scandals in the industry point to a need for carriers to step up their customer service game, which is reflected in the relatively low consumer satisfaction scores across the industry.

Top 7 brands in terms of consumer loyalty

- Loyalty
- Satisfaction



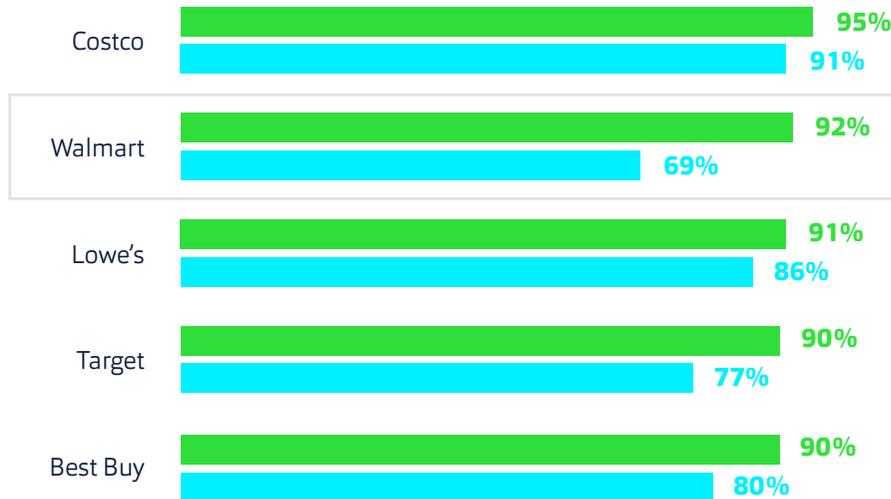
Retail

Retailers enjoy the highest levels of overall consumer loyalty. However, brand affinity is not always the reason why consumers keep coming back. Where in some cases, such as Costco, consumers come back due to high regard for the brand, in other cases the decision to return is driven by limited options.

A good example of loyalty driven by lack of alternatives is Walmart. Out of 17 large retailers that were included in the study, Walmart had the second lowest satisfaction score, yet also the second highest loyalty rating. In many cases, Walmart is the only option for consumers and very difficult to avoid altogether. Only Costco, the best-in-class brand for the retail industry from a satisfaction perspective, had a higher likelihood to shop again rating than Walmart.

Top 5 brands in terms of consumer loyalty

- Loyalty
- Satisfaction



Methodology

For each industry, the largest 15-20 brands were included in the study.

Brand loyalty is defined as a likelihood to purchase the same brand (or from the same brand) again. For retailers and restaurants, we asked the question “how likely are you to shop/eat at [the same retailer/restaurant chain]” and for Political we asked how likely one was to vote for the same political party in the next election.

Fluent’s study was conducted online within the United States from June 5-22, 2017 among American adults (aged 18 and up). The base sizes range from 2,000-3,000 completes for each industry. Due to rounding, percentages may not always add up to 100%. Fluent’s proprietary ad serving technology includes a real-time survey module that was used to facilitate the data collection for this study.

Respondents were randomly selected and data was weighted to US Census 2010 population distribution.

<https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>



ABOUT FLUENT

Fluent, LLC, a cogint company (Nasdaq: COGT), is an industry leader in people-based digital marketing and customer acquisition, serving over 500 leading consumer brands and direct marketers. Leveraging a massive reservoir of proprietary audience data, as well as millions of real-time survey interactions with consumers every day, Fluent enables advertisers to more effectively target and acquire their most valuable customers, with precision, at a massive scale. The company is headquartered in New York City. For more information visit www.fluentco.com.

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