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RESEARCH

Amazon, Trader Joe's, CVS, Levi Strauss Lead In Loyalty

by Sarah Mahoney (/publications/author/2826/sarah-mahoney/) @mahoney_sarah
(https://www.twitter.com/mahoney_sarah), Yesterday



In the just-released Customer Loyalty Engagement Index, Brand Keys says that loyalty has become increasingly driven by emotional choices, making people want more from brands. And they simply won't settle for less. While customer expectations for retail brands grew by 45% year over year, the report finds most brands have only kept up by 9%.

That's bad for the loyalty losers and strengthens the stand-outs.

"Customer behavior and brand loyalty are now almost entirely governed by emotional values related to expectations, and expectations grow constantly," says Robert Passikoff, Brand Keys founder and president, in the report.

He adds that this year's results validate customer expectations as the best predictor of loyalty indicators, turning everyday brands into "Loyalty Juggernauts."

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These powerhouse brands can reduce that gap by up to 50%, guaranteeing consistent customer devotion.

With 100% representing the customer's ideal brand, this year's stars include Amazon, dominating online with 96%; PayPal winning online payments with 94%; Levi Strauss leading in apparel with 93%; Dick's cleaning up in sporting goods with 92%, and Trader Joe's scoring a 91%.

On average, the loyalty juggernauts achieve about 89% of this customer ideal, while the average for the category is just 61%.

This is the 27th annual survey and shows how loyalty drivers have become increasingly complex, making them even more valuable to brands, especially given the rising costs of adding new customers.

Brand Keys reports it now costs 16 times more to recruit a new customer than to keep an existing one and that a 5% rise in loyalty can raise lifetime value per customer by as much as 78%. A 5% loyalty increase also equates to a 12%-21% across-the-board cost reduction program.

Loyal customers are more likely to engage, buy and buy again. "They are six times more likely to think of you first, pay more attention to your marketing and social networking activities, and actively engage with your brand," he says. "That's the real payoff: blockbuster category leadership and more effective marketing."

Brand Keys checked in with more than 95,000 people aged 16 to 65 to calculate these rankings. It looked at 1,200 brands in 114 categories, identifying category-specific path-to-purchase behavioral loyalty drivers and their contribution to engagement, loyalty, and profitability.

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