

WEBINAR PART 1

What's working in **loyalty** and what's not

The webinar will begin shortly



Hayley Miller
Solutions Engineer @Upside



Dr. Thomas Weinandy
Research Economist @Upside



1

The slides and video recording **will be shared** after the webinar

2

If you have issues during the webinar, please email retailers@upside.com

3

Chat us up — we encourage you to **ask questions** throughout the webinar

4

For more information, visit www.upside.com/business



You set out to accomplish a lot with your loyalty program



Encourage customers to choose your brand(s) over competitors



Motivate higher spend



Create a direct line of communication with customers



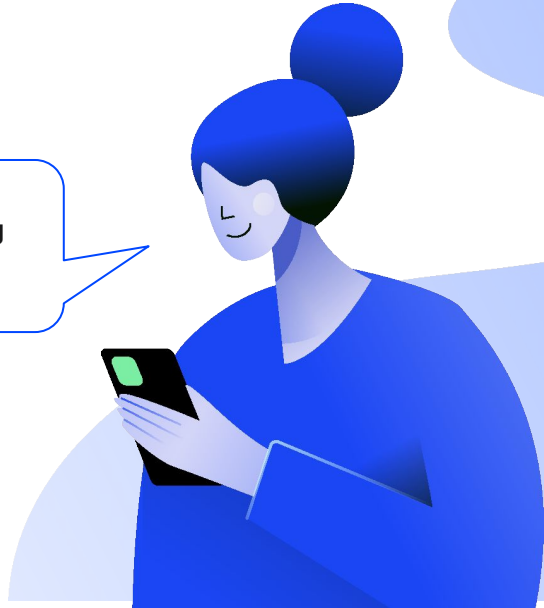
Grow first party database



Customers clearly find value in loyalty programs

Today, 82% are equally or more engaged with their programs compared to 2022

Up to **74%** belong to a loyalty program



~40% would not shop at a location without loyalty



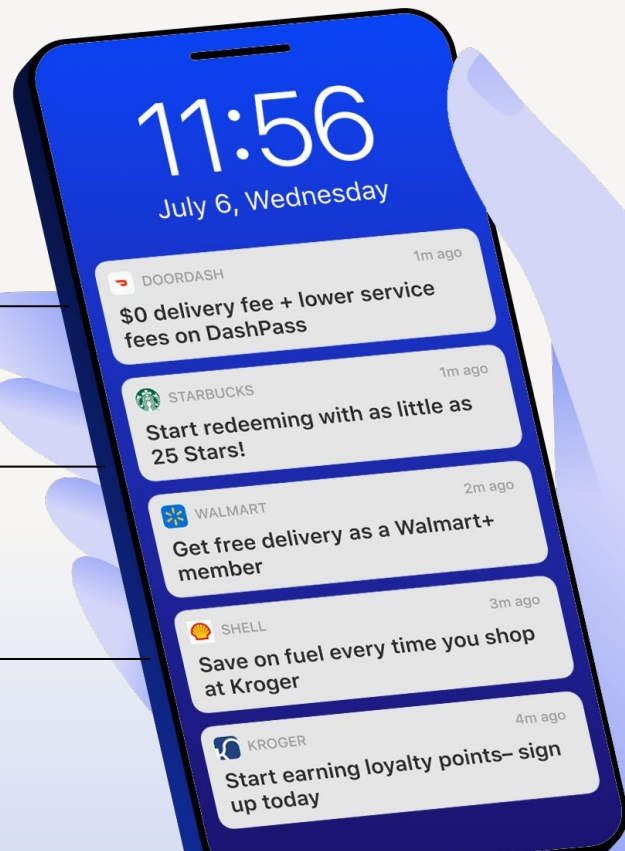
>50% turn to loyalty for purchasing decisions

But loyalty membership doesn't necessarily create loyal behavior

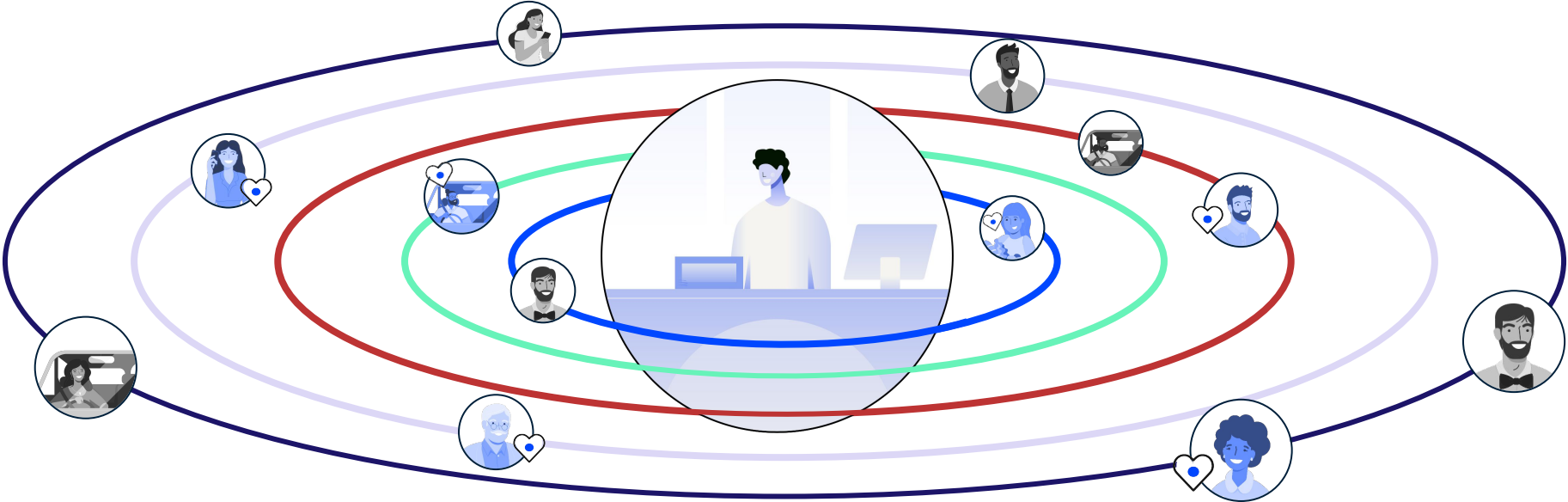
18.
Average loyalty program memberships per person¹

50%.
Share of programs in which consumers actively participate²

58%.
Loyalty program members churn within one year of signup³

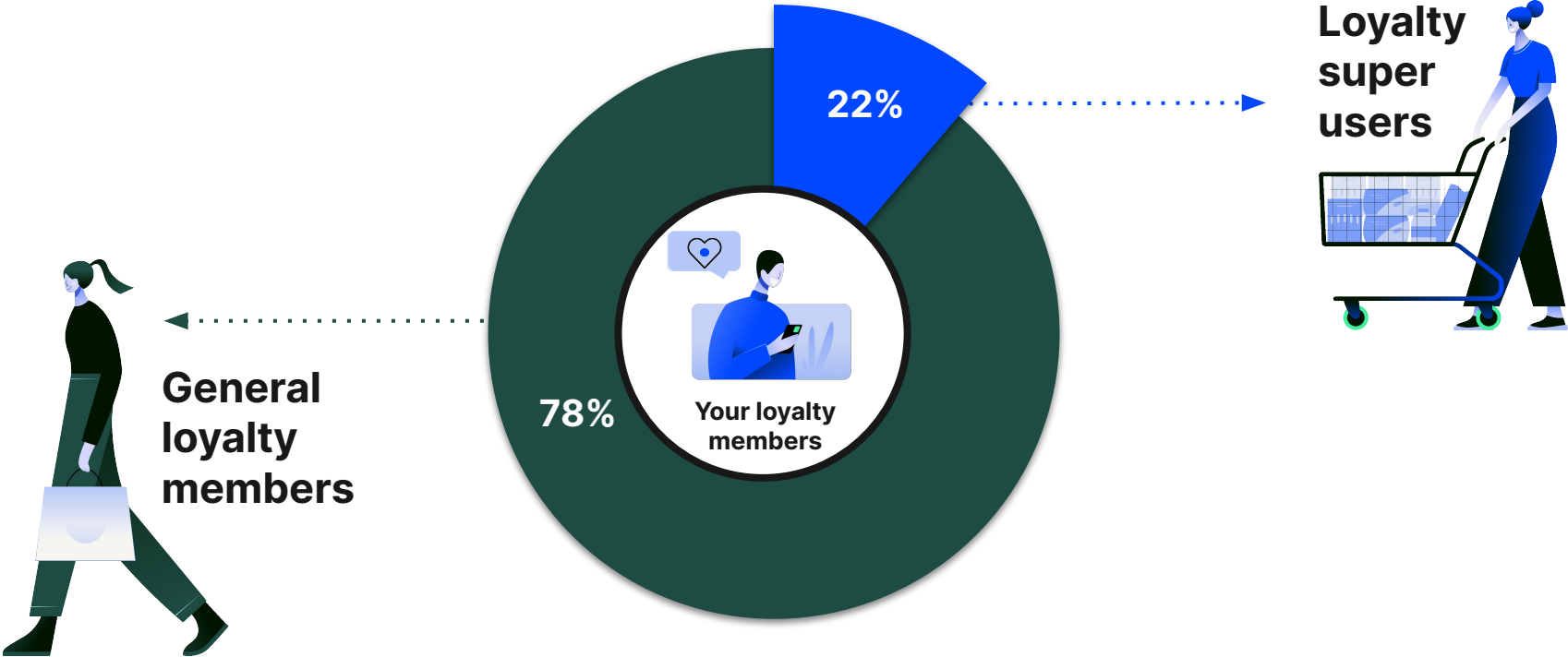


Loyalty members represent anywhere from 10–80% of the customers in your orbit



- Most frequent customers
- Regular customers
- New customers
- Lapsed customers
- Non- customers

Looking deeper – within your loyalty members there are actually two groups



Your loyalty program members

Other members

Super users

78%

Of all program members

26%

Of total retailer revenue

1

Average monthly visit

22%

Of all program members

46%

Of total retailer revenue

8

Average monthly visits

60% of loyalty members
are lapsed or infrequent

**Why do most loyalty members
behave like non-members?**

Today's loyalty program landscape is incredibly noisy

18

Average loyalty program memberships¹



**At the same time,
offering a similar
experience makes it
difficult for your
business to stand out**

Loyalty Programs of the Top U.S. Grocers

PROGRAM	FREE DELIVERY WITH MEMBERSHIP	REWARDS	DIGITAL COUPONS	FUEL DISCOUNTS	PERSONALIZED DISCOUNTS	PERSONALIZED CONTENT
Walmart+	✓			✓		✓
Amazon Prime	✓					✓
Costco Gold Star				✓		
Kroger Plus	✓	✓	✓	✓	✓	✓
Target Circle	✓	✓	✓		✓	✓
Sam's Club	✓			✓		
Albertsons for U		✓	✓	✓	✓	✓
Food Lion MVP		✓	✓		✓	✓
Club Publix			✓			✓

Analysis of loyalty programs by Upside using Progressive Grocer's 2023 PG 100

When we say “personalization,” what do we mean?

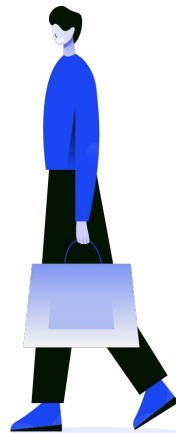
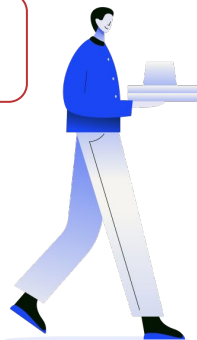
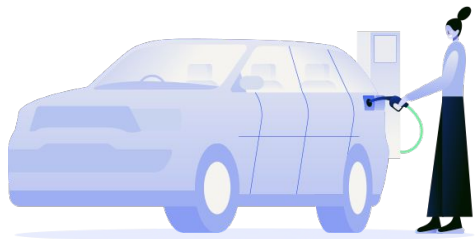
✗ Customized emails

✗ Dynamic pricing

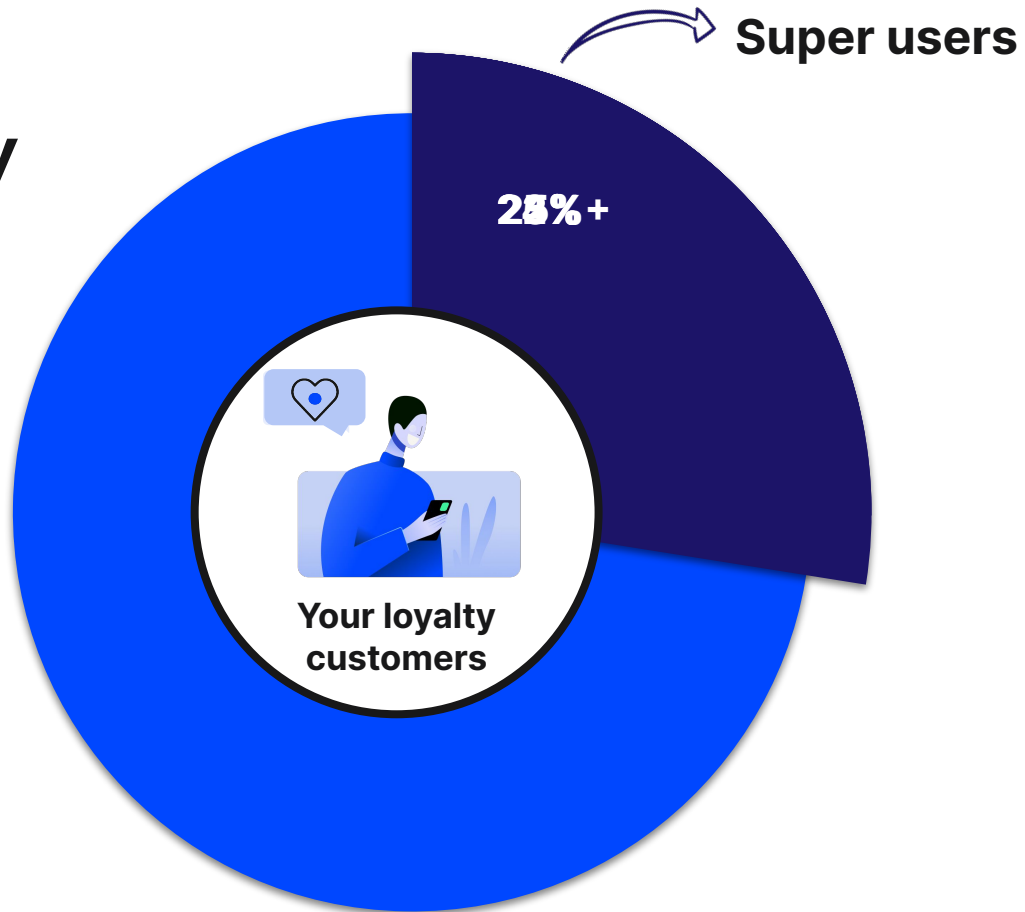
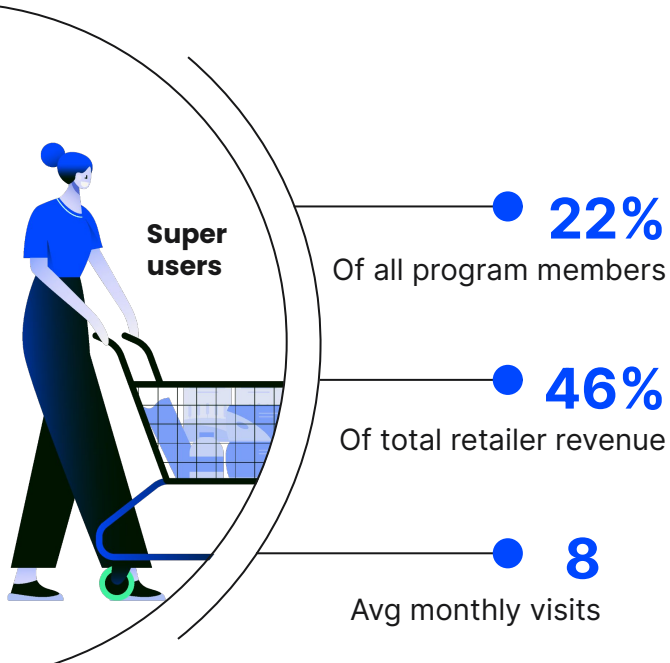
✗ Segmentation

✗ BOGO Sales

✓ 1:1, truly personalized offers



You have the opportunity to create more super-users



Your guide to capitalizing on this opportunity:

Engage more loyalty members to become power users by increasing:

✓ **Retention**

✓ **Frequency**

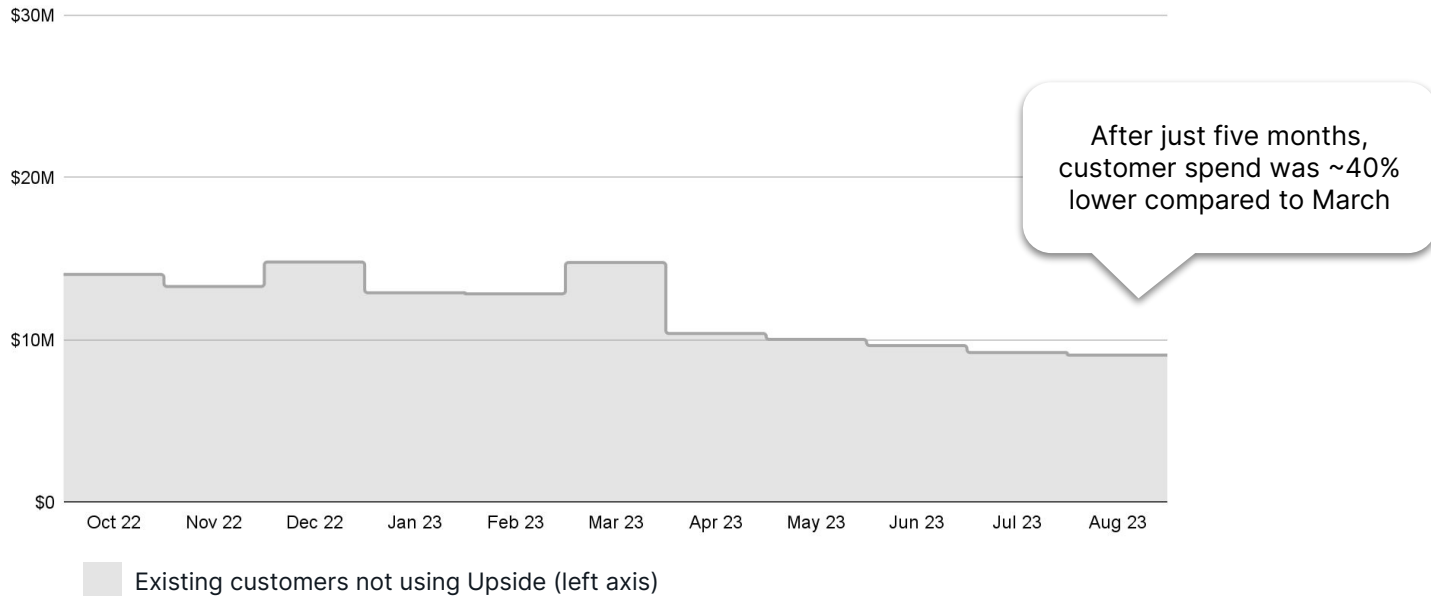


Monthly clicks
Sales
Average basket size
Sentiment lift
Signups
Points earned
Repeat purchase rate
Customer acquisition cost
Engagement rate
Member spend
Redemption rate
Frequency
Total clicks
Downloads
Wallet share
Reorder rate
Enrollment rate
Retention
Upselling ratio
Growth in purchases
Increase in signups
Orders
Net promoter score
Logins
Member purchases
Percentage of revenue
Points redeemed

Customer churn naturally occurs over time & is difficult to combat

How much customers are spending each month

One group of non-Upside customers who transacted between Oct-22 and Mar-23



Combat churn with top retention strategies

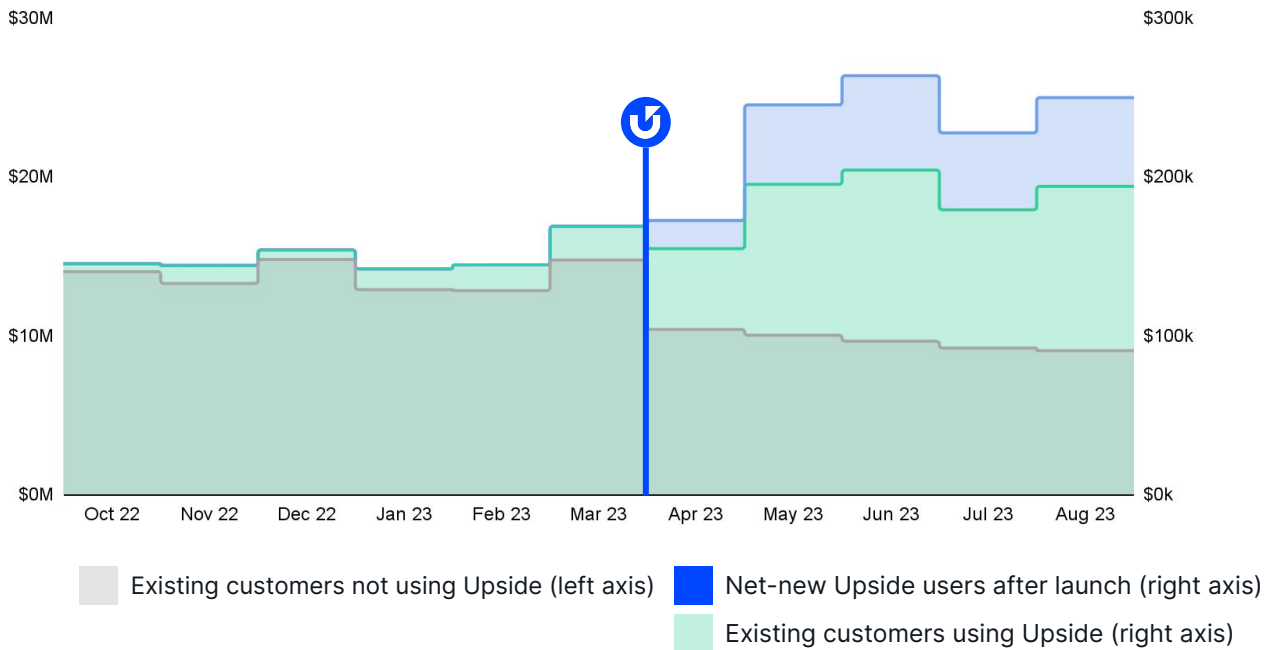


RETENTION

Improve retention by considering past purchases & tailoring offers based on those preferences

How much customers are spending each month

Upside users vs non-Upside users

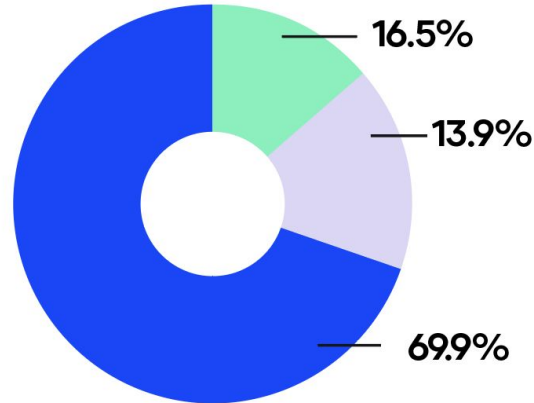


Retailers do not capture all (or even *most*) of a loyalty member's purchases

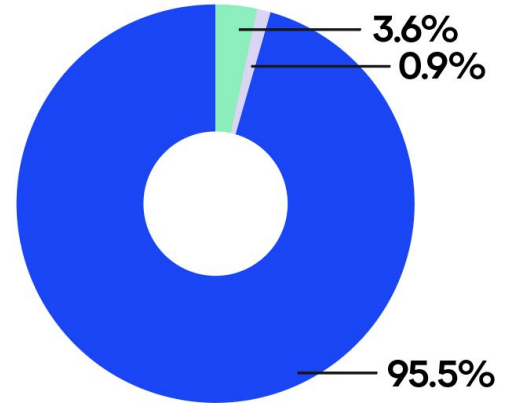
The majority of loyalty & non-loyalty customers transact once a month or less

Frequency of loyalty and non-loyalty transactions

Transactions with loyalty card



Transactions without a loyalty card



■ 1 time or less a month ■ 1-3 times a month ■ 3+ times a month

Source: Sep 2022 to Aug 2023 Upside performance data; n = 3,522,764 grocery customers

Capture more of your customers purchases with top engagement strategies



What's working in loyalty and what's not?

Working

There is clear value in having a loyalty program

Turning "somewhat loyal" members to "super users" drives the most new profit

Not Working

Membership as a metric only shows interest, not intent

Static offers and traditional marketing are not breaking through the noise

Next

Don't scrap it, boost it

Increase customer retention & visit frequency to create more "super users"



Download the loyalty report at
<https://www.upside.com/business/loyalty-and-upside>

Join us for **Part 2** on June 27

The retailer perspective on consumers and loyalty



Samuel Zanini
VP of Revenue at Terribles



Jennifer Hopper
Chief Information Officer
at Save a Lot



Stuart Seagroves
President at Southeast Restaurants

