

Loyalty Deciphered

How Emotions Drive Genuine Engagement

Emotions are the main driver of loyalty

Current loyalty approaches are **broken**

90%

of consumers have a negative perception of loyalty programs¹

54%

of loyalty memberships are inactive²

28%

of consumers abandon loyalty programs without redeeming any points²

Source: Source: ¹Digital Transformation Institute, "Fixing the Cracks: Reinventing Loyalty Programs for the Digital Age," Capgemini 2015; ²Colloquy Customer Loyalty Census, 2017.

Emotions have the strongest impact on loyalty

Emotions analyzed to create Emotions Index

- Honesty
- Integrity
- Trust
- Familiarity
- Belonging
- Gratitude
- Compassion
- Joy
- Surprise
- Security

Rational elements analyzed to create Rational Index

- Price competitiveness
- Promotions/offers
- Instant customer service
- Same-day delivery
- Simple, clean, easy to use interface in mobile app/website
- Recommendation by friends/family/communities
- Loyalty reward points
- Age/heritage

Brand values analyzed to create Values Index

- Environmentally friendly
- Fair business practices
- Fair price
- Ethical
- Socially responsible

0.75

Correlation coefficient of Emotions Index with loyalty

0.53

Correlation coefficient of Rational Index with loyalty

0.49

Correlation coefficient of Values Index with loyalty

Source: Capgemini Digital Transformation Institute survey, The Key to Loyalty; August–September 2017, N=9,213 consumers.

A disconnect exists between **executives** and **consumers** on how well organizations are making emotional connections

80%

of **executives** say their brand understands the emotional needs and desires of consumers

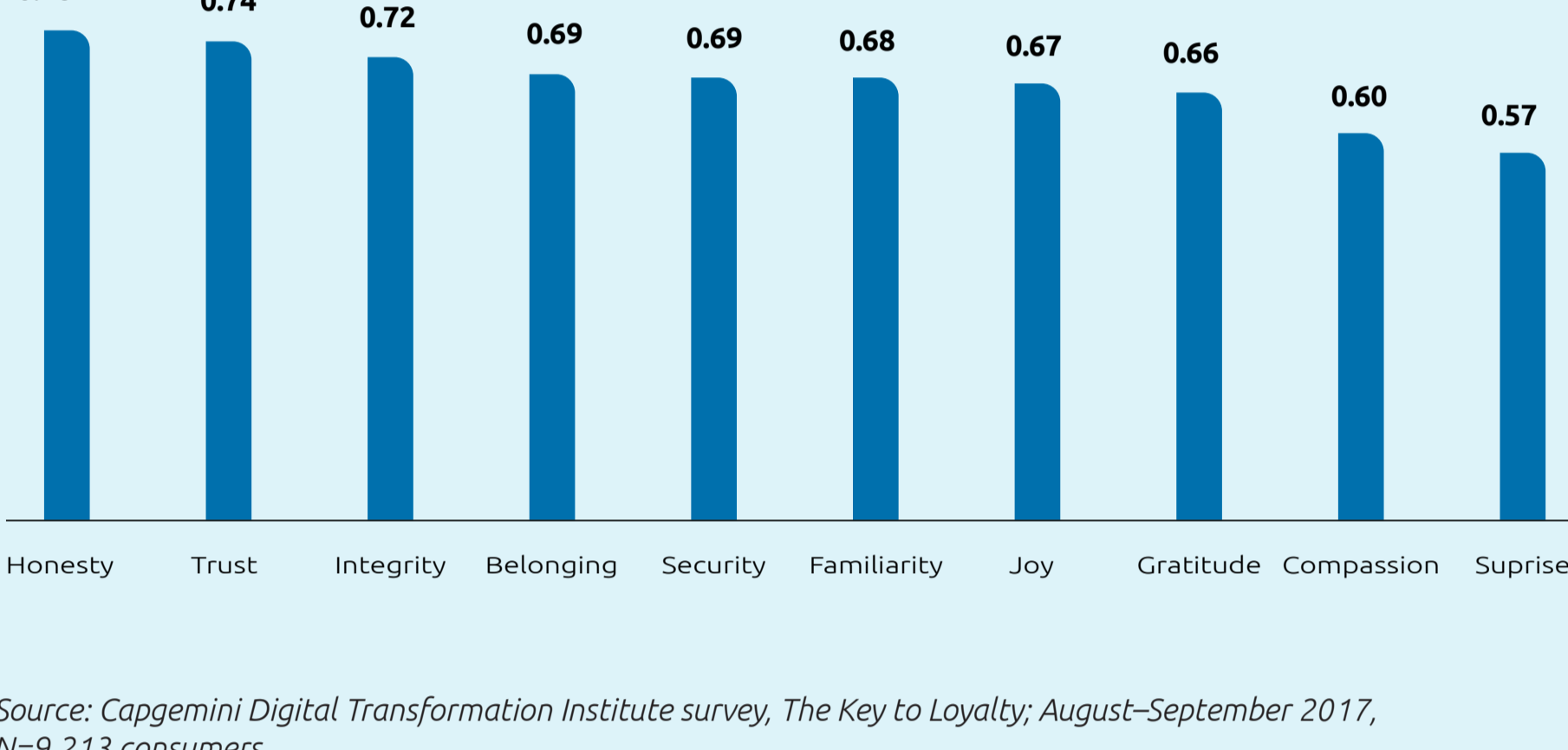


15%

of **consumers** say that brands do a good job of emotionally bonding with them

Honesty and trust have the greatest influence on loyalty

Correlation coefficients of emotions with loyalty



Source: Capgemini Digital Transformation Institute survey, The Key to Loyalty; August–September 2017, N=9,213 consumers.

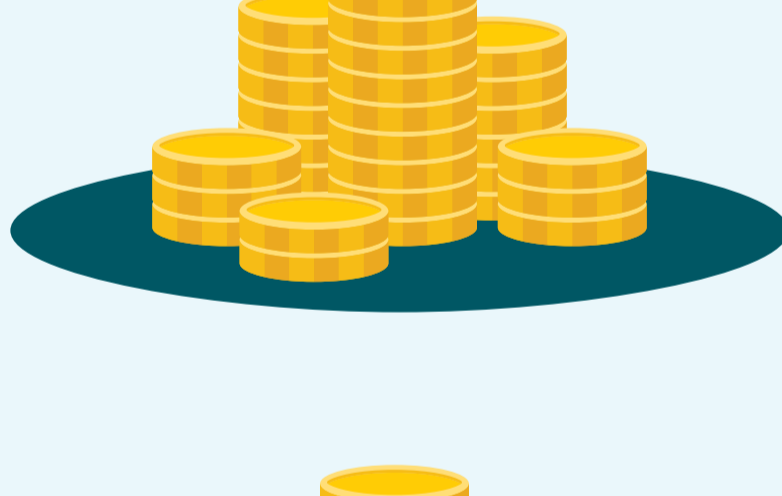
Rational factors and brand values are also important to foster loyalty

Approximately **80%** of emotionally engaged consumers say that **price competitiveness**, **promotions**, and instant **customer service** are important factors when deciding which brand to be loyal to

70% of emotionally engaged consumers say that certain brand values—such as being **socially responsible** or **environmentally friendly**—are also important

What is the size of the prize for organizations with emotionally engaged consumers?

Emotionally engaged consumers **spend more**



70%

of consumers with **high emotional engagement** spend up to two times or more on brands they are loyal to

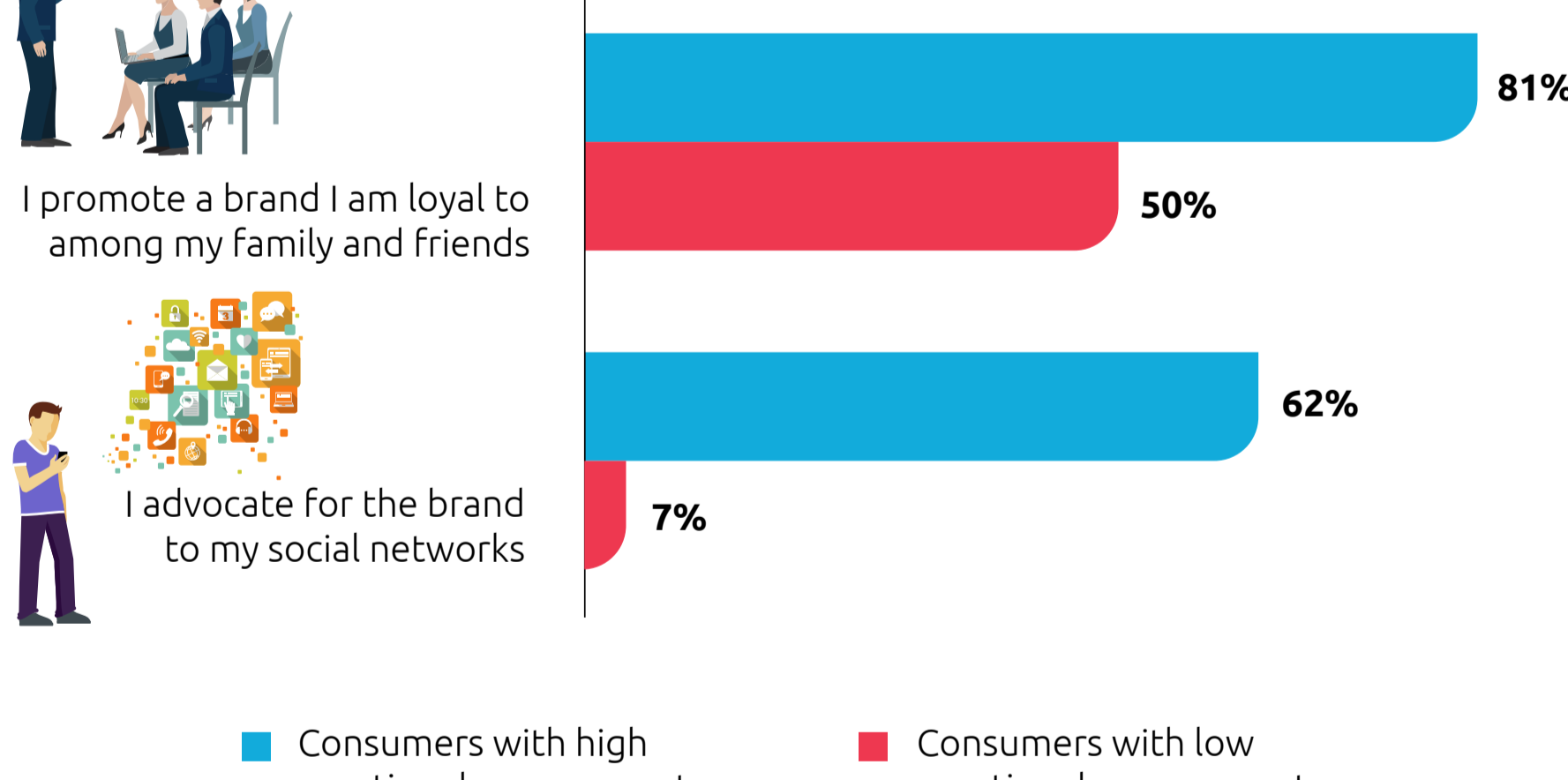


49%

of consumers with **low emotional engagement** say the same

Emotionally engaged consumers **promote brands** they are loyal to

Percentage of consumers who agree with the following statements



Source: Capgemini Digital Transformation Institute survey, The Key to Loyalty; August–September 2017, N=9,213 consumers.

The road ahead—How can organizations make better emotional connections with consumers?

Drive **“human loyalty”** to create genuine **engagement**



Engage emotionally by focusing on the “4 Rs”

Respect

Reciprocate

Recognize

Reward



Do what you say you will do to promote honesty, trust, and integrity



Build a two-way relationship



Make the effort to truly know your consumers and understand what they care about to create meaningful experiences



Provide timely, meaningful rewards that promote long-term relationships in exchange for loyalty