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# Prioritizing brand loyalty and customer confidence

## 01 The importance of brand loyalty

Every brand aspires to have a loyal customer base with which it can develop a long-term relationship. Loyalty brings many benefits to a brand and its partners and there is a huge focus on customer retention in 2021. Forrester forecast that businesses will increase spend on loyalty and retention marketing by 30 % this year<sup>1</sup>.

Loyal customers deliver:

- **Forecastable revenue and profit** with thanks to '**customer lifetime value**' (the amount a customer spends with the brand over a set period).
- **Brand advocacy**. Loyal customers are more likely to recommend the brand to others and drive positive 'word of mouth'.
- **Rich data**. Collated data on the purchase patterns of loyal customers can help with devising more relevant promotions and offers and better campaign planning.
- **Brand resilience**. Long-standing customers are more likely to forgive a brand or accept an apology if something goes amiss, for instance delayed customer service.

Building loyalty is a challenge and is getting harder: only 8% of the world's consumers say they are committed loyalists<sup>2</sup>. However, loyalty programs are increasingly important to shoppers – 93 % of shoppers in one study said programs were a deciding factor on where to shop, up from 83 % the previous year<sup>3</sup>.

## 02 The building blocks of loyalty

The foundations of loyalty are the brand experience – and this is made up of the multitude of interactions a person has with a business and how they feel about those interactions.

Optimizing these touchpoints so they are frictionless, personalized and deliver surprise and delight will create a positive set of associations.

Sharyn Leaver, SVP of Research at Forrester, said: "To emerge successfully from this global crisis, brands must build experiences that help them engage with their customers at an emotional level. When consumer spending resumes, brands with experiences that engender customer loyalty will benefit the most<sup>4</sup>."

JCB's ethos is based on premium service and the concept of hospitality or 'Omotenashi' and this underpins the businesses' loyalty approach. The card variants and associated loyalty program rewards are positioned as premium lifestyle accessories. This perception is reinforced by quality control and the attention to detail given to the design, communication, and value of rewards.

“Uniquely Yours’ (the JCB brand message) is another reason our cardmembers are loyal to JCB – we offer service that speaks for hospitality. Our flexible approach with partners allows us to exceed expectations, which in turn, helps cardmembers achieve their aspirations.”

Yutaka Nakazawa, President & CEO, JCB International Credit Card Co. Ltd. (JCB USA).

### 03

#### Why JCB loyalty matters to retailers

Retailers and other business partners benefit from this strong connection between JCB and its cardmembers and the confidence that it generates.

Asia Pacific's consumers have the highest brand switching propensity (47 %), according to Nielsen. But the region is also the only one where "enhanced or superior quality" is the highest ranked influencing factor for shopping (42 %), whereas elsewhere it is "value for money"<sup>5</sup>.

JCB taps into this desire for quality, excellent service and exclusivity in its loyalty programs and retailers benefit in the following ways:

- Retailers will enjoy a **positive perception** with a prominently displayed **JCB logo** at the point of sale, either online or in-store.
- Retailers can be confident that top tier cardmembers are **high spenders with a high potential customer value**, so should be offered a personalized, attentive service.
- The high degree of **trust** between JCB and its cardmembers means they can **shop with confidence** because they know **JCB prioritizes authentication security and fraud protection**.

- Retailers can partner with JCB and **target specific markets and products** via the various tier reward programs.
- Loyal cardmembers will be receptive to enrolling in the **merchant's own loyalty schemes** and will become repeat customers, especially if presented with **tailored offers**.

Average JCB cardmember spend in ecommerce and face-to-face sales is increasing year-on-year, especially in the U.S., and is supported by loyalty programs that incentivize spend, which benefits all stakeholders, including retailers.

From 2018 to 2019, for example, in face-to-face sales in the mainland USA, Japanese cardmember rose by 20 %, Indonesia cardmember by 102%, Philippine cardmember by 90 %, Thai cardmember rose by 37 % and Vietnam cardmember rose by 26%..

### 04

#### Crafting an experience around loyalty programs

JCB's proprietary card line up offers a unique brand value to each customer to match their specific needs, which are considered aspirational. Every JCB cardmember can expect exceptional customer service while premium cards offer a differentiated level of service to enable cardmembers' lifestyles.

In Japan, the most prestigious card is JCB The Class, and its invitation-only status maintains its exclusivity. It bestows special status and exclusive services and support to a select group of cardmembers.

Reward programs are tailored on a region-by-region basis, so cardmembers receive the benefits considered most relevant to them. For instance, employees in emerging economies tend to have lower average salaries and will be keen to add to their income. Customer data shows that Taiwanese cardmembers prefer cashback as a loyalty incentive compared to Japanese cardmembers who value discounts and special offers.

#### Innovation

JCB continually innovates its card loyalty programs to strengthen differentiation and increase retention. The wide range of rewards at different tiers, such as advance access to new products, access to exclusive dining or shopping events and additional discounts, are reviewed and updated to reflect the needs and wishes of the cardmembers. The 'Voice of the Customer' enables the organization to monitor cardmember feedback on both positive and unfavorable experiences to facilitate consistent improvement.

As another example, Japanese cardmembers can participate in the 'Oki Doki Point Program' which allows them to earn points to spend at selected retailers, including Amazon.co.jp. Cardmembers can easily access their reward points totals and available campaigns online via the MyJCB customer login portal.

Loyalty is not just based on product offers. Premium tier programs are also designed to provide cardmembers with peace of mind and to encourage travel and exploration. There are differentiated service tiers for JCB The Class, JCB Platinum and JCB Gold cardmembers offering a variety of benefits, ranging from dedicated service desks to free travel insurance.

Japanese Premium cardmembers also have access to more than 1,100 lounges worldwide (as of March 2021) amongst other value add experiences for travel, and for golfing enthusiasts (because Japan has more golf courses than any other Asian country<sup>7</sup>) there are various rewards available.

#### Communications

Tailored marketing communications are vital in deepening the relationship between issuer and cardmember. Japanese JCB Premium cardmembers receive a member's magazine every month called *The Premium* with features on travel, food, hobbies, regional information and JCB campaign information.

The design and content of all communications underpin the personalization that makes a cardmember feel valued. The demographic data collated about cardmembers with their permission, combined with spending pattern data, helps content teams craft stories, articles and tips that will interest and inspire the audience.

Travelling cardmembers can also visit a JCB PLAZA. These are staffed service counters for JCB cardmembers located in popular destinations around the world. Customers can find information about the local area, make reservations at JCB merchants, receive assistance in an emergency and ask travel-related questions.

“Brands across every industry now need to provide an exceptional customer experience to stay relevant. They must be more human – which is challenging in a world where Instagram, Facebook, Pinterest, and other digital platforms lead the way for commerce. Loyalty comes when companies can offer their customers products that support their lifestyle, can provide for their everyday needs, can drive their aspirations, and resonate with their values.”

Mikaho Hara, VP Marketing, JCB International Credit Card Co. Ltd. (JCB USA).

### 05

#### What does the future hold?

Loyalty is determined by many factors, especially in the digital age where the number of brand touchpoints has mushroomed. As the digitally orientated Generation Z (born between 1997 and 2012) become higher income earners, brand touchpoints must consider the entire process of the customer journey. Ownership of smartphones among this demographic is almost 100%<sup>8</sup>.

The increasing use of mobile for research and purchase provides a huge opportunity to reach out to more customers for both program provider and merchant.

Loyalty strategies now must prioritize convenience – whether for opting in or out of communications, accessing points data, redeeming discounts, or making use of exclusive access. The customer experience needs to be simple and painless across all touchpoints and any frustrations removed. JCB cardmembers can access their cardmember data and points accumulated via the JCB online account service called MyJCB.

JCB believes that customers will always respond positively to high-quality, exclusive experiences. It will continue to invest and innovate in its programs and to educate retailers on how to harness this loyal group to grow their own business.

#### Endnotes

- 1 'Forrester's 2021 predictions reports released', 05.11.2020, <https://www.mediaupdate.co.za/marketing/149694/forresters-2021-predictions-reports-released>, (Accessed February 2021)
- 2 'Nielsen: Consumer Disloyalty is the New Normal', 19.06.2019, <https://www.nielsen.com/eu/en/press-releases/2019/consumer-disloyalty-is-the-new-normal/>, (Accessed February 2021)
- 3 'Global Shopper Trends Report' by iVend Retail, <https://ivend.com/survey-report-2019/>, (Accessed February 2021)
- 4 Forrester's US 2020 Customer Experience Index Reveals CX Quality Improved Dramatically Over The Past Year, 15.06.2020, <https://go.forrester.com/press-newsroom/forresters-us-2020-customer-experience-index-reveals-cx-quality-improved-dramatically-over-the-past-year/>, (Accessed February 2020)
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- 6 JCB Proprietary Spend Data (Year on Year 2018 – 2019)
- 7 'Top 100 golf courses of Asia' <https://www.top100golfcourses.com/news-item/top-100-golf-courses-of-asia-2020>. (Accessed March 2021)
- 8 '98% of Gen Z Own a Smartphone,' 17.10.2017, <https://blog.globalwebindex.com/chart-of-the-day/98-percent-of-gen-z-own-a-smartphone/>, (Accessed February 2021)





Uniquely Yours



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JCB is the leading card issuer and acquirer in Japan and one of the largest payment brands in the world, serving over 150 million cardmembers with global acceptance across 43 million retailers. JCB launched its card business in Japan in 1961 and began expanding worldwide in 1981. As part of its international growth strategy, JCB has formed alliances with hundreds of leading banks and financial institutions globally to increase its cardmember base and merchant coverage. As a comprehensive payment solution provider, JCB commits to provide responsive and high-quality service and products to all customers worldwide.

**If you want to discuss the findings  
in this study or JCB services, please  
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