

IN MARKET
INSIGHTS

Q2 2021: Retail Loyalty Report

AUGUST 2021



Overview

While the US has fully reopened, initial optimism—and as a result, consumer loyalty—may have been impacted by concerns over the rise in Covid-19 Delta variant cases. According to the [CDC](#), the 7-day moving average of new cases reached over 12,000 as of late June 2021 and exploded to 60,000 just a month later. Overall, average loyalty dropped by from 2.07 in Q1 2021 to just 1.33 during Q2 2021 (-0.74 points) from the previous quarter, suggesting that consumers decreased the number of repeat visits to retailers. It's vital for marketers to understand how trends evolve over time and consumers change visitation habits in response to reopenings and new developments surrounding Covid-19.

InMarket's Q2 2021 Retail Loyalty Report provides insight into the health and long-term viability of retailers. The Loyalty Score looks at the average number of visits per retailer and is a key indicator for its ability to retain customers and grow lifetime value. Retailers with higher loyalty scores demonstrate higher customer retention, which is often cheaper and potentially more lucrative in the long-term, versus attempting to acquire new customers. Higher customer loyalty is also a key indicator that a business is attuned to its customer base, has adapted to their evolving needs and market trends, and has developed innovative digital and omnichannel strategies to keep and grow their business. Loyalty, in combination with such strategies and a strong balance sheet, will help distinguish survivors and those who will prosper. The data provides a snapshot of notable brands both above and below the average of more than 300 brands.





How We Did It

In this InMarket Insights Report, we've used first-party, permission-based SDK location data from our Comscore-verified data set of monthly active users to analyze the foot traffic patterns and visitation history of consumers in the U.S. from April to June 2021. Retailers are ranked based on their assigned loyalty score, which was determined by the number of visits observed and normalized for month-over-month comparability.

For example, a retailer with

1,000,000 visits from
500,000 devices

would have a
loyalty score of

2.0

whereas a retailer with

10,000 visits from
4,000 devices

would have a
loyalty score of

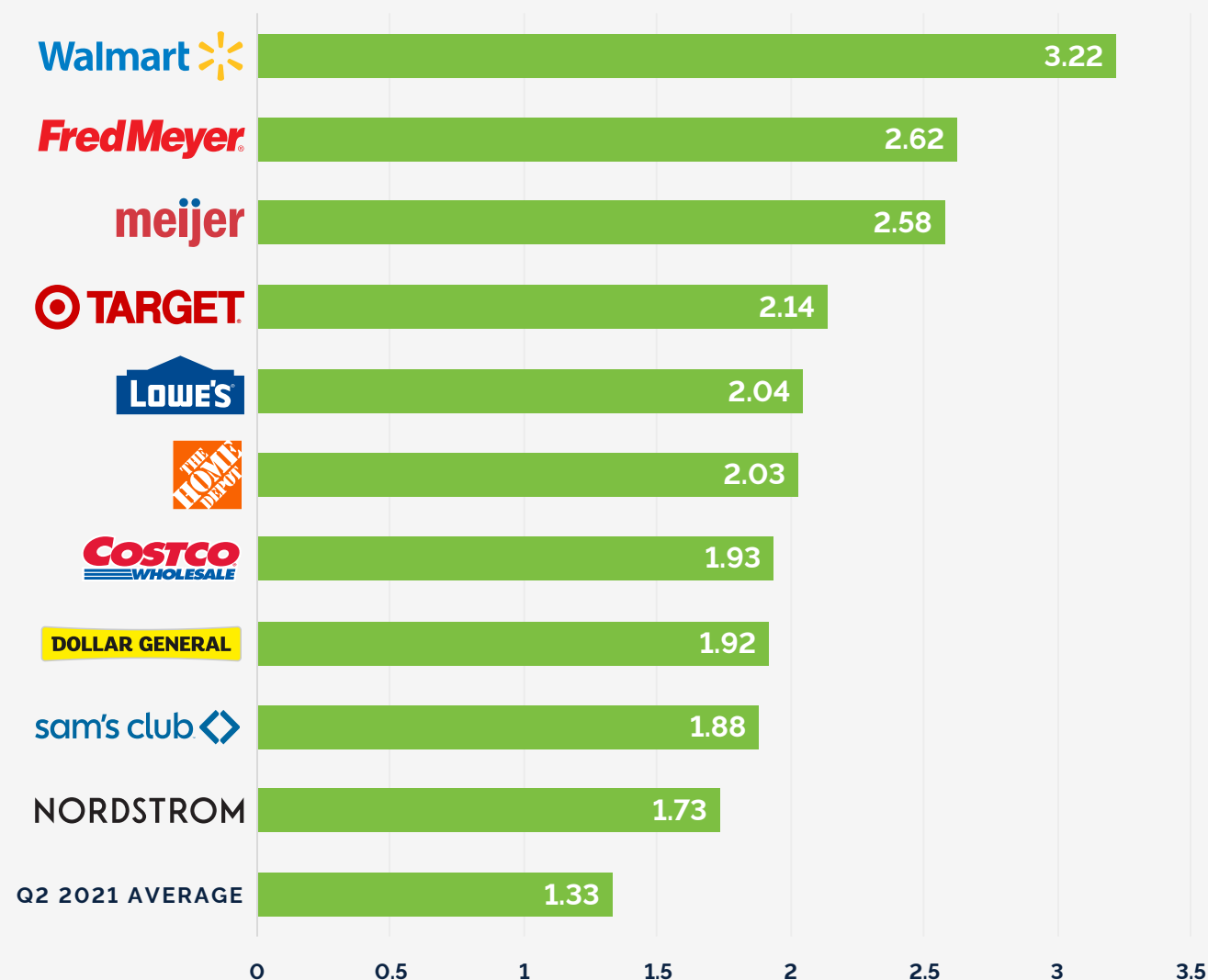
2.5

Note: The average loyalty score
for all retailers in Q2 2021 was:

1.33

Retailers With Above Average Consumer Loyalty

APRIL - JUNE 2021



While the [previous quarter](#) had a higher average loyalty score (2.07), Q2 2021 had seen just 1.33. This decrease may have been [attributed](#) to concerns surrounding the emergence of the Covid-19 Delta variant, and the resulting shrinkage of return visits.

Regular high-performers like **Walmart, Fred Meyer, Meijer, and Target** continued to rank among the top 10 retailers. However, Fred Meyer leapt above other retailers to second place, likely due to its [efforts](#) to incentivize consumers to get vaccinated at its locations by offering a \$1 million dollar prize to five winners as well as free groceries for a year.

Nordstrom was the only department store to appear on the top 10 list. For the first quarter ending May 1, 2021, net sales increased [44%](#) to \$2.92 billion from \$2.02 billion in the same 2020 time period. Additionally, the brand's net sales increased 37% to \$1.85 billion from \$1.35 billion YOY—indicating a strong recovery likely bolstered by reopenings.

Lowe's and **The Home Depot** also saw higher than average repeat visits as both home improvement chains each spent more than [\\$1 billion](#) to upgrade their tech, expand fulfillment networks, mature their supply chains, and further develop omnichannel offerings like curbside pickup and delivery to attract more repeat consumers. To add, Lowe's saw a [25.9%](#) increase in consolidated comparable sales, and The Home Depot reported a [31.0%](#) increase in comparable sales.

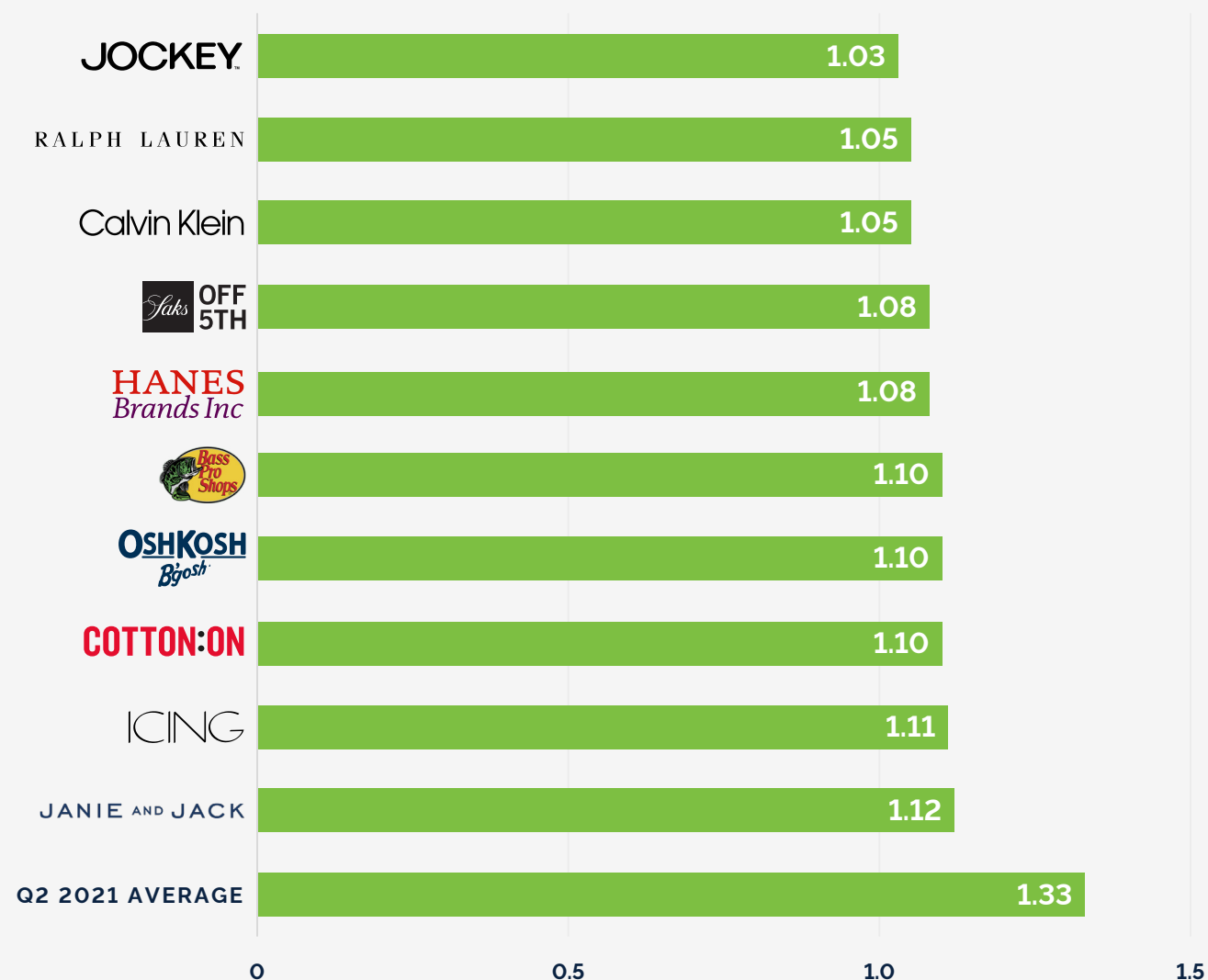
// RETAILERS WITH ABOVE AVERAGE CONSUMER LOYALTY

Value appeared to be top of mind for consumers during Q2 2021 as warehouse clubs like **Costco** and **Sam's Club** impressively increased memberships, which is an attractive reason to visit more frequently. Costco's membership fee income increased 10.6% to \$901 million, and with it, total sales grew 21.7% and same-store sales increased 13.8%. Sam's Club also made changes to stay competitive with Costco. Sam's Club—which saw “triple digit growth” in curbside orders, an 8.7% YOY increase in comparable sales, and a 12.9% increase in membership income (the strongest growth in 6 months)—added 200 national brands like Beyond Meat, Casper, and Kola, improved its contactless tech advancements like Scan & Go, and remodeled 56 stores.



Retailers With Below Average Consumer Loyalty

APRIL - JUNE 2021



Children's retailers, like **Janie and Jack**, **Icing**, and **OshKosh B'gosh**, saw lower than average consumer loyalty. This is telling, as Gap—Janie and Jack's parent company—announced plans to [sell](#) the brand after acquiring it from Gymboree (which at the time was bankrupt) just two years ago in March 2019 for \$35 million. Carters, which owns OshKosh B'gosh, also previously [announced](#) plans to reduce the number of store openings to just 100 in the next five years.

Bass Pro Shops, the only outdoor sporting goods retailer, may have seen a decrease in visits as it [opted](#) to return online orders directly through shipping carriers rather than through stores. Additionally, with refund requests increasing more than 20%, Bass Pro Shops may have missed an opportunity to capture "impulse buy" consumers who could have visited in-store to return items.

Outlet-centric retailers like **Jockey**, **Saks Fifth Avenue OFF 5TH**, and **Hanesbrands** have fallen out of favor among shoppers. While their prices are enticing, these retailers are often found outside of bustling cities. In addition to less than ideal physical placement, Hanesbrands' financial woes were especially apparent: its stock fell [15%](#) at the open in mid-May 2021, and had a [39.0%](#) probability of bankruptcy.

// RETAILERS WITH BELOW AVERAGE CONSUMER LOYALTY

Higher-end retailers like **Ralph Lauren** and **Calvin Klein** also saw below-average consumer loyalty coupled with cost reductions and closures. In February 2021, Ralph Lauren [announced](#) they'd be shuttering 30% of its North American stores among other cost-saving measures expected to save the company \$200-\$240 million (this announcement followed an 18.2% sales decline). Calvin Klein also [announced](#) it would cut 450 jobs in North America and shutter 162 retail stores.



InMarket is the leading provider of 360-degree consumer intelligence and real-time activation. By analyzing the visitation and purchase patterns of millions of opted-in U.S. consumers, InMarket provides brands with the actionable intelligence needed to create real-time experiences at scale InHome, InPath, InStore, and InHand.

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