FROM TRANSACTION TO CONNECTION:

THE FUTURE OF LOYALTY PROGRAMS

GALE

REPORT

THE ERA OF COMMUNITY LOYALTY

Loyalty programs are everywhere, from national clothing stores and leading travel companies to local coffee shops and Pilates studios. In fact, by 2029, the global loyalty management ecosystem is projected to be worth $24B–up from $5.6B in 2022.

For brands, investing in a loyalty program is a strategic move that delivers benefits across multiple fronts, including improving consumer retention, increasing lifetime value, and creating more opportunities for hyper-personalized marketing that captures attention. Collectively, these benefits support a central advantage: strengthening brand loyalty, a crucial differentiator, as competition for hearts, minds, and wallets intensifies and economic pressures continue to rise.

To explore what attracts people to a loyalty program–and makes them stay–GALE conducted a survey of 1,000 U.S. consumers, examining their relationship with and behaviors in loyalty programs. The survey covered their reasons for signing up, preferred methods of engagement, connections with fellow program members, and more.

While expected benefits like earning discounts for future purchases stood out, community emerged as a powerful lever for brands to prioritize. The survey revealed that community drives acquisition, retention, and engagement beyond mere discounts, reflecting a growing consumer desire for connection.

KEY TAKEAWAYS INCLUDED:

- "Power users" of loyalty programs, those who participate in programs across 10+ categories, value community-focused programs, and exclusive features.
- Nearly 70% of respondents said they're more likely to join a loyalty program that includes an active community.
- Seventy-one percent consider engaging with others in a loyalty program to be extremely or somewhat important, particularly among men (80%), Millennials (81%), and Gen Z (75%).
- One-third of all respondents said they would "definitely" become long-term consumers because of the relationships formed within a loyalty program.
- About a third of Gen Z, Millennials, and men stopped interacting with a loyalty program because it felt impersonal.
- Nearly 30% of respondents said they have "definitely" felt a stronger connection to a brand because of the social aspects of its loyalty program.

For brands, this means loyalty programs must evolve from transactional engines into relationship-builders, where connection, belonging, and shared values are as central as the rewards themselves.
In this report, we'll delve deeper into the survey findings and their implications for brands.

LOYALTY TRENDS: DEMOGRAPHICS AND PREFERENCES

A majority of respondents indicated that they participate in loyalty programs, with the highest percentage reporting they are active members of "just a few" (56%) rather than "many" (44%). Across demographics, Millennials were most likely to report active participation in "many" (54%), while Boomers were the least likely (25%).

On a surface level, consumers still associate loyalty programs with transactional value. Across all age groups, the most popular reason for joining loyalty programs was to earn points and future discounts, with 73% highlighting this as a top driver. Free shipping (53%), birthday rewards (47%), and personalized offers (41%) were also significant motivators, indicating that consumers also expect to feel recognized, rewarded, and uniquely valued.

Men and younger consumers reported more regular engagement with their favorite loyalty program than women and older consumers. Specifically, men were nearly twice as likely to say they engage daily with a loyalty program compared to women. Just over 20% of both Gen Z and Millennials reported daily engagement, with 87% and 83%, respectively, saying they engage at least weekly. For brands aiming to build long-term loyalty, investing in experiences, content, and community tailored to this highly active demographic is essential to future-proofing their programs.

Whether interacting daily or weekly, the preferred engagement channels include in app (64%), websites (44%), and email (45%), with younger demographics and men showing a greater preference for social media. This diversity of touchpoints suggests a need for consistency across all channels for an effective loyalty program. To meet consumers where they are, brands must design omnichannel experiences that are seamless and consistent across every platform.

FIG 1: LOYALTY PROGRAM PARTICIPATION
% WHO ARE PART OF AT LEAST ONE LOYALTY PROGRAM WITHIN EACH CATEGORY

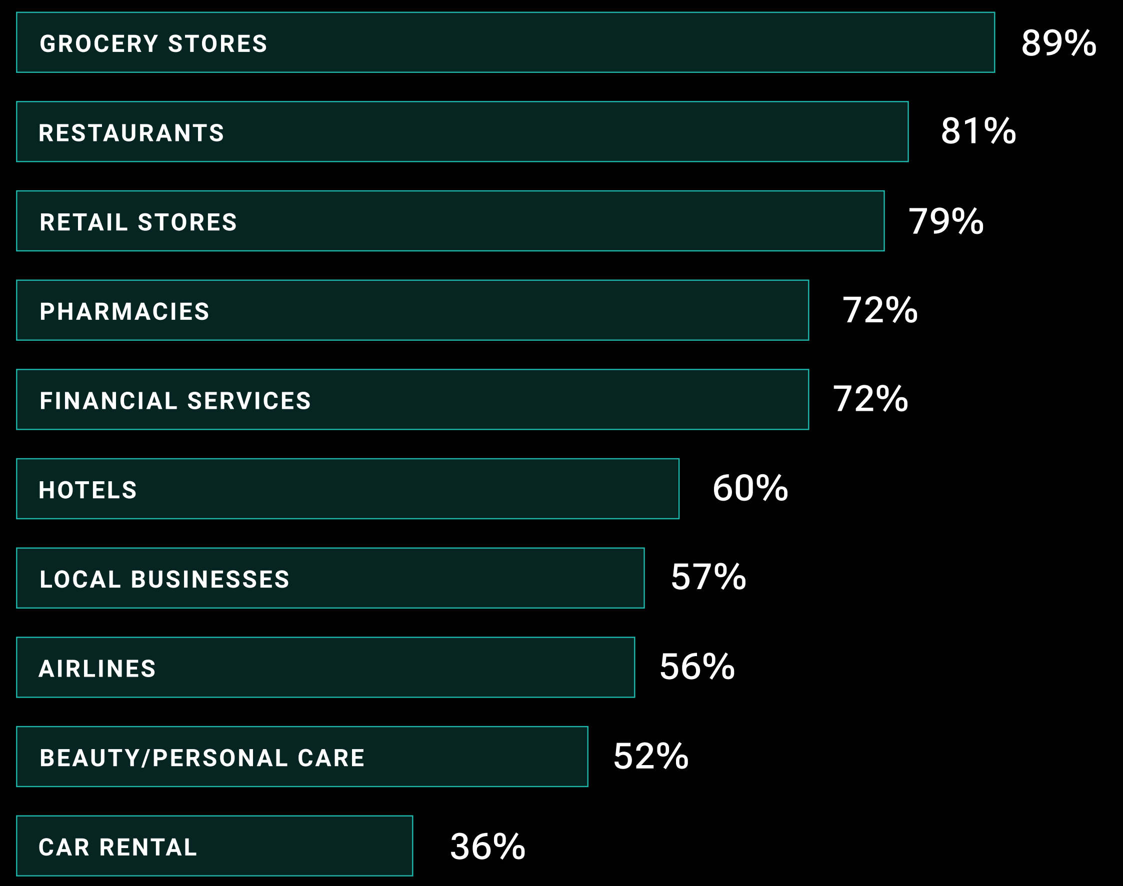


FIG 2: ACTIVE PROGRAM PARTICIPATION
Q: DO YOU ACTIVELY PARTICIPATE IN ANY LOYALTY PROGRAMS?

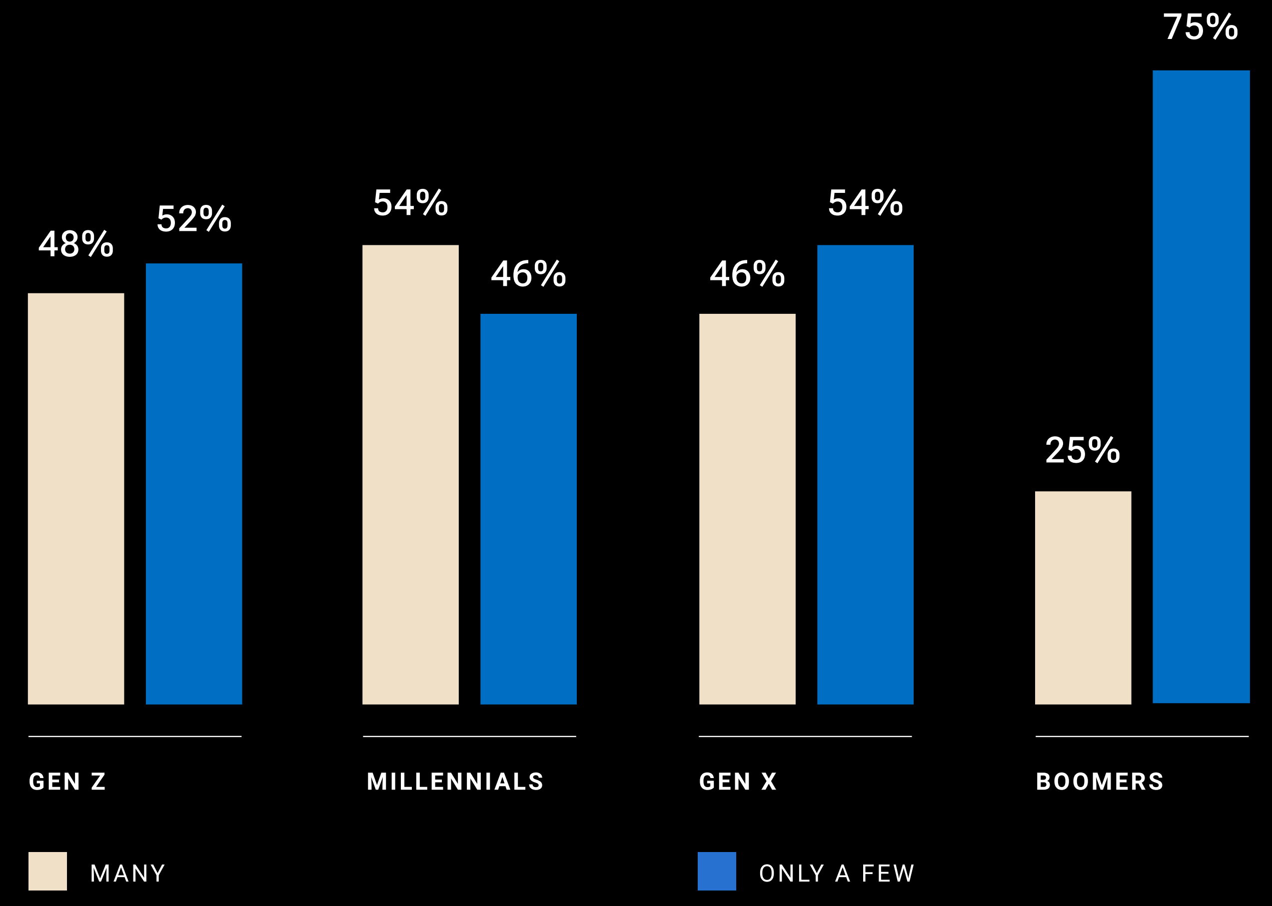


FIG 3: FREQUENCY OF PROGRAM ENGAGEMENT
Q: HOW OFTEN DO YOU ENGAGE WITH THE LOYALTY PROGRAM THAT MAKES YOU FEEL MOST VALUED?

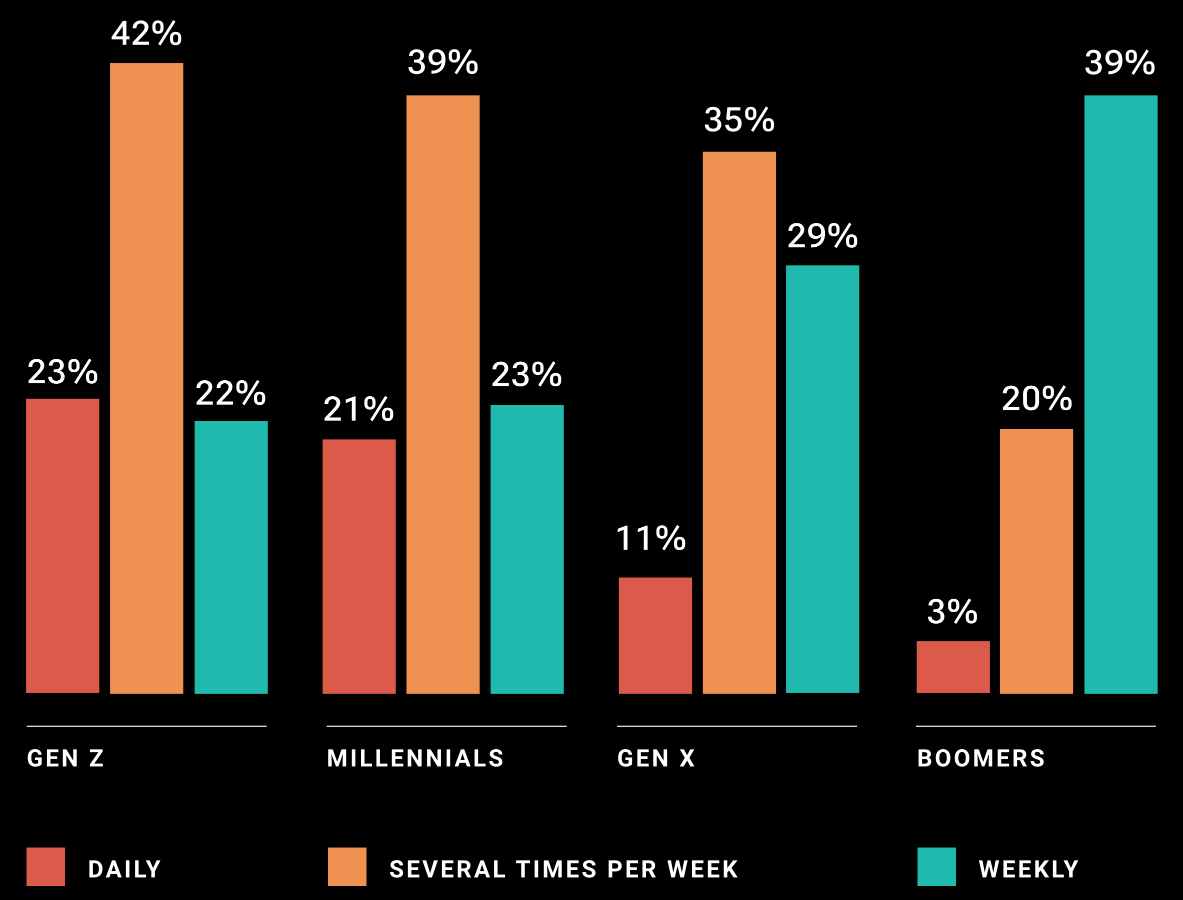
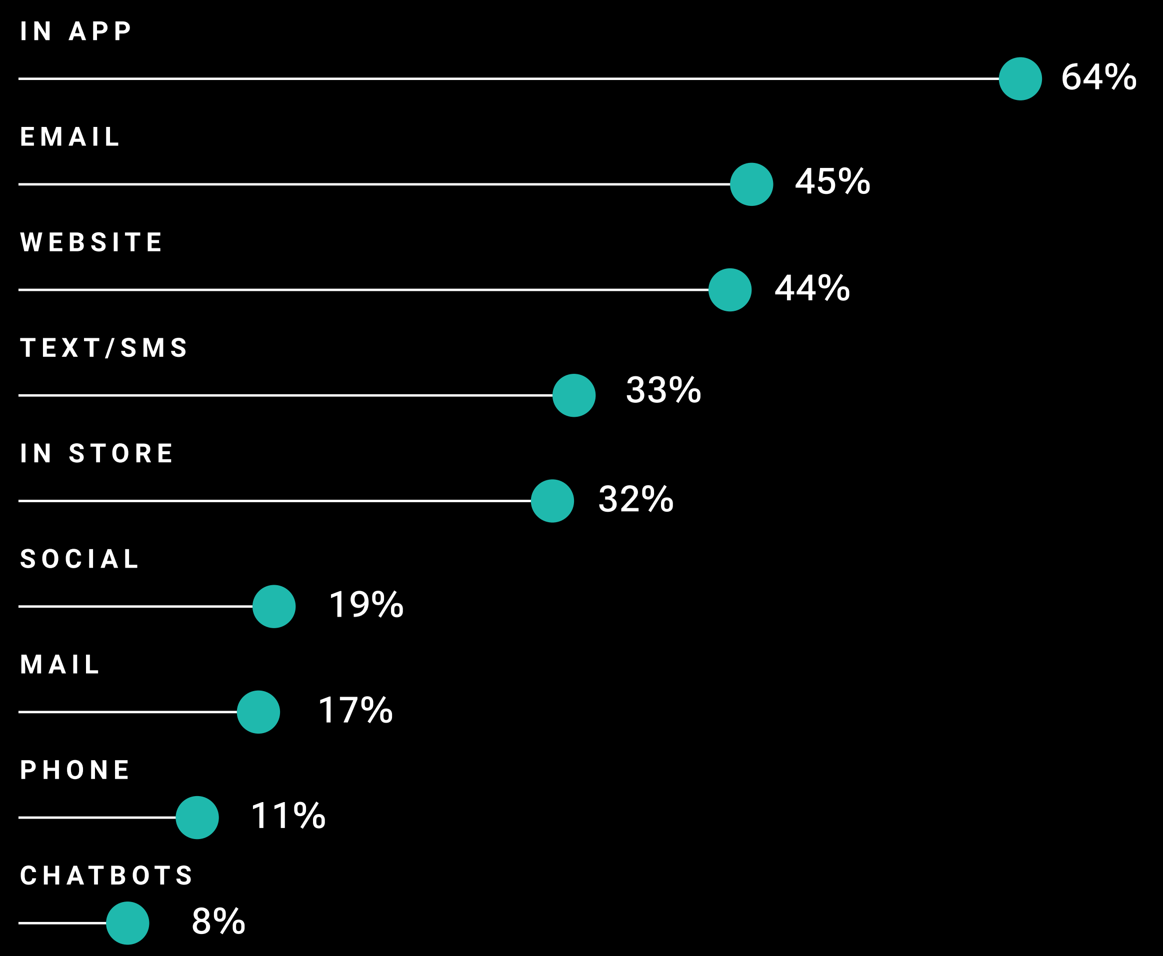


FIG 4: PREFERRED ENGAGEMENT METHODS
Q: HOW DO YOU PREFER TO INTERACT WITH A BRAND'S LOYALTY PROGRAM?



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MOTIVATIONS AND MEMBERSHIP DRIVERS

While transactional benefits like points and discounts remain the primary gateway to loyalty program enrollment, brands must layer in emotional, experiential, and community-focused benefits to deepen engagement and foster long-term loyalty.

When asked whether they've ever joined a loyalty program based on a recommendation from a friend, family member, or online community, nearly 70% said they had done this, with over a quarter saying they had done this "many times." Once part of a loyalty program, many participants noted the trust and value they place in the loyalty community's recommendations, such as products, services, or brands to purchase from or try.

Sixty percent of all respondents reported being influenced to purchase a product or service based on discussions within a loyalty program. This dynamic plays out differently across demographics, with some groups responding more strongly to the social influence embedded in loyalty programs–the previous figure jumps to 70% for men and over 75% for Gen Z and Millennials, for example. Men also placed a higher value on peer recommendations within loyalty programs, with 69% saying they trust suggestions from fellow members, compared to 56% of women. From swapping recommendations to sharing brand affinity, the social aspect is just as important as the rewards.

Loyalty is not only spread peer to peer; celebrity and influencer endorsements play a powerful role, too. Younger consumers were especially swayed, with 56% of Gen Z and 59% of Millennials saying that they have joined a loyalty program specifically because a celebrity or influencer recommended it; over a quarter of both groups said they have done this "many times."

Striking the right balance of community building and personalized experiences is important–this is especially true with Gen Z, Millennials, and men. When asked if they ever stopped interacting with a loyalty program because it felt impersonal, 32% of Gen Z, 31% of Millennials, and 29% of men said "yes, definitely." These consumers expect brands to not only recognize their preferences but reflect them in meaningful, tailored ways. Failing to do so risks turning loyalty programs into forgettable background noise rather than relationship-building tools.

FIG 5: COMMUNITY INFLUENCE ON ENROLLMENT

% WHO JOINED A LOYALTY PROGRAM DUE TO RECOMMENDATION FROM FRIEND, FAMILY, OR ONLINE COMMUNITY

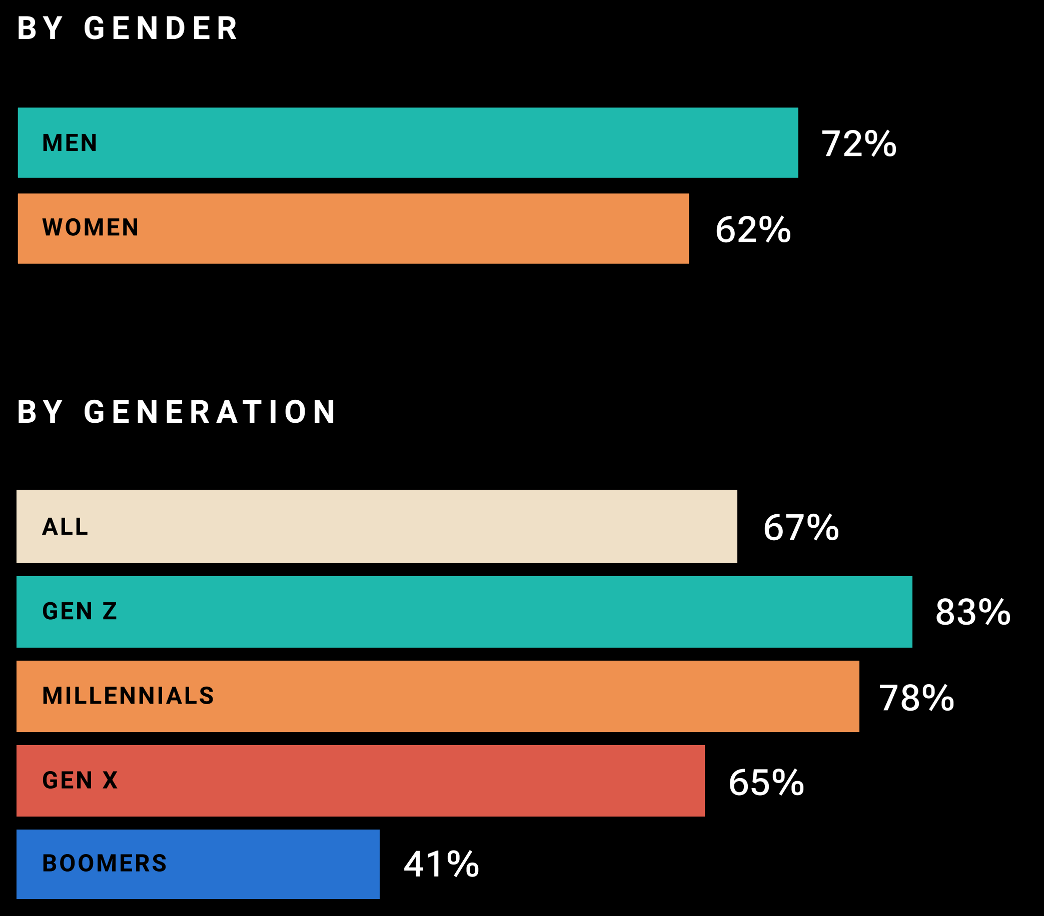


FIG 6: COMMUNITY INFLUENCE ON PURCHASES

% WHO PURCHASED A PRODUCT/SERVICE DUE TO RECOMMENDATIONS FROM OTHERS WITHIN A LOYALTY PROGRAM

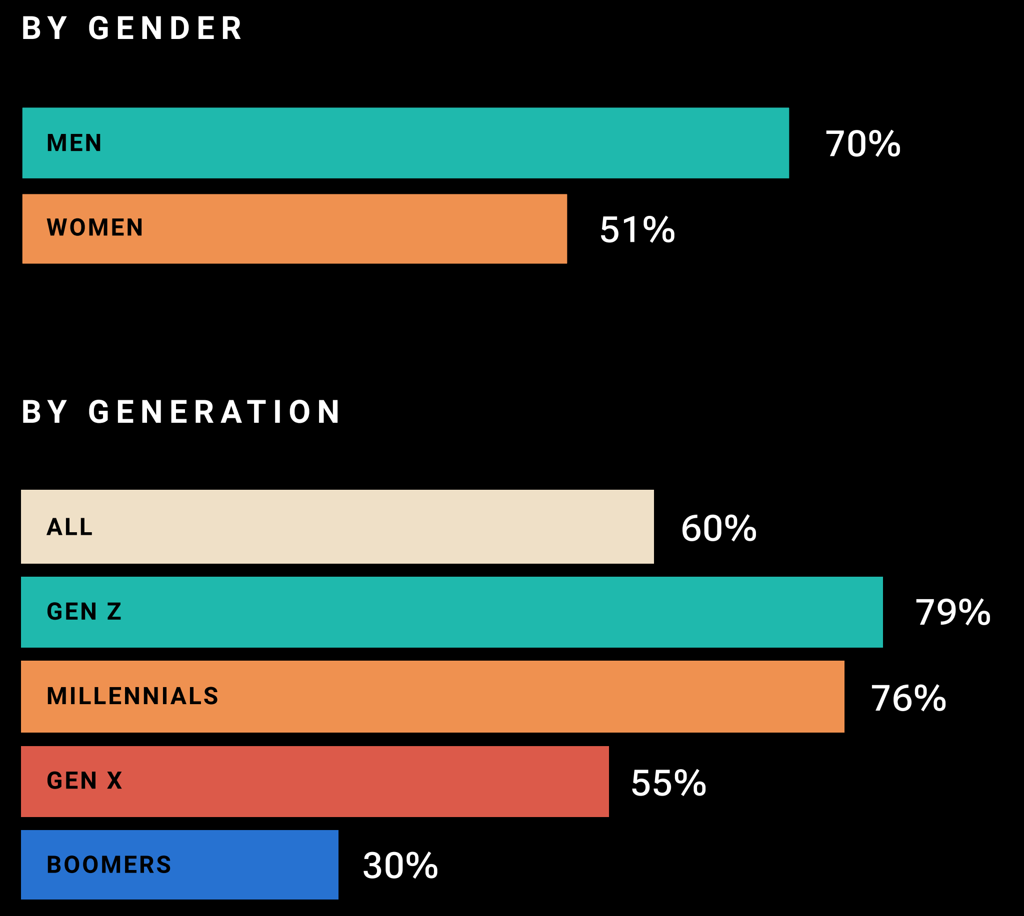
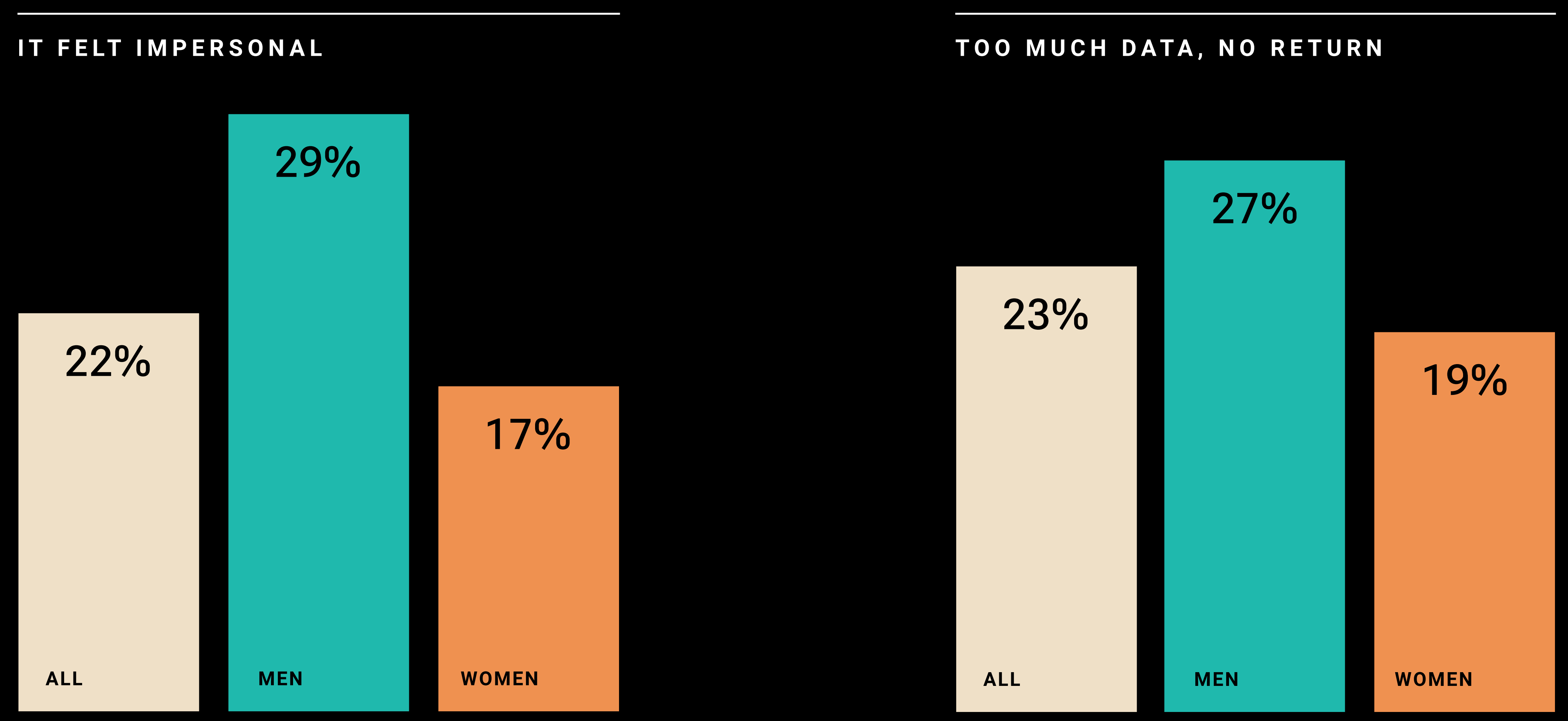


FIG 7: DISENGAGEMENT FACTORS

Q: HAVE YOU EVER STOPPED INTERACTING WITH A LOYALTY PROGRAM BECAUSE...



COMMUNITY INFLUENCE AND DYNAMICS

Peer recommendations are just one way consumers engage with fellow loyalty members, with responses indicating that the presence of other engaged members can be as motivating as the rewards themselves. Nearly 70% of respondents, for example, said they are more likely to join a loyalty program that includes an active community, and over 70% stated that having the opportunity to engage with others within a loyalty program is either "extremely" or "somewhat" important.

This effect is particularly strong among men, with 41% reporting they are "much more likely" to join a program with an active community (compared to 22% of women), and the same percentage indicating that the opportunity to engage with others is "extremely" important (compared to 28% of women). Millennials stand out in this preference among age demographics, with 45% and 43% providing the same responses, respectively. The findings illustrate that brands cultivating active, peer-driven communities within their loyalty programs can significantly boost participation—especially among high-value, high-engagement audiences.

The social aspect of loyalty programs not only strengthens bonds between members but also deepens consumers' emotional connection to the brand itself. One-third of all respondents said they would "definitely" become long-term consumers because of the relationships formed within a loyalty program, a number that rises to 47% among men (compared to 26% of women). Among Gen Z and Millennials, nearly half said a strong connection with fellow members would solidify their long-term loyalty to a brand.

Additionally, consumers don't just want brands to sit on the sidelines: nearly 60% said it was "extremely" or "somewhat" important for a brand to actively participate in or facilitate member discussions, rather than just letting members guide themselves. The takeaway: brands that foster meaningful member-to-member interactions within their loyalty ecosystems don't just build community—they build consumers for life.

FIG 8: POWER OF ACTIVE COMMUNITIES
Q: HOW LIKELY ARE YOU TO PARTICIPATE IN A LOYALTY PROGRAM IF IT HAS AN ACTIVE COMMUNITY OF OTHER CUSTOMERS/MEMBERS?

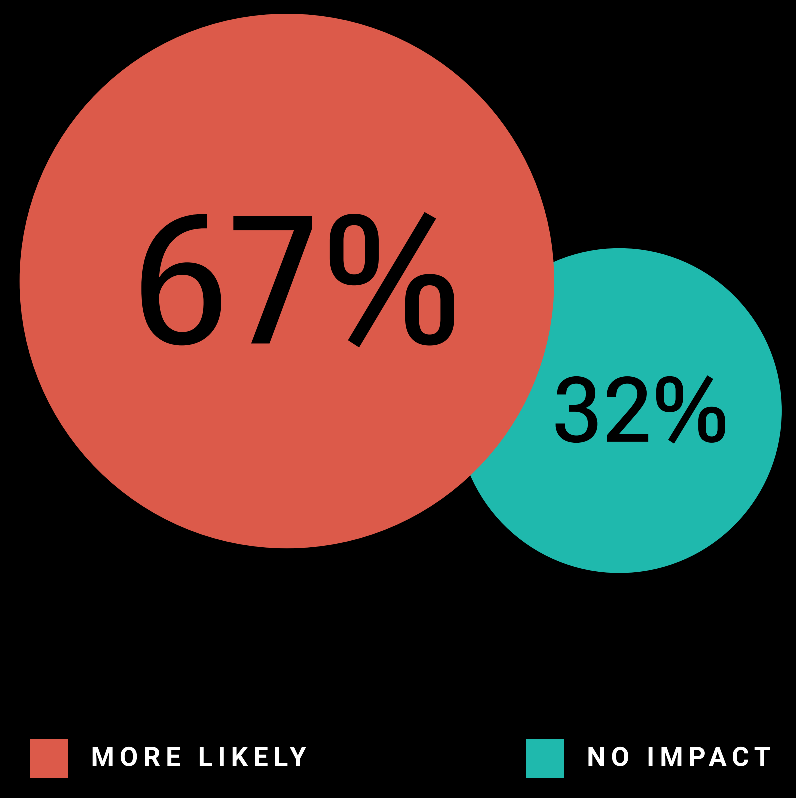


FIG 9: COMMUNITY POWER BY DEMOGRAPHIC
% WHO ARE MUCH MORE LIKELY TO PARTICIPATE IN A LOYALTY PROGRAM IF IT HAS AN ACTIVE COMMUNITY

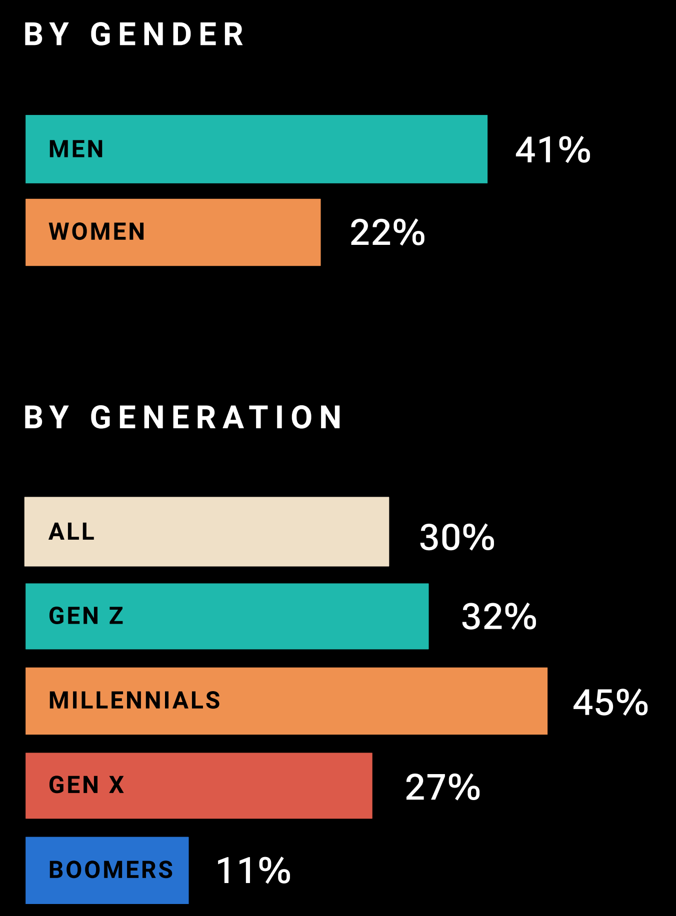


FIG 10: IMPORTANCE OF ENGAGEMENT
Q: HOW IMPORTANT IS THE OPPORTUNITY TO ENGAGE WITH OTHERS WITHIN A LOYALTY PROGRAM?

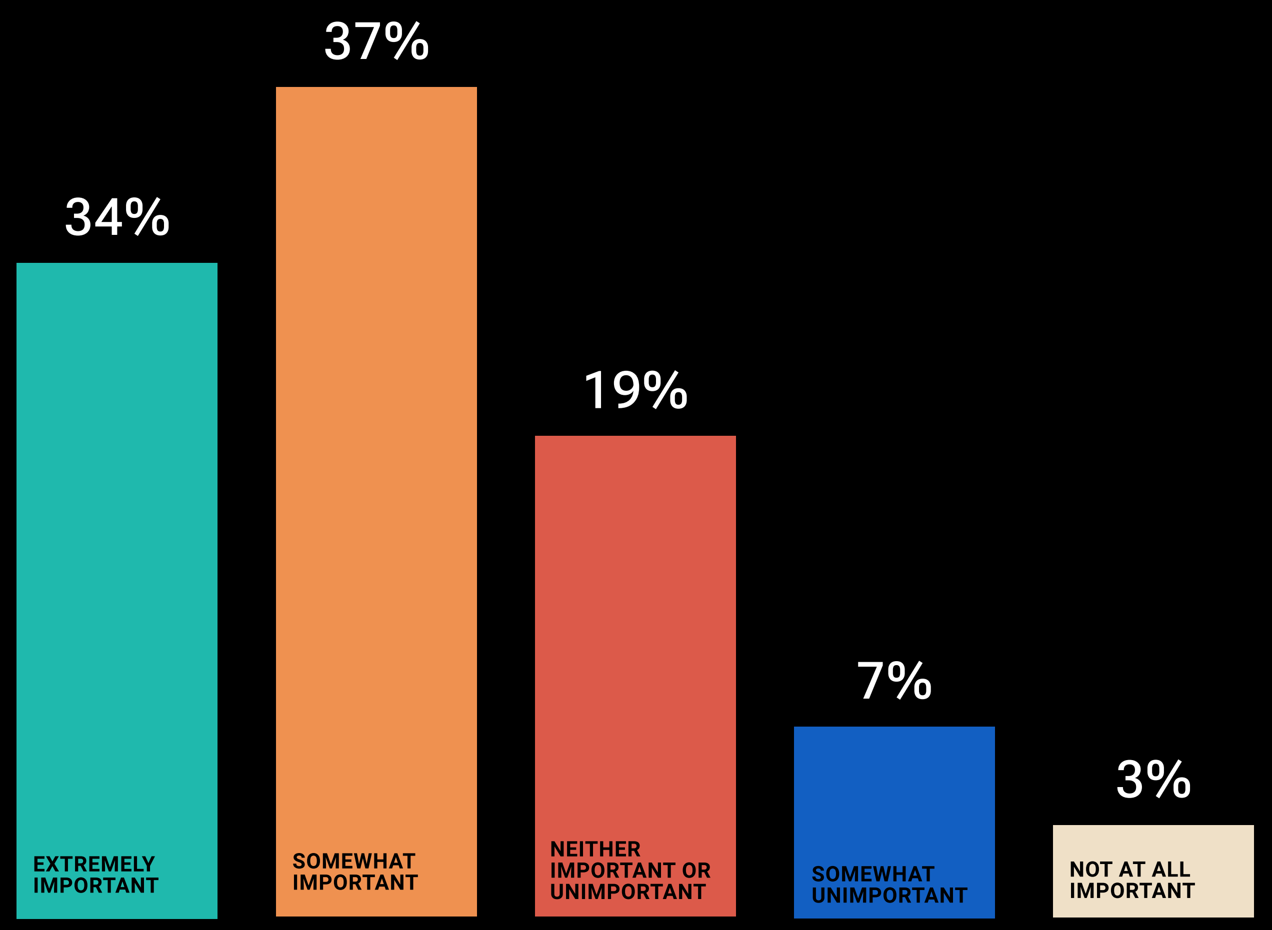
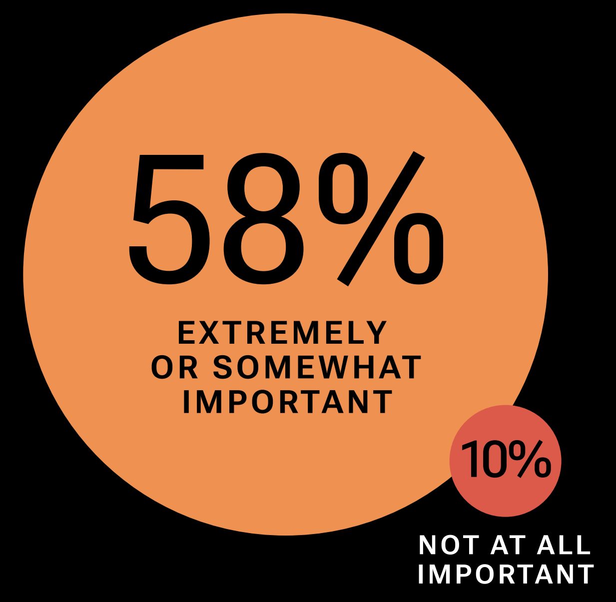


FIG 11: ACTIVE BRAND PARTICIPATION
Q: HOW IMPORTANT IS IT THAT BRANDS ACTIVELY PARTICIPATE IN/ FACILITATE MEMBER DISCUSSIONS?



VALUE AND ENGAGEMENT ENHANCEMENTS

Loyalty programs should invite participation, dialogue, and a deeper sense of belonging. When asked to select which aspects of a loyalty program make them feel most engaged, respondents did place “rewards and incentives” at the top, but nearly 40% chose not to select that option at all. Other leading core aspects that earned votes included opportunities to provide feedback, exclusive member content, and special events or contests with other brands they love.

The findings also pointed to clear, actionable ways brands can build a stronger sense of belonging. Gamified experiences—like badges, challenges, and tier progressions—resonated particularly well with Gen Z (43%), Millennials (45%), and men (42%). Contests, challenges, and product launch events also stood out as high-impact tactics across all age groups, while younger consumers especially gravitated toward themed celebrations.

When it comes to program involvement, respondents also value voting on new perks and products; 80% of all respondents and 90% of both Millennials and Gen Z say they would feel more valued if a loyalty program let members vote on new perks or product offerings. This signals an opportunity for brands to deepen loyalty by inviting younger consumers into the decision-making process and treating them as co-creators, not just consumers.

Partnerships with other brands also stood out as a big opportunity, as both a way to enhance engagement and drive change in purchasing behavior. Forty-four percent of all respondents and more than half of men, Gen Z, and Millennials said they’ve “definitely” changed their purchasing behavior because of a loyalty program’s brand partnership. Over a quarter of all respondents said they hadn’t noticed their favorite loyalty program doing this, but would “definitely” be open to it. Additionally, 84% indicated they would likely engage more with a loyalty program if they had a say in which brands it offered cross-brand partnerships with.

While consumers express a desire for inclusivity, many are also craving a sense of exclusivity within that framework. More than a third of respondents said being part of an exclusive tier made them feel more valued than general loyalty perks, and 29% rated exclusivity within a program as “extremely important.” Additionally, 73% feel "positive" or “very positive” about brands creating exclusive moments or access for members. Exclusivity isn’t a contradiction to inclusivity—it’s a powerful loyalty driver that makes consumers feel recognized, rewarded, and set apart.

FIG 12: GAMIFIED ELEMENTS IN LOYALTY

% WHO AGREE THEY ENJOY PROGRAMS WITH GAMIFIED ELEMENTS (EX: EARNING BADGES, CHALLENGES, TIER PROGRESSION) “A LOT”

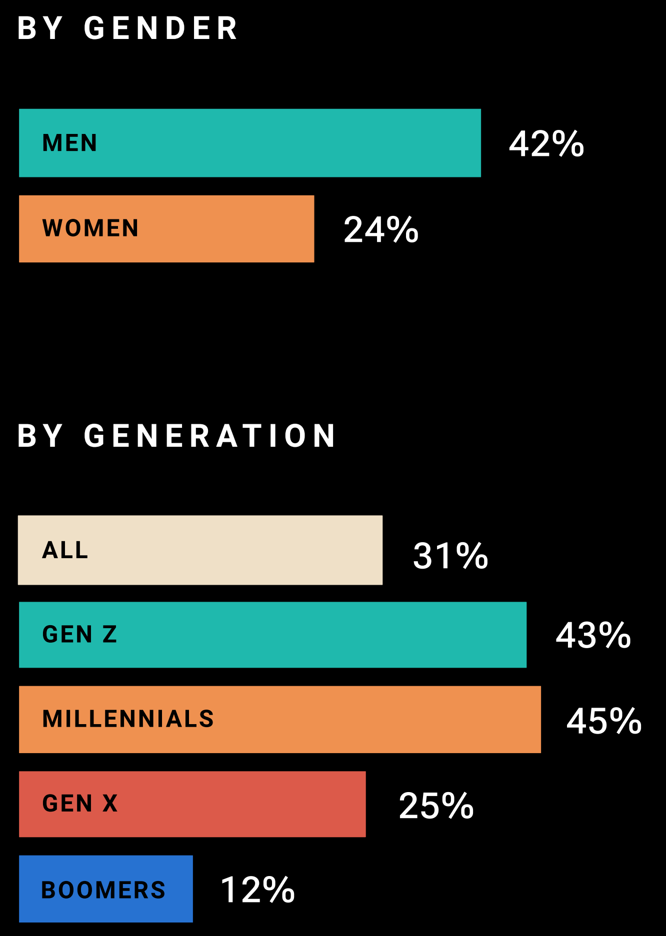


FIG 13: POWER OF LOYALTY PROGRAM PARTNERSHIPS

Q: HAVE YOU EVER CHANGED YOUR PURCHASING BEHAVIOR BECAUSE OF A LOYALTY PROGRAM’S BRAND PARTNERSHIP?

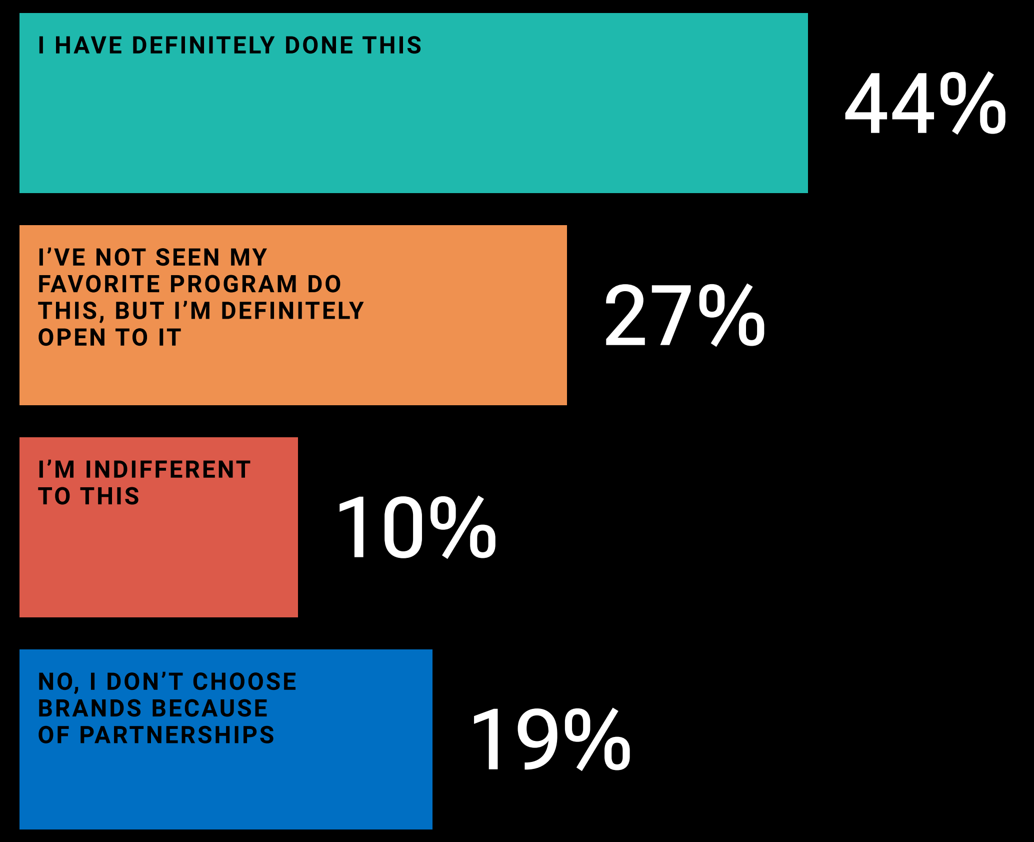


FIG 14: FOSTERING COMMUNITY WITH VOTING

% WHO WOULD FEEL MORE VALUED IF ABLE TO VOTE ON A PROGRAM’S PERKS OR PRODUCTS

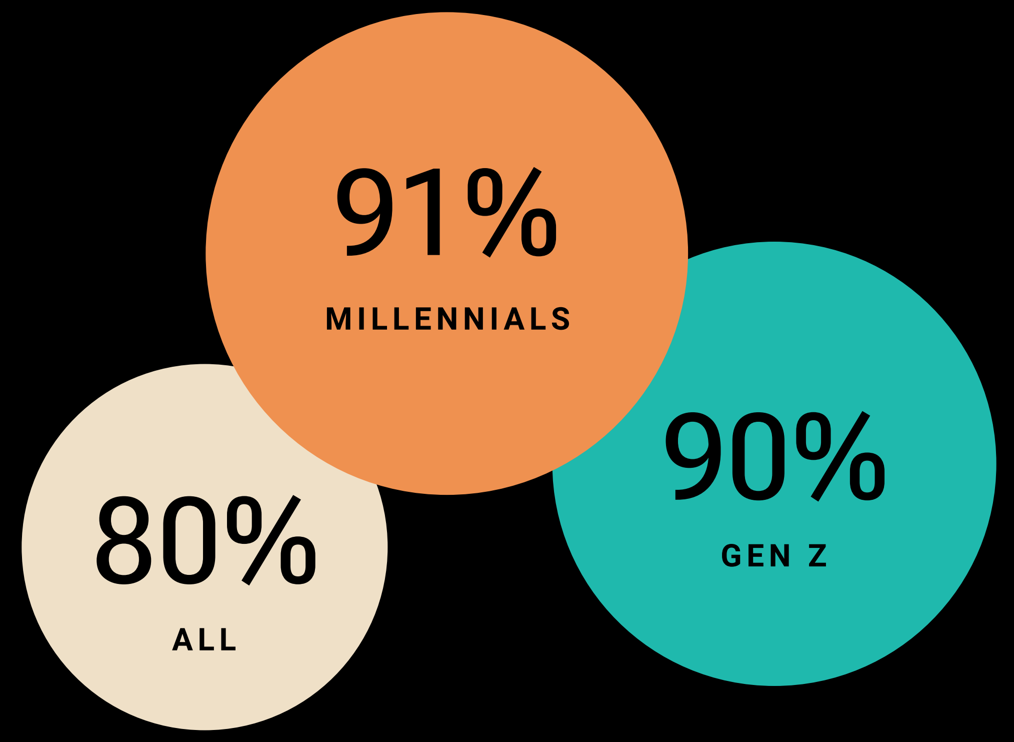
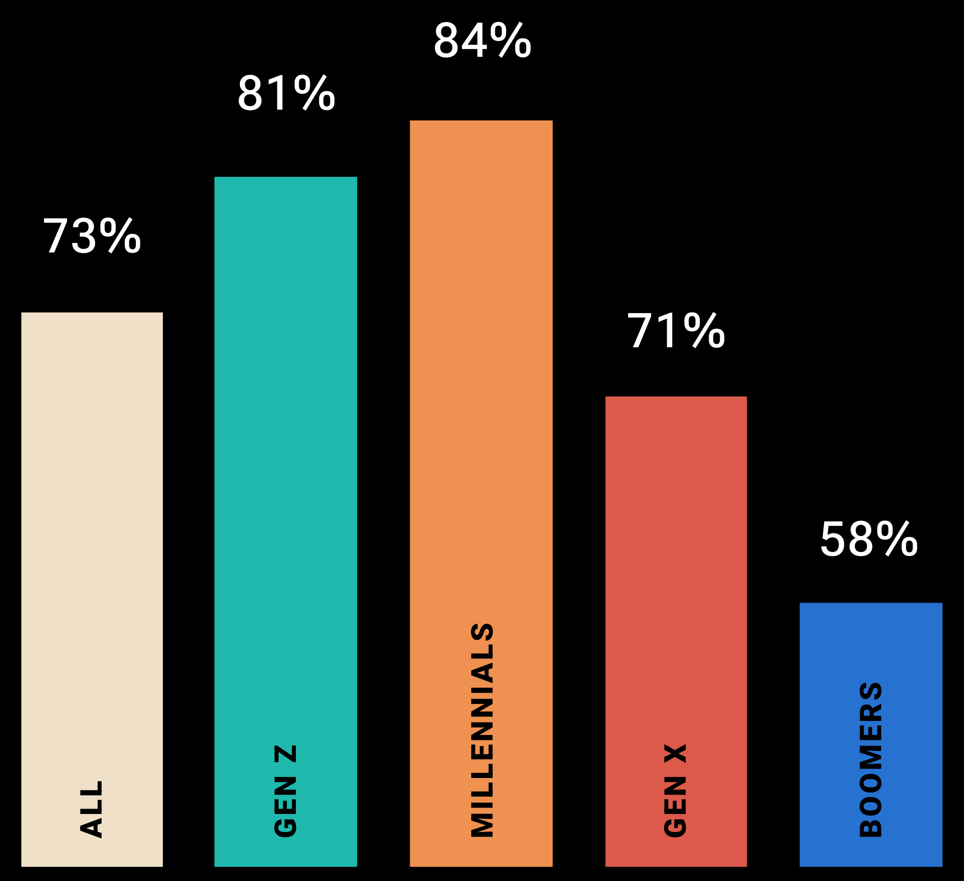


FIG 15: EXCLUSIVE PERKS FOR COMMUNITY MEMBERS

% WHO FEEL POSITIVE ABOUT BRANDS THAT CREATE EXCLUSIVE MOMENTS/ACCESS FOR LOYALTY MEMBERS



STRATEGIES FOR BUILDING LASTING LOYALTY

To build a successful loyalty program today, brands must shift from solely highlighting transactional benefits to fostering deeper emotional connections and community engagement. To stand out among the overwhelming options available, brands must adapt their strategies with the following in mind:

- **Community as a Catalyst for Engagement:** Community plays a pivotal role within loyalty programs. With nearly 70% of respondents indicating a preference for programs with active communities, it's clear that fostering member-to-member and brand-to-member interactions can significantly enhance engagement and retention. Brands should prioritize cultivating vibrant, peer-driven communities to enrich the loyalty experience and drive sustained participation.

- **Emotional and Experiential Enhance Transactional Benefits:** While points and discounts remain foundational elements of loyalty programs, younger consumers are increasingly drawn to the emotional and experiential aspects. Brands should focus on elements such as exclusive content, special events, and opportunities for feedback, moving beyond mere transactional interactions, to deepen engagement.

- **Marrying Personalization and Inclusivity:** Personalization is crucial for maintaining consumer interest, as many respondents disengage from programs that feel impersonal. Simultaneously, offering exclusive tiers or moments within an inclusive framework can enhance perceived value. Brands must strike a balance between both to create a program that feels welcoming, distinctive, and worth it.

- **Leveraging Social Influence and Co-Creation:** Social influence, including recommendations from peers, influencers, and online communities helps to drive loyalty program participation. Additionally, involving members in decision-making processes, such as voting on new perks or partnerships, fosters a sense of ownership. Brands should harness these dynamics to empower consumers as active participants in their loyalty ecosystems.

"PROVIDING PLATFORMS FOR MEMBERS TO SHARE FEEDBACK AND SEE THEIR INPUT INFLUENCE THE PROGRAM CAN BOOST A SENSE OF OWNERSHIP AND COMMUNITY"

"BRANDS CAN IMPROVE ENGAGEMENT IN THEIR LOYALTY PROGRAMS BY MAKING THE EXPERIENCE MORE PERSONAL, INTERACTIVE, AND REWARDING."

"OFFER MORE EXCLUSIVE PROMOTIONS AND EVENTS AS WELL AS MORE ENGAGEMENT WITH THEIR LOYALTY MEMBERS."

"TAILORING REWARDS, OFFERS, AND COMMUNICATION TO INDIVIDUAL CUSTOMER PREFERENCES MAKES THE PROGRAM FEEL MORE RELEVANT. CREATING A STRONG SENSE OF COMMUNITY IS ALSO KEY."