



# for *love* or *money*™ 2019

The research study taking the pulse on customer loyalty and loyalty programs in New Zealand

## Executive Summary



**Retain the Best.  
Grow the Rest.**  
**THE Point of Loyalty**

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# For Love or Money™ 2019 - New Zealand edition

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To find out more about the results and insights in this Executive Summary you can purchase the comprehensive report at [www.thepointofloyalty.com.au](http://www.thepointofloyalty.com.au) or email [adam@thepointofloyalty.com.au](mailto:adam@thepointofloyalty.com.au)

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# 1.0

## Introduction and research methodology





## Welcome to For Love or Money™ 2019: The New Zealand

### A first for New Zealand

For Love or Money™ research studies were initiated in Australia in 2013 to benchmark and track consumer insights on customer loyalty and loyalty programs.

For the first time in 2019, we conducted the research with New Zealand consumers.

This is the Executive Summary of the comprehensive report - For Love or Money™ 2019: The New Zealand edition.

In 2019, we have also released two other reports:

- The 7th annual study of Australian consumers and their view on customer loyalty and engagement with loyalty programs
- A 2019 comparison study of Australian and New Zealand consumers and their view on customer loyalty and engagement with loyalty programs

All reports are available at [www.thepointofloyalty.com.au](http://www.thepointofloyalty.com.au) as a complimentary Executive Summary and comprehensive reports are also available for purchase.



## Research Methodology

The For Love or Money™ 2019 New Zealand edition research was commissioned by The Point of Loyalty and conducted independently by First Point Research and Consulting in the first quarter of 2019, through an online panel of New Zealand consumers (men and women aged 18 years +) who are all members of at least one loyalty program.

The research was structured to gain quantitative results with comparative analysis. Open text responses were included to gain actual feedback and comments from loyalty program members. The total sample of N = 1004 provided a margin of error of +/- 3% at a 95% level of confidence. Broad quotas were placed on the sample to ensure an appropriate distribution of responses by gender and age.

**Interpreting the results:** Throughout the report, significant differences have been highlighted as follows:

A result that is significantly **lower** is highlighted with **orange**.

A result that is significantly **higher** is highlighted with **green**.

The significant difference is the difference (higher or lower) for that consumer segment, compared with the 2019 total.

### Use of term 'loyalty program' in the research

For simplicity and consistency the For Love or Money™ research studies asked consumers their point of view on 'loyalty programs'.

In the research we defined 'loyalty programs' as any type 'loyalty or rewards program, VIP club, frequent buyer, member benefits or discount program'.

# 1. Introduction and research methodology



The For Love or Money™ 2019 New Zealand edition researched the following areas for insights:

## 1. Establishing benchmarks for the New Zealand loyalty program landscape

1. Profiles of loyalty program members
2. Active participation in programs
3. Ranking New Zealand loyalty programs - 'doing a very good job'

## 2. Attitudes to 'loyalty' and loyalty programs

1. What is 'loyalty'? The consumers' point of view
2. Are loyalty programs valuable to a brand and business?
3. Why do members think brands offer programs?
4. Do brands need loyalty programs to keep customers loyal?
5. Member interaction, identification & payment integration
6. Are members making the most of their program memberships?
7. Member defection: % leaving, when and why

## 3. Preferred loyalty program structures and benefits

1. Earn and redeem rewards within vs beyond the brand specific program?
2. Rewards for transaction vs tenure with a program?
3. Rewards that are quick & small vs more substantial rewards that take longer to earn?
4. Rewards with small value and no minimum spend vs larger value with a minimum spend?
5. Points vs cashback?
6. Tiered program structures vs no tiered programs?

## 4. Loyalty program data collection and use: a privacy and trust perspective

1. How do members feel about loyalty programs collecting and using their personal details?
2. Personalisation: Enhancing the member's shopping experience vs invading their privacy
3. What do members consider when providing their data to loyalty programs?
4. Level of concern about loyalty programs being hacked or subject to fraud
5. Loyalty program Data and Trust = The Net Data Trust score (NDT)

## 5. A deeper dive into loyalty program insights

1. The five loyalty program persona profiles
2. The four touchpoints impacting the 'last mile' of a member's interaction with a loyalty program
3. Insights into loyalty programs with a subscription fee
4. Do members think of points like cash?
5. Credit cards with rewards – are they still worth it?

"Thank you for your interest in For Love or Money™ 2019 New Zealand edition.

As you continue to enhance and build your customer loyalty strategies and loyalty programs, For Love or Money™ 2019 will provide you with observations and insights to guide you along the journey to success."



**Adam Posner**  
CEO – The Point of Loyalty



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# 2.0

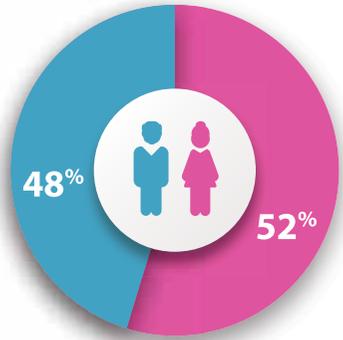
## Profile of participants



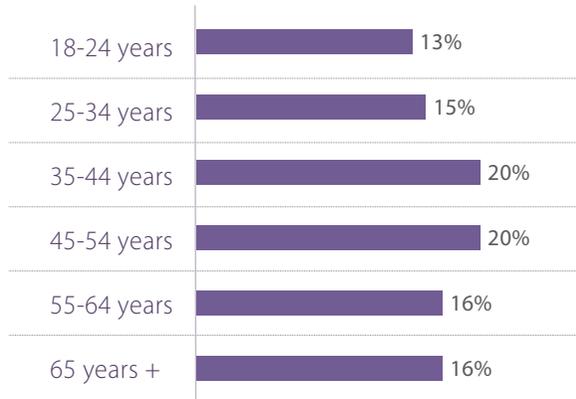
## 2. Profile of participants



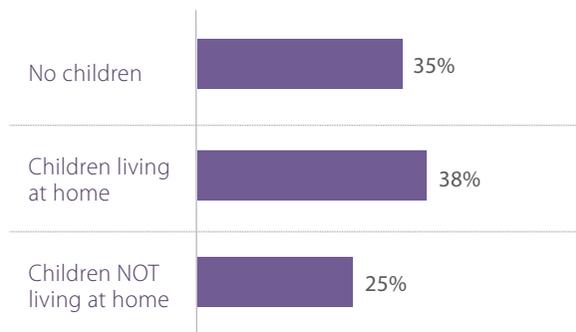
### Gender



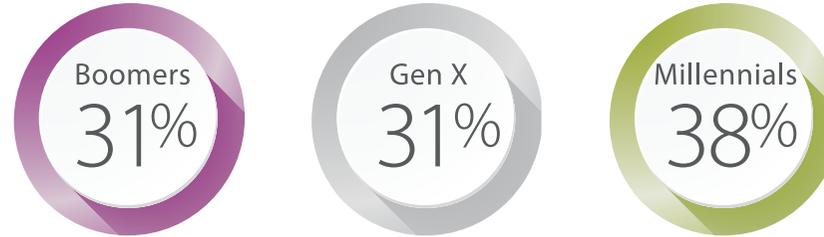
### Age



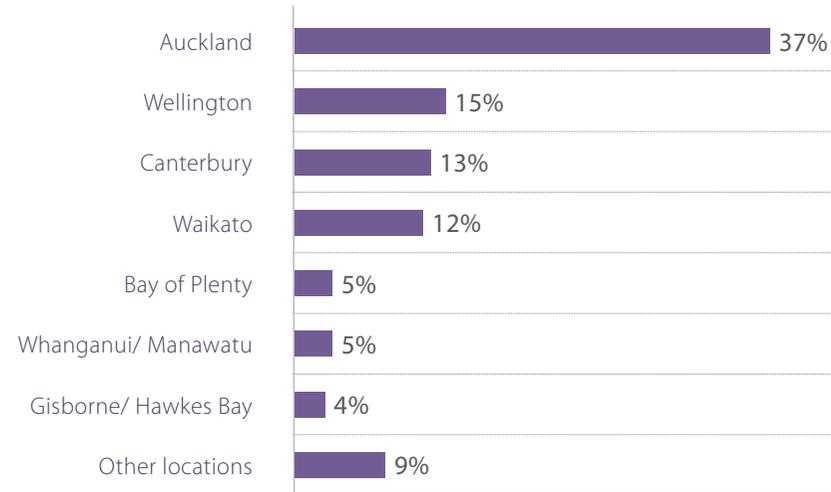
### Household Structure



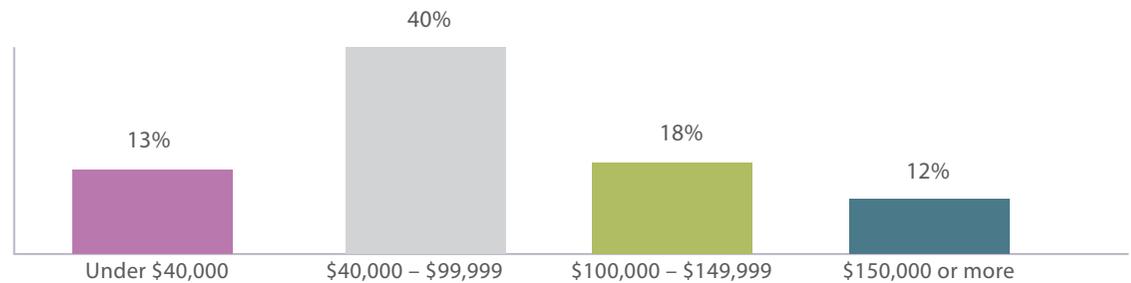
### Generational cohort



### Location



### Income





# 1. Establishing benchmarks for the New Zealand loyalty program landscape



## 1. Membership

- In 2019, 96% of New Zealanders over the age of 18 are enrolled in at least one loyalty program.
- The average number of memberships per member is 4.7.

The report identifies insights on average memberships by gender, age, household income and the generations.



## Average number of memberships in 2019



## 2. Active participation in programs

- 41% of New Zealand loyalty program members indicated they are active in ALL of the programs they are enrolled in.
- While women are typically enrolled in more programs than men (5.4 vs 4.0), men are more likely to be actively involved and engaged with the programs they are enrolled in.

	2019
Men	49%
Women	34%

\* An active member in the research was defined as 'having presented their card or membership number when making a purchase in the last 12 months'

## 3. Ranking New Zealand loyalty programs (unprompted) – 'doing a very good job'

New Zealand loyalty program members were asked, unprompted, to identify which loyalty program they thought was 'doing a very good job'.

To keep this insight simple, there were no specific qualifications on what 'doing a very good job' means, however we asked why members voted their program as 'doing a very good job'.

Loyalty programs featuring in the top 10 as 'doing a very good job' include AA Smartfuel, Fly Buys, Onecard - Countdown and Airpoints - Air New Zealand.

Full results for 2019 are available in the comprehensive report, including the list of 20 other programs mentioned by members as 'doing a very good job'.



## 2. Attitudes to 'loyalty' and loyalty programs

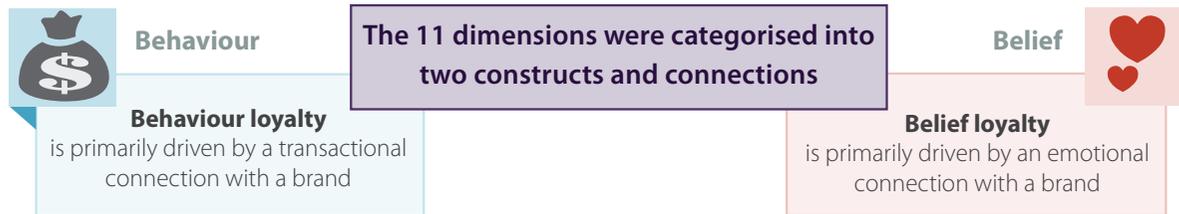


### 1. What is 'loyalty'? The consumers' point of view

Customer loyalty is an ongoing source of debate and discussion, ignited by the ever changing technology, data, social and demographic landscape.

As brands and businesses continue to invest more in customer retention and loyalty, gaining clarity on what 'loyalty' is helps to determine why it is important for a business to invest in customer loyalty as a growth strategy and how to achieve it as a profitable outcome.

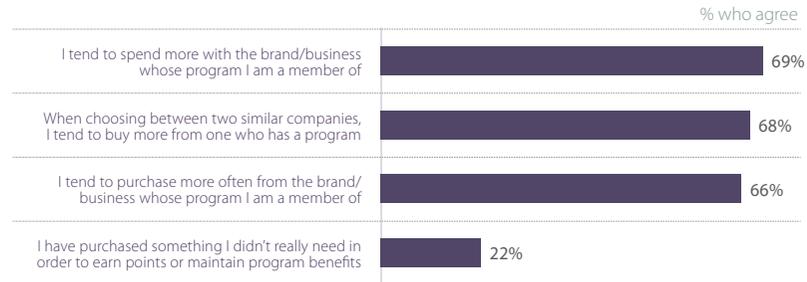
The For Love or Money™ research asked consumers – 'Beyond enrolling in a loyalty program, what does loyalty to a brand/business mean to you?'. 11 dimensions of loyalty were assessed by members.



The comprehensive report reveals the ranking of the 11 dimensions of loyalty based on 'behaviour loyalty' and 'belief loyalty'.

### 2. Are loyalty programs valuable to a brand and business?

Yes! Loyalty programs are impacting purchase behaviour of members and becoming more valuable to brands or businesses that invest in programs.



### 3. Why do members think brands offer loyalty programs?

Members are generally wise as to why brands offer loyalty programs.

- In 2019, 11 reasons that brands offer loyalty programs were ranked by members and the most important reason members believe brands/ businesses offer loyalty programs is to keep their spend away from the competition (34%).
- Ranked behind 'competitive advantage', the reasons members think brands offer loyalty programs are to encourage them to buy more often and to encourage them to spend more.



## 2. Attitudes to 'loyalty' and loyalty programs



### 4. Do brands need loyalty programs to keep customers loyal?

- Yes! 59% of members indicated that a brand or business needs a loyalty program to keep their customers loyal.



### 5. Membership interaction, identification & payment integration.

- The majority of members (59%) prefer to interact with loyalty programs via a traditional loyalty 'card' and make their payments separately.



\*Figures do not add to 100% due to rounding up or down of decimal points

Results of these methods of interaction by gender and the generations are available in the comprehensive report.

### 6. Do members feel they are making the most of their program memberships?

- Almost two thirds of program members feel they are taking advantage of the rewards and benefits available to them.



### 7. Member defection - % leaving, when and why

- More than one in five members (23%) have stopped participating in a loyalty program over the last 12 months.
- Of the 13 reasons for defection, the 'earn rate' – 'I wasn't earning points/rewards fast enough' remains the major reason for defection.

- Members tend to decide very early if a loyalty program is for them. 15% of members who stopped participating, did so within the first 3 months of joining that program.

#### What's the cost of losing 15% of your member base in the first 3 months?

Cost to acquire: Number of members lost x cost to acquire = \$?

PLUS

Revenue opportunity lost: Number of members lost x 12 month average revenue = \$?

TOTAL COST: cost to acquire + revenue opportunity lost

### 3. Preferred loyalty program structures and benefits

**Building a valuable loyalty program that is profitable to the business and meaningful to members requires consideration of different program structures and benefits.**

In For Love or Money™ 2019, we conducted preference testing on six permutations of these.

1. Earn and redeem rewards within vs beyond the brand specific program?
2. Rewards for transaction vs tenure with a program?
3. Rewards that are quick & small vs more substantial that take longer to earn?
4. Rewards with small value and no minimum spend vs larger value with a minimum spend?
5. Points vs cashback?
6. Tiered program structures vs no tiered programs?

Results of these program structures and benefits by gender and the generations are available in the comprehensive report.

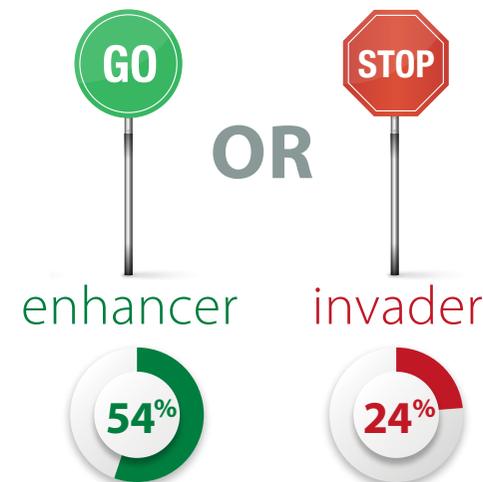


### 4. Loyalty program data collection and use: a privacy and trust perspective

Data collection, personalisation and privacy are ongoing topics of deliberation for brands and specifically for those with loyalty programs. For Love or Money™ 2019 continues to dive into the topic of data collection and use.

#### 1. How do customers feel about loyalty programs collecting & using their personal details?

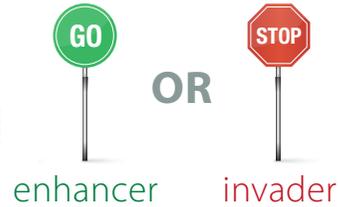
- **Enhancer:** In 2019, 54% of New Zealand's loyalty program members are comfortable sharing their information with loyalty programs **to enhance their shopping experience**. This is not convincing. More focus is required for programs to use the data they collect to enhance the member's shopping experience.
- **Invader:** Almost one in four members (24%) feel the collection of personal information by loyalty programs is an **invasion of their privacy**.



## 4. Loyalty program data collection and use: a privacy and trust perspective



- 1  Using purchase & personal data to provide personalised offers & benefits
- 2  Sending reminders to help members re-purchase items previously purchased
- 3  Providing special offers via smartphone based on shopping location
- 4  Using facial recognition technology in-store that connects members to their loyalty program data & provides them with unique offers and benefits



### 2. Personalisation: Enhancing the member's experience vs Invading their privacy

- Four dimensions of personalisation were researched in 2019, with members generally tolerant of the use of data collection when it is being used to deliver personalised offers and benefits (47% agree this enhances their shopping experience).

Results of these dimensions of personalisation by gender and the generations are available in the comprehensive report.

Security

Use of data

Company reputation

Data value exchange

Control

Privacy policy

Knowing why

### 3. What factors are important to members when providing their data to loyalty programs?

- Members were asked to identify the factors they consider important when providing their data to loyalty programs.
- Seven factors were put forward with the **top 3 ranked** by members as:

1. **Security:** Knowing how secure the data is
2. **Use of data:** Knowing how their data is used
3. **Reputation:** The reputation of the company asking for their details

## 4. Loyalty program data collection and use: a privacy and trust perspective



### 4. Level of concern about loyalty programs being hacked or subject to fraud

- While only 2% of loyalty program members have indicated they have been the victim of loyalty program fraud, more than half of members (53%) have expressed concern about their data being hacked or subject to fraud.



### 5. Loyalty program Data and Trust = The Net Data Trust score (NDT)

The Net Data Trust score (NDT) is a metric developed to assess the level of confidence members have in loyalty programs to safeguard their personal details and data.

#### There is a trust issue!

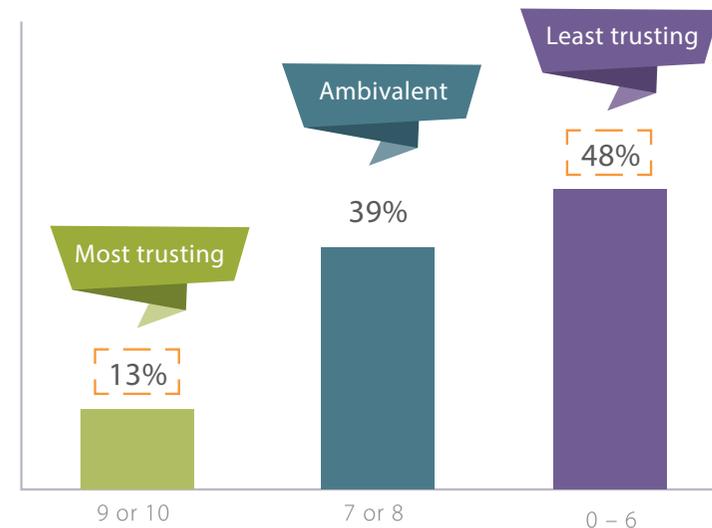
The 2019 benchmark result of members trusting loyalty programs with their personal details and data is - 35.

Results of the Net Data Trust score by gender and the generations are available in the comprehensive report.

*The Loyalty Program  
Net Data Trust score (NDT) = -35*



To what extent do you trust the loyalty programs that you are a member of with your personal details and data?  
(Rating provided from 0 - 10)

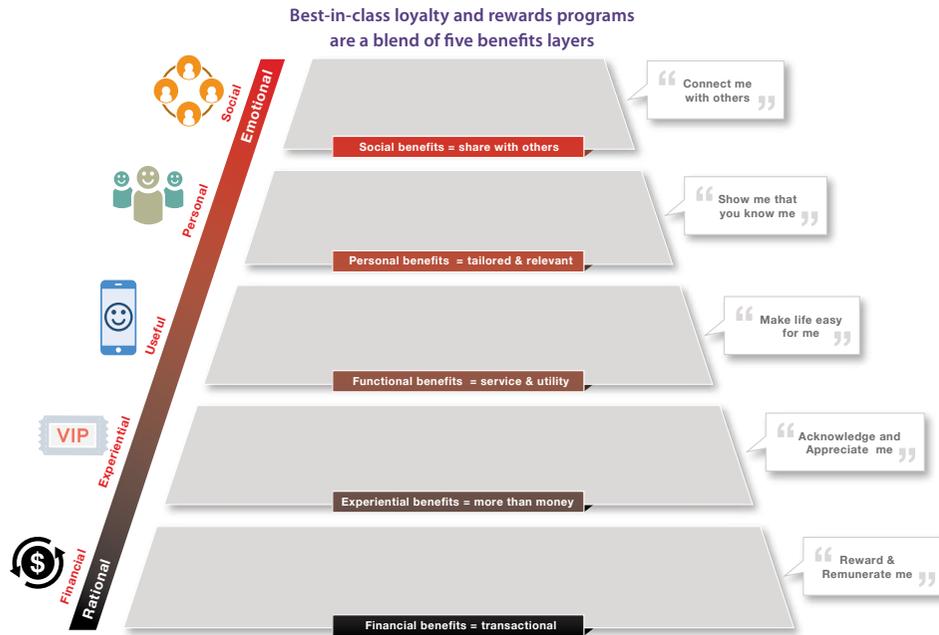


The NDT score is calculated by subtracting the proportion of members who are least trusting from the proportion who are most trusting.

# 5. A deeper dive into loyalty program insights



## 1. The five loyalty program persona profiles



The Point of Loyalty has developed The Five Benefits model for best-in-class loyalty and rewards programs. It provides the five benefit categories that every loyalty program should consider a blend of.

- The 2019 For Love or Money™ research study has now defined each of the Five Benefit categories as loyalty program persona profiles and has now quantified them.

All the findings for New Zealand loyalty program member persona profiles are in the comprehensive report.

## 2. The four touchpoints impacting the 'last mile' of member's interaction with a loyalty program

The four touchpoints researched were:

- Email alerts with offers to members
- Promotion of the program instore
- Localised (in or near store) mobile phone alerts with offers for members
- The team member serving you alerting you to member offers



The most significant lever for influencing a member's interaction with loyalty programs is through email alerts to members, with 61% of New Zealand members identifying email as the touchpoint impacting their interaction with a program.

## 5. A deeper dive into loyalty program insights



### 3. Insights into loyalty programs with a subscription fee

Members were asked if they prefer a loyalty program with free membership that provides access to a limited range of benefits and savings VS a loyalty program with a subscription membership fee that provides access to an extended range of benefits and greater savings. 74% of members in New Zealand prefer a program with free membership. This changes by the generational cohorts with more details in the comprehensive report.



#### Subscription guilt

- Subscription guilt was researched based on members indicating their feeling of guilt for not using or accessing enough of the benefits offered through the subscription they have joined, with more details in the comprehensive report.

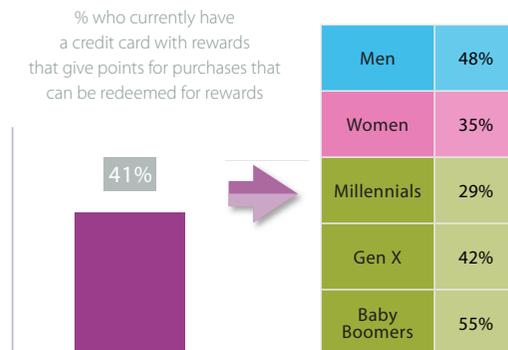
### 4. Do members think of points like cash?

- 52% of loyalty program members in New Zealand tend to think of the value of points in terms of their cash value.

When points expire, it's like taking cash away!

### 5. Credit cards with rewards – are they still worth it?

More than 40% of members have a credit card that accumulates reward points. That figure is significantly higher amongst men generally and Baby Boomers in particular.



#### How do members feel about their credit card that has rewards?

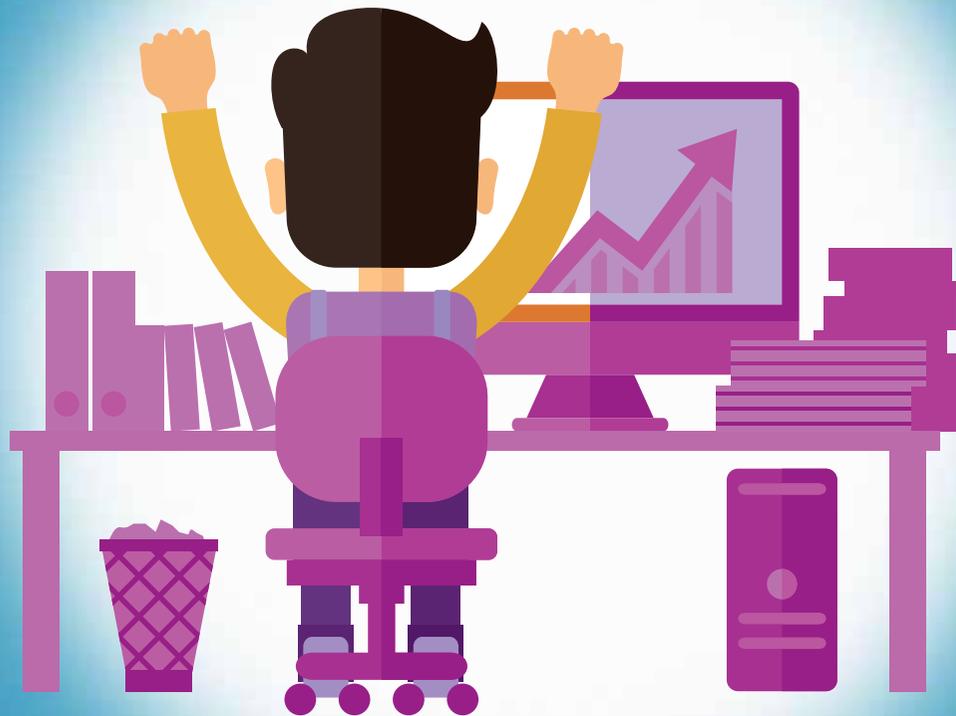
Members who have credit cards with rewards tend to attach significant value and importance to the potential rewards with 48% indicating "It (credit card with rewards) is important to me and I really value the rewards I can potentially redeem for".



# 5.0

## Behind the research

Who loves loyalty?





Adam Posner is founder and CEO of The Point of Loyalty, a strategic customer loyalty consultancy that helps organisations retain their best customers and grow the rest through thriving loyalty and rewards programs.

Established in 2017, The Point of Loyalty (a divisional brand of Directivity – est. 2007) provides customer loyalty and rewards programs strategy and loyalty research.

These have been provided for organisations in various sectors including retail (various), hotels and accommodation, financial services, leisure and entertainment, education and cryptocurrency coalition loyalty programs.

Adam commissioned and authored the **2019, 2018, 2017** and **2016 For Love or Money™** research studies and co-authored the research studies **For Love or Money™ 2013, 2015** and **Share the Love 2014**.

He is a customer loyalty and retention program specialist helping business build programs that are **profitable to the business** and **meaningful to the member**.

Specific loyalty and rewards program consulting services include:

- Senior leadership and team alignment on vision, goals and program measures of success
- Program models, types, structures and blend of benefits design to move members from transactional to emotional connections
- Customer and loyalty program member research based on benchmarks from our ongoing For Love or Money™ studies
- Partnership proposition strategy, assessment and evaluation
- Technology requirements specification and vendor selection
- Ongoing loyalty mentoring for program optimisation

He has developed robust methodologies to build and review loyalty and rewards programs:

- For new loyalty programs: The four-stage DNA framework for thriving programs.
- For existing loyalty programs: The future-proof diagnostic to ensure they remain a viable asset.

He is also the author of one of Australia's only practical books on loyalty programs – 'Give-back to Get-back – 9 steps to a profitable loyalty program'.

Adam has been widely interviewed on customer loyalty and loyalty programs including on radio (3AW and ABC Radio National – Money Show), TV (Channel Nine News) and published in Marketing Magazine, The Age, SMH, CMO, eConsultancy and SmartCompany.

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