



# for *love* or *money*™ 2019

The research study taking the pulse on customer loyalty and loyalty programs in Australia and New Zealand

## Executive Summary



# For Love or Money™ 2019 - Australian and New Zealand edition

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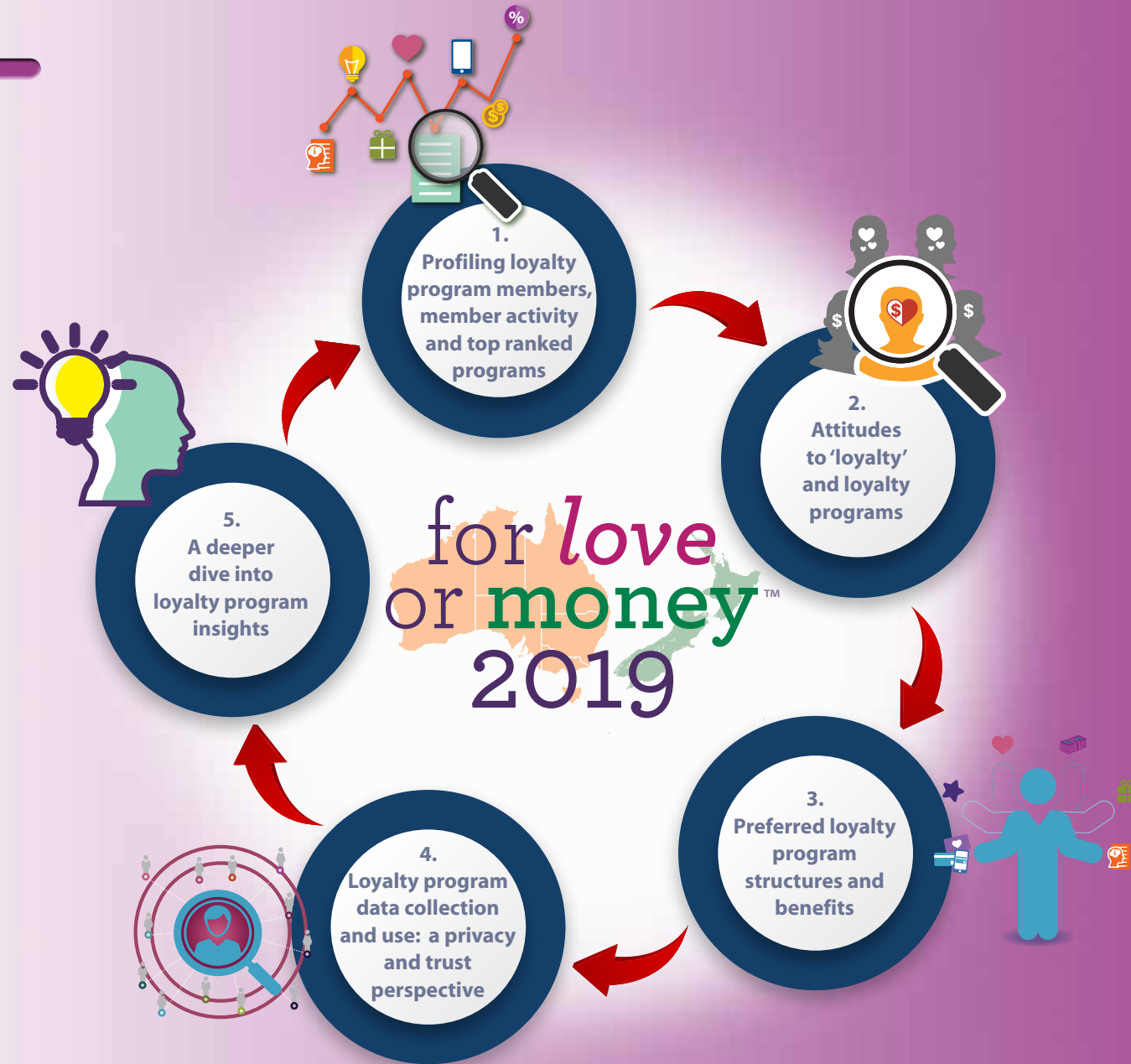
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To find out more about the results and insights in this Executive Summary you can purchase the comprehensive report at [www.thepointofloyalty.com.au](http://www.thepointofloyalty.com.au) or email [adam@thepointofloyalty.com.au](mailto:adam@thepointofloyalty.com.au)

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# 1.0

## Introduction and research methodology





## Welcome to For Love or Money™ 2019: The Australian and New Zealand edition

For Love or Money™ research studies were initiated in Australia in 2013 to benchmark and track consumer insights on customer loyalty and loyalty programs.

For the first time, in addition to the 2019 study with Australian consumers, we conducted the research with New Zealand consumers.

### Australia and New Zealand comparison report

This is the Executive Summary of the comparison report identifying the similarities and differences on how Australian and New Zealand consumers view customer loyalty and their interaction with loyalty programs.

In 2019, we have also released two other reports:

- The 7th annual study of Australian consumers and their view on customer loyalty and engagement with loyalty programs
- The first annual study of New Zealand consumers and their view on customer loyalty and engagement with loyalty programs

All reports are available at [www.thepointofloyalty.com.au](http://www.thepointofloyalty.com.au) as a complimentary Executive Summary and comprehensive reports are also available for purchase.

## Research Methodology

The For Love or Money™ 2019 Australian and New Zealand edition research was commissioned by The Point of Loyalty and conducted independently by First Point Research and Consulting in the first quarter of 2019, through an online panel of Australian and New Zealand consumers (men and women aged 18 years +) who are all members of at least one loyalty program.

The research was structured to gain quantitative results with comparative analysis. Open text responses were included to gain actual feedback and comments from loyalty program members. The total sample of n=1000 for the Australian research study and n=1004 for the New Zealand research study provided a margin of error of +/- 3% at a 95% level of confidence. Broad quotas were placed on the sample to ensure an appropriate distribution of responses by gender and age.

**Interpreting the results:** Throughout the report, significant differences have been highlighted as follows:

A result that is significantly **lower** is highlighted with **orange**.

A result that is significantly **higher** is highlighted with **green**.

The significant difference is the difference (higher or lower) for that consumer segment, compared with the 2019 total.

### Use of term 'loyalty program' in the research

For simplicity and consistency the For Love or Money™ research studies asked consumers their point of view on 'loyalty programs'.

In the research we defined 'loyalty programs' as any type 'loyalty or rewards program, VIP club, frequent buyer, member benefits or discount program'.

# 1. Introduction and research methodology



The For Love or Money™ 2019 Australian and New Zealand edition researched the following areas for insights:

## 1. Profiling loyalty program members, member activity and top ranked programs

1. Profiles of loyalty program members
2. Active participation in programs
3. Ranking Australian and New Zealand loyalty programs - 'doing a very good job'

## 2. Attitudes to 'loyalty' and loyalty programs

1. What is 'loyalty'? The consumers' point of view
2. Are loyalty programs valuable to a brand and business?
3. Why do members think brands offer programs?
4. Do brands need loyalty programs to keep customers loyal?
5. Member interaction, identification & payment integration
6. Are members making the most of their program memberships?
7. Member defection: % leaving, when and why

## 3. Preferred loyalty program structures and benefits

1. Earn and redeem rewards within vs beyond the brand specific program?
2. Rewards for transaction vs tenure with a program?
3. Rewards that are quick & small vs more substantial rewards that take longer to earn?
4. Rewards with small value and no minimum spend vs larger value with a minimum spend?
5. Points vs cashback?
6. Tiered program structures vs no tiered programs?

## 4. Loyalty program data collection and use: a privacy and trust perspective

1. How do members feel about loyalty programs collecting and using their personal details?
2. Personalisation: Enhancing the member's shopping experience vs invading their privacy
3. What do members consider when providing their data to loyalty programs?
4. Level of concern about loyalty programs being hacked or subject to fraud
5. Loyalty program Data and Trust = The Net Data Trust score (NDT)

## 5. A deeper dive into loyalty program insights

1. The five loyalty program persona profiles
2. The four touchpoints impacting the 'last mile' of a member's interaction with a loyalty program
3. Insights into loyalty programs with a subscription fee
4. Do members think of points like cash?
5. Credit cards with rewards – are they still worth it?

"Thank you for your interest in For Love or Money™ 2019 – the Australian and New Zealand edition.

As you continue to enhance and build customer loyalty strategies and loyalty programs, For Love or Money™ 2019 will provide you with observations and insights to guide you along the journey to success."



Adam Posner  
CEO – The Point of Loyalty

Retain the Best.  
Grow the Rest.

THE Point of Loyalty

For more depth on the results and insights in this Executive Summary you can purchase the comprehensive report at [www.thepointofloyalty.com.au](http://www.thepointofloyalty.com.au) or email [adam@thepointofloyalty.com.au](mailto:adam@thepointofloyalty.com.au)

# 2.0

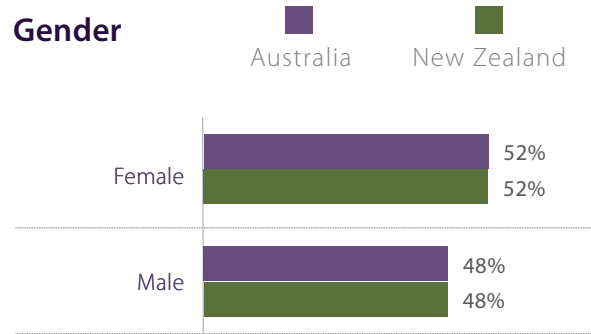
## Profile of participants



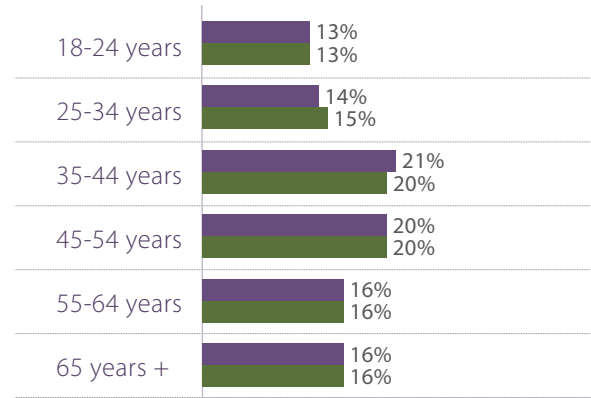
## 2. Profile of participants



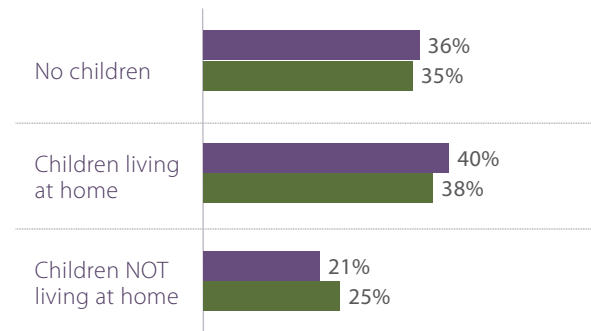
### Gender



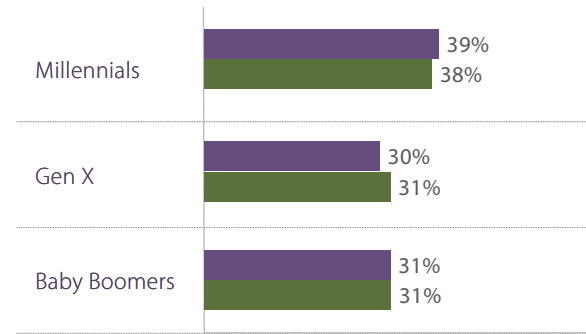
### Age



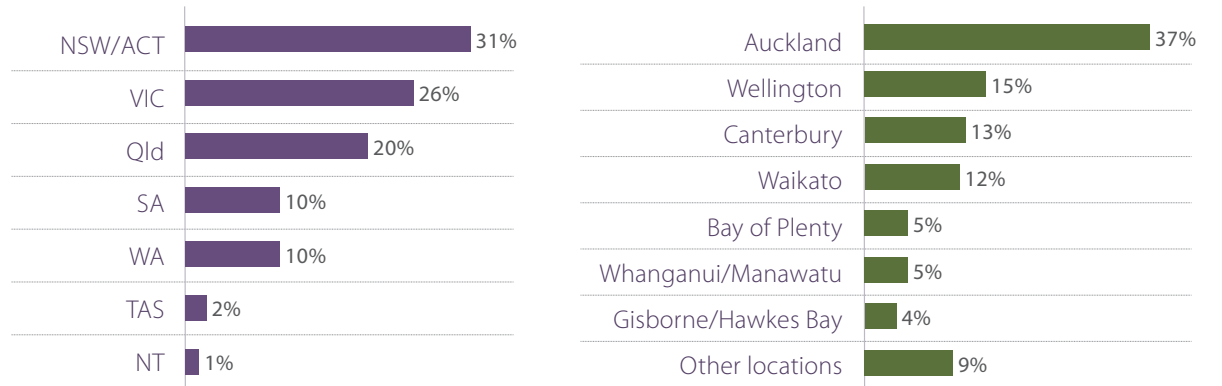
### Household Structure



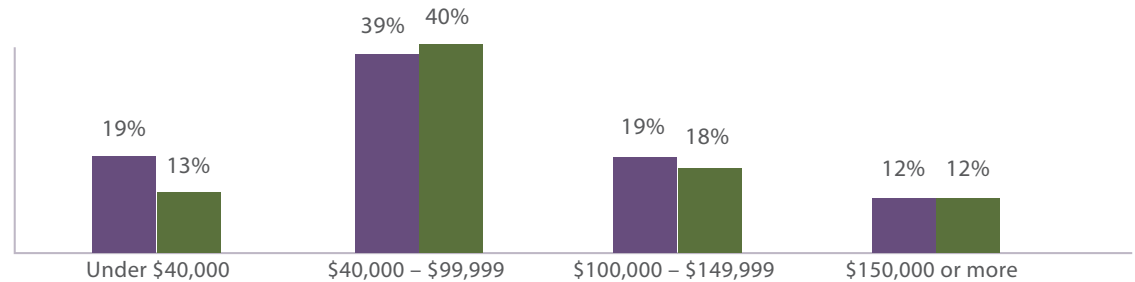
### Generational cohort



### Location



### Income





# 3.0

## Executive summary





# 1. Profiling loyalty program members, member activity and top ranked programs



## 1. Membership

In 2019, 89% of Australians over the age of 18 are enrolled in at least one loyalty program



In 2019, 96% of New Zealanders over the age of 18 are enrolled in at least one loyalty program



Average number of memberships in 2019

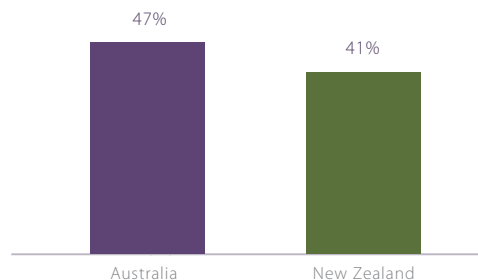


The comprehensive report compares Australian and New Zealand loyalty program members based on average memberships by gender, age, household income and the generations.

## 2. Active participation in programs

- Less than half of the members in Australia and New Zealand are active\* in ALL of the programs they are enrolled in

% who are active in 'ALL' of the loyalty programs they are enrolled in



\* An active member in the research was defined as 'having presented their card or membership number when making a purchase in the last 12 months'

## 3. Ranking Australian and New Zealand loyalty programs (unprompted) – 'doing a very good job'

Australian and New Zealand loyalty program members were asked, unprompted, to identify which loyalty program they thought was 'doing a very good job'.

To keep this insight simple, there were no specific qualifications on what 'doing a very good job' means, however we asked why members voted their program as 'doing a very good job'.

- Loyalty programs featuring in the top 10 in Australia as 'doing a very good job' include flybuys, Woolworths Rewards, Qantas Frequent Flyer and Virgin Velocity. 49 other programs were also nominated by Australian members as 'doing a very good job'.
- Loyalty programs featuring in the top 10 in New Zealand as 'doing a very good job' include AA Smartfuel, Fly Buys, Onecard - Countdown and Airpoints - Air New Zealand. 20 other programs were also nominated by New Zealand members as 'doing a very good job'.

Full results for 2019 are available in the comprehensive report, including the list of other programs mentioned by members as 'doing a very good job'.



## 2. Attitudes to 'loyalty' and loyalty programs

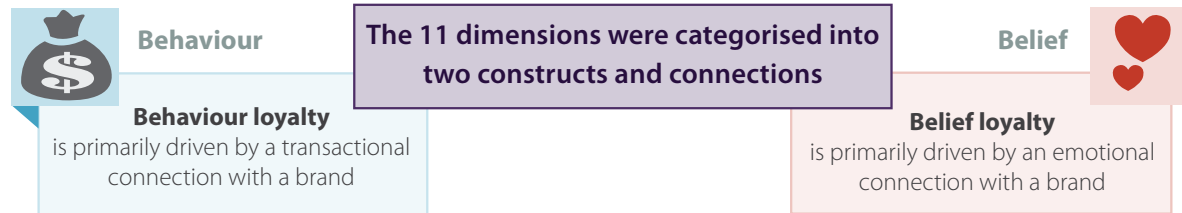


### 1. What is 'loyalty'? The consumers' point of view

Customer loyalty is an ongoing source of debate and discussion, ignited by the ever changing technology, data, social and demographic landscape.

As brands and businesses continue to invest more in customer retention and loyalty, gaining clarity on what 'loyalty' is helps to determine why it is important for a business to invest in customer loyalty as a growth strategy and how to achieve it as a profitable outcome.

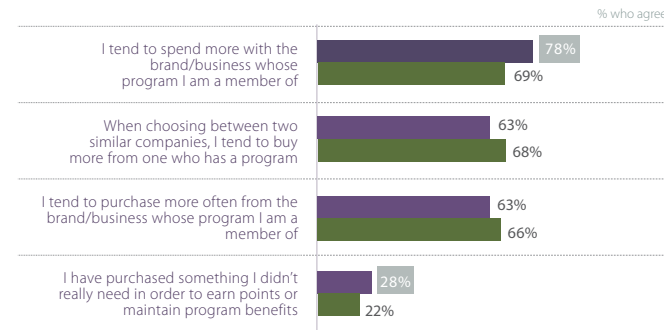
The For Love or Money research asked consumers – 'Beyond enrolling in a loyalty program, what does loyalty to a brand/business mean to you?'. 11 dimensions of loyalty were assessed by members.



The comprehensive report reveals the ranking of the 11 dimensions of loyalty based on 'behaviour loyalty' and 'belief loyalty'.

### 2. Are loyalty programs valuable to a brand and business?

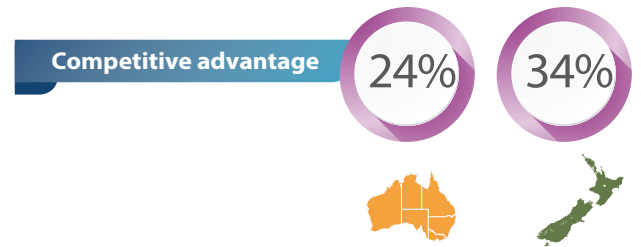
Yes! Loyalty programs are impacting purchase behaviour of members and becoming more valuable to brands or businesses that invest in programs.



### 3. Why do members think brands offer loyalty programs?

Members in both Australia and New Zealand are generally wise as to why brands offer loyalty programs.

- In 2019, 11 reasons that brands offer loyalty programs were ranked by members and the most important reason members from both countries believe brands/ businesses offer loyalty programs is to keep their spend away from the competition.
- Ranked behind 'competitive advantage', the reasons members think brands offer loyalty programs are to encourage them to buy more often and to encourage them to spend more.

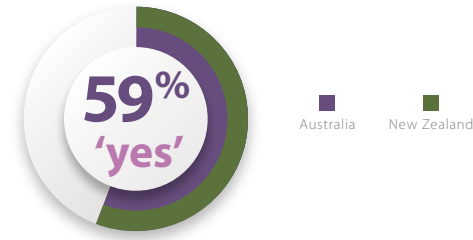


## 2. Attitudes to 'loyalty' and loyalty programs



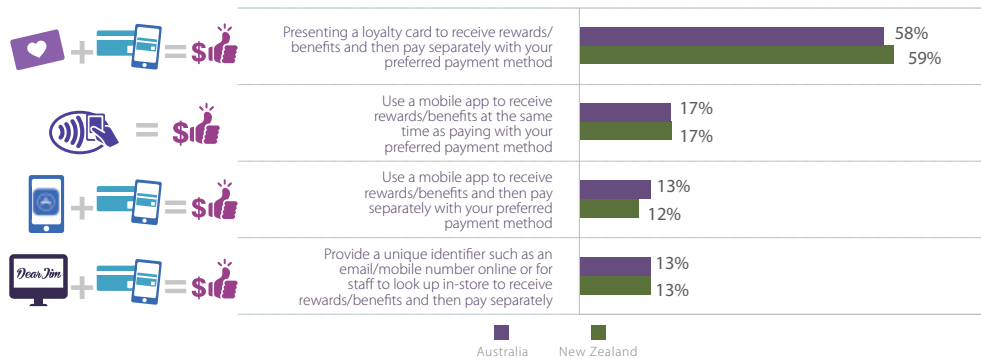
### 4. Do brands need loyalty programs to keep customers loyal?

- Yes! 59% of members in both Australia and New Zealand indicated that a brand or business needs a loyalty program to keep their customers loyal. This changes for members by generation with more details in the comprehensive report.



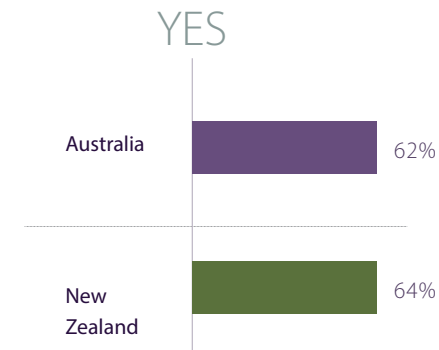
### 5. Membership interaction, identification & payment integration

- The majority of members from both Australia and New Zealand still prefer to interact with loyalty programs via a traditional loyalty 'card' and make their payments separately.



### 6. Do members feel they are making the most of their program memberships?

- Almost two thirds of program members feel they are taking advantage of the rewards and benefits available to them.



\*Figures do not add to 100% due to rounding up or down of decimal points

### 7. Member defection - % leaving, when and why

- More than one in five members, 21% for Australia and 23% for New Zealand, have stopped participating in a loyalty program over the last 12 months.
- Of the 13 reasons for defection, the 'earn' rate – 'I wasn't earning points/rewards fast enough' remains the major reason for defection.

- Members tend to decide very early if a loyalty program is for them. 17% of Australian members and 15% of New Zealand members who stopped participating in their programs, did so within the first 3 months of joining that program.

**What's the cost of losing up to 17% of your member base in the first 3 months?**  
 Cost to acquire: Number of members lost x cost to acquire = \$?  
 PLUS  
 Revenue opportunity lost: Number of members lost x 12 month average revenue = \$?  
 TOTAL COST: cost to acquire + revenue opportunity lost

### 3. Preferred loyalty program structures and benefits

**Building a valuable loyalty program that is profitable to the business and meaningful to members requires consideration of different program structures and benefits.**

In For Love or Money™ 2019, we conducted preference testing on six permutations of these.

1. Earn and redeem rewards within vs beyond the brand specific program?
2. Rewards for transaction vs tenure with a program?
3. Rewards that are quick & small vs more substantial that take longer to earn?
4. Rewards with small value and no minimum spend vs larger value with a minimum spend?
5. Points vs cashback?
6. Tiered program structures vs no tiered programs?

More detail on the results of comparing program structures and benefits for New Zealand and Australian members are available in the comprehensive report.

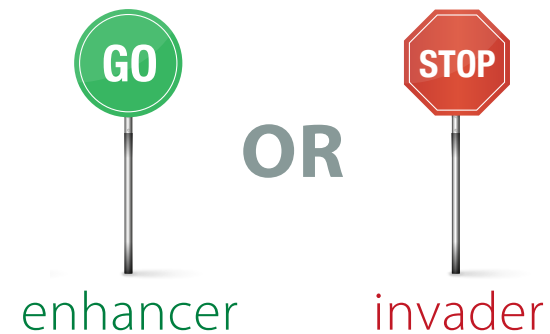


### 4. Loyalty program data collection and use: a privacy and trust perspective

Data collection, personalisation and privacy are ongoing topics of deliberation for brands and specifically for those with loyalty programs. For Love or Money™ 2019 continues to dive into the topic of data collection and use.

#### 1. How do customers feel about loyalty programs collecting & using their personal details?

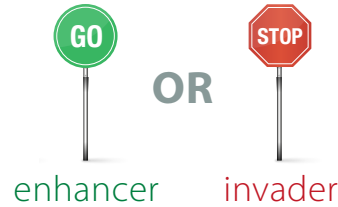
- **Enhancer:** In 2019, 54% of New Zealand's loyalty program members and 51% of Australian members are comfortable sharing their information with loyalty programs **to enhance their shopping experience.** This is not convincing. More focus is required for programs to use the data they collect to enhance the member's shopping experience.
- **Invader:** Approximately one in four members across both countries feel the collection of personal information by loyalty programs is an invasion of their privacy, even if it is used to enhance their shopping experience.



# 4. Loyalty program data collection and use: a privacy and trust perspective



- 1 Using purchase & personal data to provide personalised offers & benefits
- 2 Sending reminders to help members re-purchase items previously purchased
- 3 Providing special offers via smartphone based on shopping location
- 4 Using facial recognition technology in-store that connects members to their loyalty program data & provides them with unique offers and benefits



## 2. Personalisation: Enhancing the member's experience vs Invading their privacy

- Four dimensions of personalisation were researched in 2019, with members generally tolerant of the use of data collection when it is being used to deliver personalised offers and benefits (51% of Australian members and 47% of New Zealand members agree this enhances their shopping experience).

Results of these dimensions of personalisation by gender and the generations are available in the comprehensive report.

- Security
- Use of data
- Company reputation
- Data value exchange
- Control
- Privacy policy
- Knowing why

## 3. What factors are important to members when providing their data to loyalty programs?

- Members were asked to identify the factors they consider important when providing their data to loyalty programs.
- Seven factors were put forward with the **top 3 ranked** by members as:
  1. **Security:** Knowing how secure the data is
  2. **Use of data:** Knowing how their data is used
  3. **Reputation:** The reputation of the company asking for their details

# 4. Loyalty program data collection and use: a privacy and trust perspective



## 4. Level of concern about loyalty programs being hacked or subject to fraud

- While only 3% of Australian members and 2% of New Zealand loyalty program members have indicated they have been the victim of loyalty program fraud, more than half of the members in both countries have expressed concern about their data being hacked or subject to fraud.



Australia



New Zealand



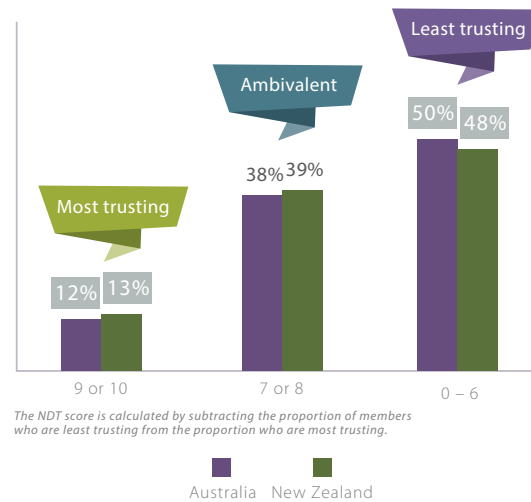
## 5. Loyalty program Data and Trust = The Net Data Trust score (NDT)

The Net Data Trust score (NDT) is a new metric introduced in For Love or Money™ 2019 to assess the level of confidence members have in loyalty programs to safeguard their personal details and data.

- There is a trust issue!** The 2019 benchmark result suggests that Australian and New Zealand members have a similar level of distrust in loyalty programs to safeguard their details.

Results of the Net Data Trust score by gender and the generations are available in the comprehensive report.

To what extent do you trust the loyalty programs that you are a member of with your personal details and data?  
(Rating provided from 0 - 10)



The NDT score is calculated by subtracting the proportion of members who are least trusting from the proportion who are most trusting.

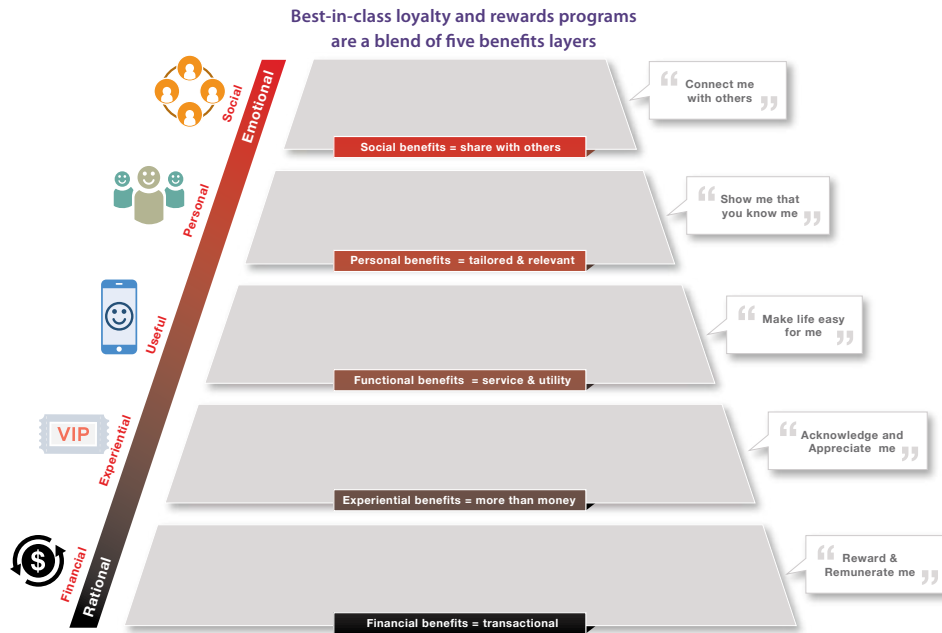
The Loyalty Program Net Data Trust score (NDT)



# 5. A deeper dive into loyalty program insights



## 1. The five loyalty program persona profiles



The Point of Loyalty has developed The Five Benefits model for best-in-class loyalty and rewards programs. It provides the five benefit categories that every loyalty program should consider a blend of.

- The 2019 For Love or Money™ research study has now defined each of the Five Benefit categories as loyalty program persona profiles and has now quantified them.

All the findings for Australian and New Zealand loyalty program member persona profiles are in the comprehensive report.

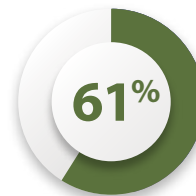
## 2. The four touchpoints impacting the 'last mile' of member's interaction with a loyalty program

The four touchpoints researched were:

- Email alerts with offers to members
- Promotion of the program instore
- Localised (in or near store) mobile phone alerts with offers for members
- The team member serving you alerting you to member offers



Australia



New Zealand



The most significant lever for influencing a member's interaction with loyalty programs is through email alerts to members, with 61% of members in both countries identifying email as the touchpoint impacting their interaction with a program.



## 5. A deeper dive into loyalty program insights

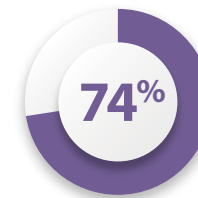


### 3. Insights into loyalty programs with a subscription fee

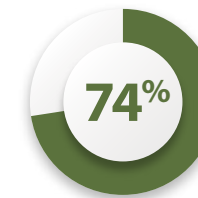
- Members were asked if they prefer a loyalty program with free membership that provides access to a limited range of benefits and savings VS a loyalty program with a subscription membership fee that provides access to an extended range of benefits and greater savings. 74% of members in both countries prefer a program with free membership.

#### Subscription guilt

- Subscription guilt was researched based on members indicating their feeling of guilt for not using or accessing enough of the benefits offered through the subscription they have joined, with more details in the comprehensive report.



Australia



New Zealand



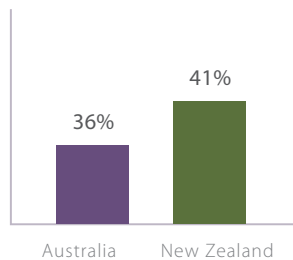
### 4. Do members think of points like cash?

- 60% of Australian members and 52% of New Zealand members tend to think of the value of points in terms of their cash value.

When points expire, it's like taking cash away!

### 5. Credit cards with rewards – are they still worth it?

% who currently have a credit card with rewards that give points for purchases that can be redeemed for rewards

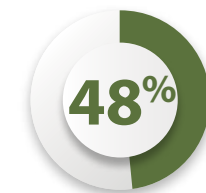


#### How do members feel about their credit card that has rewards ?

Members who have credit cards with rewards tend to attach significant value and importance to the potential rewards with 44% of loyalty program members from Australia and 48% of members from New Zealand indicating "It (credit card with rewards) is important to me and I really value the rewards I can potentially redeem for".



Australia

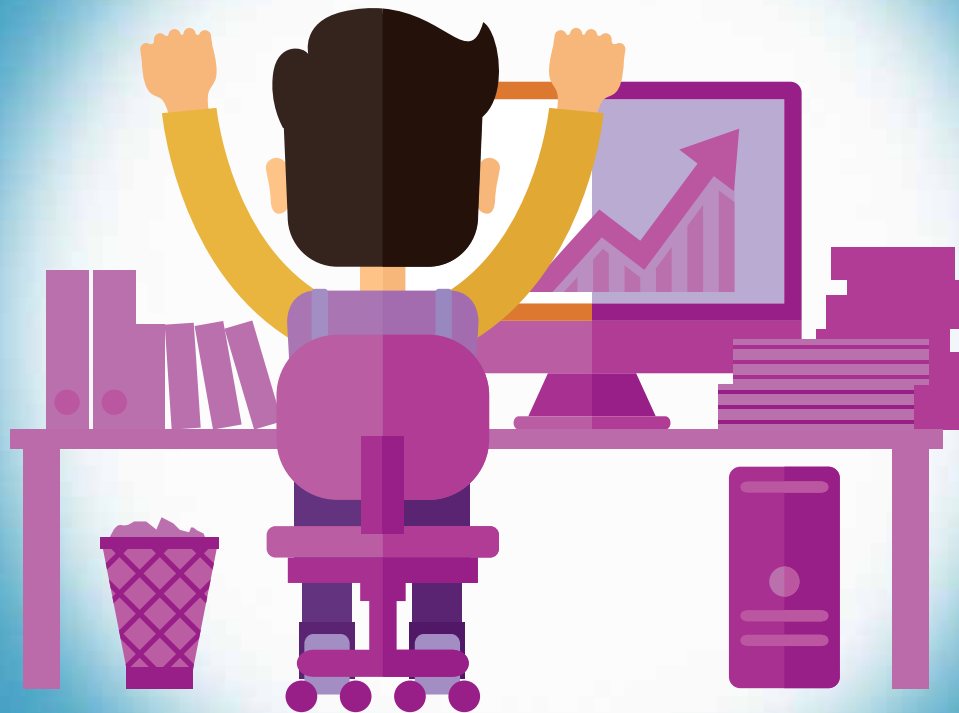


New Zealand

# 5.0

## Behind the research

Who loves loyalty?





Adam Posner is founder and CEO of The Point of Loyalty, a strategic customer loyalty consultancy that helps organisations retain their best customers and grow the rest through thriving loyalty and rewards programs.

Established in 2017, The Point of Loyalty (a divisional brand of Directivity – est. 2007) provides customer loyalty and rewards programs strategy and loyalty research.

These have been provided for organisations in various sectors including retail (various), hotels and accommodation, financial services, leisure and entertainment, education and cryptocurrency coalition loyalty programs.

Adam commissioned and authored the **2019, 2018, 2017** and **2016 For Love or Money™** research studies and co-authored the research studies **For Love or Money™ 2013, 2015** and **Share the Love 2014**.

He is a customer loyalty and retention program specialist helping business build programs that are **profitable to the business** and **meaningful to the member**.

Specific loyalty and rewards program consulting services include:

- Senior leadership and team alignment on vision, goals and program measures of success
- Program models, types, structures and blend of benefits design to move members from transactional to emotional connections
- Customer and loyalty program member research based on benchmarks from our ongoing For Love or Money™ studies
- Partnership proposition strategy, assessment and evaluation
- Technology requirements specification and vendor selection
- Ongoing loyalty mentoring for program optimisation

He has developed robust methodologies to build and review loyalty and rewards programs:

- For new loyalty programs: The four-stage DNA framework for thriving programs.
- For existing loyalty programs: The future-proof diagnostic to ensure they remain a viable asset.

He is also the author of one of Australia's only practical books on loyalty programs – 'Give-back to Get-back – 9 steps to a profitable loyalty program'.

Adam has been widely interviewed on customer loyalty and loyalty programs including on radio (3AW and ABC Radio National – Money Show), TV (Channel Nine News) and published in Marketing Magazine, The Age, SMH, CMO, eConsultancy and SmartCompany.

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The research study taking the pulse on customer loyalty and loyalty programs in Australia and New Zealand

## Executive Summary

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