



RELATIONSHIP COMMERCE

Relationship Commerce:
Building Long-Term Brand
Engagement, a PYMNTS and
Ordergroove collaboration,
takes an in-depth look
at how the relationships
consumers have with their
preferred brands can shape
their behavior and propensity
to shop and spend more with
those merchants.

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RELATIONSHIP COMMERCE:

Building Long-Term Brand Engagement

June 2022



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Relationship Commerce: Building Long-Term Brand Engagement Report was produced in collaboration with Ordergroove and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](https://pymnts.com) retains full editorial control over the following findings, methodology and data analysis.



Introduction

The dramatic shift from in-person shopping to digital commerce has not altered a principal tenet of the business world: businesses are built on relationships. For merchants in today's competitive eCommerce environment, where transactions are increasingly commoditized, creating differentiated experiences and building deeper, long-term brand relationships with consumers is foundational to success.

The brands that thrive in this market are those that can develop deep, ongoing relationships with consumers by leveraging the data and tools needed to understand and anticipate their customers' needs. This emerging category, called Relationship Commerce, aims to create frictionless experiences that drive committed consumer relationships with brands. Online merchants have several tools in their arsenal, including subscriptions, membership services, on-demand ordering, and loyalty programs, and these types of relationships are extremely popular with consumers. In fact, 79% of all consumers enjoy at least one of these commerce relationships, and 17%

have all three. Merchants may have one or all of these programs and others, like predictive ordering or event-based orders, in play at any point in time, and the degree to which they use these tools can strengthen and deepen relationships with customers. Our research shows that retail subscriptions are powerful, with nearly eight out of 10 consumers with subscriptions buying more products from brands they have relationships with than those they do not.

Relationship Commerce: Building Long-Term Brand Engagement, a PYMNTS and Ordergroove collaboration, examines consumer expectations about the relationships they have with their preferred brands. We surveyed a census-balanced panel of 2,826 consumers who have entered into commerce relationships with brands — participating in a combination of subscriptions, memberships and loyalty programs — revealing how these relationships reshape consumer behavior and propensity to shop more with those merchants.

This is what we learned.

Win-win relationships

Seventy-nine percent of consumers have established some form of commerce relationship with the brands they purchase from — either a membership, retail subscription or loyalty program — and 17% of consumers have all three types.

PYMNTS’ data finds that eight out of 10 consumers enjoy some combination of retail subscription, membership or loyalty program relationship with an online merchant, and nearly one in five have all three types of relationships. The growing popularity and ubiquity of subscriptions, memberships and loyalty programs — along with consumers’ increasing use of them as deciding factors when choosing to purchase from a specific vendor — suggests that Relationship Commerce is a potent economic competitive differentiator for online merchants.

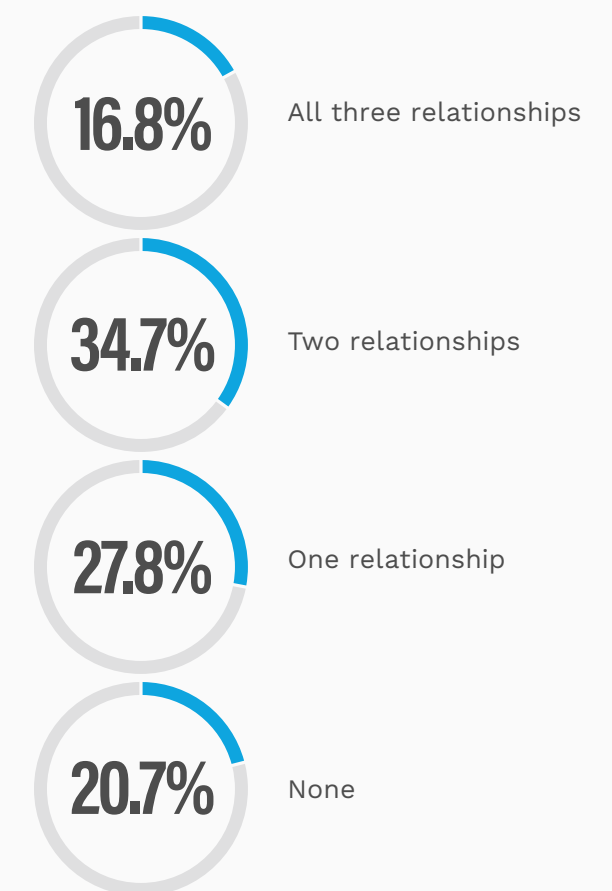
Bridge millennial¹ and high-income consumers who earn more than \$100,000 annually are the

demographics most committed to building relationships with multiple brands. Twenty-eight percent of bridge millennials report having all three types of commerce relationships, and 37% have two relationships. Of those consumers reporting they have all three, 27% earn more than \$100,000 per year, nearly twice the share of consumers who earn between \$50,000 and \$100,000 per year, at 15%. Forty percent of consumers who have two commerce relationships are also high-income earners. Generation X consumers comprise 39% of consumers reporting two memberships, followed by 37% of both bridge millennials and millennials. The consumers who report having no commerce relationships are more likely to be baby boomers and seniors, at 29%; Generation Z, many of whom are just starting to enter the shopping market, at 26%; and consumers earning less than \$50,000 annually, at 32%.

1. Our generational breakdown is as follows: Generation Z consumers are 25 years old or younger, millennials are ages 26 to 41, bridge millennials are ages 34 to 44, Generation X consumers are ages 42 to 57, baby boomers are ages 58 to 76 and seniors are 77 years old or older. We define bridge millennials as the generation that bridge the gap between millennials and Generation X. These consumers have the spending power of their Generation X peers and are as technologically savvy as their millennial counterparts.

FIGURE 1A:
Consumers’ commerce relationships

Share of consumers with different types of brand relationships



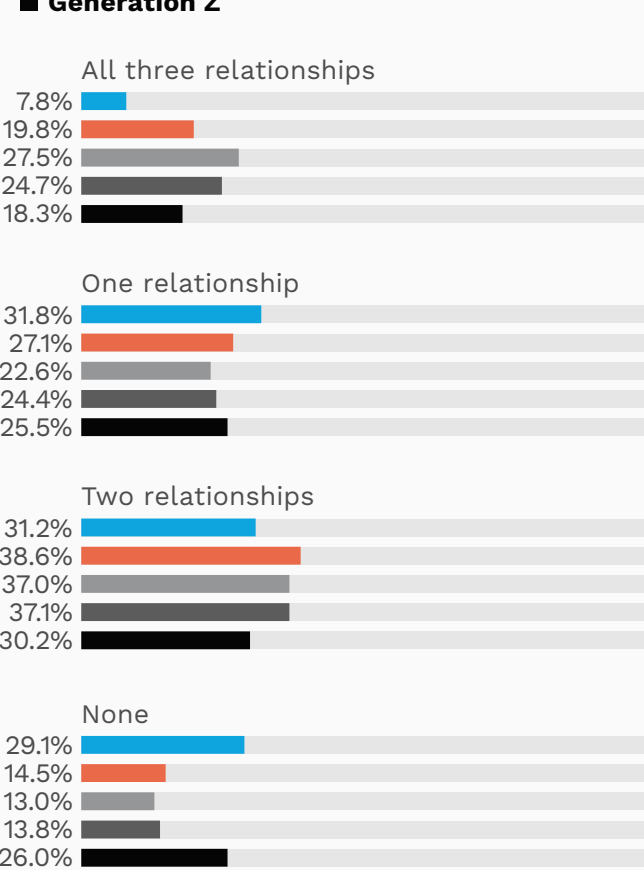
N = 2,826: Whole sample

Source: PYMNTS.com | Ordergroove
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FIGURE 1B:
Consumers’ commerce relationships

Share of consumers with different types of brand relationships, by generation

- Baby boomers and seniors
- Generation X
- Bridge millennials
- Millennials
- Generation Z



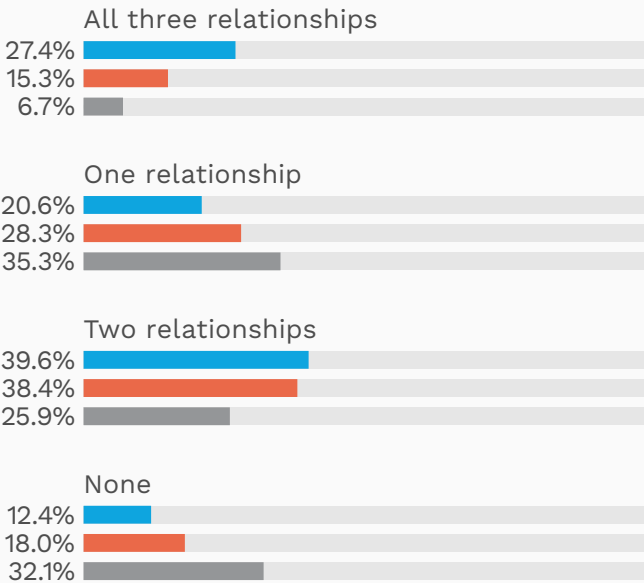
N = 2,826: Whole sample

Source: PYMNTS.com | Ordergroove
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FIGURE 1C:
Consumers’ commerce relationships

Share of consumers with different types of brand relationships, by Income

- More than \$100K
- \$50K-\$100K
- Less than \$50K



N = 2,826: Whole sample

Source: PYMNTS.com | Ordergroove
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Seven out of 10 consumers with commerce relationships say they will buy more products from those brands, with millennials standing out as the group most likely to increase purchases.

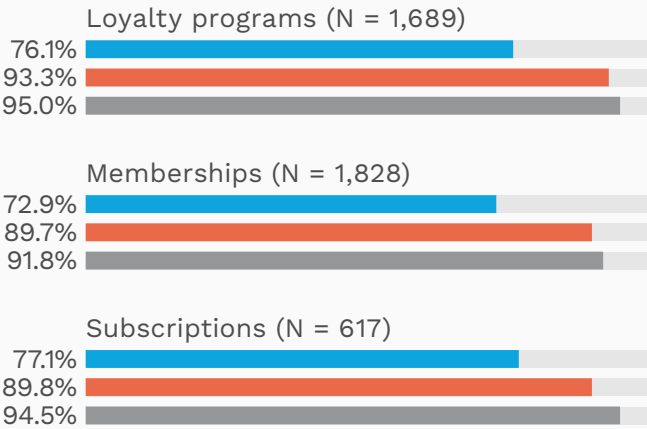
PYMNTS research confirms that the subscription, membership and loyalty programs at the core of merchants’ Relationship Commerce strategies increase the frequency of customers’ purchases and the amount of money consumers spend on those products and services. On average, 75% of consumers with commerce relationships will buy more products from the companies they partner with, and a striking 90% who believe these companies understand their buying preferences are likely to purchase more products from them. When segmented by relationship category, the bottom-line sales benefit for brands is even more dramatic. Ninety-five percent of consumers with retail subscriptions who feel close to brands say they will purchase more products from them, as do 95% of consumers who participate in loyalty programs who feel close to those brands.

Millennials are the demographic most eager to embrace the power and potential of Relationship Commerce and appreciate their bottom-line value. Eighty percent of millennials will likely purchase more from brands they have relationships with. On

FIGURE 2:
How commerce relationships influence purchasing

Share of consumers with brand relationships who are likely to increase purchases, by type of relationship

- Agree to purchase more
- Agree to purchase more and consider that brands they have relationships with have a better understanding of their buying preferences
- Agree to purchase more and have better relationships with brands they have relationships with



N = Respondents who have valid subscriptions for consumer retail products, memberships or have joined loyalty programs

Source: PYMNTS.com | Ordergroove
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the opposite end of the spectrum, Gen Z consumers and those making less than \$50,000 are less likely to purchase more products from brands with which they have a relationship.

The strength of subscription relationships

For merchants, retail subscriptions yield the strongest connections with consumers, followed by loyalty programs.

PYMNTS found a hierarchical connection in the types of relationships brands form with their customers. Retail subscriptions yield the highest return on investment (ROI), trailed by loyalty and membership programs.

Our data show that 77% of consumers with retail subscriptions buy more products from the brands they have relationships with than those they do not. Thirty-seven percent will spend more money with brands with which they have a retail subscription, as will 28% of consumers belonging to membership programs and 27% of loyalty program members. Subscription members are also likely to participate in other Relationship Commerce offerings: 63% say they are interested in joining the brand's loyalty program, and 47% are interested in obtaining a membership.

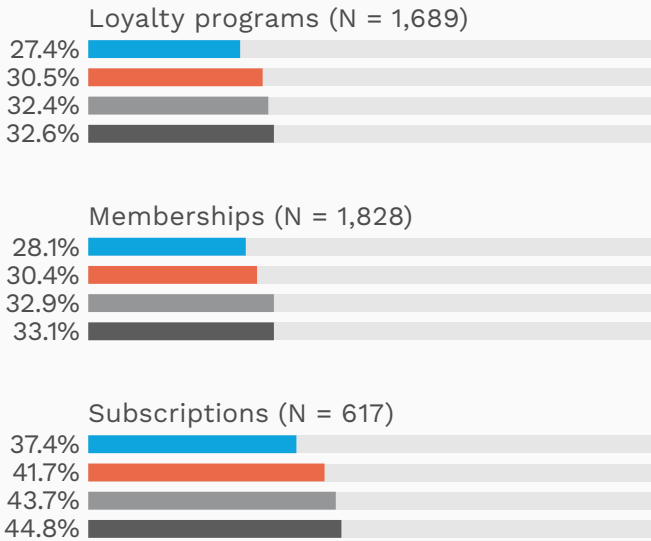
80%

Share of millennials who will likely purchase more from brands they have relationships with

FIGURE 3:
How commerce relationships impact purchasing

Share of consumers with commerce relationships who agree to purchase more from brands that understand them

- **Expect to spend more on purchases**
- **Expect to spend more on purchases and are more likely to purchase products from brands they have relationships with**
- **Expect to spend more on purchases and consider that brands they have relationships with have a better understanding of their buying preferences**
- **Expect to spend more on purchases and have better relationships with brands they have relationships with**



N = Respondents who have valid subscriptions for consumer retail products, memberships or have joined loyalty programs

Source: PYMNTS.com | Ordergroove
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Overall, approximately one-third of consumers will spend more with brands with which they have relationships. Stronger subscription relationships amplify this effect. Forty-five percent of consumers with retail subscriptions who feel closely connected to these brands because of these relationships expect to increase the value of their purchases, as do 33% of consumers with memberships and loyalty programs.

Consumers with commerce relationships overwhelmingly prefer to purchase from companies they believe understand their needs and purchasing preferences and will proactively push products and solutions. As a result, they consistently reward these businesses by spending more and spending more often.



Positive relationship commerce

Six out of 10 consumers involved in commerce relationships have more positive experiences with these brands because they believe their connection transcends the transactional.

As impressive as that number is, an even more significant amount of consumers in retailers' Relationship Commerce programs report they feel the brands better understand their buying preferences. Seventy-two percent of consumers with retail subscriptions, 65% with retail memberships and 67% who participate in retail loyalty programs feel this way.

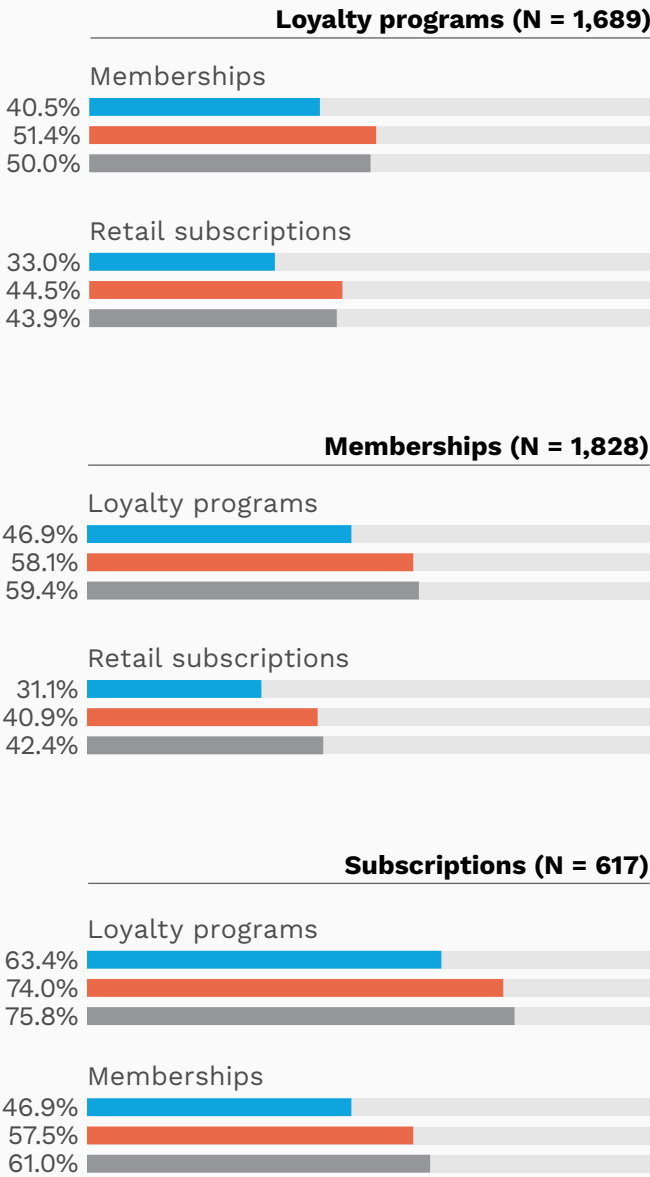
A primary motivator driving consumers to extend relationships with brands, whether through subscription, membership and loyalty programs or a combination of the three, is their desire to partner with companies that understand their current needs, anticipate future preferences and can push exclusive, tailored offers to them based on those data points.

Consumers with commerce relationships overwhelmingly prefer to purchase from companies they believe understand their needs and purchasing preferences.

FIGURE 4:
Consumer interest in
expanding relationships

Share of consumers in commerce relationships who agree with statements about extending those relationships

- Interested in obtaining additional relationships with brands they already have a relationship with
- Interested in further relationships and consider brands they have relationships with to have a better understanding of their buying preferences
- Interested in further relationships and have better relationships with brands they have relationships with



N = Respondents who have valid subscriptions for consumer retail products, memberships or have joined loyalty programs

Source: PYMNTS.com | Ordergroove

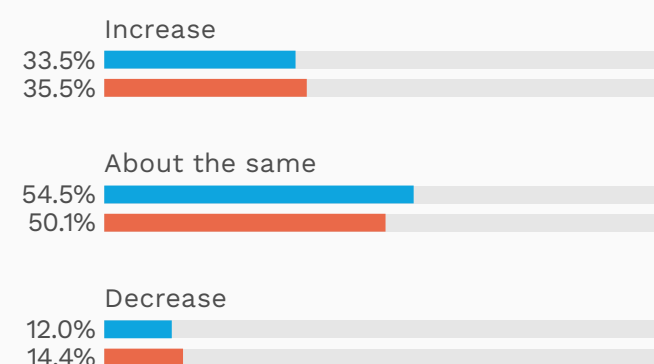
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FIGURE 5A:
Positive brand experiences' impact future brand relationships

Share of consumers expecting to change their number of retail subscriptions

- Consider that brands they have relationships with have a better understanding of their buying preferences (N = 436)
- Have better relationships with brands they have relationships with (N = 400)



N = Respondents who have valid subscriptions for consumer retail products

Source: PYMNTS.com | Ordergroove
Relationship Commerce: Building Long-Term Brand Engagement

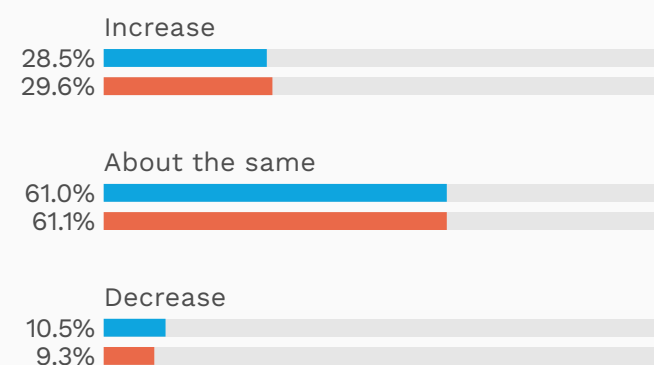
Consumers with existing commerce relationships are more likely to build additional types of relationships with these brands.

Consumers reward the brands they have positive relationships with by increasing the value and frequency of their purchases and actively seeking to create deeper and more layered connections with them. This holds true across the Relationship Commerce

FIGURE 5B:
Positive brand experiences' impact future brand relationships

Share of consumers expecting to change their number of brand memberships

- Consider that brands they have relationships with have a better understanding of their buying preferences (N = 1,187)
- Have better relationships with brands they have relationships with (N = 1,130)



N = Respondents who have memberships

Source: PYMNTS.com | Ordergroove
Relationship Commerce: Building Long-Term Brand Engagement

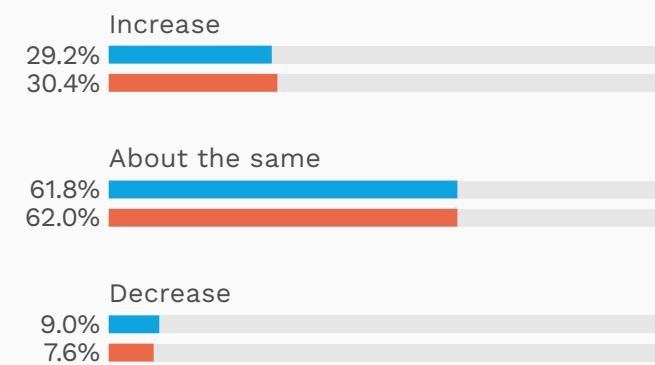
spectrum of subscriptions, memberships and loyalty programs.

We find that 63% of consumers with retail subscriptions are interested in enrolling in loyalty programs with their Relationship Commerce brands. Of those with retail subscriptions, 36% of consumers who believe they have better relationships with brands will increase the number of retail subscriptions with those brands, as would

FIGURE 5C:
Positive brand experiences' impact future brand relationships

Share of consumers expecting to change their number of loyalty programs

- Consider that brands they have relationships with have a better understanding of their buying preferences (N = 1,144)
- Have better relationships with brands they have relationships with (N = 1,142)



N = Respondents who belong to loyalty programs

Source: PYMNTS.com | Ordergroove
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34% of consumers who say those brands have a better understanding of their buying preferences.

Thirty-one percent of consumers with brand memberships are open to obtaining new retail subscriptions with these brands. This share jumps to 42% for consumers with memberships who believe those brands better understand their buying preferences.

Consumers identify access to deals, discounts or free products as their top priority for forming commerce relationships.

Approximately 30% of consumers currently participating in brand membership and loyalty programs are ready to increase their number of commerce relationships.

Millennials with retail subscriptions are the most likely to seek out such additional relationships as loyalty programs. Our data shows that 73% of millennials are “very” or “extremely” likely to enroll in a loyalty program with a brand where they already have a retail subscription.

Discounts or deals are the most appealing benefits brands can offer existing and potential customers with commerce relationships.

Consumers crave deals and discounts from their commerce relationships more than any other benefit. Our data shows these incentives are one of the most potent tools brands can use to reward new customers and expand and strengthen their relationships with existing ones.

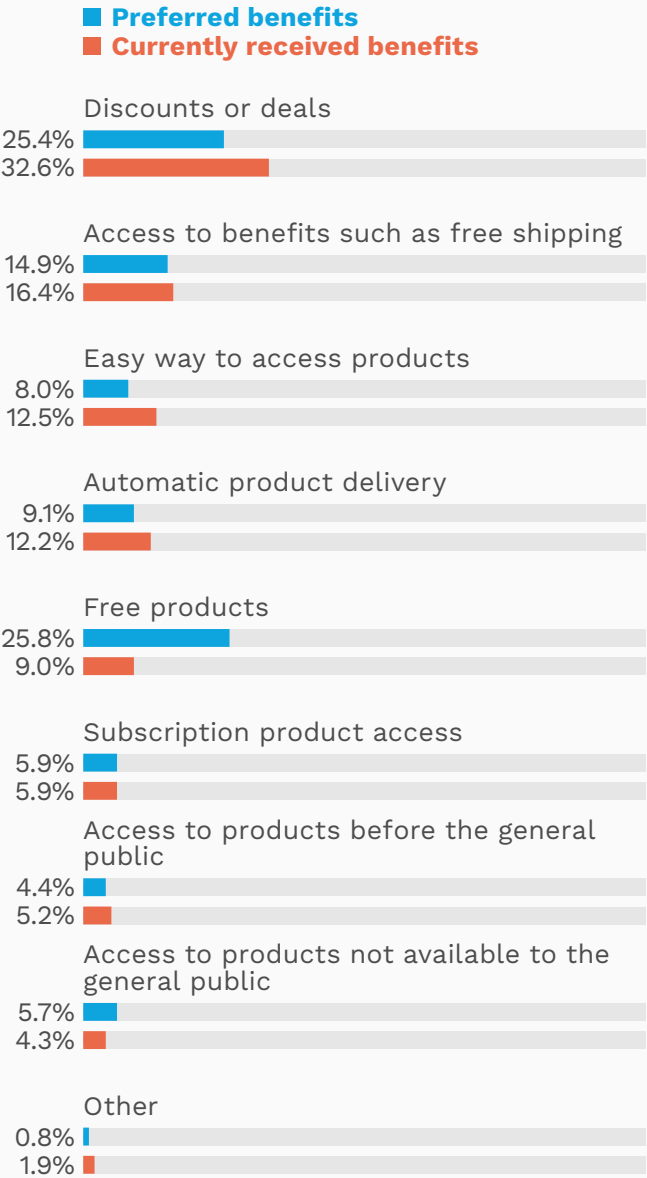
Approximately one-third of consumers with retail subscriptions or memberships and 52% of those who belong to loyalty programs say discounts or deals are the most important benefit they receive from their existing relationship with a brand.

Consumers across every demographic who currently have subscriptions and memberships and are enrolled in loyalty programs identify securing product and service deals and discounts and gaining access to free products as their top priorities for forming these relationships. Even those not participating in Relationship Commerce with the brands they now purchase from said they would become a subscriber or a member or join a brand loyalty program for these benefits.

Among consumers who do not currently have a commerce relationship but are interested in obtaining one during the next 12 months, 33% said discounts or deals would be the most important benefit to motivate them to become a brand subscriber or member or join a loyalty program.

FIGURE 6A:
The most important benefits brands can offer

Share of consumers with retail subscriptions who consider select benefits to be most important

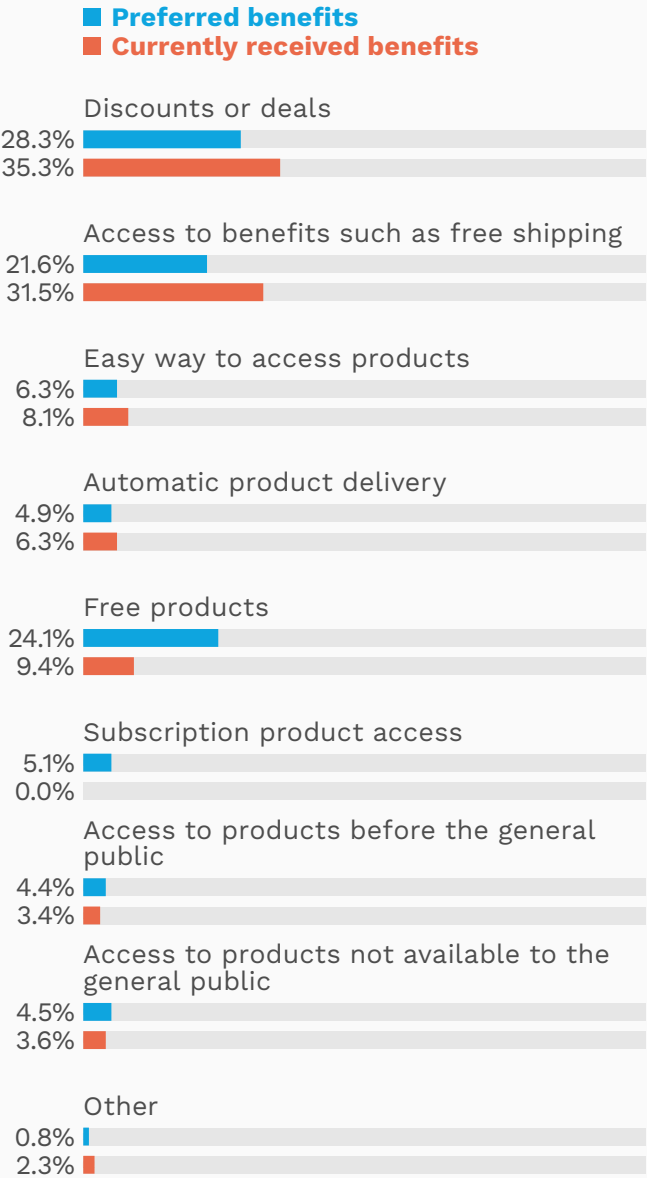


N = 617: Respondents who have valid subscriptions for consumer retail products

Source: PYMNTS.com | Ordergroove
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FIGURE 6B:
The most important benefits brands can offer

Share of consumers with memberships who consider select benefits to be most important

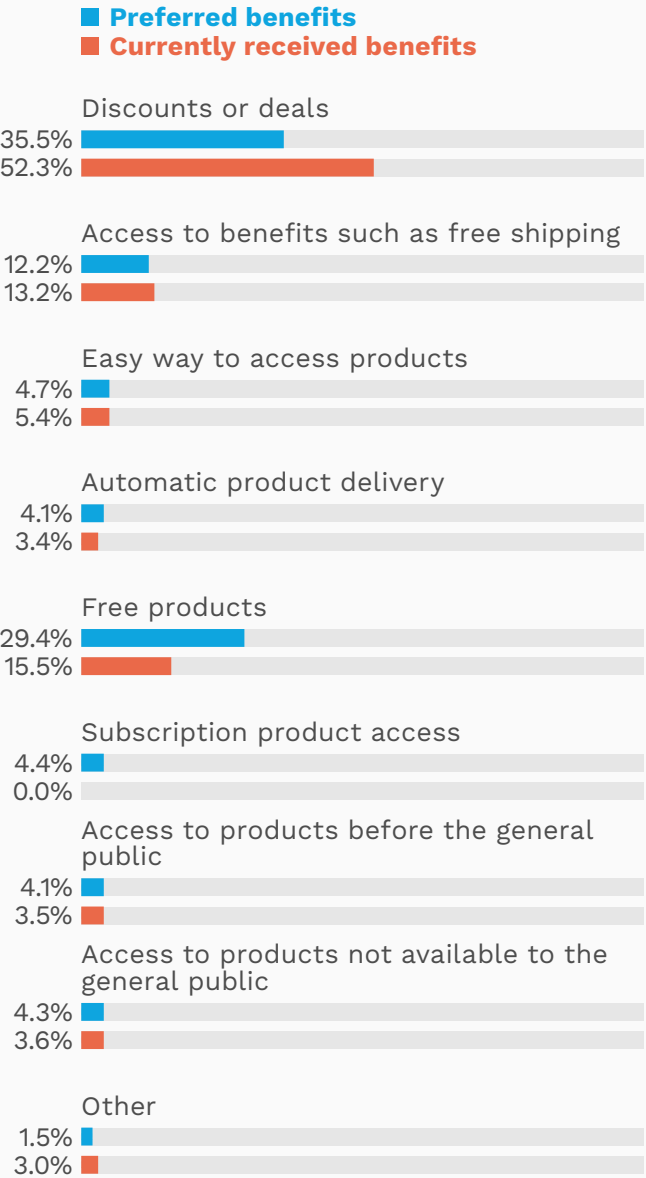


N = 1,828: Respondents who have memberships

Source: PYMNTS.com | Ordergroove
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FIGURE 6C:
The most important benefits brands can offer

Share of consumers in loyalty programs who consider select benefits to be most important



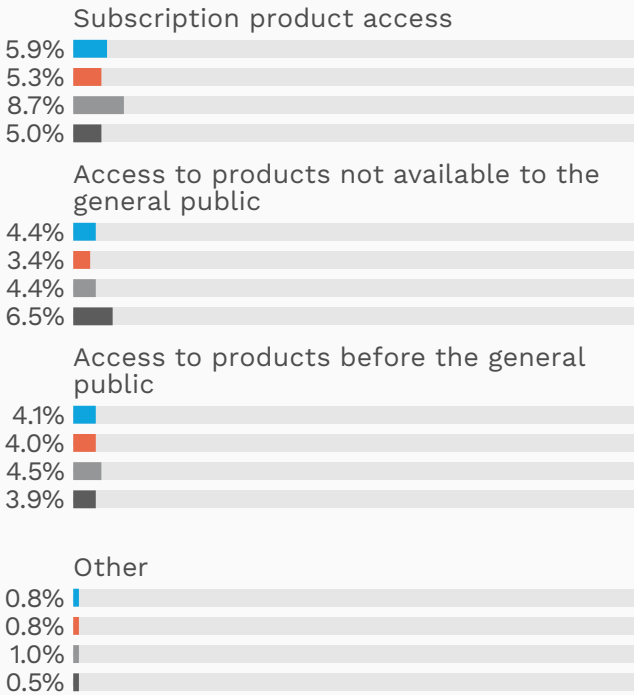
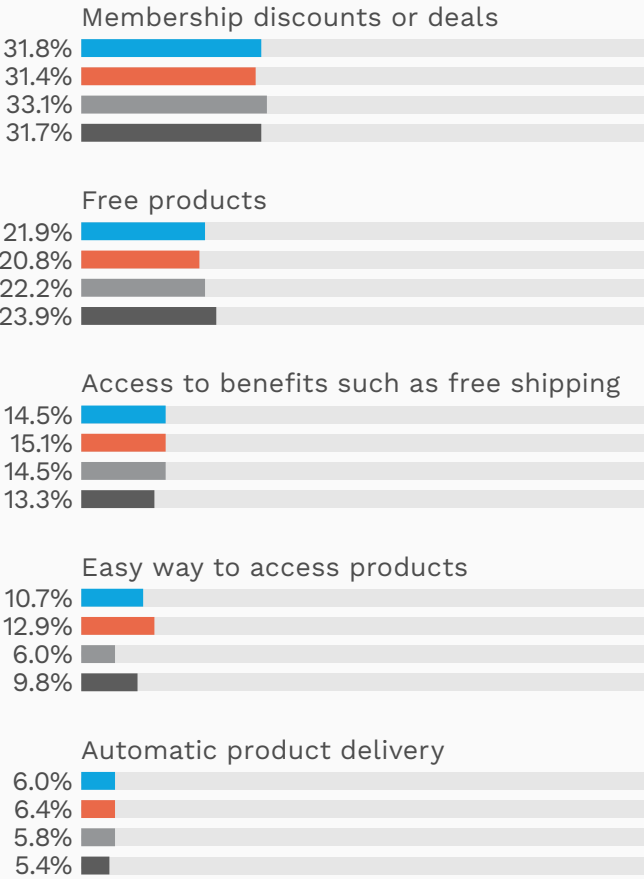
N = 1,689: Respondents who belong to loyalty programs

Source: PYMNTS.com | Ordergroove
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FIGURE 7A:
What consumers gain by starting commerce relationships

Share of consumers who cite gaining particular benefits as most important when starting a new commerce relationship, by type of relationship

- Sample
- Subscriptions (N = 699)
- Memberships (N = 239)
- Loyalty programs (N = 339)



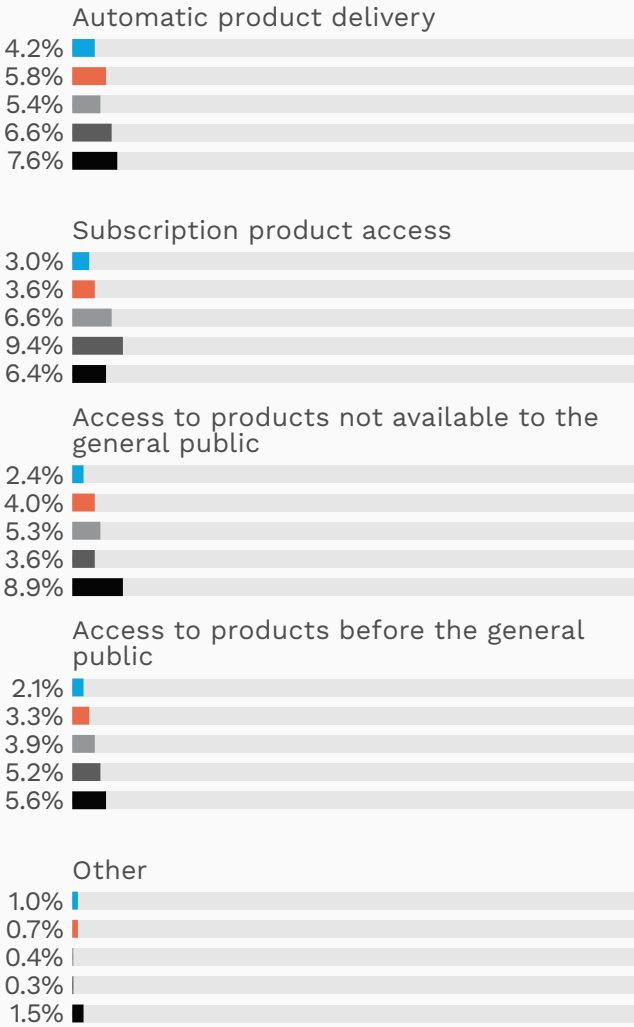
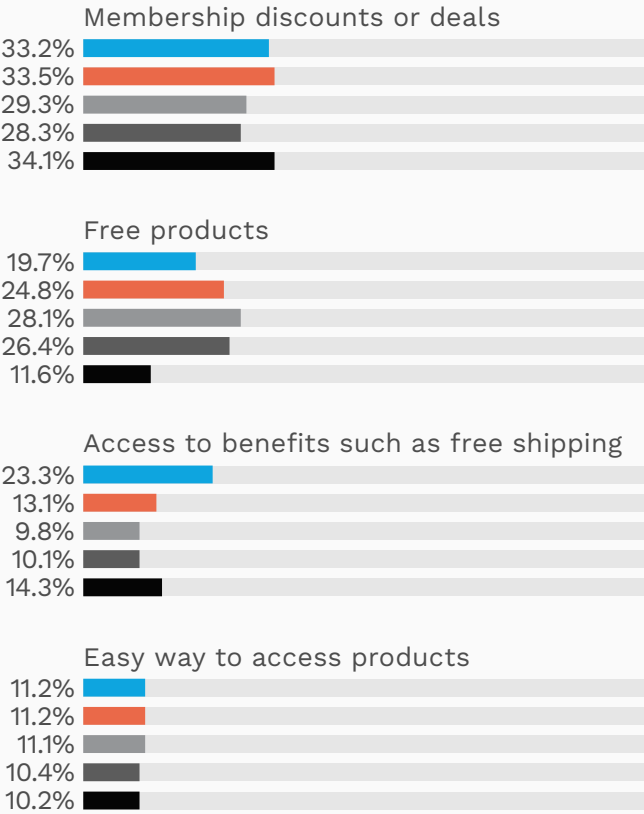
N = 912: Respondents who are at least “slightly” interested in purchasing a subscription or membership or joining a loyalty program over the next 12 months

Source: PYMNTS.com | Ordergroove
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FIGURE 7B:
What consumers gain by starting commerce relationships

Share of consumers who cite gaining particular benefits as most important when starting a new commerce relationship, by generation

- Baby boomers and seniors
- Generation X
- Bridge millennials
- Millennials
- Generation Z



N = 912: Respondents who are at least “slightly” interested in purchasing a subscription or membership or joining a loyalty program over the next 12 months

Source: PYMNTS.com | Ordergroove
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Conclusion

Building and curating enduring and frictionless relationships with consumers that result in predictable, recurring revenue is the North Star of an effective Relationship Commerce strategy. Consumers have made it clear they prefer to engage with brands who understand their current needs and can anticipate their future preferences with more personalized experiences and offerings. The shift from transactional relationships to a Relational Commerce model means businesses

must embrace the data-rich direct-to-consumer tools of subscription, membership and loyalty programs to meet today's consumer preferences and establish themselves as preferred purchasing partners. Businesses who build these bridges to meet customers where they are will be those who most effectively and efficiently attract new customers and drive sales from existing ones, transitioning both from one-click buyers into long-term brand-loyal purchasers.

Methodology

Relationship Commerce: Building Long-Term Brand Engagement is based on a census-balanced survey conducted from April 5 to April 13 of 2,826 U.S. consumers. Respondents were 47 years old on average, and 52% were female. Thirty-two percent of respondents have a college degree, and 36% declared an annual income of more than \$100,000.

About

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PYMNTS.com is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way companies in payments share relevant information about the initiatives that make news and shape the future of this dynamic sector. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovations at the cutting edge of this new world.

ordergroove

Ordergroove helps innovative brands enable Relationship Commerce® — shifting consumer interactions from one-and-done transactions to ongoing, highly profitable relationships — with successful subscription, predictive reorder and membership experiences. Leading brands and retailers including The Honest Company, Unilever, KIND Snacks and L’Oreal rely on Ordergroove’s platform, machine learning, analytics, and unmatched consumer expertise to establish and drive their recurring revenue relationships and transform their commerce experiences across every channel.

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe to this report, please email us at feedback@pymnts.com.

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