



# Loyalty & Rewards Programs

The Shifting Landscape of Consumer Loyalty



Make better decisions, faster, with access to rapid insights at every stage of the consumer journey



# Who We Are



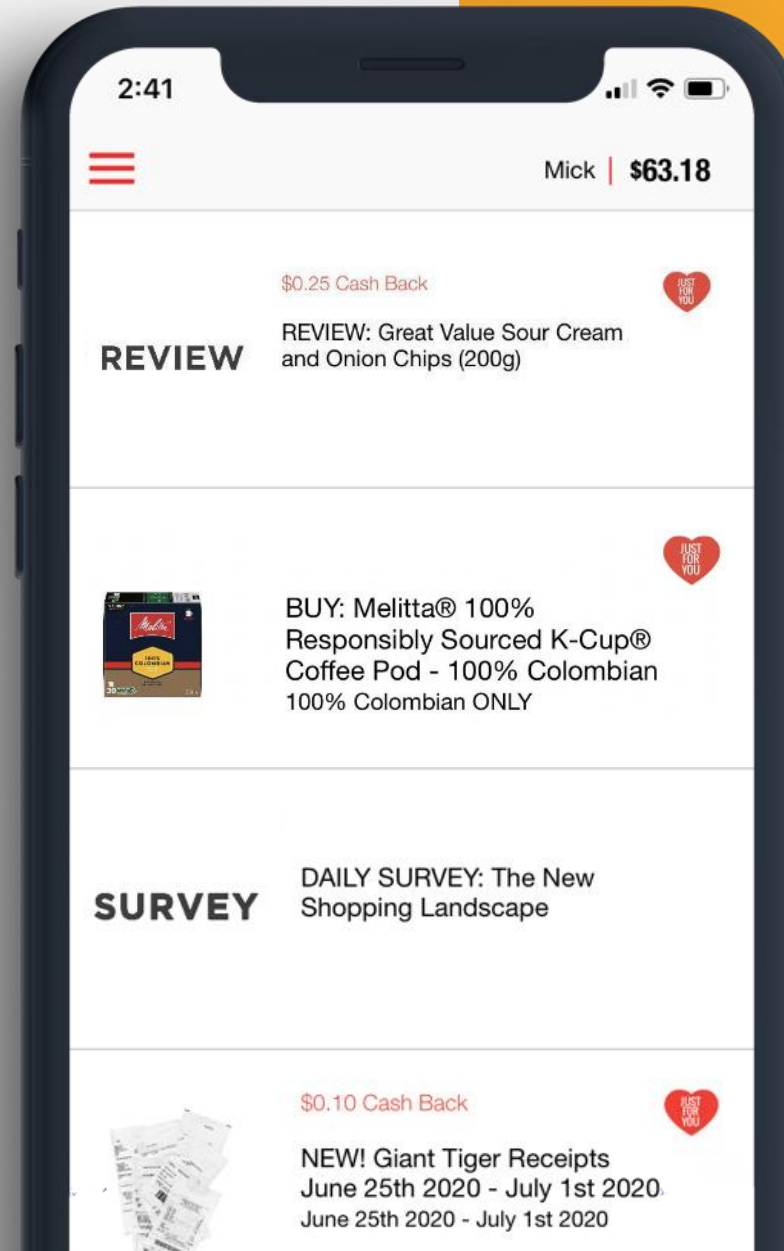
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# AskCaddle®

Caddle® is the largest daily and monthly active panel in the Canadian market. Our mobile-first insights platform rewards Canadians for sharing data and engaging with brands.

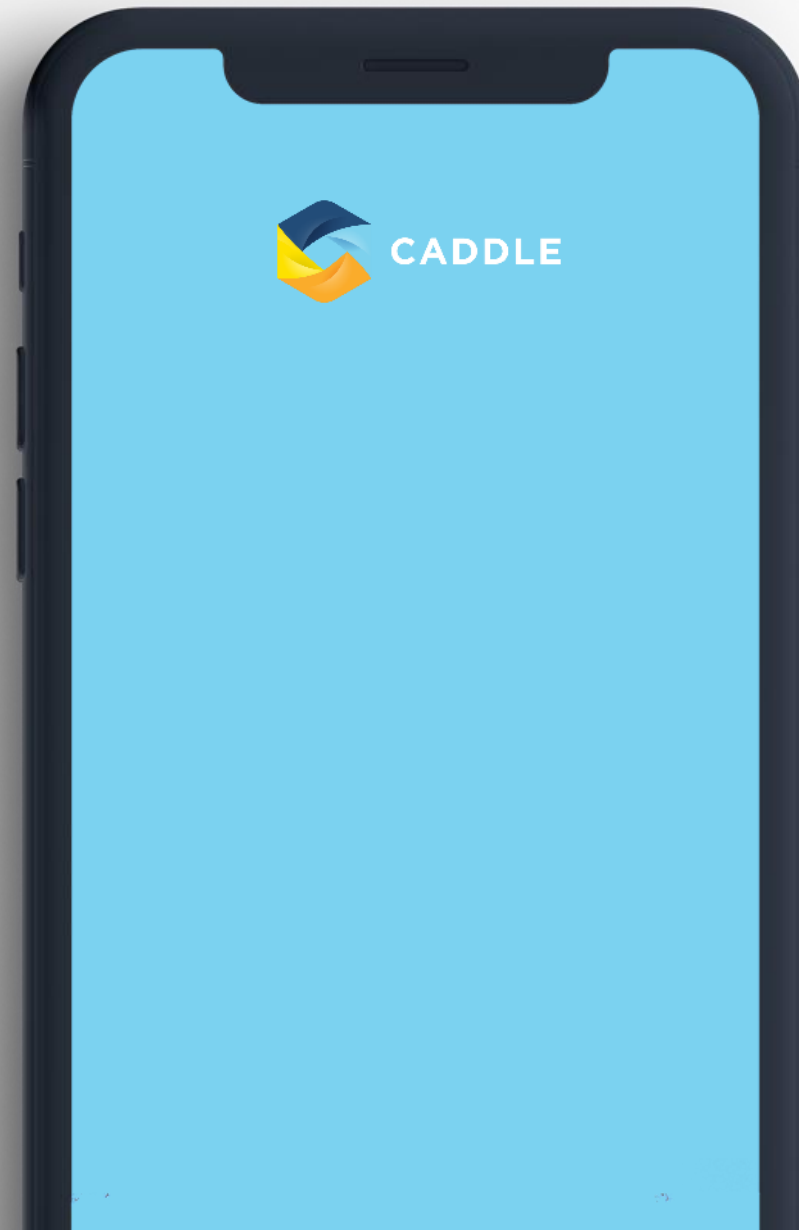


# Methodology

A representative survey of Canadians was conducted in April 2023, in partnership with Retail Council of Canada (RCC).

1 custom study conducted with over 2,000 Canadian shoppers.

All data presented is owned by Caddle and has a Margin of Error of 2.2% at a national level.



# Loyalty Landscape in Canada

Proprietary Earn & Burn

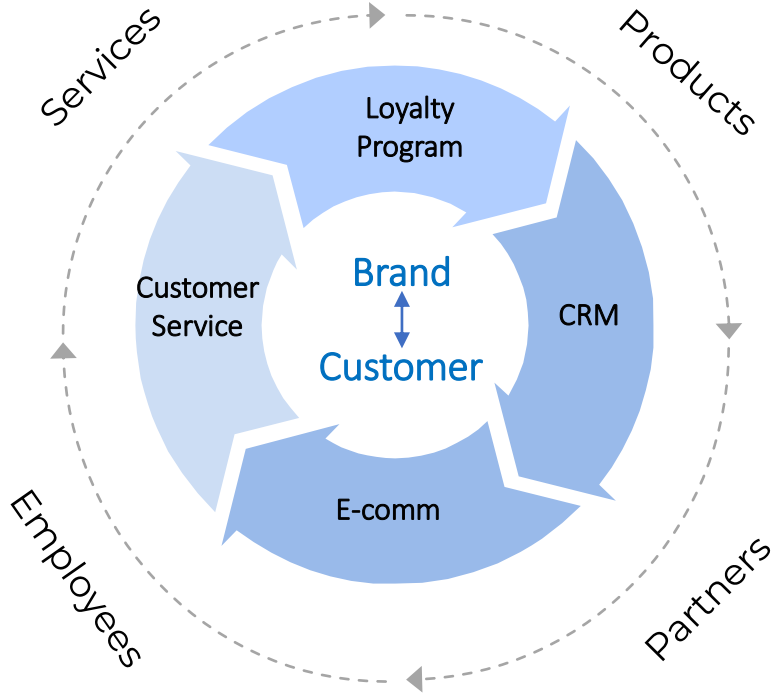


Coalition



Brand Partnerships

Customer



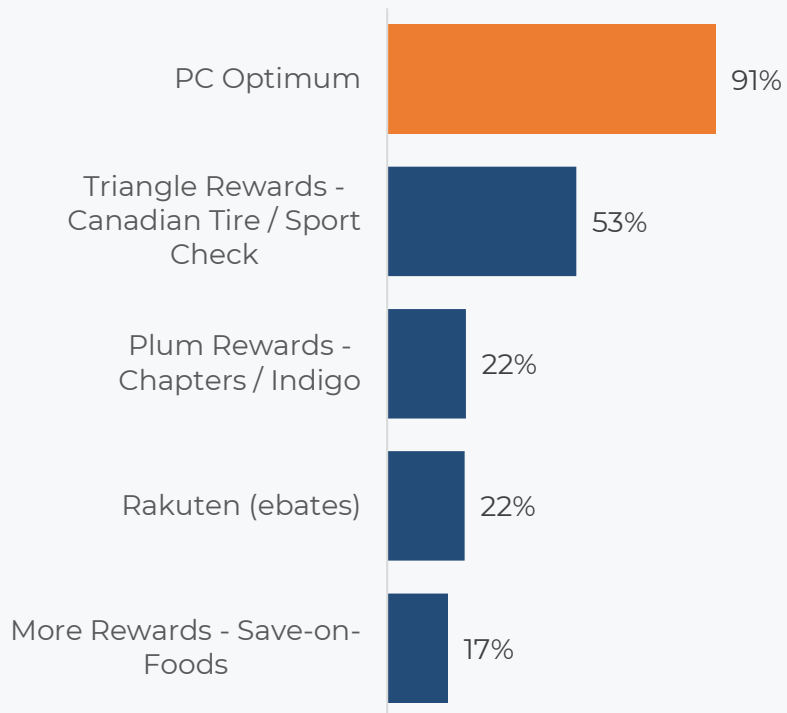
# Adoption and Importance of Rewards Programs in Canada



# Practically all Canadian Shoppers have and use at least one type of loyalty rewards programs

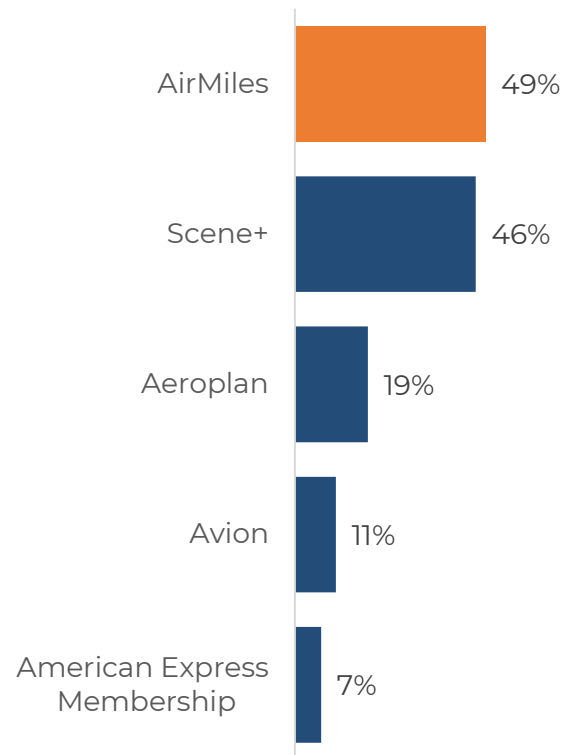
91%

use retail loyalty rewards programs (free memberships)



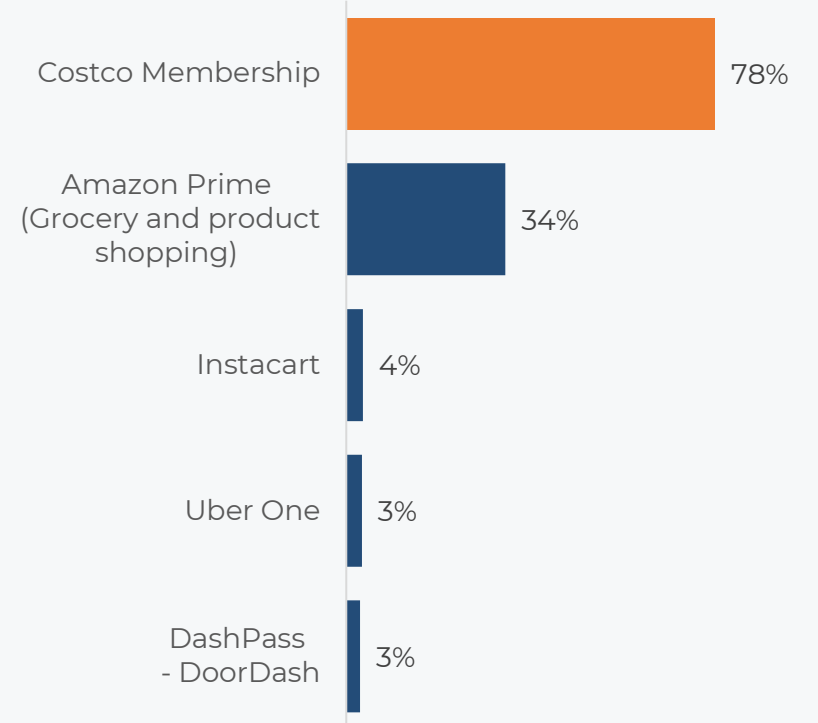
64%

use rewards programs led by financial institutions



51%

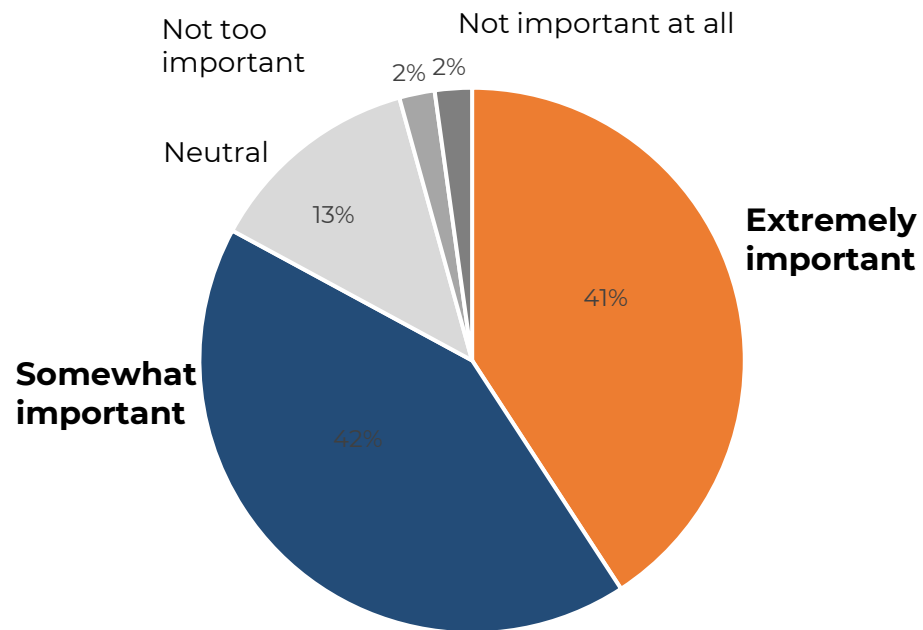
use retail loyalty rewards programs (paid memberships)



# Rewards programs have been important to Canadians for a long time now, but the current economic context has magnified their importance

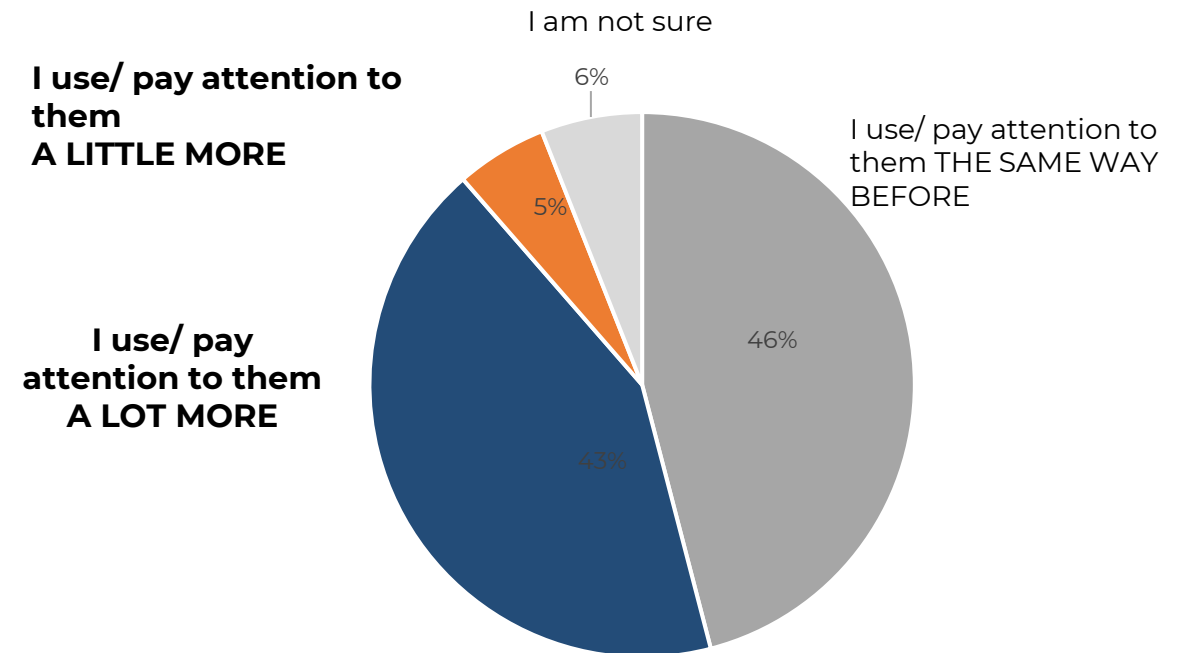
83%

Consider rewards programs as important



48%

Are paying more attention to rewards programs due to the economy





## Most important factors when deciding where to shop:

Loyalty programs rank second behind price

# 41%

Of Canadian shoppers consider Loyalty programs as one of the most important factors when deciding where to shop.

## How much do rewards programs influence your decision on where to shop?

Loyalty programs play a key role in choosing where to shop

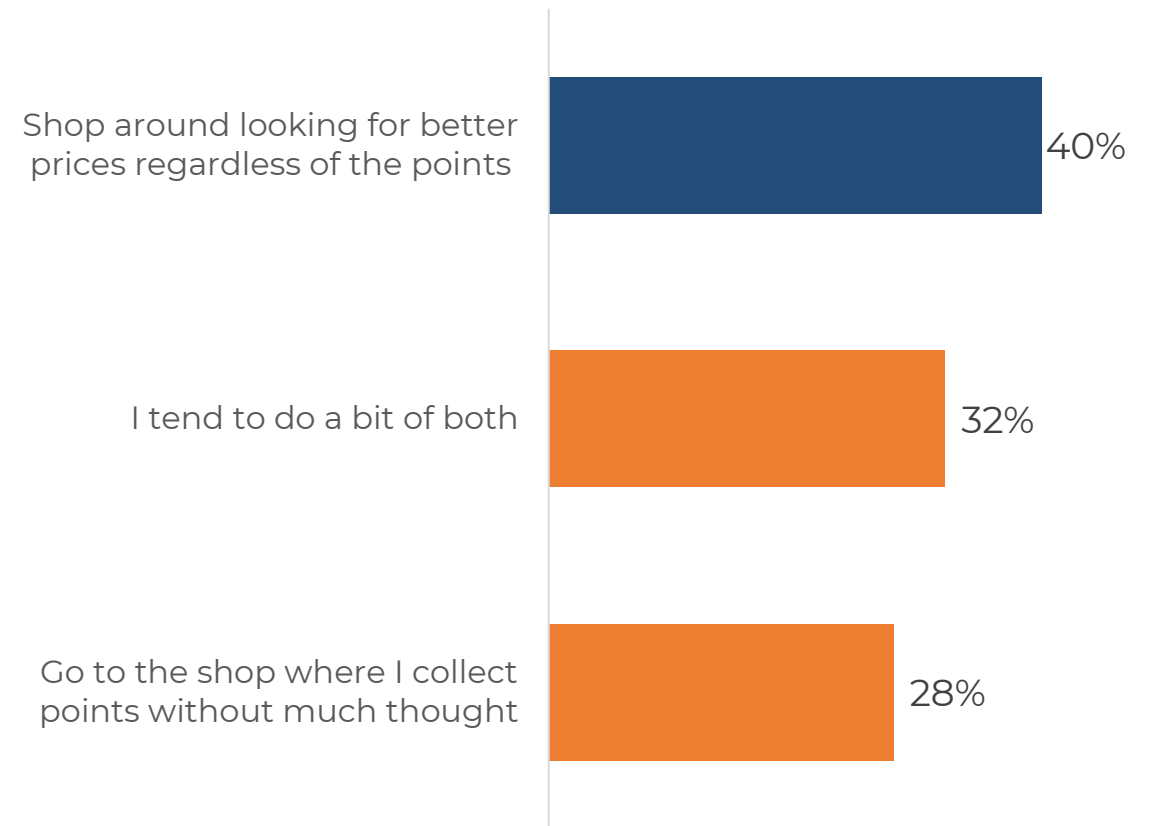
# 51%

Of Canadian shoppers say loyalty programs influence their shop selection either a lot or completely

## Shopping decision based on Price vs Rewards

- Although price is the main factor when deciding where to shop, many shoppers tend to shop at a store where they collect points without giving it much thought.
- The younger generations (Gen Z and Millennials) are the most likely to shop from a store where they collect points without much planning.

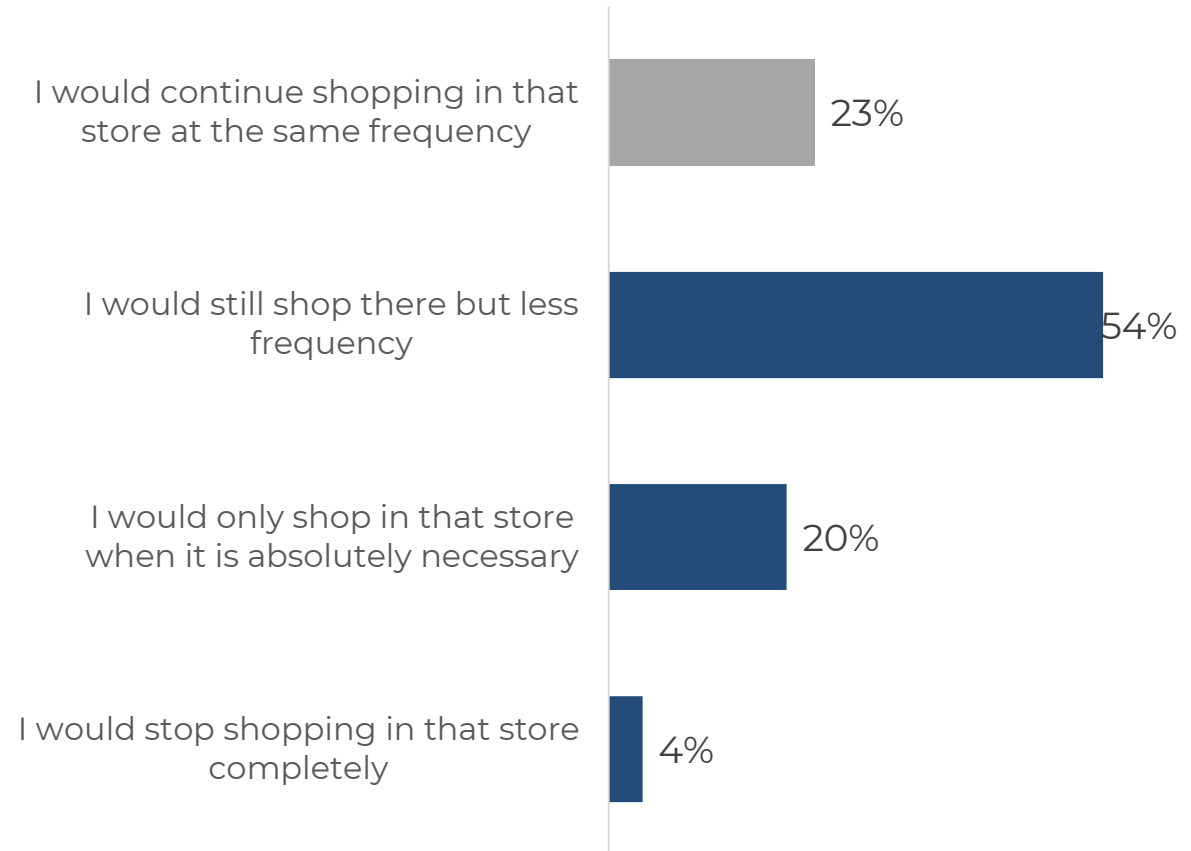
### When deciding where to shop for groceries, what are you most likely to do?



## If stores discontinue rewards programs shoppers would visit less

- In a hypothetical scenario in which some stores would stop offering rewards, three-quarter of shoppers would change their shopping habits.
- Half would continue to shop at the same store only less frequently, while 20% would shop there only when necessary.

### If a retail store you frequently visit stopped their loyalty rewards program, what are you most likely to do?



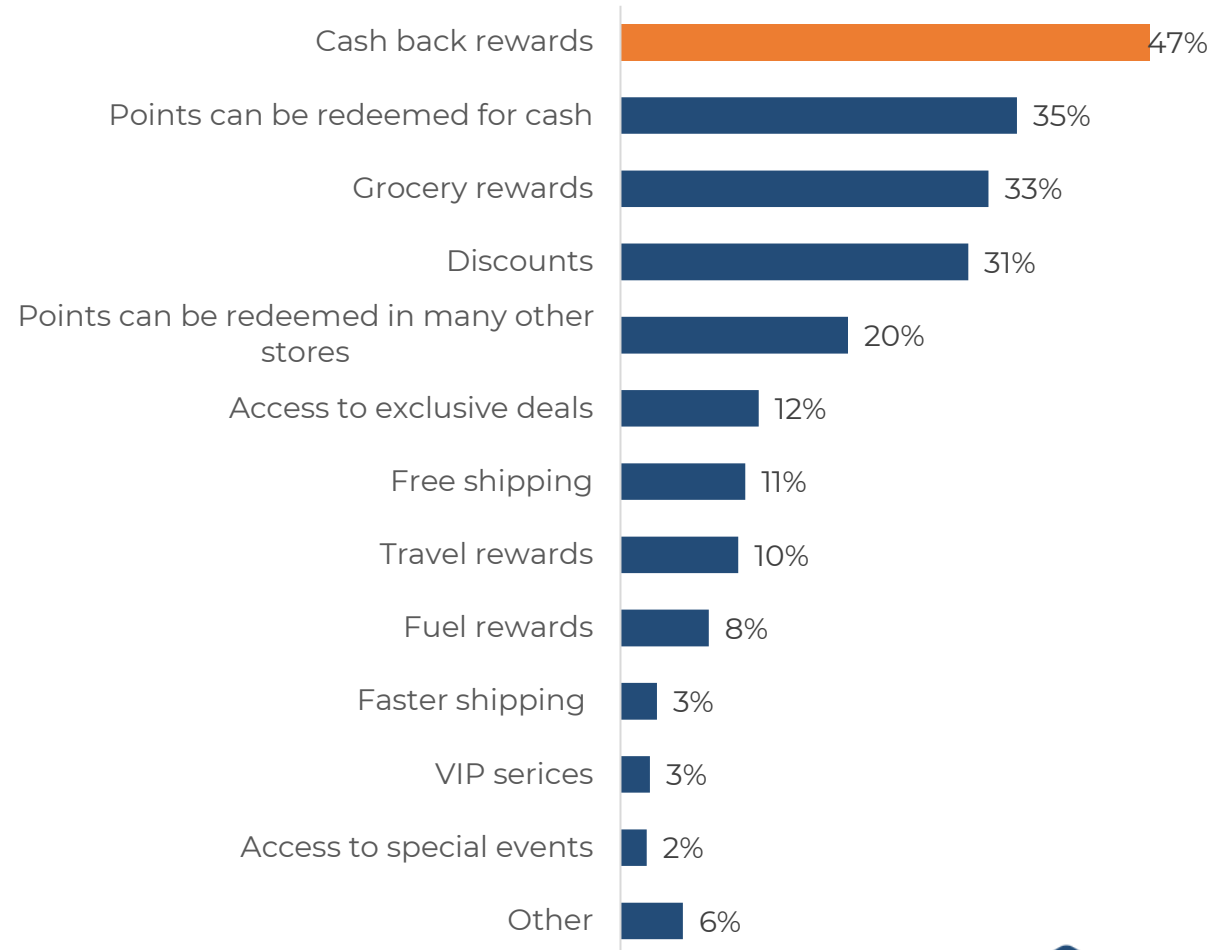
# Motivators and Challenges



## Shoppers seek rewards that can be exchanged for cash

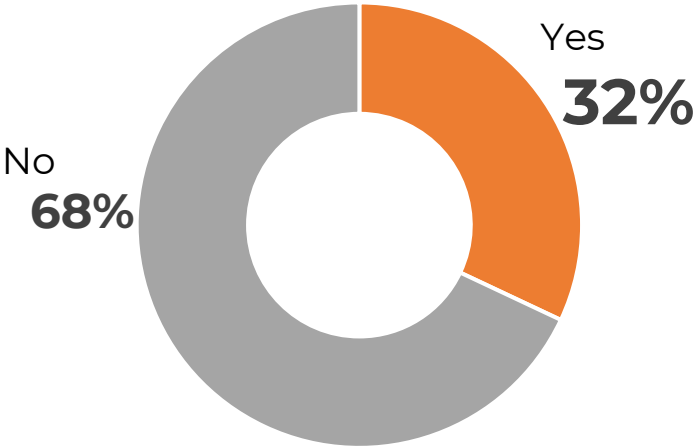
- Rewards that can be redeemed for cash are the most valued by shoppers.
- Among different rewards, cash back comes on top as the most valued.

### Now, thinking of loyalty rewards programs in general (retail and credit card rewards), which do you value the most?



# Despite high usage and satisfaction, there are still some challenges to address

Percentage of people who find challenges or dislikes when using retail loyalty rewards programs



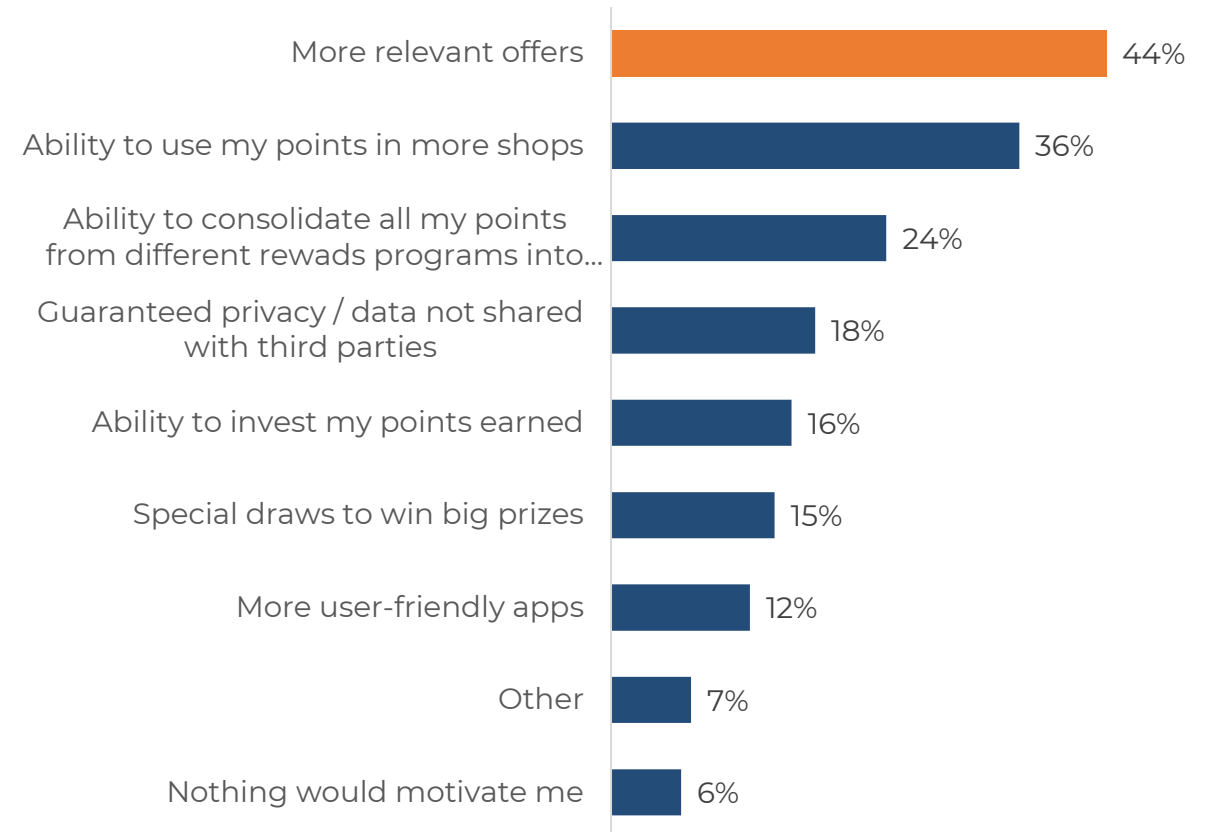
From the list below, what are the challenges / dislikes you have found when using retail loyalty rewards programs?



# Shoppers want more personalized offers and flexibility on where to redeem points

- Making offers more relevant and expanding the redemption of rewards to more shops are the top 2 motivators that would drive shoppers to use loyalty rewards programs the most.
- While seeing more relevant offers is the top motivator for Millennials, Gen X, and Baby Boomer shoppers, having the ability to use the points in more shops comes on top for Gen Z.

## Which of the following would motivate you to use your retail loyalty rewards program the most?



# Gen Z and the future of rewards programs





## Overall, rewards programs usage and adoption is lower among Gen Z shoppers

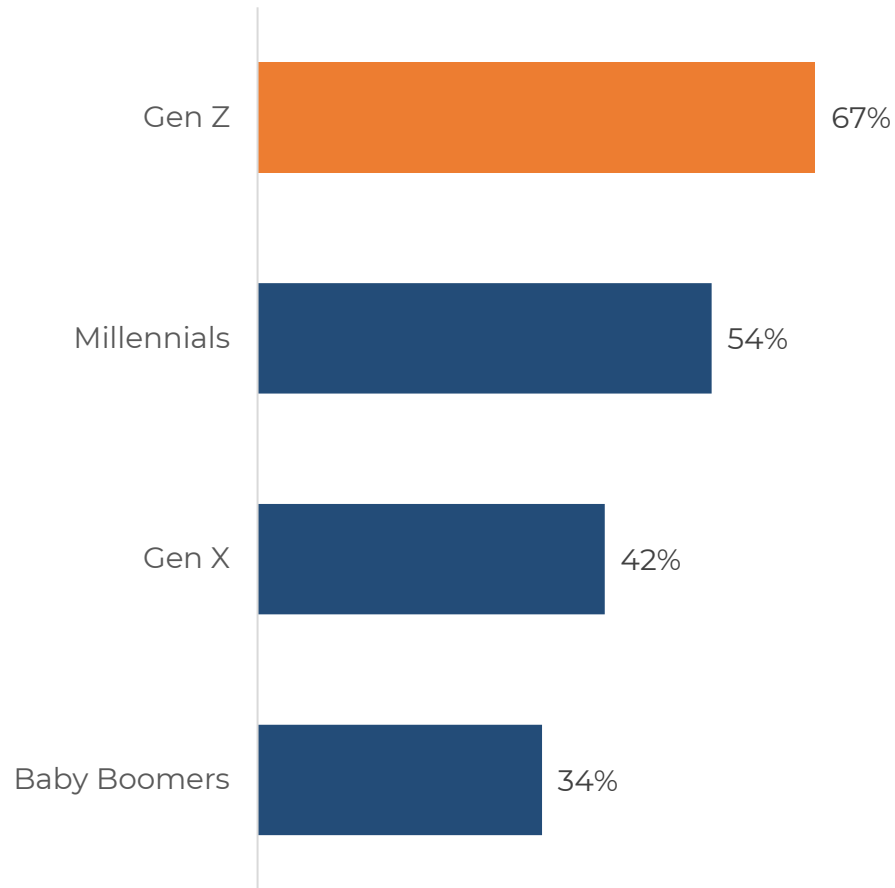
	Gen Z (1997-2005)	Millennials (1981-1996)	Gen X (1965-1980)	Baby Boomers (1946-1964)
Users of retail loyalty rewards programs (free membership)	80%	92%	92%	91%
Users of rewards programs sponsored by financial institutions	52%	65%	66%	65%
Subscribers to retail loyalty rewards programs (paid memberships)	47%	55%	50%	50%

# Nonetheless, rewards programs are as important for Gen Z shoppers as for other generations

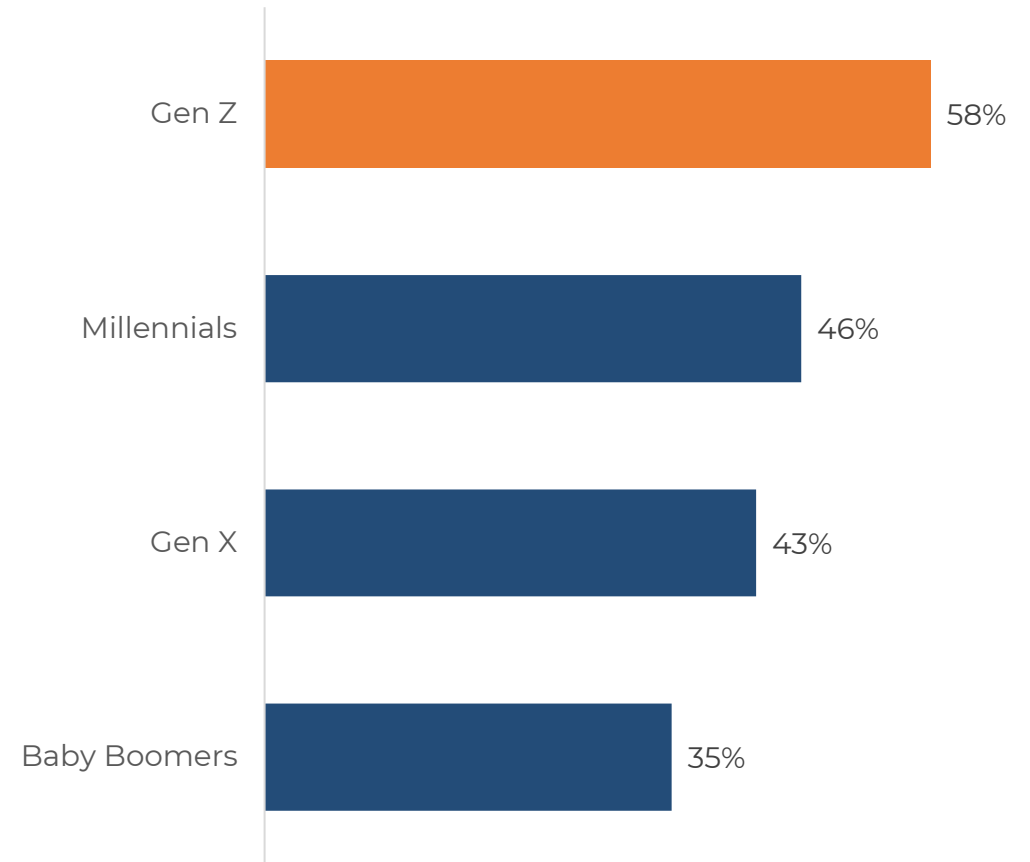
	Gen Z (1997-2005)	Millennials (1981-1996)	Gen X (1965-1980)	Baby Boomers (1946-1964)
Extremely important	43%	45%	43%	35%
Somewhat important	38%	37%	41%	48%

# The importance and influence of rewards programs on Gen Z shoppers in the past few years has increased notably compared to other generations

Percentage of people who say the importance of retail rewards programs increased compared to 3 years ago



Percentage of people who say that the economy has impacted their usage and overall perception of loyalty rewards programs A LOT MORE



**Regardless of age, most want more relevant offers and flexibility redeeming points.**

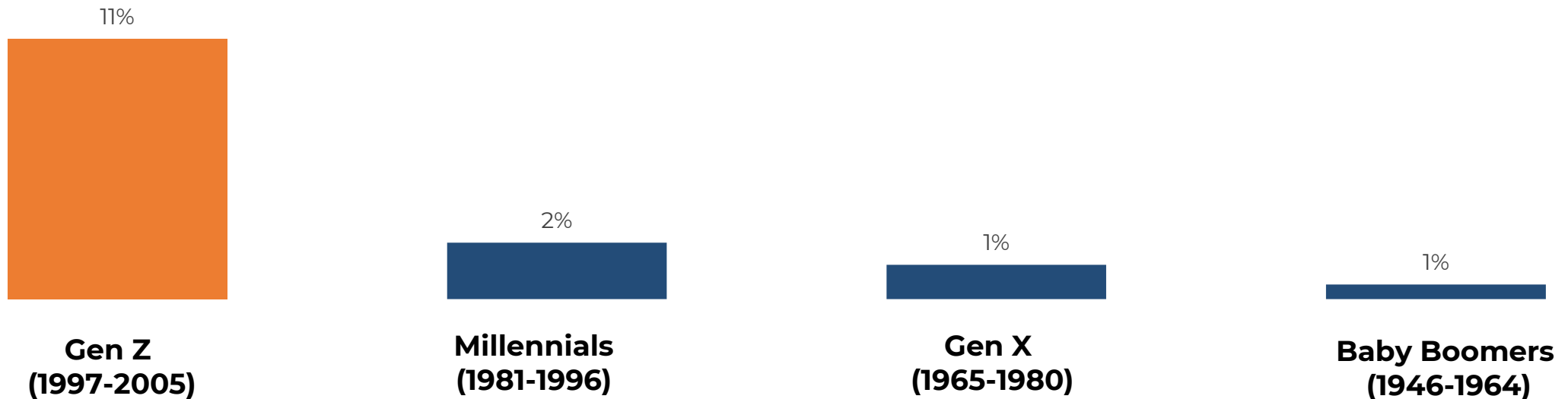
**Surprisingly, the TikTok generation is more likely to be concerned about their data being shared with third party services.**

	Gen Z (1997-2005)	Millennials (1981-1996)	Gen X (1965-1980)	Baby Boomers (1946-1964)
More relevant offers	29%	48%	46%	43%
Ability to use my points in more shops	31%	34%	41%	36%
Ability to consolidate all my points from different rewards programs into one ecosystem	22%	22%	24%	27%
Guaranteed privacy / data not shared with third parties	24%	14%	18%	20%
Ability to invest my points earned	16%	19%	16%	14%

**While cash back is the top motivator to use rewards programs, Gen Z is significantly more likely to be motivated by access to special events compared to all other generations.**

**Now, thinking of loyalty rewards programs in general (retail and credit card rewards), which do you value the most?**

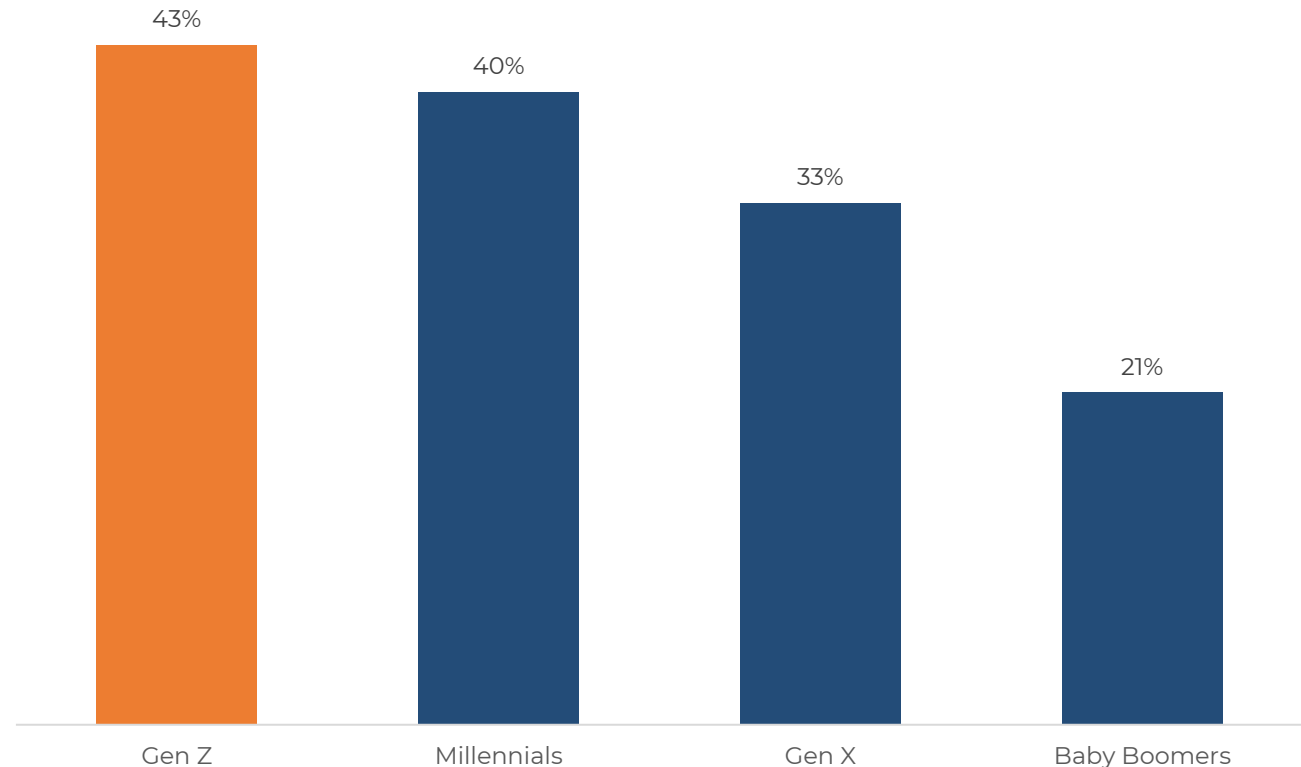
**ACCESS TO SPECIAL EVENTS**



# The continued usage of rewards programs depends on addressing current challenges; younger generations are more likely to experience challenges than their older cohorts

- The most common challenge is related to offers not being enticing enough.
- Millennials, Gen X, and Baby Boomer shoppers all rate this as their top dislike.
- For Gen Z, the most common dislike is not knowing exactly how much money they are saving.

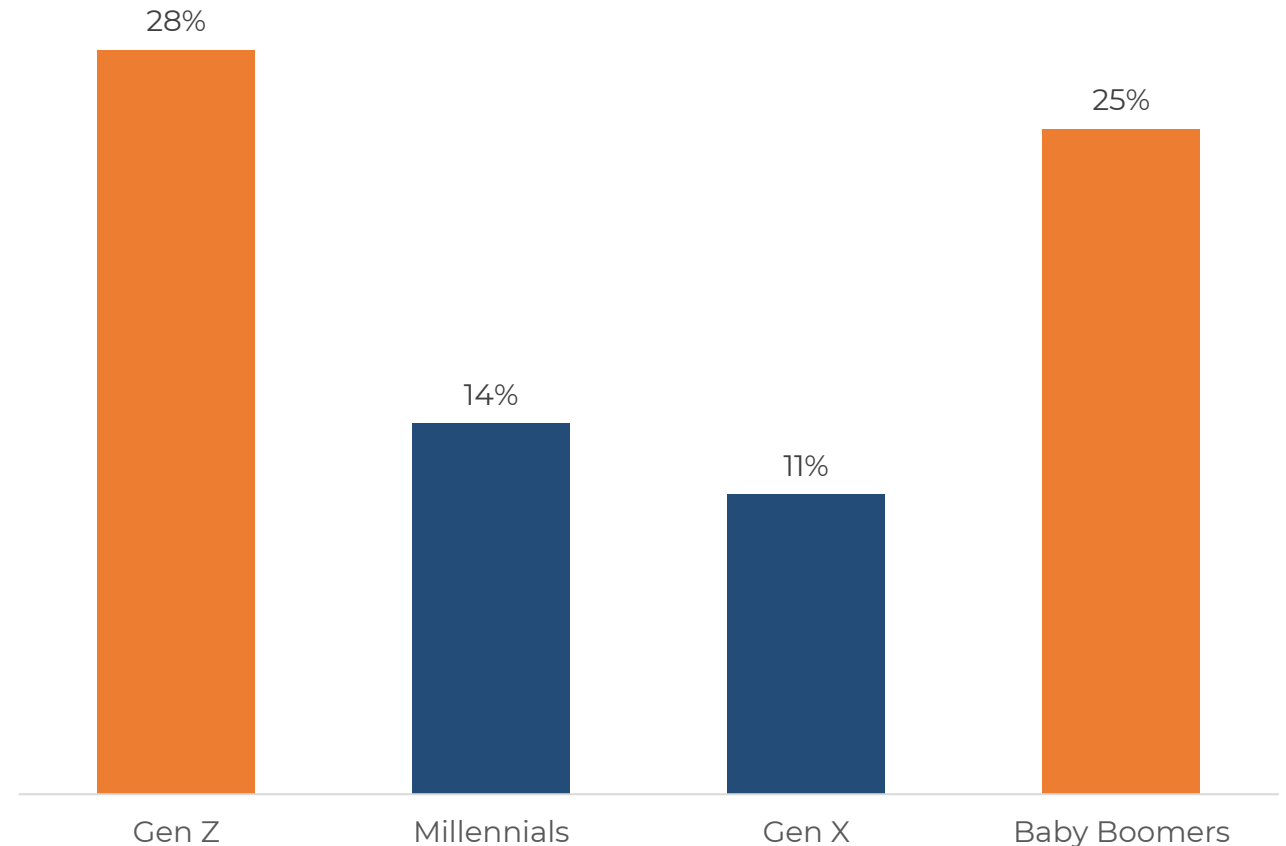
**Have you found any challenges or is there anything you dislike about using retail loyalty rewards programs?**



# App and website design is a challenge for Gen Z and Baby Boomers – both for different reasons





- Generations at both poles of the spectrum over-index in their consideration of website/apps not being user-friendly.
- Although they share this challenge, their dissatisfaction with websites and apps may be driven by different by two different perspectives.
- Baby Boomers might find the apps challenging to use, while Gen Z shoppers who are more digitally savvy, might have higher expectations or may be used to a different interface.

**Percentage of people who experience challenges with their rewards programs' website or apps**



# Current economic state drives importance of Price AND Rewards programs

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1	<b>Cash is King</b> >>	Experiential rewards and benefits have been growing in value from members for years but right now cash rewards are more important.	
2	<b>Choice is not just desired, its expected:</b> >>	Providing choice for earn and burn as far as variety and breadth of retailers and options is becoming table stakes.	
3	<b>If you know me, show me:</b> >>	Members want more personalized experiences with the brand (not just offers and comms).	
4	<b>Avoid generational assumptions</b> >>	Generational stereotypes are a potential pit fall when trying to predict or alter customer behavior. Use your own customer data with guidance from 3rd party data.	



# Want to dig into the data? Let's talk insights.



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