



2024 APPAREL LOYALTY DATA STUDY

The Impact of Loyalty Programs in the Apparel Industry



Table of Contents

1	Introduction
2	Key Findings
3	The Impact of Loyalty Programs on Customer Engagement
6	Opportunities for Growth
12	What Rewards Do Consumers Want?
18	How Consumers Prefer to Engage
21	Adding Tiers and Subscription Levels
25	Apparel Loyalty Programs: Designed for Success



Introduction

In the apparel industry, the competition is fierce.

The landscape is crowded, consumer choices abound and marketing messages are everywhere. Gaining customer loyalty is paramount to success, but execution of that goal can be a challenge.

For brands considering how to retain customers and cut through all the noise, **a well-structured loyalty program can be the difference between a one-time purchase and a tried-and-true raving fan.**

ebbo's 2024 Apparel Loyalty Programs Data Study takes a closer look at the impact of loyalty programs on the apparel vertical, from strategic and successful wins to untapped areas of opportunity, to give you insights to help you boost your apparel brand's bottom line.



Key findings

85%

of consumers belong to between 1 and 6 apparel loyalty programs — but 54% of consumers use only half of their memberships or less monthly.

85%

of consumers agree that many loyalty programs in the apparel industry feel similar and are not that differentiated from others.

70%

of consumers agree that they would engage more with apparel brands who offered different tiers in their loyalty programs based on how much they engage.

60%

of consumers would take part in surveys or polls to earn points and/or brand currency outside of just making purchases.

91%

of consumers agree that getting free return shipping would influence them to make a purchase online with an apparel brand over a competitor who didn't offer it.



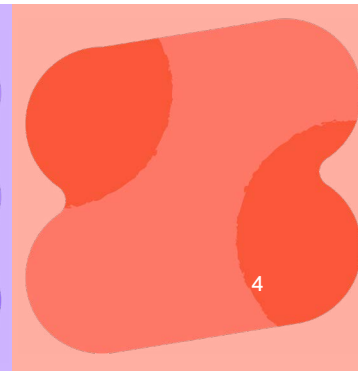
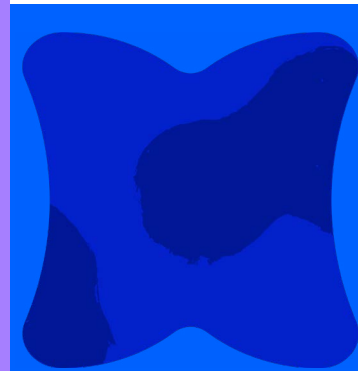
INSIGHT 01

The Impact of Loyalty Programs on Customer Engagement



Top-of-mind mastery

An impressive **80% of consumers agree that when they join an apparel brand's loyalty program, they think of that brand more often than brands whose programs they don't belong to.** Being a member of your loyalty program can elevate your brand in their mental hierarchy. In other words, shoppers think of brands whose program they belong to more often than brands they don't. This statistic underscores the significant impact a well-crafted loyalty program can have on a shopper's mindset when saturated with brand choice.



Beyond awareness

The effects of good loyalty programs go well beyond awareness. Engagement, incentive, how often a customer shops and how much they spend were also key findings. Here's a closer look at what a well-structured loyalty program can do:



80% of consumers agree that when they join an apparel brand's loyalty program, they think of that brand more often than those whose programs they don't belong to.



77% of consumers engage more often with apparel brands whose loyalty programs they enjoy.



84% of consumers feel more inclined to shop with apparel brands with fun and rewarding loyalty programs.



78% of consumers spend more per year with apparel brands whose loyalty programs they belong to.



78% of consumers shop more times per year with apparel brands whose loyalty programs they love.





INSIGHT 02

Opportunities for Growth

Reality check

While our findings highlight all the right behaviors, not every apparel loyalty program sticks the landing. This section delves into why that might be and offers insight on what brands can do differently to improve their results. One of the biggest hurdles loyalty programs face is getting their customers to sign up. The study highlighted some of the biggest hurdles:



Why consumers haven't signed up for loyalty programs at apparel brands

It requires too much effort/it's time consuming

44%

I don't like to share my personal information

33%

The benefits/rewards aren't interesting to me

34%

It's inconvenient

32%

It feels bothersome or inconvenient when an in-store associate asks me at checkout

28%

The brands I engage with most often don't offer loyalty programs

26%

I am generally unaware of brands' loyalty programs

19%

In other words, if it's not easy, fun or on your customers' radar to begin with, signups will be harder to acquire. Here's how you can bridge the gap:

Multiple sign-up points

At in-store checkouts, self-service kiosks, online or through your mobile app, and through QR codes in any marketing collateral — the more options you give, the more openings they have.

Quick and simple sign-ups

Ease pain points like inconvenience or information sharing by only asking for essential info, like name, email and phone number (you can collect more relevant data later after signup) and train in-store staff to keep sign-up promotions brief and friendly.



Offer an incentive

A sign-up incentive like a discount or free shipping on their next purchase goes a long way. A whopping 80% of consumers are likely to join an apparel brand's loyalty program if joining offered an incentive, like the chance to win a prize, receive a discount or get bonus points.

Promote it

To gain traction, promote your program via store associates, on your website, through your app, on social media, through relevant influencers and through mailers and catalogs — every touchpoint you have is another opportunity to spread the word.

Highlight the benefits

Make sure your customers are aware of exclusive rewards, discounts and other perks they might enjoy.

Encourage referrals

Word of mouth goes a long way, especially when it's incentivized. Offer a benefit to members when they successfully share with friends.

Leverage social

Create buzz around benefits, earnings activities and rewards with targeted social media campaigns.

Review and refine

Regularly ask your members for feedback and you'll not only get key insights for improvement, but you'll also show appreciation for their viewpoint.

The post sign-up hurdle

The sign-up is just the beginning. Once your customers convert to members, it needs to be worth their time. When it comes to apparel, 85% of consumers belong to between 1 and 6 loyalty programs – but 54% of consumers use only half of their memberships or less monthly.

When asked about their specific loyalty program experience, 85% reported that loyalty programs in the apparel industry often feel similar and a whopping 87% agreed that when it comes to being personalized to their preferences, most loyalty programs in the apparel industry have room for improvement. But perhaps most important, 68% said that if they didn't feel engaged, they would consider leaving the brand.

If the whole point of your loyalty program is better engagement, why isn't it happening? 86% of consumers agreed that when they feel like it takes too long to earn rewards in an apparel loyalty program, they engage with the brand less often. Fortunately, the data study gives insight to where brands can course correct.

Top 5 things consumers would love to see from their favorite loyalty programs in the future

More attainable rewards



More personalization



Better communication



More options on how to spend points



More things to do and ways to earn points/brand currency outside of purchasing



Where to focus

Give them what they want

While everyone loves a discount, there may be other, more creative rewards that prove more enticing, like exclusive products, sweepstakes chances, members-only add-ons and more.

Make it worthwhile

While it's exciting to see some big-ticket rewards, a lack of easy-to-attain rewards can be discouraging. Rewards that can be redeemed for a smaller number of points make the end-goal feel within sight. With that in mind, member tiers go a long way in keeping less-active members on board.

Get personal

Stand out with rewards based on customer preferences, like discounts on frequently purchased items (think: beauty products or accessories). Or, let your customers choose their own rewards for a fully custom approach (for example, a donation to a charity of their choice). Likewise, personalize your communications with targeted emails with personalized offers, birthday discounts or freebies and more.

Up the fun

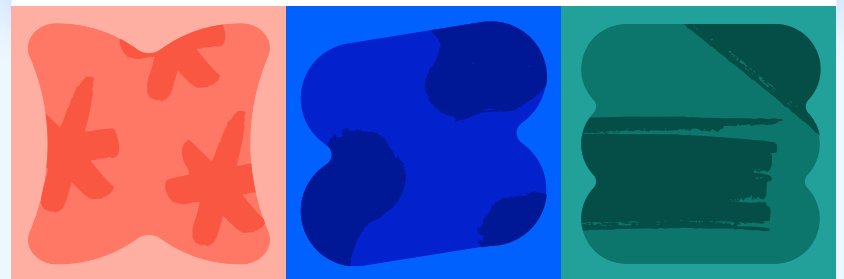
Gamify your experience by adding challenges, badges or leaderboards to your program. Easy reward-earning activities like leaving a review or taking a poll not only provide valuable user data; they create simple and satisfying experiences that will help keep your members engaged.





Case in point: lululemon

lululemon has a near cult status amongst fans and their loyalty program is no exception. It offers a variety of exclusive benefits, including early access to new products, free shipping and returns and access to select Peloton classes, exclusive membership events and workshops. Members also earn points for every purchase, which can be redeemed for discounts on future purchases. lululemon's Membership Program builds on the company's unique positioning as not just a brand but a community.





INSIGHT 03

What Rewards Do Consumers Want?

Define your reward

It's no secret that consumer behavior has evolved rapidly. From online shopping options, same-day shipping, in-person pickup, coupon codes and more — if they're not gratified, there's a good chance they're going elsewhere. With that in mind, loyalty programs not only need to meet customer expectations, they need to surpass them. When asked which benefits and rewards consumers value the most, here's how they responded:

Money-saving program benefits, ranked

1	Free shipping	83%
2	Free return shipping	68%
3	Instant discounts	61%
4	Birthday and/or anniversary sale days	41%
5	Members-only coupons	38%
6	Members-only sale days	30%

Experience-based benefits, ranked

1	Extended returns policy	42%
2	Surprise events, bonuses and benefits throughout the year	37%
3	Early and/or extended access to shop new products and sales events	36%
4	Early access to shop new product lines when they hit stores new products	36%
5	Early access to new products before they go to market in-store or online	35%
6	Express checkout in stores	28%
7	Members-only products and/or services	23%
8	VIP concierge/customer service	20%
9	Help shape the voice of the brand	16%
10	Members-only community events either online or in real life	14%
11	Insider panels to see next season's line and vote on which items you like best	11%

There's no debating that people love saving money. Transactional perks, like discounts and free shipping, always resonate. Yet there's another element to consider: the softer, experiential benefits that brands can provide. More noteworthy, many of these experiences don't require a drastic hit to your company's bottom line — but they hold significant value in terms of connecting to and keeping your member base.

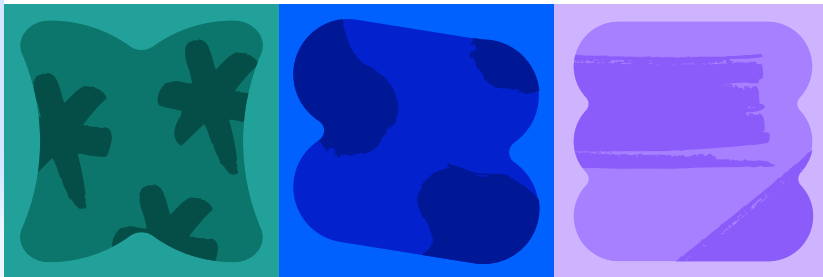
Case in point: Coldwater Creek

Shopping for apparel online can be risky. It's hard to know how something will fit. Return shipping, or a trip to a physical store, can be costly and inconvenient. It's no surprise that **91% of consumers agree that getting free return shipping would influence them to make a purchase with that brand over a competitor who didn't.**

To offer its customers an exceptional shopping experience and high value, Coldwater Creek partnered with ebbo to launch MyColdwater Rewards, a premium loyalty program that offers numerous benefits that its customers love for a monthly membership fee of \$14.99.

As members of MyColdwater Rewards, consumers receive premium benefits like 10% cash back at Coldwater Creek, 5% cash back on other retailers in their marketplace and shipping rebates and return shipping rebates on Coldwater Creek purchases. This not only saves them money, but it allows them to easily return items if they don't fit or suit their style.

[Read more loyalty program case studies here.](#)



Currency that counts

When it comes to the preferred earned currency in apparel loyalty programs, the majority of consumers leaned towards points at 46%. However, a noteworthy 30% expressed a preference for brand currency to use towards future purchases (like brand cash or brand bucks), while 25% had no specific preference.

This is an interesting point to consider: points open other opportunities to engage with your members — like rewards catalogs with branded merchandise or experiences (and in turn, more brand marketing and advocacy). However, brand currency encourages members to make repeat purchases, driving more direct revenue. The best choice for your brand not only needs to align with your marketing goals, but your customers preferences.

Before you decide, keep this in mind: 77% of customers find it confusing when points automatically convert into brand currency, indicating that offering one option or the other might be best.



While it appears that a points system took the lead in terms of earned currency preference, when asked about redemption, more than half of consumers prefer access to cash back or brand currency (59%), and more than a quarter opt for a rewards catalog where they can redeem points for products, merchandise or sweepstakes entries (26%).

At first glance, this may seem counterintuitive — but it underscores the significance of knowing your customer preferences and the importance of offering diverse options. No two members are the same; individuality matters.



Rewards that fit

For brands that do offer a rewards catalog, here's a list of the types of rewards that are most interesting to consumers: .

Most interesting rewards in an apparel rewards catalog

Gift cards back to that brand

59%

Redeem for physical lifestyle items such as branded merchandise

42%

Enter an instant win game with instant prizes

38%

Transfer points to friends or family

25%

Charitable donations

25%

Sweepstakes entries for chances to win a prize

24%

Experiences (i.e., tickets to an event)

17%

Rewards that re-engage

But what about members whose activity has lapsed?

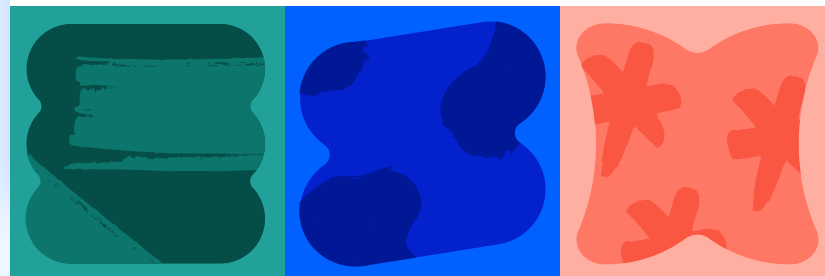
Here's what respondents said:

Rewards that would incentivize lapsed members

1	Coupons or discounts	62%
2	Bonus points	53%
3	Bonus brand currency	42%
4	Play a game wher you could win instant prizes	24%
5	Chance to enter a sweepstakes	20%

Interestingly, **76% of all consumers enjoy playing games for the chance to instantly win a prize more than entering a sweepstakes for a chance to win**, proving the power of instant gratification when it comes to rewards. Both activities are great financial choices; brands only need to provide one or a small number of prizes — no matter how many people enter. And because instant wins and sweepstakes create excitement and drive social shares, brands also stand to gain word-of-mouth advocacy and brand awareness via their members.

Other easy-lift rewards with big results include branded merchandise and swag, which also helps build brand advocacy and awareness, and charitable donations, which establish a sense of social goodwill and build brand affinity and loyalty.





INSIGHT 04

How Consumers Prefer to Engage



Challenge accepted

Now that the most enticing rewards have been established, what would your apparel customers do to earn them?

There are appealing additions to your program that don't involve heavy cost. For example, **78% of consumers agree that the chance to instantly win prizes would help keep them engaged** in an apparel loyalty program in between earning bigger rewards — and prizes could be as simple as a bit of brand swag, clearance items, BOGO offers, free shipping or a percentage off their next order.

In fact, **60% of consumers agree that the prizes or items they've earned by winning brand challenges or games are more exciting than earning discounts or coupons on other points earning activities.**

Activities act as a psychological driver — the sense of accomplishment can go a long way. **71% of consumers reported they're likely to take part in a purchase challenge to get a reward in an apparel loyalty program.** This could be structured in multiple ways — hitting a certain spend amount, buying multiple products in one category or even completing an outfit. For example, a customer could “complete the look” by buying pants, a top and a belt at the same time and earn 150 bonus points.

Other noteworthy activities include surveys and polls, games, exploring products and content, social following and leaving reviews. Surveys and polls are extremely important — they not only foster a sense of feeling heard, they give brands access to crucial zero-party data that allows for targeted personalization and makes the program, products and overall brand stronger.

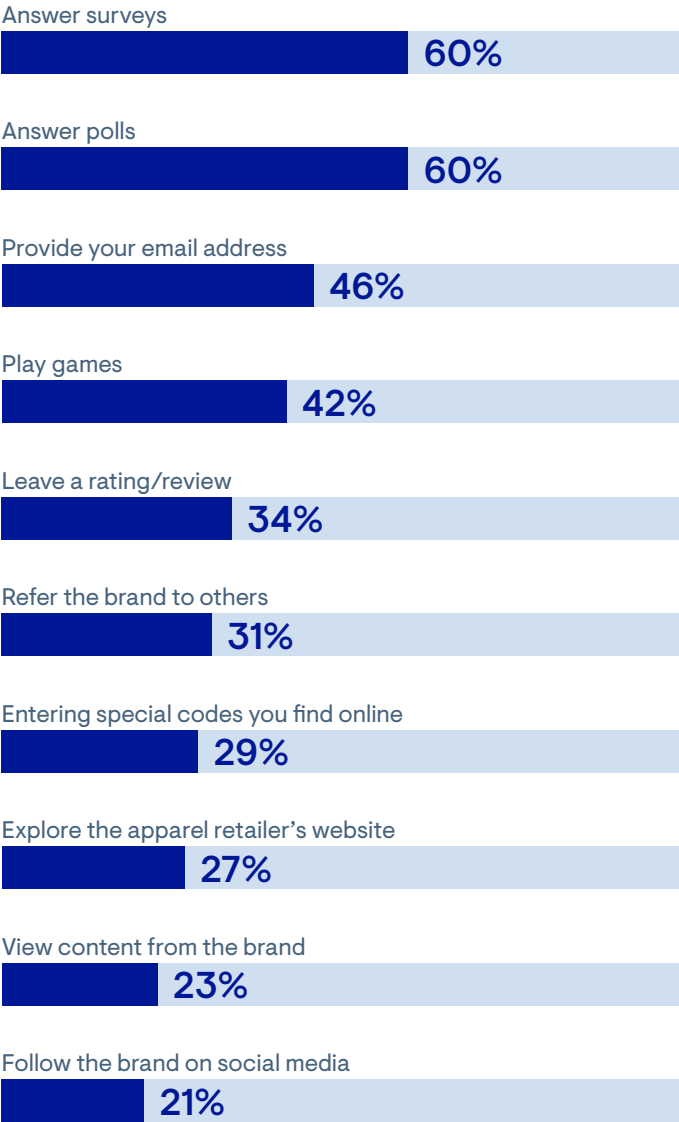
Likewise, playing games, exploring content and following on social media keeps your customers within your culture — and thinking of your brand outside of just making purchases. Furthermore, we know from past research that the opinions of friends and family have a substantial impact — leaving reviews and referring friends and family allows your customers to feel heard, build trust in your brand and advocate on your behalf.

These activities allow your customers to participate with and stay connected to brands outside of making a purchase, allowing brands to develop relationships, gather valuable data and insights and ultimately keep customers in their funnel.

The chart on the right showcases non-purchase activities that consumers would engage in to earn rewards.



Rewards-earning activities that engage consumers

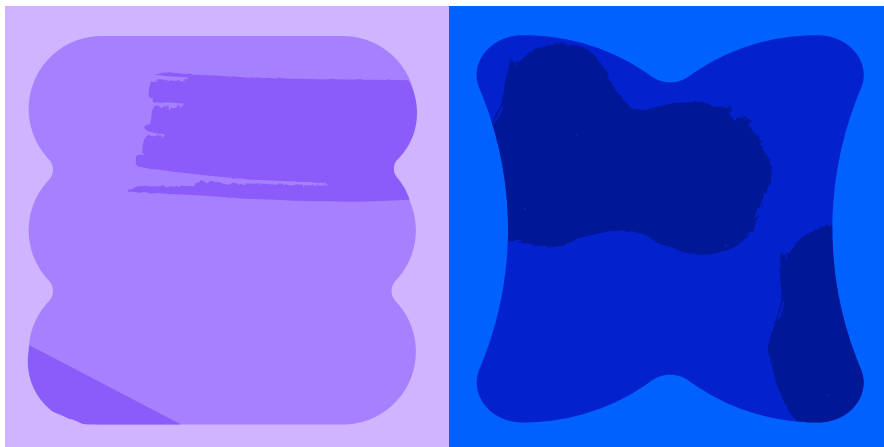


INSIGHT 05

Adding Tiers and Subscription Levels

Next level loyalty

Unlike a unilateral approach, tiered loyalty programs offer members different — and often more exclusive — benefits depending on status. In fact, **70% of consumers would engage more with apparel brands who offered different tiers in their loyalty programs based on how much they engage per year versus a “one-size-fits-all” program.** As members ladder up, they receive more desirable benefits, like better discounts, free items, gift cards or VIP experiences. The more your members engage, the better the benefits.



The beauty of a tiered program is threefold:

1. First, tiers are self-segmenting. They can identify your most and least engaged customers so you can get to know their preferences and shopping habits better.
2. Second, tiers allow you to allot your budget conservatively, saving your high-value benefits for top tier earners.
3. Third, tiers present a compelling challenge in and of themselves. The drive to achieve top-tier status is powerful — lower tier members have something to aspire to and upper-tier members enjoy a sense of exclusivity.

Case in point: H&M

The H&M loyalty program is a free, tiered program with two tiers: Member and Plus. Members earn one point for every dollar they spend at H&M stores and online. Once they reach 500 points, they are automatically upgraded to Plus status.

Member level benefits include discounts and promotions, free shipping on orders over \$40, early access to sales, personalized offers and recommendations, digital receipts and the ability to save items between visits. Plus level benefits include all of the member level perks, as well as free shipping on all orders, free returns, exclusive access to limited collections, unique experiences and surprise offers.

As one of the top loyalty programs in the apparel sector, H&M does a lot of things right. Offering tiers, creating an enticing challenge to earn points, well-trained in-store staff, a simple sign-up process (only name, birthdate and an email) and an instant bonus make becoming a member a friction-free no-brainer for fashion forward shoppers.



Going premium

Premium loyalty offers the ultimate experience — the top benefits and rewards a brand has to offer, reserved for the best customers, for a fee. For raving fans, this can be a big win. While paying for a loyalty program isn't for every consumer, those who genuinely love a brand can gain value through membership. These members enjoy the best loyalty experience; the brand enjoys increased engagement, access to zero-party data and an added incremental revenue stream.

According to our study, for premium loyalty, the data was split: 50% of consumers currently belong to a premium tier and 50% do not. Perhaps more interesting, 61% of said they'd be willing to join a premium loyalty tier if their favorite apparel brands offered them and the benefits were valuable.

For those that don't join, what's the barrier?



Reasons consumers don't join premium loyalty programs

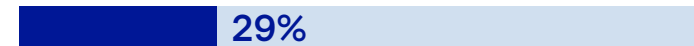
Don't see the value



Too expensive



Open to them, but their retailers didn't offer them



It's clear that a program's value proposition and price point play a significant role in member acquisition. However, **55% of consumers said they're more likely to invest in a premium tier if they already belong to an apparel brand's free loyalty program.** Likewise, **74% said they'd still want to remain a member of an apparel brand's free tier if they were thinking of cancelling** their membership, demonstrating the power of choice — and giving brands an opportunity to keep members in their ecosystem.

Apparel loyalty programs: designed for success

Loyalty programs are becoming the norm with good reason. Rewards, discounts and other special incentives go a long way in attracting and retaining customers. For apparel customers, they not only offer valuable incentives but a sense of satisfaction and connectedness to your brand that's hard to emulate elsewhere. For apparel brands, the payoff is clear — crucial customer insights, repeat business, brand advocacy and awareness and even added incremental revenue streams.

Successful programs, however, need to be simple, have worthwhile value specific to their different customers and have engaging, enticing point-earning activities like games and instant wins. Perhaps most importantly, is the power of choice.

In apparel loyalty, much like fashion itself, a one-size-fits-all approach can yield less than positive results.

Offering members a variety of tiers and activities increases engagement across multiple customer segments as well as the success of your program overall.



About ebbo®

ebbo is an end-to-end loyalty solutions company that empowers brands to drive loyalty through continuous customer engagement. Our team is dedicated to understanding your loyalty goals and developing innovative solutions and results-driven strategies that help you achieve them.

Interested in learning more about loyalty and customer engagement?

Download and explore the following resources:

[2023 Paid Enrollment Data Study](#)

[2023 Loyalty Amplifiers Data Study](#)

[2023 Loyalty Programs Data Study](#)

If you'd like to chat with one of ebbo's loyalty experts about your own loyalty program, [reach out at any time](#).

© 2024 ebbo

Methodology

ebbo surveyed, 1,158 U.S. consumers
18 and older in October 2023