

5 W P U B L I C R E L A T I O N S

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# Loyalty Premium

A 2026 STATE OF CONSUMER LOYALTY STUDY

*How American consumers build, break, and reward brand relationships  
across eight consumer sectors*

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# THE LOYALTY PREMIUM

*A 2026 State of Consumer Loyalty Study*

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## ABOUT THIS STUDY

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The Loyalty Premium is a synthesis study examining what American consumers pay for, return for, and recommend across eight consumer sectors. It draws on published research from Bain & Company, McKinsey, Accenture, Deloitte, JD Power, S&P Global Mobility, Antenna, Circana, Bond Brand Loyalty, Merkle, Forrester, IBM, Kantar, Numerator, and additional peer-reviewed and industry sources.

This report does not rely on primary survey research. Every statistic cited is sourced to its original publication, listed in the Sources section at the end of this report. Where industry figures diverge across sources, the most recent or most methodologically rigorous is cited, with alternates noted.

The purpose is not to rank brands but to define how loyalty economics work today — sector by sector, metric by metric, driver by driver — and to establish a repeatable framework for future annual updates.

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## The Loyalty Premium in 2026

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American consumer loyalty is at an inflection point. The tactical infrastructure — points, tiers, apps, personalization — has never been larger or more sophisticated. The underlying emotional relationship has never been more fragile. In 2025, the share of US consumers reporting "true loyalty" to the brands they buy fell to 29 percent, a five-point decline from the prior year, even as the average American belonged to 17.4 loyalty programs and actively used fewer than nine of them.<sup>1</sup>

This report examines that tension across eight sectors of the US consumer economy. Drawing on published research from more than three dozen authoritative sources, it frames loyalty through six repeatable metrics and six measurable drivers, and surfaces where American consumers reward brands, where they defect, and what is changing fastest.

### Six findings define the 2026 picture

**1. Loyalty economics remain among the highest-leverage levers in marketing.** The Bain/Reichheld finding — that a five-percentage-point improvement in customer retention can increase profits by 25 to 95 percent, depending on sector — has been validated repeatedly over 25 years and remains the single most-cited statistic in the field. Acquiring a new customer continues to cost five to 25 times more than retaining an existing one.<sup>2</sup>

**2. The "loyalty program" and "loyalty" are diverging.** Enrollment is at record highs. Engagement is falling. Fewer than half of enrolled members are active in any given program, and in oversaturated categories only 64 percent of members enrolled in six or more programs are still earning or redeeming rewards. The programs that work are no longer transactional — they are identity- and experience-driven.<sup>3</sup>

**3. Sector dispersion is wider than commonly understood.** The loyalty premium Sephora captures in beauty (approximately 80 percent of North American sales from program members) bears almost no resemblance to what consumer banks capture (73 percent of consumers engage with banks outside their primary institution, and only 44 percent of banking customers rate their primary bank a 9 or 10 out of 10). Treating loyalty as one problem is the most common strategic error in the category.<sup>4</sup>

**4. The driver hierarchy has shifted.** Across sectors, price discounting is a necessary but insufficient driver. Emotional connection now carries measurably more weight than functional benefits in predicting repeat behavior — customers emotionally connected to a brand deliver up

to 306 percent higher lifetime value than merely satisfied ones.<sup>5</sup> Values alignment, community, and experience quality are rising as weighted drivers in every sector studied.

**5. Advocacy is the undervalued multiplier.** Accenture's 2025 banking research found that institutions in the top quintile of customer advocacy scores grow revenue 1.7 times faster than their peers. Similar patterns appear in retail, QSR, and beauty. Advocacy is not a byproduct of loyalty — it is a distinct, measurable outcome that produces disproportionate growth.<sup>6</sup>

**6. First-party data has become the operational foundation of loyalty.** With third-party cookies phasing out and consumer privacy expectations rising, identity graphs and first-party behavioral data are no longer optional inputs — they are prerequisites for the personalization consumers now expect. 75 percent of US shoppers say they are more likely to stay loyal to brands that understand them on a personal level.<sup>7</sup>

### **What the report covers**

Part I establishes the framework: why loyalty economics matter in the current environment, the six metrics used across all sectors, and the six drivers tested for weight. Part II applies the framework to eight consumer sectors, each examined through the same lens for consistency. Part III synthesizes cross-sector patterns and translates findings into actionable implications for marketers and CFOs. The full list of sources, cited numerically throughout, appears at the end of the report.

P A R T I

# Foundations

*Why loyalty economics matter, how to measure them,  
and what actually drives them.*

# Why Loyalty Economics Matter in 2026

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The economic case for loyalty is the most durable finding in marketing research. Frederick Reichheld's original 1990 analysis at Bain & Company — that a five-percentage-point improvement in customer retention could increase profits by 25 to 95 percent depending on industry — has been independently replicated across sectors and decades.<sup>1</sup> Twenty-five years later, the core economics have not changed. What has changed is the difficulty of achieving them.

## 1.1 The cost-of-acquisition squeeze

Between 2014 and 2023, the median cost to acquire a new customer rose by approximately 222 percent across consumer-facing categories, according to data compiled from Profitwell, SimplicitiDX, and related sources. In 2013, the average merchant spent approximately \$9 to acquire a new customer; a decade later the comparable figure had risen to \$29.<sup>8</sup> The causes are familiar: media fragmentation, competitive saturation, the depreciation of third-party cookies, and the rising cost of digital inventory on platforms that consolidated performance marketing. Retention has become, in relative terms, more attractive than at any point in the digital era — not because consumers are harder to keep, but because they are harder and more expensive to find.

Against this backdrop, the global loyalty management market has grown from \$13.31 billion in 2024 to a projected \$41.21 billion by 2032, a 15.3 percent compound annual growth rate.<sup>9</sup> The investment follows a simple logic: even at current retention rates, the marginal customer retained is worth substantially more than the marginal customer acquired.

### FOUNDATIONAL ECONOMICS

*A five-percentage-point improvement in retention can increase profits by 25 to 95 percent. Acquiring a new customer costs five to 25 times more than retaining one. These two findings — 25 years old and repeatedly validated — remain the foundational economics of consumer marketing.*

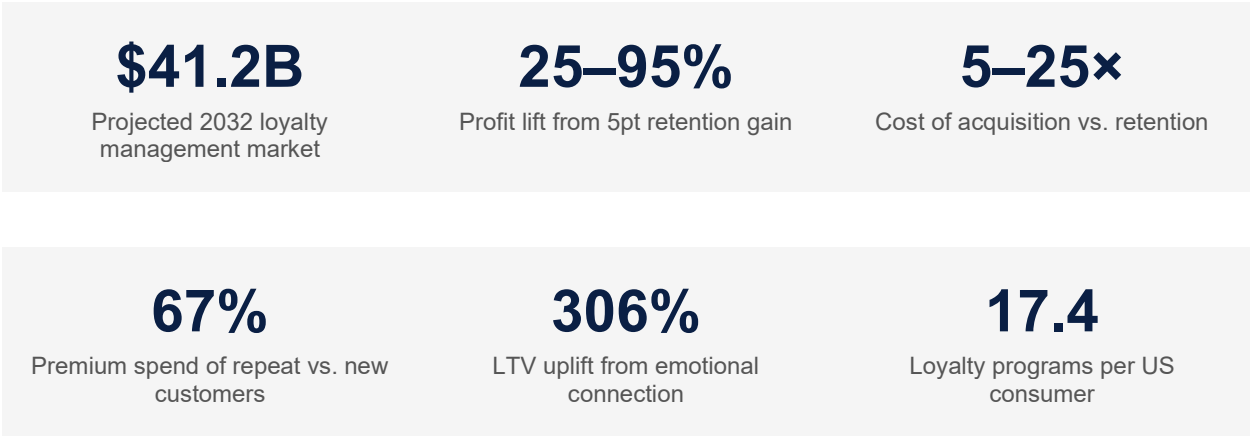
## 1.2 The enrollment-engagement gap

The paradox of 2026 loyalty is that participation has never been higher and emotional connection has never been weaker. The average US consumer now belongs to 17.4 loyalty programs according to Bond Brand Loyalty's 2025 report — but is actively engaged in only 8.8 of them.<sup>10</sup> Deloitte's parallel research puts the numbers lower (approximately 8 enrollments, 5 active), but arrives at the same conclusion: fewer than half of enrolled members meaningfully engage with any given program.<sup>11</sup>

The erosion is accelerating. In 2025, "true loyalty" — defined by industry researchers as deep brand devotion that persists regardless of price — was reported by 29 percent of US consumers, a five-point drop from 2024.<sup>12</sup> Conditional loyalty, in which consumers prefer a brand at a given price but refuse to pay a premium, has become the majority mode. Among Gen Z consumers, McKinsey found that 57 percent report being less loyal to brands than they were before the pandemic.<sup>13</sup>

This creates what might be called the enrollment-engagement gap: a widening space between the loyalty programs consumers join and the brand relationships they actually maintain. Closing that gap is the operational challenge of the next five years.

### 1.3 The economic stakes, quantified



The stakes translate differently by sector but share common structure. Repeat buyers, according to analyses from BIA Advisory Services and others, spend approximately 67 percent more than first-time customers by their third year of relationship with a brand.<sup>14</sup> Emotionally connected customers, per Motista's longitudinal research, deliver 306 percent higher lifetime value than merely satisfied ones — and refer at substantially higher rates.<sup>15</sup> The top 10 percent of loyal customers, per Smile.io's ecommerce analysis, spend twice as much per order as the median customer.<sup>16</sup> The compounding of these effects is what produces the Bain finding: retention is not a marketing tactic but a profit architecture.

### 1.4 Why now

Three forces converge in 2026 to elevate loyalty from tactical concern to strategic imperative.

**Economic pressure.** Consumer spending on non-essential categories remains uneven. commercetools' 2025 research found that 65 percent of consumers report relying more heavily on loyalty programs during periods of economic pressure — suggesting that in downturns, loyalty

programs operate less as marketing tools and more as value-extension infrastructure for households. Brands that earn loyalty early in a cycle hold it.<sup>17</sup>

**AI and personalization.** Generative and predictive AI have moved personalization from aspiration to baseline expectation. 75 percent of US shoppers say they are more likely to stay loyal to brands that understand them on a personal level, and 62 percent are willing to spend more when the experience is customized.<sup>18</sup> The corollary is that brands without first-party data and identity infrastructure cannot deliver the personalization their customers now expect.

**Trust erosion.** Accenture's 2025 Life Trends research found that 60 percent of consumers are questioning the authenticity of online content more than before, and 37 percent globally believe companies are prioritizing profit over customer experience.<sup>19</sup> In this environment, trust and advocacy become scarce goods — and brands that earn them disproportionately.

## 1.5 What this report measures

The chapters that follow organize loyalty around two frameworks. Chapter 2 introduces the six metrics of loyalty — the quantifiable outcomes that distinguish genuinely loyal behavior from transactional repeat purchase. Chapter 3 introduces the six drivers — the causal factors whose relative weight varies by sector and whose movement explains why certain brands build loyalty faster than others.

The sector chapters that follow in Part II apply both frameworks consistently. This consistency is what makes the study a repeatable franchise: future editions can update each metric and driver reading year over year, producing a longitudinal view of loyalty economics across the American consumer economy.

## The Six Metrics of Loyalty

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Consumer loyalty is frequently discussed in aggregate — "loyal customers," "brand advocates," "repeat buyers" — as if these were interchangeable. They are not. Loyalty resolves into distinct, measurable behaviors, each of which produces a different economic return and responds to different interventions. This chapter introduces the six metrics used throughout this report.

The metrics are designed to be sector-agnostic — each applies, with calibration, to categories as different as banking and beauty — and to produce an internally consistent view of where loyalty is earned, where it is lost, and where value accrues.

### 2.1 Price premium captured

Price premium is the dollar value a loyal customer pays above the category reference price for the same category need. It is the most direct financial expression of loyalty and the hardest to measure, because it requires comparing what a customer paid to what they would have paid at the nearest acceptable substitute.

The aggregate evidence is consistent across sectors. Yotpo's 2025 consumer research found that 39 percent of US consumers are willing to pay more for brands they love even when cheaper alternatives exist.<sup>20</sup> Accenture's parallel research puts the figure at 43 percent.<sup>21</sup> IBM's Institute for Business Value identifies 44 percent of consumers as "purpose-driven," a segment that accepts premium pricing aligned with values.<sup>22</sup> The figure rises to 74 percent among Gen Z for environmentally or socially minded apparel.<sup>23</sup>

Where price premium is highest — luxury beauty, premium hospitality, specialty coffee — the loyalty relationship is usually anchored in identity or emotional connection rather than functional benefit. Where it is lowest — grocery staples, mass-market QSR, consumer banking — the loyalty relationship typically functions on convenience, switching cost, and accumulated rewards.

### 2.2 Repeat purchase frequency

Repeat frequency measures how often a loyal customer returns relative to the category baseline. It is the most commonly tracked loyalty metric and the most susceptible to misinterpretation. Raw repeat rates reflect both genuine loyalty and habit, and the two behave differently under pressure.

The headline findings are substantial. Among ecommerce customers, the probability of a second purchase after an initial buy is approximately 30 percent; after a second purchase, the probability of a third jumps past 50 percent.<sup>24</sup> In the loyalty-program context, LoyaltyLion's 2026 analysis found that program members spend up to 40 percent more than non-members at the same brand,

with active redeemers spending 164 percent more.<sup>25</sup> Yotpo's research found that 88 percent of consumers believe it takes three or more purchases before true brand loyalty forms — a threshold that helps explain why retention economics compound over time.<sup>26</sup>

### **2.3 Share of category wallet**

Share of wallet measures the percentage of a customer's total category spending captured by a single brand. Unlike repeat frequency, which can be high even among multi-brand buyers, share of wallet directly measures brand exclusivity within the category.

The variance across sectors is extreme. In beauty retail, Sephora's Beauty Insider members are responsible for approximately 80 percent of the company's North American sales, and Ulta Beauty Rewards members generate over 95 percent of the retailer's total revenue — share-of-wallet figures among the highest in consumer retail.<sup>27</sup> In consumer banking, by contrast, Accenture's 2025 research found that 73 percent of US consumers engage with financial institutions other than their primary bank, and that the typical North American consumer holds 7.1 financial products spread across multiple institutions, with only 3 at their "main" bank.<sup>28</sup>

Share of wallet reveals where category competition actually lives. High-wallet-share sectors compete on depth of relationship; low-wallet-share sectors compete on product-by-product basis. The strategic implications differ fundamentally.

### **2.4 Recovery rate after a negative experience**

Recovery rate measures the percentage of customers retained after a service failure, product issue, or negative experience. It is the single most predictive metric of long-term brand strength, because it captures how durable the loyalty is when tested.

The research is consistent: recovery is where loyalty is most often won and most often lost. Gartner research cited in multiple analyses finds that receiving value during a service interaction increases the likelihood of positive word-of-mouth by 97 percent and wallet share by 86 percent.<sup>29</sup> Zendesk's 2024 research found that approximately 70 percent of global consumers feel loyalty toward at least one brand — and that negative recovery experiences are the leading cause of defection from that loyalty.<sup>30</sup> In streaming, Recurly's 2025 analysis found that 50 percent of subscribers who cancel Netflix return within six months and 61 percent within a year, indicating unusually high recovery capacity built on content breadth.<sup>31</sup>

### **2.5 Active referral rate**

Referral rate — the share of customers who actively recommend a brand to others — is the metric most closely associated with compound growth. It is also the hardest to inflate through marketing spend: consumers recommend what they genuinely value, and the act of recommending increases the recommender's own commitment.

The economic stakes are large. Nielsen's long-running brand recommendation research found that 92 percent of consumers trust recommendations from people they know above all other forms of advertising.<sup>32</sup> Bain's Net Promoter System research found that NPS leaders in a given category typically grow revenue at approximately twice the rate of their industry peers.<sup>33</sup> Accenture's 2025 banking study is among the most quantitatively specific: banks in the top quintile of customer advocacy grow revenue 1.7 times faster than peers, and 2.6 times faster in North America specifically — and advocates hold an average of 17 percent more products with their primary bank.<sup>34</sup>

The referral premium is real and sector-invariant, but it operates through different mechanisms in different categories. In beauty, referrals flow through social media and peer recommendation; in banking, they flow through family and workplace networks; in automotive, through owners publicly displaying the product. The channel is sector-specific; the compound growth effect is universal.

## **2.6 Willingness to extend into adjacent products**

Category extension — the willingness of loyal customers to purchase adjacent products, services, or experiences from the same brand — is the most underweighted of the six metrics. It captures the difference between a transactional brand relationship and an identity-level one.

The extension premium is substantial where brands successfully build it. Accenture's research found that banking "advocates" hold 17 percent more products with their primary bank and allocate 5 to 30 percent more share of wallet across products than non-advocates.<sup>35</sup> In hospitality, Marriott Bonvoy members account for approximately 75 percent of room nights in the US and Canada — and the same customers are substantially more likely to use Marriott's credit card products, experiences platform, and co-branded travel services.<sup>36</sup> In retail, existing customers are 50 percent more likely to try new products and spend 31 percent more than new customers on those products, according to Invesp.<sup>37</sup>

Extension willingness distinguishes portfolio brands from product brands. It is also the single most predictive metric of whether a brand can monetize AI-driven personalization, because personalization becomes high-value only when there is something relevant to recommend beyond the initial purchase.

## **2.7 Why six metrics, not one**

A common error in loyalty measurement is reducing the category to a single headline metric — Net Promoter Score being the most common example. NPS is a useful metric for one specific question (referral likelihood) but correlates imperfectly with the other five dimensions examined here. A customer may have high repeat frequency and low referral intent, or high price premium tolerance and low category extension willingness. These are distinct behaviors that respond to distinct interventions.

This report uses all six metrics in parallel across all eight sectors. The pattern of scores — which metrics are high, which are low, and how they interrelate — is what produces the sector-level loyalty portrait.

## The Six Drivers of Loyalty

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If the six metrics describe what loyalty produces, the six drivers describe what produces loyalty. They are the causal inputs — the factors whose relative weight varies by sector, whose movement explains why certain brands build loyalty faster than their peers, and whose combination determines the shape of a sector's competitive dynamics.

Each driver is measurable. Each operates independently, though they interact. And each carries a different weight in different sectors — a pattern explored in detail in the sector chapters that follow.

### 3.1 Product consistency

Product consistency is the baseline driver: does the product deliver its core promise reliably, every time, across channels and over time. It is the most universally important driver and the one most often underweighted in branding-focused discussions of loyalty.

PwC's 2024 consumer research found that 46 percent of consumers name product or service quality as the primary reason they stay loyal to a brand — the single largest factor across the research.<sup>38</sup> Deloitte's parallel work reaches similar conclusions: the correlation between product reliability and repeat purchase frequency is stronger than any other measured input across most sectors.<sup>39</sup> Where consumers perceive inconsistency — a beauty product that varies between batches, a quick-service restaurant whose output differs by location, a streaming service with unreliable availability — loyalty falls off quickly regardless of price or marketing.

Product consistency carries disproportionate weight in functional categories (banking, automotive, streaming) and in categories with short feedback loops (QSR, grocery, CPG), where consumers experience variance directly and frequently. It carries somewhat lower weight — though never zero weight — in identity-driven categories like luxury beauty and premium hospitality, where the "product" is more properly understood as the total experience.

### 3.2 Service and support quality

Service quality is distinct from product quality. Product quality determines whether the brand meets expectations in the default path; service quality determines whether it meets expectations when something goes wrong, when the customer has a question, or when a non-standard need arises.

The research on service quality as a loyalty driver is large and consistent. HubSpot's data indicates that 93 percent of consumers are more likely to make repeat purchases at companies

with excellent customer service.<sup>40</sup> Bain's research shows that businesses prioritizing customer service grow revenue 4 to 8 percent above their market average.<sup>41</sup> Forbes' customer service research found that 86 percent of customers say an emotional connection with a service representative would make them continue doing business with a company.<sup>42</sup>

Service quality operates as both a loyalty driver and a defection preventer. Its weight rises in categories with recurring interaction (banking, streaming, telecom) and in categories where individual service events are high-stakes (travel, automotive).

### **3.3 Brand values and stance**

Values alignment — the perception that a brand stands for something a consumer endorses — has moved from a marginal loyalty factor to a central one, particularly among younger consumers. The evidence is now consistent across multiple research streams.

Wunderman's brand purpose research found that 89 percent of US consumers say they are loyal to brands whose values they share.<sup>43</sup> IBM's Institute for Business Value identifies 44 percent of consumers as "purpose-driven," making this the largest single consumer segment in its research.<sup>44</sup> The Gen Z dimension is even more pronounced: 74 percent of Gen Z shoppers say they would pay more for apparel that is environmentally or socially minded.<sup>45</sup>

Values as a driver is double-edged. The 2023–2025 period has produced multiple cases where brands that took stances alienating segments of their customer base experienced measurable financial consequences. The research indicates that values alignment drives loyalty most powerfully when it is intrinsic to the brand's category (mission-driven natural products, values-forward beauty) and least powerfully — and most risky — when it is bolted onto category-functional brands whose core loyalty is based on other factors.

### **3.4 Community and identity**

Community is the most qualitative of the six drivers and one of the most powerful in categories where it operates. Community loyalty is not about the product; it is about the shared identity and belonging that membership in the brand's ecosystem provides.

The strongest demonstrated cases come from beauty, fitness, and automotive — categories where consumers publicly display the brand and participate in shared practice. Sephora's Beauty Insider Community, Nike's Run Club, Harley-Davidson's Owners Group, Apple's product ecosystem, and Tesla's owner network all function as identity communities in addition to product categories. Snipp's 2025 loyalty research cites Harvard research that 82 percent of consumers who feel emotionally engaged with a brand remain loyal, spend more, and actively advocate.<sup>46</sup>

Community scales in sectors with high emotional salience and regular shared practice. It scales poorly in categories consumers do not discuss or display publicly (banking, insurance, most CPG).

### **3.5 Convenience and experience**

Convenience is the driver whose importance has risen fastest in the digital era. It includes speed, seamlessness, interoperability across channels, and absence of friction at every stage of the customer journey — from discovery through purchase through use through repurchase.

The quantitative case is strong. 73 percent of consumers across industries cite convenience as a primary loyalty factor in PwC research.<sup>47</sup> In QSR specifically, Starbucks Rewards members account for approximately 41 to 59 percent of US transactions (figures vary by quarter), driven primarily by the mobile app's order-ahead functionality, saved payment, and favorite-drink persistence — convenience infrastructure that produces 6 to 10 times higher visit frequency for members versus non-members.<sup>48</sup>

Convenience carries disproportionate weight in high-frequency, low-consideration categories (QSR, convenience retail, streaming, banking) where friction compounds rapidly. It carries less weight in high-consideration, low-frequency categories (automotive, travel) where consumers willingly invest time in each purchase.

### **3.6 Communications and transparency**

The final driver is the one where public relations, marketing, and investor relations converge: how well a brand communicates about itself, how transparently it handles difficult moments, and how clearly consumers understand what the brand stands for.

Transparency, specifically, has emerged as a measurable driver. 61 percent of customers believe brands should use personal information more thoughtfully to predict their needs — a finding that sits uncomfortably alongside the simultaneous consumer desire for personalization.<sup>49</sup> 68 percent say they would engage more with brands that educate them through content rather than sell to them.<sup>50</sup> Accenture's 2025 research found that 53 percent of consumers now question the authenticity of product reviews, and 60 percent question the authenticity of online content more broadly.<sup>51</sup> The consequence is that brand communications carry greater weight than a decade ago — because consumers trust less of what they encounter elsewhere.

Communications and transparency operate as amplifiers and dampeners of the other five drivers. A brand with excellent products but poor communication underperforms its loyalty potential; a brand with weaker product consistency but exceptional communication often over-performs its product fundamentals.

### **3.7 Driver weight varies; the framework does not**

The relative weight of each driver varies materially by sector. Product consistency weighs heaviest in automotive; community weighs heaviest in beauty; convenience weighs heaviest in QSR; values weigh heaviest in certain apparel segments. The sector chapters in Part II quantify this variance and show where each sector's loyalty economics are most sensitive.

What does not vary is the framework itself. The same six drivers apply to all eight sectors. This consistency is what makes cross-sector comparison meaningful and what makes annual updates directly comparable over time.

PART II

# Sector Analysis

*Eight consumer sectors. One consistent framework.  
Six metrics and six drivers, applied to each.*

## CHAPTER FOUR

# Retail & Apparel

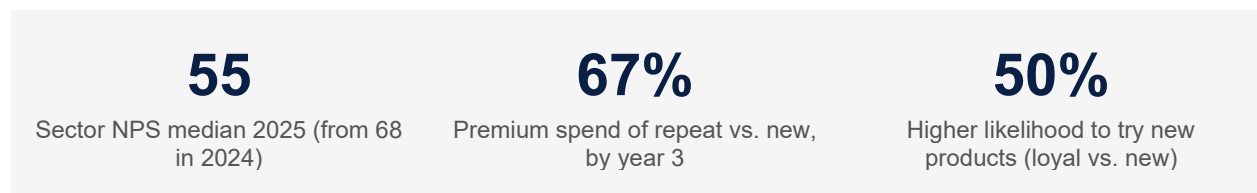
*Where omnichannel convenience, values, and product consistency intersect — and where Gen Z is rewriting the loyalty rules fastest.*

### 4.1 Sector state

US retail and apparel is the largest and most competitive of the eight sectors examined in this study. It is also the sector where loyalty has become most structurally fragile. The median Net Promoter Score in retail and ecommerce fell to 55 in 2025 from 68 in 2024 — one of the steepest year-over-year declines across any tracked industry.<sup>52</sup> The drop reflects intense promotional activity, price-comparison fluency among consumers, and the rising share of category spending captured by mass-market platforms whose loyalty structures are fundamentally different from traditional retail.

Within these dynamics, however, several retailers and apparel brands produce loyalty economics among the strongest in the consumer economy. The pattern is consistent: retail loyalty in 2026 concentrates at the extremes of the price-value distribution. Mass-scale value players (Amazon, Costco, Walmart) produce loyalty through convenience and price certainty; premium specialty players (Lululemon, Apple retail, Sephora, Chewy) produce loyalty through community, identity, and curated experience. The middle — department stores, traditional apparel chains, category-general specialty — has experienced the sharpest NPS compression.

### 4.2 Metrics reading



**Price premium captured:** High variance. 39 percent of consumers willing to pay more for brands they love overall; figure rises to 74 percent among Gen Z for environmentally or socially minded apparel.<sup>53</sup> Premium operates primarily through identity and values alignment in apparel, and through curated experience and perceived authority in specialty retail.

**Repeat purchase frequency:** Strongly bimodal. Loyalty-program members spend up to 40 percent more than non-members at the same brand; active redeemers 164 percent more.<sup>54</sup> But

88 percent of consumers say it takes three or more purchases to form real loyalty — a threshold many retail relationships never cross.<sup>55</sup>

**Share of category wallet:** Concentrating at scale. Amazon has maintained an estimated NPS of 60 to 70 and holds a disproportionate share of repeat purchase occasions across categories it operates in. In specialty retail, Sephora's Beauty Insider members generate approximately 80 percent of North American sales, and Ulta's program drives 95 percent — among the highest wallet-share concentrations in US retail.<sup>56</sup>

**Recovery rate:** Mixed. Retail's high transaction volume creates many opportunities for service failure, and recovery quality varies widely. NPS leaders in the sector — Chewy, Costco, Trader Joe's, Apple retail — consistently score above 70 on service-recovery satisfaction. Traditional department stores score materially lower.<sup>57</sup>

**Active referral rate:** High in the top decile, low in the middle. Specialty retailers with distinct identity (Trader Joe's, Costco, Sephora) produce sustained word-of-mouth; mass-market retailers compete through price and convenience rather than referral.

**Category extension:** Existing customers are 50 percent more likely to try new products and spend 31 percent more on them than new customers.<sup>58</sup> Extension economics are strongest for retailers with private-label or house-brand programs (Costco's Kirkland Signature, Target's portfolio, Walmart's Bettergoods, which reached nearly \$500 million in first-year sales).

### 4.3 Driver weight in retail and apparel

Product consistency and convenience weigh heaviest in retail, with values and community rising fast in apparel specifically. Service quality is the sector's largest unforced variable — retailers that invest in exceptional service (Nordstrom, Chewy) produce loyalty economics that substantially outperform category peers; retailers that de-prioritize it pay measurable retention costs.

The most important emerging variable is personalization-driven convenience. 75 percent of US shoppers say they are more likely to stay loyal to brands that understand them on a personal level, and this figure is significantly higher among Gen Z.<sup>59</sup> Retailers without infrastructure to deliver meaningful personalization — real-time recommendations, context-aware offers, and seamless omnichannel continuity — face structural loyalty disadvantages regardless of their price or product positioning.

### 4.4 What's changing fastest

Three shifts define the retail loyalty landscape entering 2026. First, the collapse of the mid-market NPS zone: retailers without clear value or clear identity lose loyalty fastest. Second, the rise of community and identity as drivers — particularly in apparel, where Gen Z purchasing behavior is disproportionately values- and community-driven. Third, the transformation of loyalty programs

from points-based transactional structures to personalization-and-experience-based relationship platforms. Programs that cannot evolve risk becoming liabilities — membership without engagement, stranded value, and customer disappointment when redemption experiences fall short of expectation.

#### SECTOR OUTLOOK

*Retail loyalty is concentrating at the extremes. Scale-value players win on convenience and price certainty. Specialty players win on community and identity. The middle is losing ground fastest.*

## Grocery & Consumer Packaged Goods

*Where decades of brand loyalty are being tested by the fastest private-label growth in a generation.*

### 5.1 Sector state

Grocery and CPG represents the largest and most frequent-purchase category in the US consumer economy. It is also the category where the relationship between price, brand, and loyalty has shifted most fundamentally in 2024–2025. Private-label brands captured a record 21.2 percent of dollar sales and 23.2 percent of unit sales in the first half of 2025, growing 4.4 percent versus just 1.1 percent for national brands.<sup>60</sup> Private label now accounts for 24 percent of total sales across ten major product sectors, with general merchandise categories (office, home and garden, tools) reaching 27 to 38 percent private-label share.<sup>61</sup>

The private-label surge has coincided with a measurable weakening of national-brand loyalty among younger consumers, but the picture is more nuanced than "brand death." Morgan Stanley's 2025 analysis describes private label as entering a "super cycle," while Circana's data shows that national-brand loyalty remains strong in specific sub-categories — particularly those with high emotional salience, health claims, or distinctive product experience. Staples including Band-Aid, Dove, Clorox, and specialty coffee brands such as Starbucks continue to rank among the most trusted consumer brands.<sup>62</sup>

### 5.2 Metrics reading



**Price premium captured:** Sharply bifurcated. Symphony AI's research indicates that while only 18 percent of US shoppers describe themselves as brand-loyal in CPG, this segment generates 41 percent of category sales — and demonstrates willingness to pay premium for preferred brands.<sup>63</sup> The other 82 percent are price-sensitive and have increasingly defected to private label. Sustainability-marketed products command roughly \$1 of every \$4 spent in US CPG.<sup>64</sup>

**Repeat purchase frequency:** Among the highest of any sector. The average US household purchases from dozens of CPG categories multiple times per month, producing very high baseline

repeat frequencies. The distinguishing metric is not whether consumers repurchase but which brand they repurchase within a category — where private label has made sharp inroads.

**Share of category wallet:** Fragmenting rapidly. Numerator's 2024 analysis found that 99.9 percent of US consumers purchased a private-label grocery item in the past 12 months, 99.2 percent purchased private-label health and beauty products, and 98.9 percent purchased private-label household products.<sup>65</sup> For national brands, maintaining share of wallet now requires defending a specific category role (e.g., the brand for a particular health benefit, occasion, or sensory experience) rather than broad category loyalty.

**Recovery rate:** Structurally weak in CPG because recovery opportunities are rare — most consumers never interact directly with brand service teams. 22 percent of people feel grocery retailers have their best interests at heart, the lowest figure in Accenture's 2025 sector analysis.<sup>66</sup>

**Active referral rate:** Driven primarily by social signaling and creator-driven trends on TikTok and Instagram rather than traditional word-of-mouth. Referral economics now operate through algorithm-amplified peer demonstration, particularly in beverages, snacks, and wellness-adjacent categories.

**Category extension:** Mixed and brand-specific. The strongest extension economics in CPG accrue to retailers (Costco's Kirkland, Walmart's Bettergoods approaching \$500 million in first-year sales, Target's private-label portfolio) rather than traditional manufacturers, because retailers' relationship with the shopper is the unit of loyalty rather than any individual product.<sup>67</sup>

### 5.3 Driver weight in grocery and CPG

Product consistency and convenience weigh heaviest in this sector, with values (particularly health, sustainability, and transparency) rising fastest among younger buyers. Service quality weighs less than in other sectors because direct service interaction is rare; but when it happens — product recall, allergy issue, online order problem — its weight multiplies.

The rising variable is communications and transparency. 68 percent of consumers say they would engage more with brands that educate them through content, a particularly strong signal in food and wellness categories where ingredient literacy and health claims are increasingly scrutinized.<sup>68</sup> Brands that communicate clearly about sourcing, sustainability, and health implications outperform peers at equivalent price points.

### 5.4 What's changing fastest

The single most important dynamic in CPG loyalty is the continued maturation of private label. Kearney's 2024 forecast projects private-label share gains of an additional 7 percentage points over national brands by 2030.<sup>69</sup> For national brands, the path forward is not to compete on price with private label — a battle structurally unwinnable — but to build emotional, identity, or health-

claim defensibility that private label cannot credibly replicate. Brands failing to do this face gradual wallet-share erosion even when repeat-purchase numbers look stable on the surface.

The second dynamic is Gen Z's different relationship with CPG brands. Younger consumers are significantly less attached to legacy brand names and significantly more responsive to creator-driven recommendations, private-label quality improvements, and values alignment. The CPG brands building loyalty with this cohort are disproportionately new entrants, not heritage labels.

#### SECTOR OUTLOOK

*Private label now represents 21 percent of CPG dollar share and is still growing. National-brand loyalty is consolidating around specific emotional, health, or identity roles — and abandoning the commodity middle.*

## Quick-Service Restaurants

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*The sector where mobile-app loyalty economics produced the most dramatic results in consumer marketing — and where they now face saturation.*

### 6.1 Sector state

US quick-service restaurants represent roughly \$349 billion in annual sales as of 2023, projected to reach \$469 billion by 2034.<sup>70</sup> Nearly 50 million Americans eat at a QSR daily, and 85 percent of QSR brands now operate mobile-first loyalty programs.<sup>71</sup> The sector produced what are arguably the most transformative loyalty economics in the consumer economy over the past decade: Starbucks Rewards and Chipotle Rewards demonstrated that points-plus-personalization-plus-mobile-ordering could fundamentally restructure transaction economics in a category historically defined by commodity convenience.

The sector enters 2026 with a new challenge: loyalty saturation. Merkle's 2025 Loyalty Barometer Report found that engagement among consumers enrolled in up to five programs declined from 93 percent to 88 percent year-over-year; among those enrolled in six or more, only 64 percent are actively earning or redeeming.<sup>72</sup> Additionally, monthly traffic growth occurred in just one of twelve months through May 2025 — making customer retention, rather than acquisition, the defining growth lever for the sector.

### 6.2 Metrics reading

**41–59%**

Starbucks loyalty share of US transactions

**30M+**

Chipotle Rewards members

**6–10×**

Visit frequency: loyalty members vs. non-members

**Price premium captured:** Modest in absolute terms but systematically defended. Starbucks loyalty members demonstrate higher willingness to purchase premium and customized beverages, and the program's ability to introduce new products at elevated prices is a structural feature of its economics.

**Repeat purchase frequency:** The defining QSR loyalty metric. Starbucks Rewards members generate approximately 41 to 59 percent of US company-owned transactions in a given quarter — a remarkable share for a program that requires active enrollment.<sup>73</sup> Mobile-app integration

drives 6 to 10 times higher visit frequency for members versus non-members, particularly for morning-commute and routine-driven occasions.<sup>74</sup>

**Share of category wallet:** High among program members at market-leading chains; rapidly fragmenting outside them. The typical American QSR consumer now moves between 4 to 6 regularly-used QSR brands, with loyalty programs serving as retention defense rather than exclusivity generators.

**Recovery rate:** Strong at chains with mobile-app service channels (Starbucks, Chipotle, Panera) where complaint-to-resolution times are measured in hours. Weaker at chains still reliant on franchise-level resolution.

**Active referral rate:** Driven primarily through viral LTOs (limited-time offers) and social content. Chipotle's "Summer of Extras" campaign, which offered free burritos for a year and limited-edition cards to top state users, generated measurable lift in new-member enrollment and cross-state comparison content.<sup>75</sup>

**Category extension:** Increasingly important. Leading QSR programs are extending beyond the core product into merchandise, experiences, and partnership rewards — positioning themselves as lifestyle programs rather than transactional ones.

### 6.3 Driver weight in QSR

Convenience weighs heaviest of the six drivers in QSR — to a degree without parallel in the other sectors studied. The mobile-app infrastructure (order-ahead, saved payment, favorite-drink persistence, location-based offers) is both the category's loyalty mechanism and its competitive moat. Chains without mature mobile infrastructure lose members to chains that have it, regardless of product or price comparability.

Product consistency weighs second. The QSR promise is fundamentally one of reliable delivery of an expected experience, and consistency variance across locations remains the largest unforced loyalty liability in the sector.

Community and identity weigh surprisingly high in certain sub-segments. Chipotle's college-exclusive rewards program (Chipotle U Rewards, offering 12 points per dollar versus the standard 10) and its milestone-based student rewards demonstrate how identity-based sub-programs can deepen engagement within core demographics.<sup>76</sup>

### 6.4 What's changing fastest

Three dynamics define QSR loyalty economics entering 2026. First, gamification: 54 percent of consumers express interest in tracking their progress over time within a program, and QSRs are

increasingly adding game mechanics (badge collection, challenges, streak rewards) to drive visit frequency beyond rational economic incentives.<sup>77</sup>

Second, AI-driven personalization: generic "one-size-fits-all" rewards are being replaced by predictive personalization — menu recommendations based on past behavior, time-of-day offers aligned with individual patterns, and dynamic incentive structures. The brands with mature first-party data infrastructure have a widening operational advantage.

Third, program discipline: brands are shifting from chasing enrollment numbers to measuring genuine revenue impact. The critical metric is no longer total members but revenue capture rate — the share of total sales attributable to identified customers — and the incrementality of that revenue beyond baseline expectation.

#### SECTOR OUTLOOK

*QSR loyalty is a mature, saturated, mobile-first infrastructure. The winners of the next five years will compete on personalization depth and revenue incrementality — not enrollment totals.*

## Consumer Banking

*The sector where digital transformation inadvertently eroded loyalty, and where advocacy now predicts growth more strongly than any other metric.*

### 7.1 Sector state

US consumer banking sits at a historic inflection point. Since 2011, banks globally have invested more than \$2.8 trillion in digital transformation — and have simultaneously, by Accenture's own diagnosis, become "functionally correct but emotionally devoid."<sup>78</sup> Mobile apps have become excellent. Product ratings are consistently above 4.5 stars. Relationships have become transactional. The result: customers now spread their financial lives across multiple institutions, with 73 percent of US consumers engaging with banks other than their primary institution, and half of consumers who opened a checking account in 2024 holding two or more accounts.<sup>79</sup>

Against this backdrop, a small set of banks have produced measurably different outcomes — and the differentiator is not product features but emotional connection and advocacy. Accenture's 2025 Global Banking Consumer Study, which surveyed nearly 50,000 consumers across 33 countries, found that banks in the top quintile of customer advocacy scores grow revenue 1.7 times faster than peers globally, and 2.6 times faster in North America specifically.<sup>80</sup>

### 7.2 Metrics reading



**Price premium captured:** Modest on interest rates (consumers remain rate-sensitive) but substantial on fee tolerance, product bundling, and primary-account willingness. Curinos research indicates primary banking customers generate 8 times more fee revenue than non-primary customers at the same institution.<sup>81</sup>

**Repeat purchase frequency:** Structurally high — banking is a habitual, recurring-transaction category — but not equivalent to loyalty. Primary banking customers stay with their institution approximately 8 years on average according to Kearney research; typical annual attrition runs at 15 percent.<sup>82</sup>

**Share of category wallet:** Fragmenting. North American consumers hold approximately 7.1 financial products, with only 3 at their primary institution.<sup>83</sup> Primary customers hold 10 times more deposits than non-primary customers, underscoring the economic premium on deep relationships even as the average consumer spreads their financial life more widely.<sup>84</sup>

**Recovery rate:** The most consequential metric in banking, because failures (fraud alerts, dispute resolution, loan decisions) carry unusually high emotional weight. Banks that recover well generate durable advocacy; banks that handle these moments poorly lose primary-customer status quickly.

**Active referral rate:** The single most powerful predictor of growth in banking. Accenture's 2025 finding — that top-advocacy banks grow 1.7 to 2.6 times faster than peers — is among the clearest advocacy-to-growth correlations documented in any sector.<sup>85</sup> 44 percent of consumers give their main bank a 9 or 10 out of 10 (NPS of approximately +24), leaving substantial room for improvement at most institutions.<sup>86</sup>

**Category extension:** Advocates hold 17 percent more products with their primary bank than non-advocates and allocate 5 to 30 percent more share of wallet across products.<sup>87</sup> Banking extension economics are among the strongest in consumer services when loyalty is genuinely earned.

### 7.3 Driver weight in banking

The banking driver hierarchy has shifted significantly in the past five years. Product consistency (app uptime, transaction reliability, accurate statements) and convenience (seamless digital experience) are now table stakes. The drivers that actually differentiate are service quality — particularly in high-stakes moments — and communications/transparency, which together build the emotional connection Accenture identifies as missing from most digitally-transformed banks.

Values and community weigh less in banking than in most sectors, but ESG alignment has become a measurable loyalty factor among younger consumers. Bain's research found that only 52 percent of primary-bank customers believe their institution performs well on ESG efforts — an opportunity gap for banks seeking differentiation beyond rate.<sup>88</sup>

### 7.4 What's changing fastest

Three dynamics are reshaping banking loyalty entering 2026. First, the redefinition of primacy. Historically, primary status was defined by checking account balance and direct deposit. Today, with consumers holding multiple checking accounts, primacy must be measured through share-of-wallet across products, engagement depth, and advocacy — not account residence. Banks that cling to the old definition miss the actual loyalty economics.

Second, AI-driven personalization at scale. Accenture's research indicates that banks can boost revenue from primary customers by up to 20 percent by restoring meaningful personal

relationships — and that generative AI provides the first scalable tool to do so.<sup>89</sup> The institutions investing in identity-graph-driven personalization in 2025–2026 are positioned to produce a widening advocacy gap against peers.

Third, the advocacy premium. Because advocacy now predicts growth more strongly than any other measurable loyalty metric in banking, banks are reallocating investment from acquisition to advocacy-generation — reassurance, remembering, delighting, and meaningful rewards for relationship depth. Less than 15 percent of banks currently reward customers for their holistic relationship across products.<sup>90</sup> The opportunity for competitive differentiation is substantial.

#### SECTOR OUTLOOK

*Banking loyalty in 2026 is determined by advocacy, not product features. Banks in the top quintile of customer advocacy grow revenue 1.7 to 2.6 times faster than peers. The economic stakes of emotional connection have never been larger.*

## Travel & Hospitality

*The sector with the largest absolute loyalty programs in the world — and a widening gap between membership scale and actual engagement.*

### 8.1 Sector state

US travel and hospitality operates at the extreme end of loyalty-program scale. Marriott Bonvoy ended 2025 with 271 million members, Hilton Honors with 243 million — programs whose membership bases exceed the adult population of most countries.<sup>91</sup> Loyalty penetration at Marriott reached 75 percent of US and Canadian room nights in 2025, a structural indicator of how central loyalty programs have become to hospitality revenue architecture.<sup>92</sup> The commercial stakes are enormous: the total OTA (online travel agency) commission burden is estimated at approximately \$25 billion in 2025, with commissions ranging from 15 to 25 percent of booking value — making direct-booking loyalty members dramatically more profitable than third-party-booked travelers.<sup>93</sup>

The paradox, however, is that membership is growing substantially faster than engagement. CBRE and Skift analyses find that while total membership figures have surged, average nights booked per member has declined from historical highs, indicating that most members are functionally dormant.<sup>94</sup> The sector is increasingly recalibrating — Marriott's soft-landing tier protection, Hilton's lowered thresholds for Gold and Diamond status, and the broad industry shift from night-based to spend-based qualification all reflect the strategic move toward rewarding high-value members more meaningfully and managing the inactive long tail.

### 8.2 Metrics reading

**75%**

Marriott loyalty share of US/Canada room nights

**\$25B**

Est. OTA commissions direct-booking loyalty seeks to reclaim

**44**

Hotel/hospitality sector avg NPS

**Price premium captured:** Substantial at the elite-tier level. Hilton's new Diamond Reserve tier (launching 2026, earned via 80 nights or 40 stays plus \$18,000 in annual eligible spend) is structured specifically to reward highest-value customers with confirmable upgrades and premium perks — converting revenue from the top 1 percent of members into disproportionate retention.<sup>95</sup> At the mass level, the premium is modest: members receive preferred rates but price sensitivity remains the dominant factor in initial booking decisions.

**Repeat purchase frequency:** High among business travelers (who typically concentrate bookings for status-accumulation purposes) and episodic among leisure travelers. Marriott's Bonvoy members accounting for 75 percent of room nights in the US and Canada demonstrates the extent of concentration among frequent travelers.<sup>96</sup>

**Share of category wallet:** Concentrated among elites, fragmented at the base. Elite members of the major programs typically allocate 60 to 80 percent or more of their hotel nights to a single brand; basic members distribute much more widely. The economics follow the same pattern — a small percentage of members generates a disproportionate share of program revenue.

**Recovery rate:** Strong in the sector generally (hospitality brands have invested heavily in recovery protocols) and particularly strong at service-led premium brands (Ritz-Carlton, Four Seasons, Peninsula). Recovery quality is among the most reliable predictors of elite-tier loyalty renewal.

**Active referral rate:** Airbnb and Ritz-Carlton frequently score above 60 on NPS, among the highest in consumer services.<sup>97</sup> Referral in travel operates through distinct channels — peer recommendations for destinations and hotel choices, family and workplace networks for loyalty-program recommendations — and through the publicly visible elite-status signaling of frequent travelers.

**Category extension:** Increasingly important. Marriott Bonvoy has extended its loyalty currency into experiences, co-branded credit cards, and curated travel packages; similar extensions are underway across Hilton, Hyatt, IHG, and Accor. The strategic bet is that loyalty currency converts into lifestyle ecosystem participation — a model closer to Amazon Prime than to traditional airline miles.

### 8.3 Driver weight in travel and hospitality

Service quality weighs heaviest in hospitality, followed closely by product consistency (room quality, cleanliness, reliable check-in) and convenience (mobile keys, digital check-in, seamless app experience). The sector's NPS premium — hotel and hospitality averaging 44, among the highest of consumer sectors — reflects the degree to which personalized, human service can generate emotional connection at scale.

Community and identity weigh meaningfully in elite segments. Elite-tier status functions as both a functional benefit (upgrades, lounge access, late checkout) and an identity signal — a loyalty architecture that few other sectors match.

### 8.4 What's changing fastest

Three shifts define hospitality loyalty entering 2026. First, the reward recalibration: major programs are simultaneously lowering thresholds at the mid-tier (to re-engage the dormant long

tail) and adding super-elite tiers with deeper benefits (to more aggressively defend top-spending customers). This bifurcation strategy reflects recognition that loyalty economics concentrate at extremes.

Second, direct-booking defense: the \$25 billion OTA commission burden has made direct-booking conversion the largest single ROI driver of hotel loyalty programs. AI-driven personalization, dynamic exclusive pricing, and member-only experiences all serve the common end of moving bookings off OTAs and onto brand-owned channels.

Third, the extension into lifestyle: Marriott, Hilton, and Accor are increasingly positioning loyalty currency as lifestyle ecosystem membership rather than travel-specific rewards — a move with significant implications for extension economics and for competitive positioning against consumer-brand ecosystems (Amazon, Apple) that are edging toward travel from the other direction.

#### SECTOR OUTLOOK

*Hospitality loyalty is bifurcating: deeper rewards for elite customers, lower thresholds to re-engage the dormant majority. The goal is direct bookings, not total enrollment — and elite tiers are increasingly structured around identity, not points.*

## Streaming & Digital Media

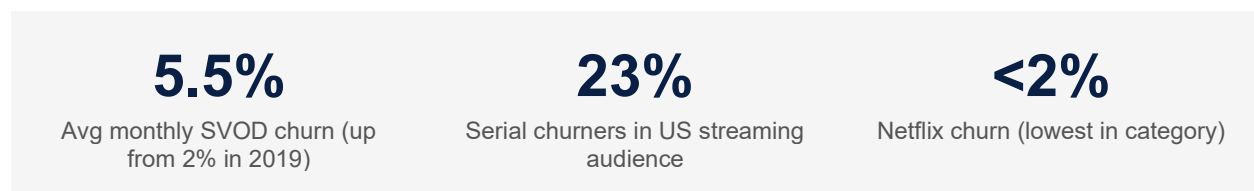
*The sector where loyalty looks different — measured in months retained rather than years — and where churn is the defining economic variable.*

### 9.1 Sector state

US streaming video has matured from rapid subscriber growth into a retention-focused phase. US SVOD subscriptions grew 10 percent year-over-year to 339 million in Q2 2025, with premium services (Netflix, Hulu, Disney+) holding 79 percent of all subscriptions.<sup>98</sup> But the aggregate growth masks a volatility problem: monthly churn rates rose from approximately 2 percent in 2019 to 5.5 percent in early 2025, and "serial churning" — consumers who cancel three or more services within a two-year window — now represent 23 percent of the US streaming audience.<sup>99</sup>

The loyalty picture is therefore more complex than in traditional consumer sectors. In streaming, loyalty is essentially equivalent to retention duration, and the strategies that produce loyalty are fundamentally different from those in physical-product categories. Content release cadence, bundling strategy, pricing architecture, and password-sharing enforcement all operate as loyalty levers in ways that have no direct parallel in apparel or CPG.

### 9.2 Metrics reading



**Price premium captured:** Limited and under pressure. Cost-saving is the leading reason for subscription cancellation, and recent price increases at Disney+, Hulu, ESPN, and HBO Max have all produced measurable churn spikes.<sup>100</sup> Price premium in streaming operates primarily through content exclusivity — willingness to pay more for access to specific shows or franchises — rather than general brand loyalty.

**Repeat purchase frequency:** The relevant parallel in streaming is session frequency — how often subscribers actually watch. Platforms with consistent monthly content releases show 18 to 22 percent lower churn than those with irregular release patterns, indicating that engagement frequency directly predicts retention.<sup>101</sup>

**Share of category wallet:** Among the most fragmented of any consumer sector. The average US household subscribes to 4 to 7 services, and 1 in 6 users reports that their streaming subscription is paid for by someone else.<sup>102</sup> Netflix retains the highest share-of-wallet proxy through its leading subscription penetration and sub-2 percent churn rate.

**Recovery rate:** Exceptionally high at category leaders. 41 percent of users who cancel a streaming service resubscribe within a year, and Netflix specifically retains 50 percent of cancelers within six months and 61 percent within a year — recovery economics substantially better than the category average of 34 percent.<sup>103</sup> Strong recovery at Netflix is a function of content breadth and recommendation depth that most competitors cannot match.

**Active referral rate:** Driven primarily by specific content rather than platform preference. Streaming service recommendations typically take the form of "watch this show" rather than "join this service" — and viral content moments (Stranger Things seasons, Squid Game, Baby Reindeer) produce measurable subscription spikes.

**Category extension:** Functioning primarily through bundles. The Disney+, Hulu, and Max bundle achieved an 80 percent retention rate after three months, outperforming Netflix for new-subscriber retention over the same period.<sup>104</sup> Bundling is demonstrably the single most powerful churn-reduction strategy in streaming — because consumers who face a bundle cancellation decision must weigh the loss of multiple services, not one.

### 9.3 Driver weight in streaming

Product consistency (content quality and release cadence) weighs heaviest in streaming, followed by convenience (seamless UX, reliable playback, cross-device continuity) and communications/transparency (clear pricing, honest change communication during the password-sharing enforcement era). Netflix's consistently lower churn reflects advantages across all three drivers simultaneously — not a single dominant advantage.

Values and community weigh less in streaming than in physical-product categories, though content-driven communities (fandoms) operate as powerful sub-loyalty engines for specific franchises within broader platforms.

### 9.4 What's changing fastest

Three dynamics are reshaping streaming loyalty in 2026. First, the shift to ad-supported tiers: in Q1 2025, ad-supported tiers accounted for 57 percent of gross adds across premium SVOD services.<sup>105</sup> Ad tiers reduce the price barrier to subscription but change the loyalty calculus — consumers on ad tiers are more price-sensitive, more prone to churning, and less likely to resubscribe.

Second, password-sharing enforcement: Netflix's 2023 enforcement demonstrated that conversions outweigh cancellations, with Netflix adding 50 million net subscribers between late 2023 and Q4 2024 despite initial backlash.<sup>106</sup> Disney's 2025 enforcement is producing similar results. The strategic implication: previously-tolerated revenue leakage represents substantial untapped loyalty monetization.

Third, bundling as retention infrastructure: bundles now represent the most effective churn-reduction mechanism in the category. Expect to see further bundling among complementary services (streaming plus music plus telecom) and declining standalone subscription economics for non-bundled services.

#### SECTOR OUTLOOK

*Streaming loyalty is churn-prevention. Netflix's sustained sub-2 percent monthly churn is the outlier that proves the rule: content consistency, UX quality, and bundle depth are the only reliable retention levers.*

# Automotive

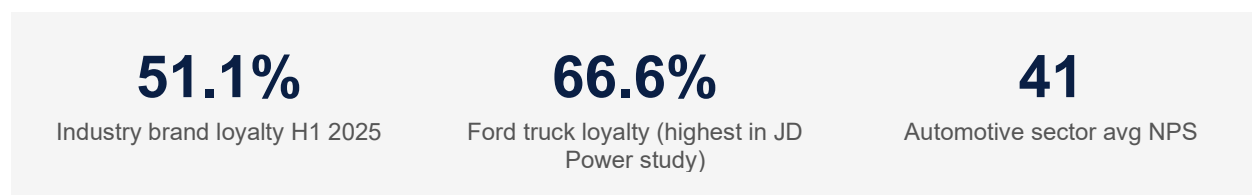
*The sector with the longest purchase cycle, the highest per-transaction stakes, and a loyalty economics shaped by residual value as much as brand affinity.*

## 10.1 Sector state

US automotive loyalty operates on a cycle unlike any other consumer category. Purchase intervals averaging 6 to 8 years, residual-value considerations that make loyal buying a financial decision as much as an emotional one, and a dealer network that intermediates the manufacturer-consumer relationship combine to produce loyalty dynamics that reward consistent product reliability and brand reputation above nearly everything else.

S&P Global Mobility's H1 2025 analysis found industry brand loyalty at 51.1 percent, down 1.4 points from the same period in 2024 — reflecting increased conquest competition and evolving inventory dynamics.<sup>107</sup> The JD Power 2025 US Automotive Brand Loyalty Study, which tracks whether owners return to the same brand at trade-in, shows substantial variance by brand: Ford leads trucks at 66.6 percent loyalty (highest in the entire study), Toyota leads mass-market cars at 62 percent, Honda leads mass-market SUVs at 62 percent, and Lexus leads premium SUVs at 57.4 percent.<sup>108</sup> Tariff-related volatility has made the sector's loyalty trends less predictable than in prior years, but the core pattern — reputation and reliability driving retention — remains intact.

## 10.2 Metrics reading



**Price premium captured:** Substantial at premium brands (Porsche, Lexus, BMW) and emerging in EV segments. Loyalty translates into both new-vehicle purchase price tolerance and willingness to pay for brand-specific service packages, warranties, and accessories.

**Repeat purchase frequency:** Low in absolute terms (6–8 year intervals) but high in stakes. A single loyalty event — owner returning to brand at trade-in — represents tens of thousands of dollars and typically years of captured service revenue.

**Share of category wallet:** Measured through repurchase rate and household multi-vehicle behavior. Households loyal to a brand frequently own multiple vehicles from that brand simultaneously, and loyal households are more likely to return for second-car purchases.

**Recovery rate:** Heavily dependent on dealer service quality — a variable that manufacturers do not fully control. Recovery failure at the dealer level is the most common cause of brand defection among otherwise-satisfied owners.

**Active referral rate:** High in specific brand communities (Toyota, Honda, Subaru, Ford truck, Tesla). The publicly-displayed nature of vehicle ownership makes automotive referral uniquely visible — every car on the road is a brand advertisement for its owner.

**Category extension:** Growing through connected-vehicle services, manufacturer financing, and accessory/aftermarket sales. Tesla's ecosystem model (vehicles, energy, charging network, autonomy subscriptions) represents the most ambitious extension play in the sector — though its long-term loyalty economics remain to be fully tested.

### 10.3 Driver weight in automotive

Product consistency weighs heaviest in automotive — substantially more than in any other sector. Reliability, residual value, and expected ownership experience all depend on product consistency across production runs and years. Toyota and Honda's sustained loyalty leadership is directly attributable to reliability reputations built over decades of consistent product quality.

Service quality at the dealer level weighs second, and is the largest unforced variable in the sector. Manufacturers that invest in dealer experience standards (Lexus historically, Genesis more recently) produce loyalty economics above what their product quality alone would predict. Manufacturers that neglect dealer experience systematically underperform their product-quality reputation.

Community weighs meaningfully in specific segments — truck ownership (Ford, Chevy, RAM), off-road and overlanding (Toyota 4Runner, Jeep Wrangler), and EV enthusiasm (Tesla, Rivian). These identity-driven communities produce disproportionate referral and advocacy relative to their share of total brand volume.

### 10.4 What's changing fastest

Three dynamics define automotive loyalty entering 2026. First, EV transition disruption: brand loyalty tends to weaken when owners shift vehicle segments, and the mass EV transition is creating the largest segment-shift in automotive history.<sup>109</sup> Legacy brands with weak EV portfolios face structural loyalty risk; EV-first brands face the opposite opportunity.

Second, tariff-driven volatility: the 2024–2025 tariff environment has introduced unusual variability into vehicle pricing and availability, reshaping shopping behavior and making loyalty rates more sensitive to short-term economic conditions than has historically been the case.

Third, conquest intensity: S&P's H1 2025 data shows conquest activity increasing 7.6 percent among mainstream brands and 6.2 percent among luxury brands — indicating that brands are competing more aggressively than they have in recent years to capture defectors.<sup>110</sup> This makes both retention and conquest strategy more important; passive loyalty is no longer sufficient.

#### SECTOR OUTLOOK

*Automotive loyalty is earned over decades and lost in single purchase cycles. Product consistency and dealer service are the decisive variables. EV transition and tariff volatility are reshaping the sector faster than any single marketing initiative could.*

## Beauty & Personal Care

*The sector where loyalty programs produce the highest share of total sales in consumer retail — and where personalization has become the central competitive frontier.*

### 11.1 Sector state

US beauty and personal care produces loyalty economics among the most concentrated in the consumer economy. Ulta Beauty's rewards program has grown to 44.6 million active members, generating more than 95 percent of the company's total sales.<sup>111</sup> Sephora's Beauty Insider program exceeds 40 million members globally, with approximately 80 percent of North American sales flowing through the program.<sup>112</sup> These are not just leading loyalty programs — they are functionally operating models, without which the retailer's economics would be fundamentally different.

Brand loyalty among beauty and skincare consumers reached 42 percent in 2025, a 10-point increase from 2023 — the only major consumer sector in which loyalty moved materially upward over the period.<sup>113</sup> The drivers of this rise are specific to the category: high product-efficacy variance (what works for one consumer's skin may not work for another's), meaningful personalization opportunity, and strong emotional engagement with product routines and rituals.

### 11.2 Metrics reading

**95%**

Ulta loyalty share of total sales

**80%**

Sephora BI share of North American sales

**42%**

Beauty/skincare consumers reporting brand loyalty (up 10 pts)

**Price premium captured:** High among engaged consumers. Sephora's top-tier Rouge members (those spending \$1,000+ annually) demonstrate sustained willingness to pay premium pricing, and Ulta's top-two-tier members spend an average of \$1,700 annually.<sup>114</sup> Premium economics in beauty operate through product efficacy expectations, brand aesthetic, and the identity signaling of product choice.

**Repeat purchase frequency:** Structurally high. Beauty products are consumable and require regular replenishment, and loyalty-program incentives consolidate that replenishment at a single retailer. Loyal beauty customers spend 30 percent more after six months of relationship and 45 percent more after three years.<sup>115</sup>

**Share of category wallet:** Extreme concentration among program members. Ulta at 95 percent of total sales and Sephora at 80 percent of NA sales represent wallet-share concentration that few other retail categories match.

**Recovery rate:** Strong at category leaders with mature service models. Sephora's Beauty Insider Community, in-store consultation, and clear returns policies produce consistently high recovery rates; direct-to-consumer brands with weaker service infrastructure score lower.

**Active referral rate:** Among the highest in consumer retail, driven by social content. Beauty is the category most heavily transformed by TikTok-driven discovery and Instagram-driven credibility. Peer review and creator demonstration are the dominant referral channels, and brands that cultivate them systematically outperform peers.

**Category extension:** Highly effective through loyalty programs. Sephora's Beauty Insider drove a 22 percent uplift in cross-sell revenue and 13 to 51 percent increase in upsell revenue through personalized recommendations.<sup>116</sup> The combination of high-frequency replenishment and personalized recommendation produces extension economics matched by few other consumer categories.

### 11.3 Driver weight in beauty and personal care

The driver hierarchy in beauty is distinctive and worth examining closely. Product consistency weighs heavily (consumers are attuned to formulation changes), but community and identity weigh higher than in any other sector studied. Sephora's Beauty Insider Community, Fenty Beauty's inclusive identity, Rare Beauty's mental-health positioning, Glossier's community-led product development, and the broader creator-driven ecosystem all demonstrate that beauty loyalty operates substantially through shared identity and mutual practice.

Personalization-driven convenience weighs increasingly heavily. 56 percent of customers say they are more likely to repurchase if they receive personalized loyalty rewards and programs; 83 percent say loyalty membership influences their repeat-purchase decisions.<sup>117</sup> Retailers and brands with deep first-party data and AI-driven recommendation capability produce measurable loyalty advantages.

Values and communications weigh meaningfully in select segments. Consumers in the clean beauty, mission-driven, and sustainability-forward segments demonstrate above-average willingness to pay premium and above-average referral rates — though these effects are concentrated in specific consumer cohorts rather than universal.

### 11.4 What's changing fastest

Three dynamics are reshaping beauty loyalty entering 2026. First, AI-driven personalization depth: beauty is arguably the single category best suited to AI-driven personalization, because

the variance in individual need (skin type, tone, condition, preference) is large and the consequence of mismatch is high. Retailers and brands investing in AI-driven skin assessment, product recommendation, and educational content are producing measurable loyalty advantages.

Second, community as retention infrastructure: brands building genuine user communities (not just follower bases) are demonstrating retention economics substantially above peer averages. The effect is particularly strong among Gen Z, for whom community affiliation and identity signaling through beauty choices operate as central consumer behaviors.

Third, the shift from product loyalty to retailer loyalty: consumers remain loyal to specific products they've tested and approved, but increasingly concentrate their purchasing at retailers whose programs, recommendations, and experiences provide the most value. This dynamic has accelerated the concentration of category sales at Ulta, Sephora, and Amazon and made direct-to-consumer-only beauty economics more difficult to sustain without strong retail partnership.

#### SECTOR OUTLOOK

*Beauty produces the strongest loyalty economics in US retail — and the strength is accelerating. Ulta and Sephora's program-driven sales concentration represents a possible future for other consumer sectors with sufficient data infrastructure and personalization capability.*

PART III

# Synthesis

*What the cross-sector pattern reveals.  
And what it means for marketers in 2026.*

## Cross-Sector Findings

Applying the same six metrics and six drivers to eight distinct consumer sectors produces a set of patterns that would be invisible from any single-sector analysis. This chapter synthesizes the most significant of them.

### 12.1 The loyalty concentration spectrum

Loyalty economics concentrate very differently across sectors. At the most concentrated end, beauty retail programs capture 80 to 95 percent of retailer sales through identified loyalty members. At the other end, consumer banking remains highly fragmented: 73 percent of consumers engage with institutions beyond their primary bank, and the average North American holds 7.1 financial products across multiple providers.

<b>Beauty &amp; personal care</b>	<b>95%</b>	Ulta share of sales from loyalty members
<b>Beauty &amp; personal care</b>	<b>80%</b>	Sephora share of NA sales from Beauty Insider
<b>Hospitality</b>	<b>75%</b>	Marriott share of US/Canada room nights from members
<b>QSR (Starbucks)</b>	<b>59%</b>	US transactions from Rewards members
<b>Automotive</b>	<b>51.1%</b>	Industry brand loyalty rate H1 2025
<b>Retail &amp; apparel</b>	<b>NPS 55</b>	Sector median (down from 68 in 2024)
<b>Streaming</b>	<b>5.5%</b>	Avg monthly churn (retention economics)
<b>Consumer banking</b>	<b>27%</b>	Only 27% hold 3+ products with primary bank

The economic implication is that loyalty strategy cannot be universal. Beauty's playbook — deep program infrastructure, personalization at scale, community cultivation — does not translate directly to banking, where the unit of loyalty is the primary-institution relationship rather than the transaction. Banking's advocacy-centered model does not translate directly to QSR, where convenience and mobile-app infrastructure are the dominant drivers. Sector-specific loyalty architecture is required.

### 12.2 The advocacy-growth correlation is universal

Across all eight sectors, one pattern holds: brands in the top quintile of customer advocacy grow faster than their peers — typically by 1.5 to 2.5 times, depending on category. The most

quantitatively specific finding is Accenture's 2025 banking study (1.7 times faster globally, 2.6 times faster in North America), but the pattern replicates across sectors wherever advocacy is reliably measured. Bain's own NPS research found that NPS leaders in a category typically grow revenue at approximately twice the rate of industry peers.

This finding matters because it redirects investment logic. Acquisition marketing typically produces linear returns; advocacy generation produces compounding returns because each advocate generates additional customers at zero marginal acquisition cost. In a period of rising acquisition costs, the economic case for advocacy investment is stronger than at any point in the digital era.

### **12.3 The personalization floor has risen**

What was premium personalization in 2020 is baseline expectation in 2026. Across every sector studied, consumers expect brands to remember them, anticipate their needs, and deliver relevance proportional to the data they have shared. 75 percent of US shoppers say they are more likely to stay loyal to brands that understand them on a personal level. 62 percent are willing to spend more when the experience is customized. 56 percent are more likely to repurchase if they receive personalized rewards. 83 percent say loyalty membership influences repeat-purchase decisions.

The strategic implication: brands without first-party data infrastructure and AI-driven personalization capability are at a structural disadvantage regardless of their product quality or marketing spend. The gap between brands that can deliver personalization at scale and those that cannot is widening, and will likely accelerate as generative AI capabilities become standard.

### **12.4 Community and identity outperform where applicable**

Community and identity as a loyalty driver weighs heavily in beauty, apparel (particularly Gen Z segments), automotive enthusiast categories, and specific QSR sub-segments. It weighs less in grocery, banking, and most streaming. Where community operates, however, it produces the highest-durability loyalty of any driver — customers who identify with a brand community are substantially less likely to defect, substantially more likely to refer, and substantially willing to pay premium pricing.

For marketers, this raises a specific question: can community be built in categories where it has historically been weak? Banking advocates, QSR college programs, and grocery creator partnerships all suggest that the answer is yes — but only when the community effort is intrinsic to the brand experience rather than bolted on as a marketing overlay.

### **12.5 The enrollment-engagement gap will define the next five years**

The single most important cross-sector dynamic is the widening gap between loyalty enrollment and loyalty engagement. Consumers are joining more programs and actively using fewer. Merkle's 2025 Loyalty Barometer found that among consumers enrolled in six or more programs, only 64 percent are actively earning or redeeming. Bond's parallel research found the average American enrolled in 17.4 programs but active in only 8.8.

Programs that treat engagement as an assumed outcome of enrollment are underperforming. Programs that treat engagement as a separately measured and actively managed outcome are systematically outperforming. The coming five years will produce a sorting: programs that evolve into genuine personalization-and-experience platforms will absorb engaged members from programs that remain transactional points systems. Enrollment will continue to matter as a reach variable; engagement will define the economics.

**12.6 The driver weight matrix**

The following matrix summarizes the relative weight of each driver across the eight sectors — not as precise scores, but as directional priorities for loyalty strategy in each category.

Sector	Heaviest drivers	Rising drivers
<b>Retail &amp; Apparel</b>	Product, Convenience	Values, Community
<b>Grocery &amp; CPG</b>	Product, Convenience	Values, Communications
<b>QSR</b>	Convenience, Product	Community, Personalization
<b>Banking</b>	Service, Communications	Values, Community
<b>Travel &amp; Hospitality</b>	Service, Product	Identity, Experience
<b>Streaming</b>	Product, Convenience	Communications, Bundling
<b>Automotive</b>	Product, Service	Community (EV/truck)
<b>Beauty &amp; Personal Care</b>	Community, Product	Personalization, Values

Three patterns emerge. Product consistency is the highest-weighted driver in five of eight sectors — reinforcing that loyalty begins with the product, not the marketing. Convenience is second across frequency-oriented sectors. Community and identity are the fastest-rising drivers, particularly among younger consumers, and increasingly weigh heavily in sectors where they were previously marginal.

## The Marketer's Playbook

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What do the findings imply for marketers in 2026? This chapter translates the research into the operational priorities that distinguish brands building loyalty economics from those maintaining loyalty theater.

### 13.1 Measure the right six things

Most loyalty programs measure the wrong variables. Enrollment counts, average basket size among members, and point-redemption rates are operational hygiene metrics — necessary to track but inadequate as measures of loyalty economics. The six metrics proposed in this report — price premium captured, repeat purchase frequency, share of category wallet, recovery rate, active referral rate, and category extension willingness — together constitute a more complete picture. Organizations that measure all six consistently, across quarterly cycles, have a decisive strategic advantage over those that do not.

### 13.2 Treat advocacy as a distinct, compounded asset

Advocacy is not a byproduct of loyalty; it is a distinct behavioral outcome with its own drivers and its own economic profile. Because each advocate generates additional customers at near-zero marginal acquisition cost, advocacy produces compounding rather than linear returns. This economic structure justifies higher investment in advocacy generation than in acquisition for most mature consumer brands — a shift most marketing budgets have not yet reflected.

The practical implication: the CMO question should no longer be "what is our cost per acquisition?" but "what is our cost per advocate?" Where the second cost is favorable relative to the first, investment should shift. Where advocacy-generation investment produces the 1.5–2.5x revenue-growth premium documented across sectors, the return-on-investment case is clear.

### 13.3 Build first-party data as infrastructure, not campaign asset

First-party data is no longer a differentiator for a loyalty program — it is the operational foundation without which personalization cannot scale. Brands that treat first-party data collection as a campaign-by-campaign activity will lose ground to brands that treat it as durable infrastructure — continuously improved, connected across touchpoints, and integrated with AI-driven personalization engines.

The maturity gap in first-party data capability is already producing measurable loyalty differentials across sectors. In the next 3 to 5 years, that gap will likely become the single largest determinant of who wins and who loses in each category studied.

### 13.4 Design for the engaged majority, not the enrolled majority

The consumer enrolled in 17 programs but active in 9 is the median American consumer. The consumer who actively uses a specific program is a much smaller subset — and the one whose behavior drives program economics. Programs designed around this engaged minority consistently outperform programs designed around the enrolled majority. The practical implication is that program investment should prioritize deepening engagement among active members over broadening enrollment among dormant ones.

### 13.5 Sector-specific imperatives

**Retail & Apparel:** Invest in personalization and community. Mid-market retailers losing NPS ground fastest need to choose a clear identity — scale value or specialty differentiation — and build the data and community infrastructure to defend it.

**Grocery & CPG:** Build emotional or health defensibility private label cannot replicate. Commodity middle positioning is a losing strategy; category-role specificity is winning.

**QSR:** Optimize for engaged-member revenue incrementality, not enrollment totals. Gamification and AI-driven personalization are the frontier.

**Banking:** Redefine primacy through share of wallet and advocacy, not checking-account status. Invest in emotional connection — the documented advocacy-growth premium justifies the spend.

**Travel & Hospitality:** Bifurcate: deeper elite rewards to defend top spenders, lower mid-tier thresholds to re-engage the dormant majority. Direct-booking economics justify significant program investment.

**Streaming:** Bundle aggressively. Content-release cadence and UX quality are the retention levers; price increases require careful communication to minimize churn impact.

**Automotive:** Defend reputation through product consistency and dealer service. EV transition creates both loyalty risk and conquest opportunity; treat both seriously.

**Beauty & Personal Care:** Invest in AI-driven personalization depth and genuine community. The sector's loyalty economics are a preview of where other categories can go with sufficient infrastructure.

### 13.6 The CFO conversation

The ultimate test of any marketing framework is whether it produces a conversation CFOs take seriously. The economics documented in this report — Bain's 25-to-95-percent profit lift from 5-point retention gain, Motista's 306 percent LTV premium from emotional connection, Accenture's 1.7-to-2.6-times revenue growth premium for top-advocacy banks, Sephora's 22 percent cross-

sell uplift from personalized recommendations, and dozens of other sector-specific findings — are CFO-grade numbers. They are sourced, replicated, and economically significant.

The marketer's job in 2026 is not to persuade the CFO that loyalty matters. That case has been made. The job is to translate the published loyalty economics into specific, measurable investments whose expected returns justify the spend — and to build the measurement infrastructure that demonstrates return continuously rather than quarterly. Brands that build this infrastructure will over-invest in loyalty relative to peers and produce compounding returns. Brands that do not will continue to lose ground in every sector studied.

#### **FINAL IMPLICATION**

*The marketing case for loyalty investment has been made. The remaining question is whether the measurement infrastructure and organizational discipline exist to prove return continuously — and to justify reallocating budget from acquisition to retention and advocacy at the scale the economics warrant.*

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### Methodology note

The Loyalty Premium is a synthesis study. It does not rely on primary survey research. All statistics cited are drawn from published research issued by the sources listed below, with the most recent available data point used where sources update regularly. Where different sources produce divergent findings on the same metric (e.g., varying estimates of average loyalty program enrollment), we cite the most recent and methodologically rigorous source and note alternates in text.

Sector coverage is selective, not exhaustive. We focus on eight consumer sectors where loyalty economics are most actionable and most heavily researched. Additional sectors (insurance, telecom, pharmacy, fitness, subscription box, pet products) warrant separate analysis and are planned for future editions.

The framework — six metrics and six drivers — was developed by 5W Public Relations.

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