

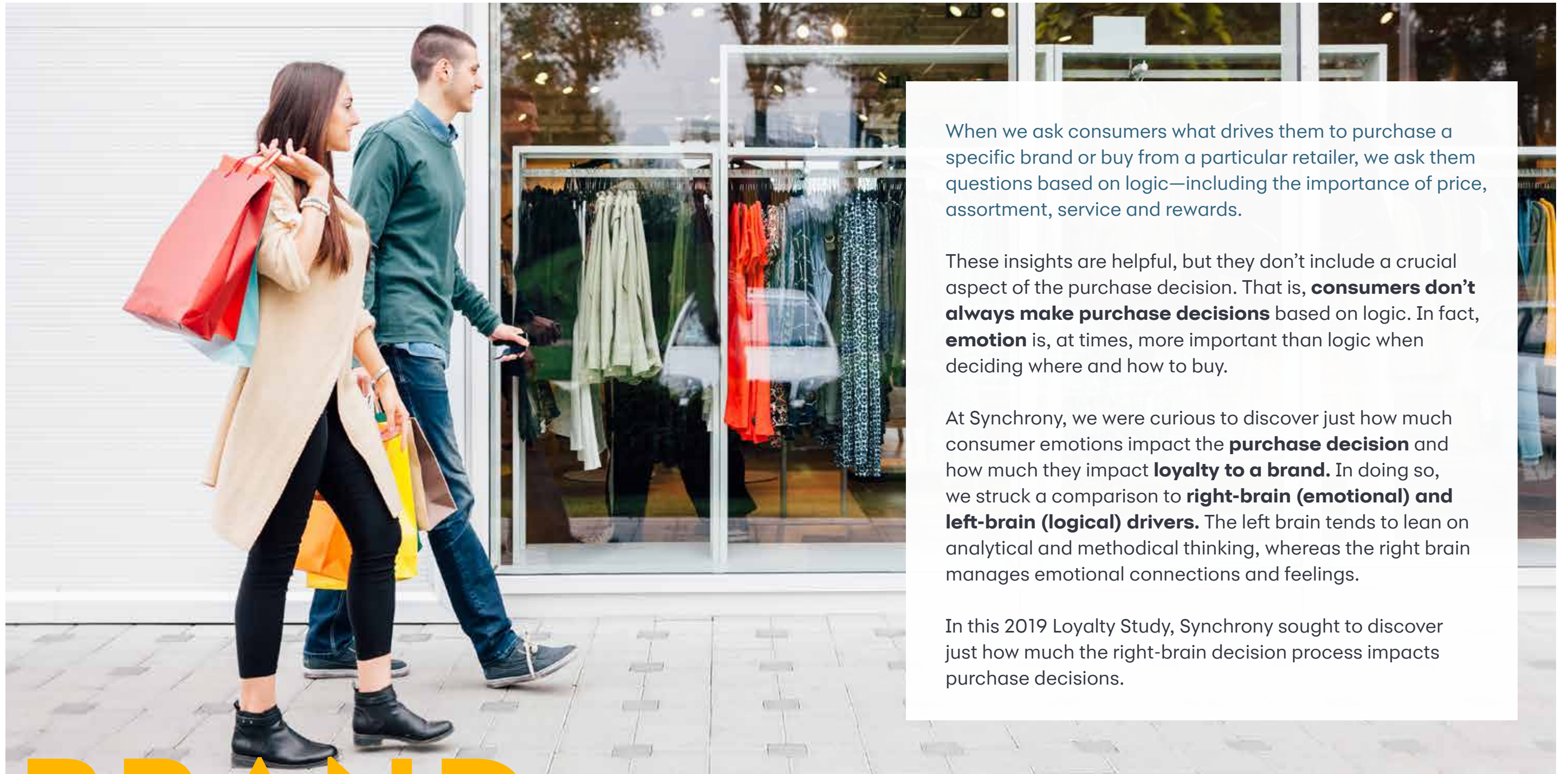
THE EMOTIONAL SIDE OF



LOYALTY

Emotion-based forces that
drive loyalty to a brand

SEPTEMBER 2019



When we ask consumers what drives them to purchase a specific brand or buy from a particular retailer, we ask them questions based on logic—including the importance of price, assortment, service and rewards.

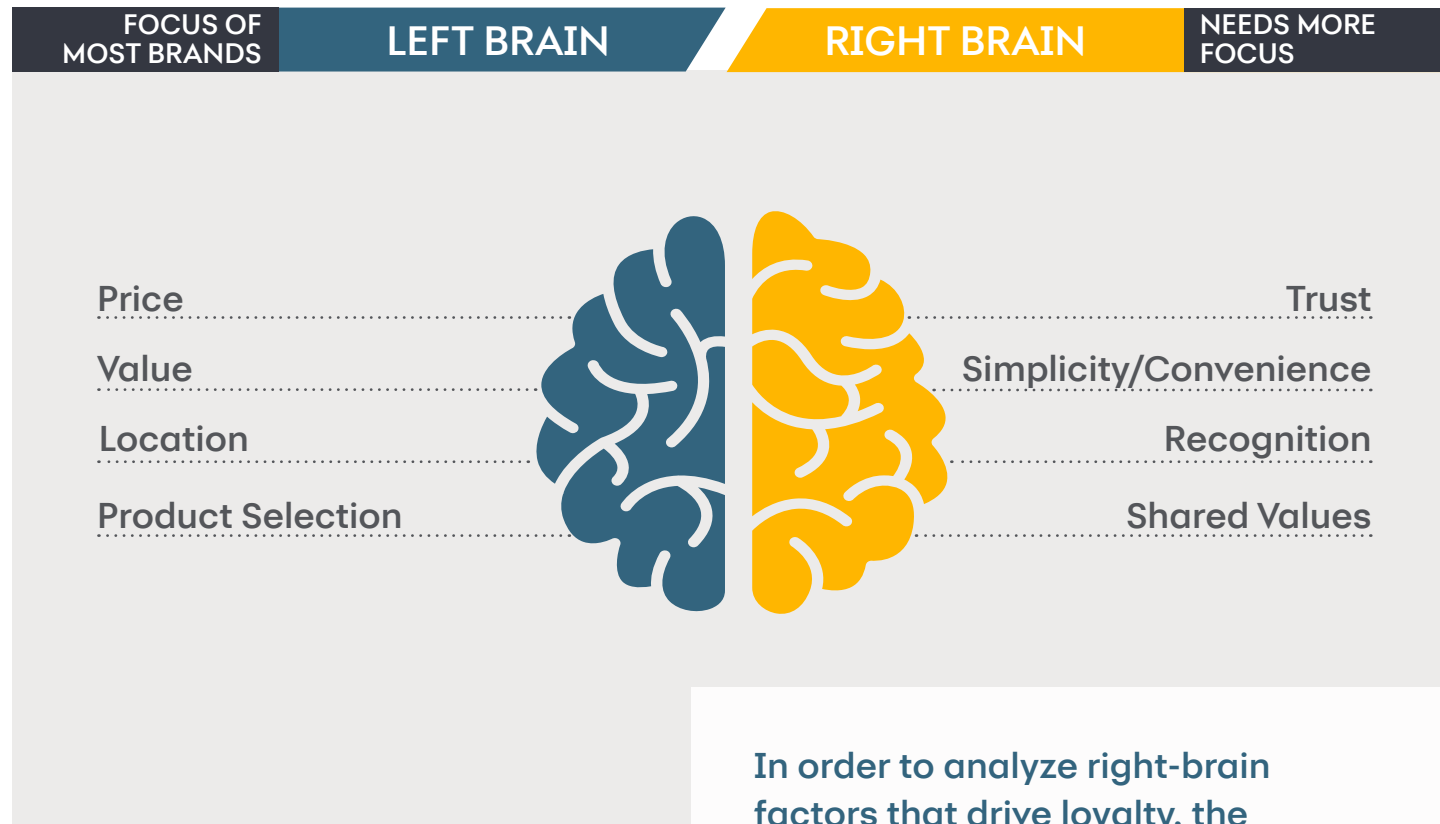
These insights are helpful, but they don't include a crucial aspect of the purchase decision. That is, **consumers don't always make purchase decisions** based on logic. In fact, **emotion** is, at times, more important than logic when deciding where and how to buy.

At Synchrony, we were curious to discover just how much consumer emotions impact the **purchase decision** and how much they impact **loyalty to a brand**. In doing so, we struck a comparison to **right-brain (emotional) and left-brain (logical) drivers**. The left brain tends to lean on analytical and methodical thinking, whereas the right brain manages emotional connections and feelings.

In this 2019 Loyalty Study, Synchrony sought to discover just how much the right-brain decision process impacts purchase decisions.

BRAND LOYALTY

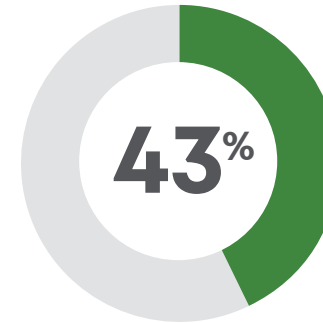
THE EMOTIONAL DRIVERS OF LOYALTY



In order to analyze right-brain factors that drive loyalty, the survey focused on emotion-based questions that consumers ranked in order of importance.



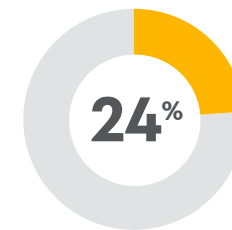
TRUST IS MOST IMPORTANT



Forty-three percent of consumers said **Trust** was their primary driver of brand loyalty, making it the number-one factor in our study.

Trust comprises:

- A consistent experience
- Honesty and transparency
- Reliable products; brand stands behind the product



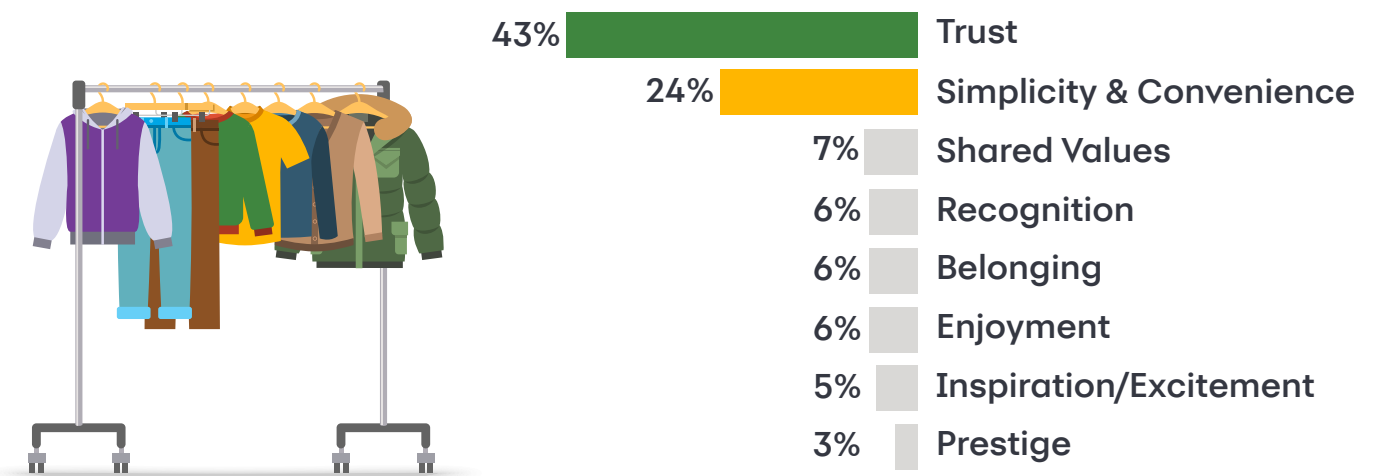
Simplicity & Convenience was identified as the second driver. Twenty-four percent of consumers listed **Simplicity & Convenience** as a top reason they would stay loyal to a brand. This includes:

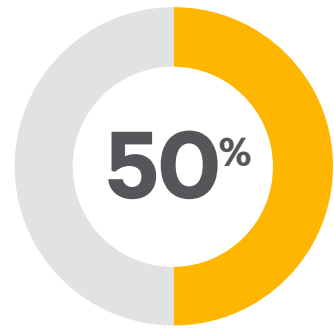
- A seamless shopping experience (e.g., doesn't make me work too hard to find and purchase)
- Simple and intuitive layout of physical stores
- Intuitive and easy website navigation
- Frictionless checkout and product delivery

Other factors such as **Empowerment, Recognition and Feeling Valued** were less impactful on driving brand loyalty.

DRIVERS OF BRAND LOYALTY

% each factor contributes to brand loyalty





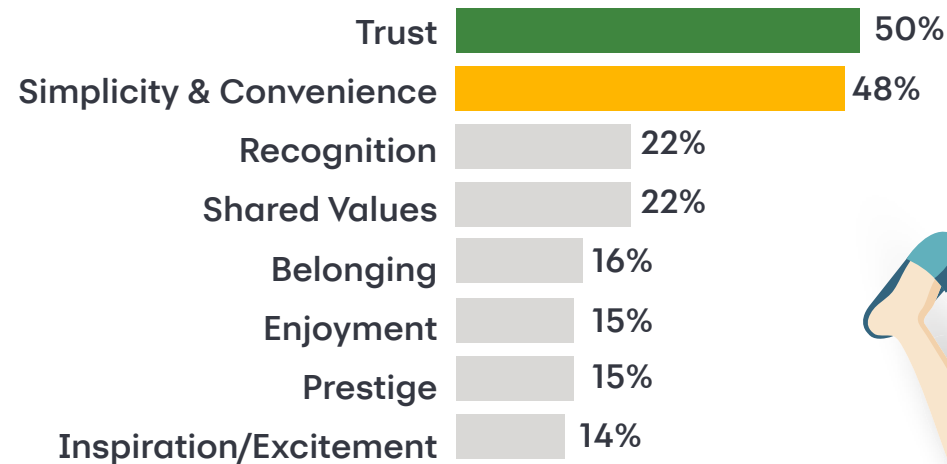
WHY CONSUMERS SWITCH BRANDS

50% of consumers would switch brands if they lost trust in the retailer. Notably, Trust and Simplicity also topped the list of reasons why consumers tend to switch brands. Roughly half of respondents said they would switch to another brand if they lost trust in a brand or if the brand failed to deliver a simple consumer experience.

The other factors we tested, Recognition and Shared Values, don't specifically drive loyalty, although 22% of consumers said they would switch if these factors were lacking. So while recognition and shared values don't necessarily increase loyalty, they can detract from it.

REASONS CONSUMERS SWITCH RETAILERS

% each element motivates consumers to switch retailers



THE IDEAL BRAND EXPERIENCE VS. THE REALITY

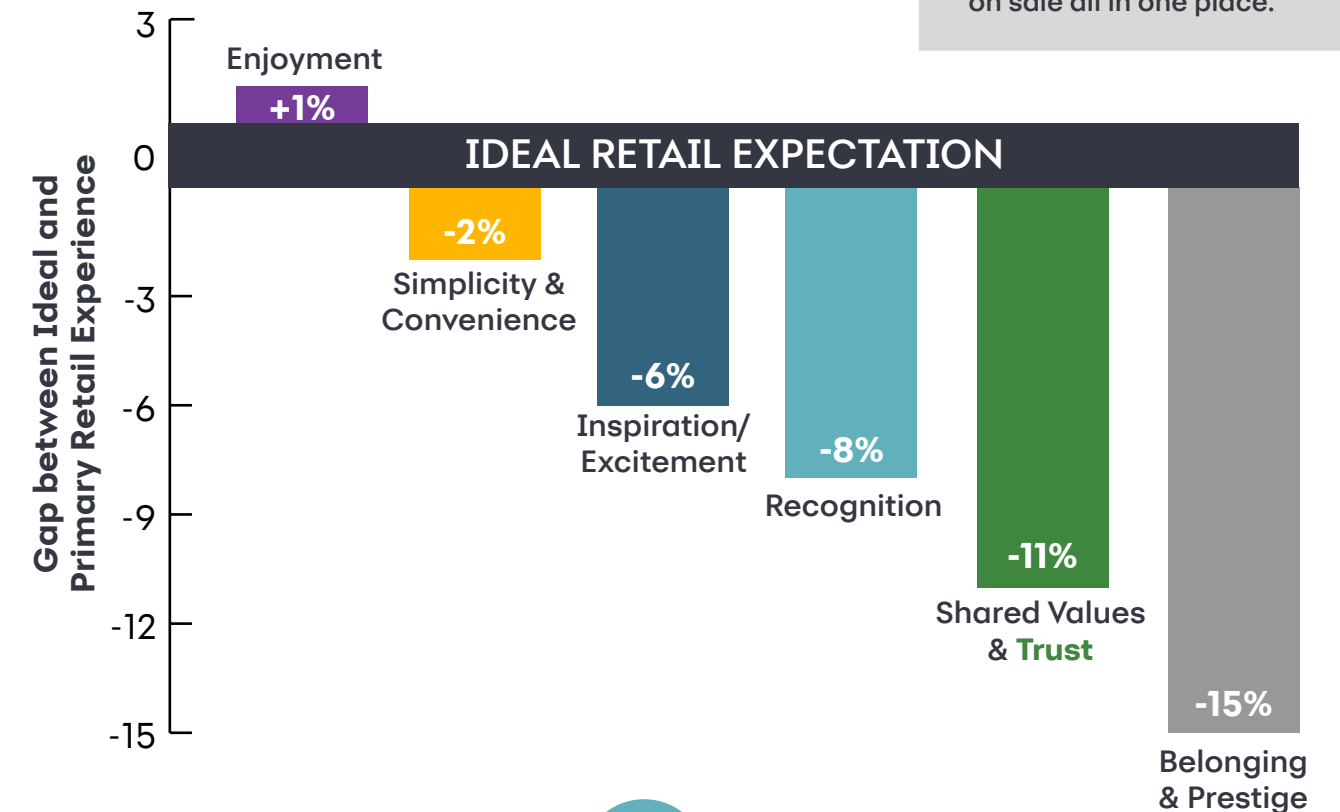
How well do brands deliver on these critical factors of loyalty?

We asked respondents to rate their ideal brand experience and then measured that against how brands were actually delivering on these factors. Unfortunately, on the crucial element of **Trust**, retailers have a long way to go to deliver an ideal experience. But in other areas like **Simplicity & Convenience** and **Enjoyment**, brands are doing quite well.



CONSUMER QUOTE— CONVENIENT RETAILER

"I love the convenience... Inside the store everything is very organized. It's easy to find products. And you can get everything, a variety of products on sale all in one place."



CONSUMER QUOTE— RETAILER LOST MY TRUST

"I really used to love (this retailer) and shop there so much. Even when it was not convenient because they are not around I would make the trip. And then they changed everything—prices, quality, rewards...I am done."



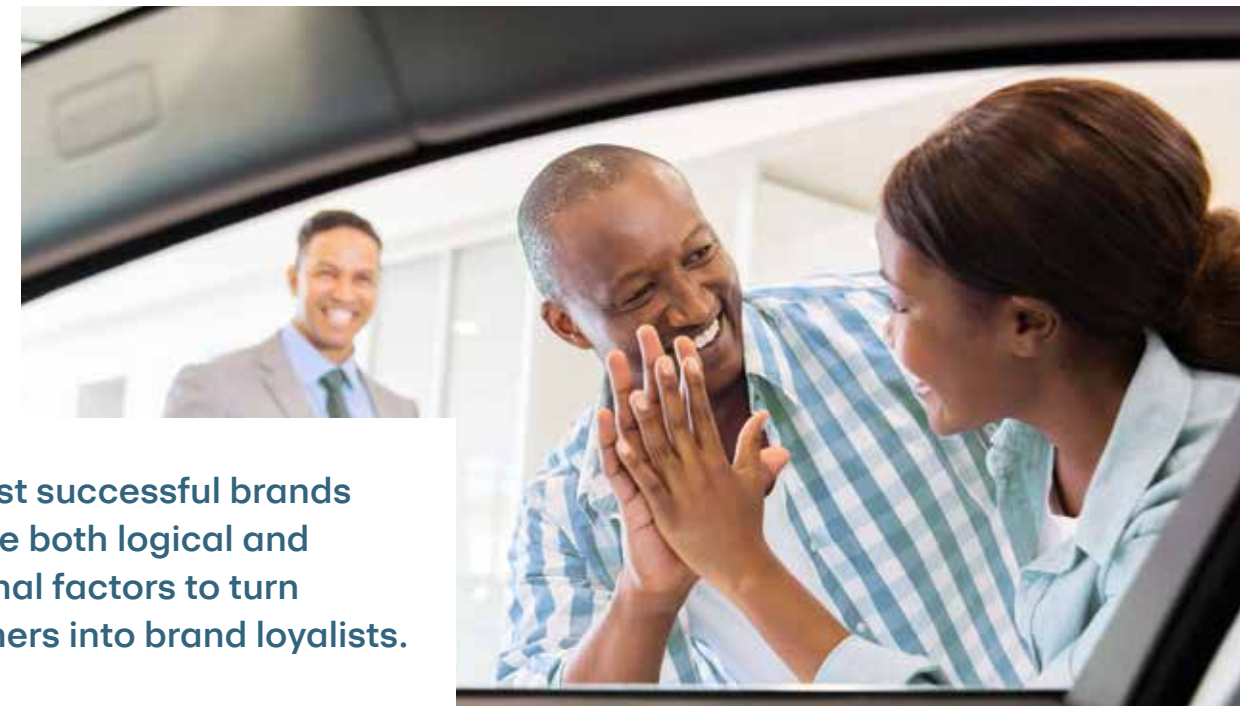
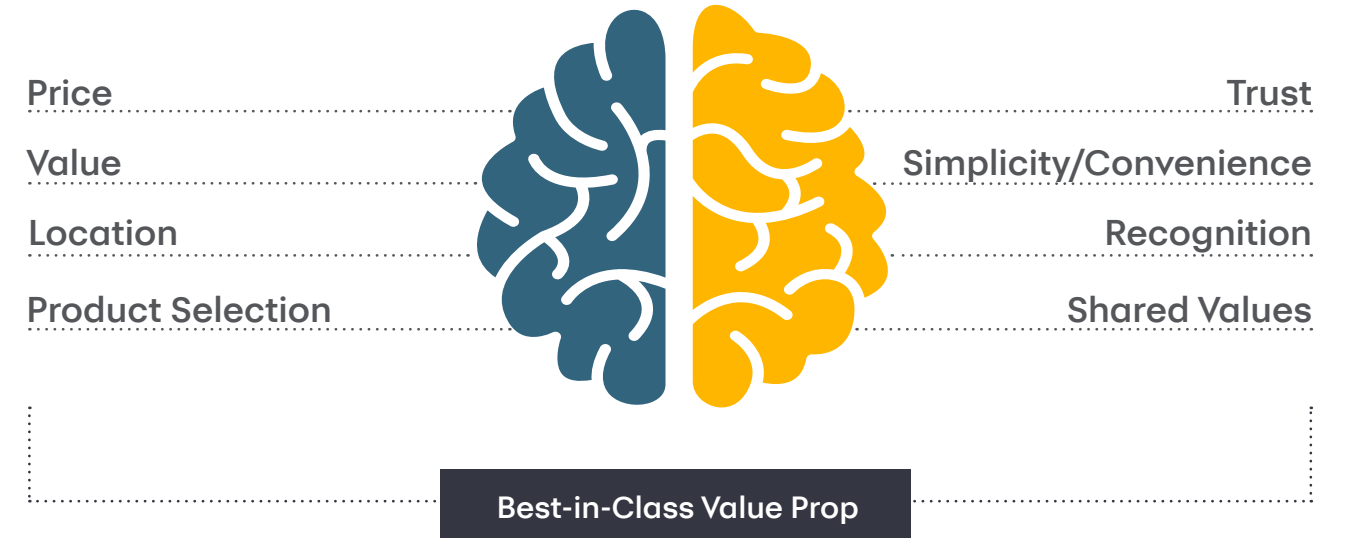
A ROADMAP FOR DELIVERING THE EMOTIONAL DRIVERS OF LOYALTY

How do brands establish trust, simplicity and other emotional connections that are crucial to consumer loyalty? The roadmap and action steps below provide several ways to fulfill the emotional needs and wants of today's consumers.

LOYALTY ROADMAP

WHAT	HOW
Trust <ul style="list-style-type: none"> • Establish a positive relationship: exceed consumer expectations, under promise and over deliver • Reward consumers for their loyalty: give loyal customers extra benefits to strengthen the relationship and keep them coming back 	<ul style="list-style-type: none"> • Be transparent and authentic in all brand activities • Show consumers you care with a special offer for repeat patronage <ul style="list-style-type: none"> • Leverage consumer profiles and data to get personal • Make the brand experience memorable <ul style="list-style-type: none"> • Ask for consumer feedback • Create a loyalty program to reward repeat purchases
Simplicity & Convenience <ul style="list-style-type: none"> • Anticipate your consumers' needs: proactively look for ways to deliver value and convenience • Make it easy and hassle-free: reduce friction by identifying ways to deliver a simple and easy experience 	<ul style="list-style-type: none"> • Develop a next logical purchase offer based on previous purchase data • Map out your consumer journey end-to-end to identify opportunities to simplify the experience <ul style="list-style-type: none"> • Go beyond the sale, test free shipping or other after-purchase services • Introduce soft benefits to create seamless experiences <ul style="list-style-type: none"> • Identify strategic partners to add extra value, developing a lifestyle • Extend return windows or provide free returns
Recognition <ul style="list-style-type: none"> • Differentiate the value by level of engagement: introduce exclusive benefits or loyalty offerings to recognize your best consumer group • Show appreciation: recognize consumers who are loyal to your brand 	<ul style="list-style-type: none"> • Introduce a rewards multiplier or accelerator for your top tier(s) • Allow input from these consumers on new products or lines <ul style="list-style-type: none"> • Offer sneak peeks or first access to limited products • Leverage unpublished tiers to recognize and reward milestones <ul style="list-style-type: none"> • Provide exclusive experiences that make consumers feel special • Recognize consumers by name at POS or provide special checkout
Shared Values <ul style="list-style-type: none"> • Bring consumers closer to your brand: encourage shared values to bring consumers and brands together • Make consumers feel special: find ways to make your consumers feel valued 	<ul style="list-style-type: none"> • Understand lifestyle priorities and preferences • Let consumers choose, introduce a Choose Your Sale Item or Bonus Day <ul style="list-style-type: none"> • Commit to a set of values that resonates with your consumers • Celebrate milestones with special offers for status, anniversary or birthday <ul style="list-style-type: none"> • Build purpose into your product and brand experiences • Thank consumers for a recent purchase
Deliver Memorable & Shareable Experiences <ul style="list-style-type: none"> • Delight consumers with special events that match their interests • Add elements of fun to offers with gamification or seasonal themes 	<ul style="list-style-type: none"> • Ask consumers what types of events they want access to • Reward consumers for activities they enjoy <ul style="list-style-type: none"> • Ensure access provides elements of exclusivity • Offer bonus events for activities outside the buying experience <ul style="list-style-type: none"> • Communicate upcoming events and offers regularly • Personalize offers to unique preferences

OPTIMIZING BOTH LOGICAL AND EMOTIONAL FACTORS LEADS TO BEST-IN-CLASS LOYALTY PROGRAMS

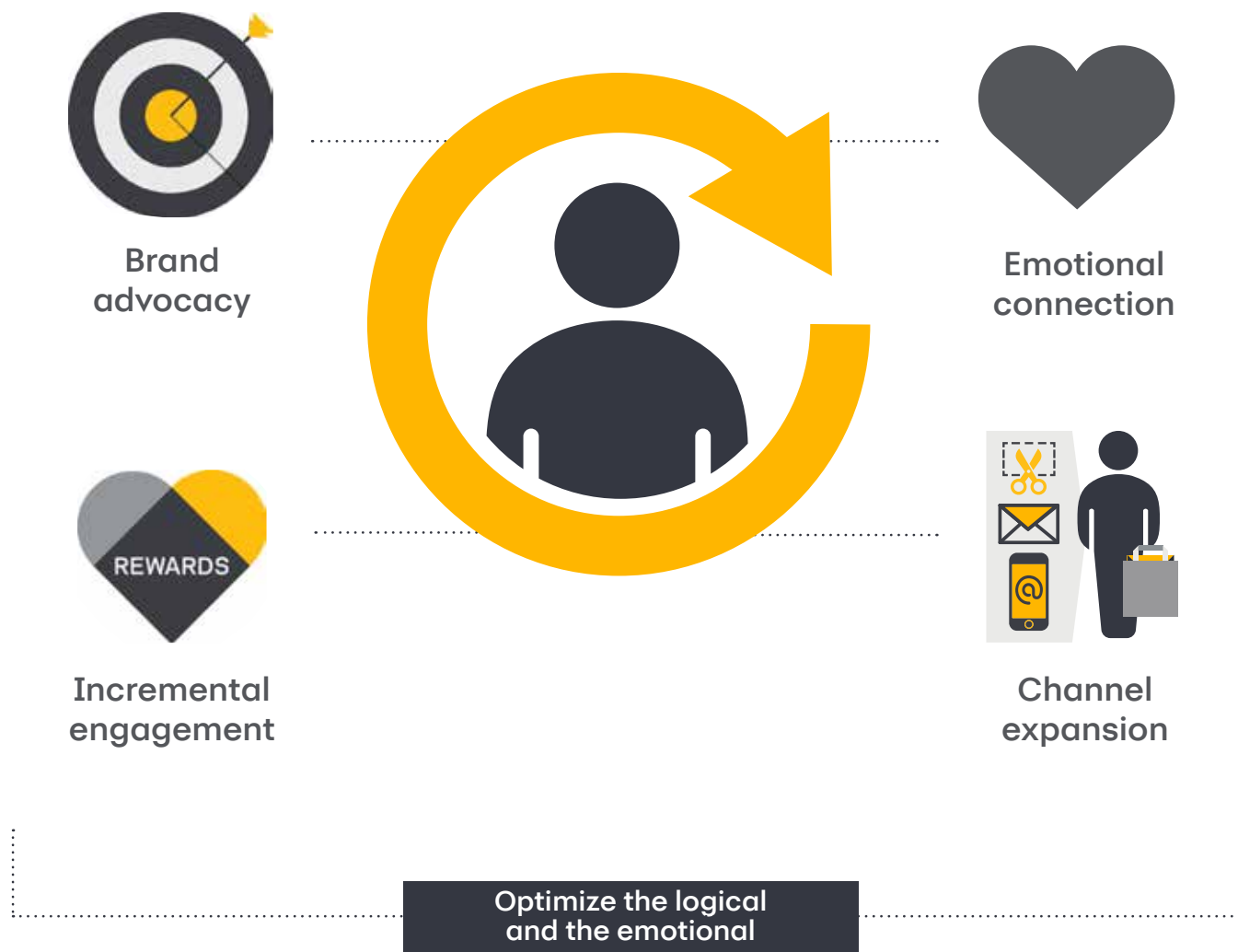


The most successful brands combine both logical and emotional factors to turn consumers into brand loyalists.

BENEFITS OF BEST-IN-CLASS LOYALTY

Brands can expect best-in-class results when seamlessly combining the logical left-brain and emotional right-brain strategies to capture the hearts and minds of their intended target.

The benefits are not only higher sales, but also greater brand advocacy, incremental engagement and channel expansion. Although not all brands achieve this high level of engagement, this should be the goal of any brand that expects to grow in the future.



CONCLUSION

As our study indicated, emotions play a large role in influencing brand preferences. Of those, **Trust** rises to the top, followed by **Simplicity & Convenience**. When it comes to driving loyalty, the most successful brands deliver on both left-brain (logical) and right-brain (emotional) factors. For many brands, however, opportunities still exist to deliver more on the emotional factors that drive loyalty and strengthen the customer relationship.

RESEARCH METHODOLOGY

Our Emotion-Based Loyalty Study was conducted from November 2018 through February 2019 using both qualitative and quantitative methods. The qualitative research was conducted using the Censydiam motivational framework, a map that incorporates consumer psychology, motivations and emotions. The quantitative research was based on an online survey of 1,500 respondents, weighted to U.S. population samples of ethnicity, geography, education and income levels.



About Synchrony Connect

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Grow

Marketing, analytics and research expertise to help you drive business growth

Lead

Tools for leading your organization and developing yourself as a leader

Operate

Best practices around business strategy and optimizing cost

Contact your Synchrony representative or visit us at **Synchrony.com** or **SynchronyBusiness.com** to discover how we can help you grow your business.

Authors

Katie Hughes—Vice President, Loyalty Strategy

Judy Lahart—Vice President, Loyalty Strategy and Engagement

Sheila Dreyer Van Buskirk—Vice President, Lead Research Consultant

Sue Yasav—Vice President, Thought Leadership



CHANGING WHAT'S POSSIBLE™

All references to consumers and population refer to 2019 Synchrony Loyalty Study survey respondents unless otherwise noted.

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