



NAVIGATING TURBULENT TIMES

Growing Brand Devotion Is Your Best Investment

The Lacek Group's Strategic Services team delves into how loyalty strategies can boost brand affinity—and, ultimately, companies' bottom line—even in a down economy.

Several factors are fueling today’s uncertain economic landscape. High inflation and supply chain issues are starting to feel like permanent fixtures—and the change of U.S. political administration ushered in a series of abrupt policy and trade shifts.

Those factors combine to keep personal finances a primary concern for U.S. consumers. As of April 2025, 61% of Americans believe the U.S. economy is headed for a recession in the coming year. Meanwhile, only 24% perceive the economic news they read as positive.¹

While consumers prepare for a potential downturn, your brand could be finely tuning your loyalty program to take advantage of one of its greatest benefits: connection to customers.

Developing a plan to keep loyal customers engaged during economic uncertainties or anxieties can bolster customers’ brand affinity—and, by extension, encourage them to increase their spending again when economic concerns are less pressing.

Factor in these three primary areas to stay connected to your brand’s customers:

- Leverage data to understand what they want and need.
- Prepare to meet customers’ emotional and rational needs.
- Maintain engagement with a motivating mix of financial value and emotional benefits.

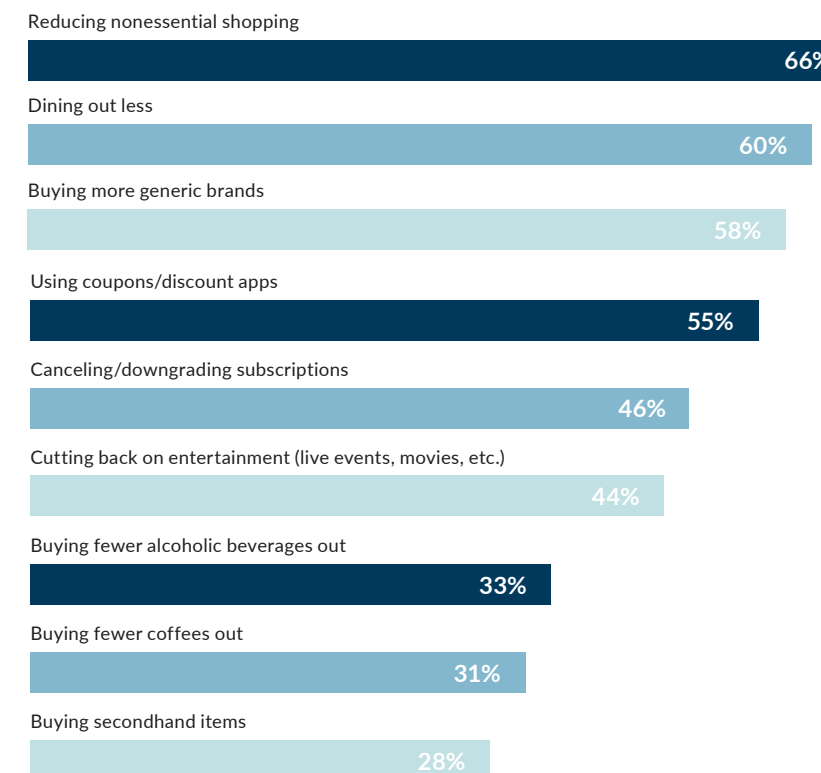
Following these key tenets is good business no matter the financial landscape. But in a potential recessionary environment, these staple approaches enable your brand to pivot quickly and effectively.

Loyal customers are the most likely to stick with your brand during a downturn, and a loyalty program is the primary vehicle for keeping those relationships strong. Let’s look at how you can best prepare your loyalty program for a potential recession.



CONSUMERS ARE ALREADY CUTTING BACK

According to a 2025 study, American consumers are reducing spending in these areas:²



70%
(roughly 7 in 10)
are cutting their spending
in at least one area.²

NURTURE EMOTIONAL CONNECTIONS

During a financially challenging time, it's crucial to maintain an emotional connection with your customers and remind them that brand loyalty is rewarded. Lead with empathy and grace in your messaging and policies to remind customers of the social and emotional connections they have with your brand. Acknowledging difficult times can even strengthen your connection with customers.

Small demonstrations of care can solidify emotional bonds with customers and build lasting loyalty.

These examples may inspire your brand's strategies to nurture customer relationships in a challenging economic atmosphere:

- Extend expiration dates on earned rewards.
- Allow members to maintain status levels an extra year.
- Surprise members with unexpected perks, such as shipping upgrades or bonus points.
- Delight members with special events or personalized experiences.

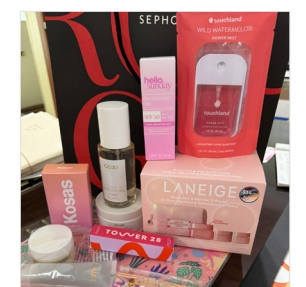
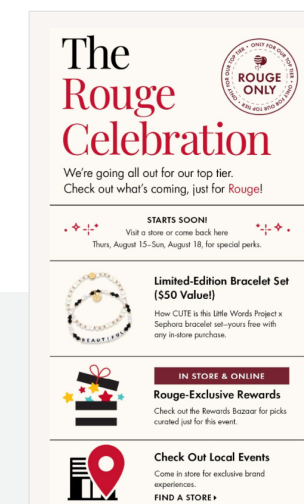
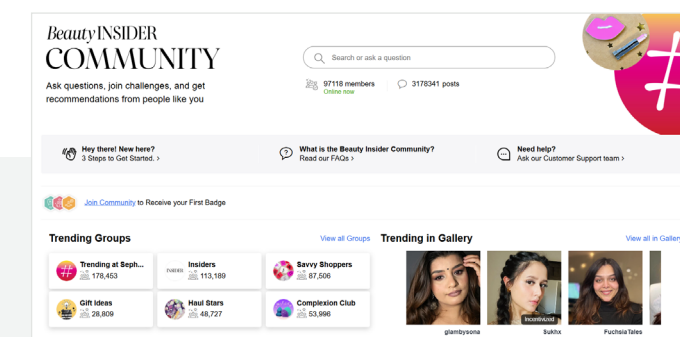


Sephora's loyalty program, Beauty Insider, is built on emotional connections. By inviting members to interact with the brand—and one another—across social platforms, Sephora has created a connected community of over 40 million Beauty Insiders who drive 80% of sales.³ Beauty Insider community members explore products, ask questions, and encourage conversation by commenting on other members' posts. The social bonds between community members strengthen their emotional connection to the brand.

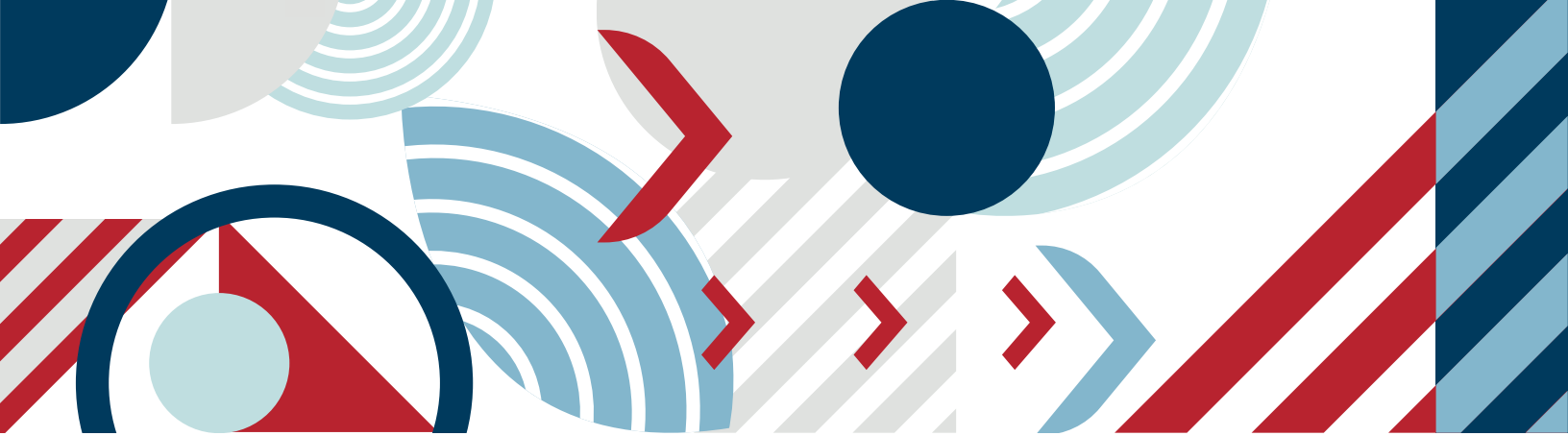
Sephora Beauty Insider members also benefit from personal and meaningful reward options that further entrench their emotional connection with the brand. Recognition goes beyond free samples and gifts on their birthdays to curated exclusive experiences, member-only events, and beauty master classes with well-known makeup artists.

In 2024, Sephora hosted its first Rouge Celebration—four days of special events and offers for members of the brand's top loyalty tier. In-store and online events included product demonstrations and master classes, exclusive rewards and giveaways, and first access to new products.

"We were really inspired to think about, 'How do we truly celebrate these members and give them something that only Sephora could provide?'" said Emmy Brown Berling, Sephora's SVP and general manager of loyalty. "This group of folks is generally early adopters. They know a lot about beauty. They love the brands that we sell. So giving them opportunities to learn more about those brands or get special perks from those brands was something that we were really excited about."³



Source: "Sephora Rouge Celebration." <https://www.nycforfree.co/events/sephora-rouge-celebration>



INVEST IN YOUR MOST VALUABLE CUSTOMERS

A successful loyalty strategy aligns with your brand's financial objectives. If your loyalty budget is impacted by recessionary cutbacks, look for ways to focus content and prioritize spending on high-value members—the 10% of members who statistically account for 50% of loyalty program revenues.

Here are some strategies to do that:

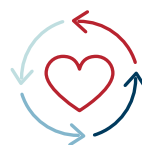
Assess your economic models and budgets per tier

to identify opportunities where your brand might shift dollars to add value to your program's top tiers—when and if financial circumstances warrant the move. Retaining a customer is far less costly than acquiring one, so reward and incentivize your highest-value customers to remain engaged with your brand.



Elevate interactions with high-value members now.

Recognize and reward the importance of their relationship with your brand before economic conditions shift. Strengthening their connection with your brand will encourage high-value members to quickly return to purchasing from you when economic circumstances allow.



Assess how well your program communications reflect your brand's marketing plan.

That will help you identify opportunities to consolidate your content—including promotional offers and discounts—to reduce potential cannibalization and to increase member engagement by highlighting your program's value proposition.



Loyalty programs are responsible for an **18%–30%** increase in spend and visit frequency.

Source: Loyalty Report 2022, Paytronix.

Top-performing loyalty programs can **boost revenue** from customers who redeem points **by 15% to 25%** annually, by increasing either their purchase frequency or basket size or both.

Source: "Next in Loyalty: Eight Levers to Turn Customers into Fans," McKinsey & Company, 2021.



LEVERAGE DATA TO LEARN MORE NOW

Do a deep dive of your customer data before a recession hits. With consumers listing “frustrated,” “annoyed,” and “anxious” as the top three words to describe their feelings about inflation, it’s imperative to know your customers’ motivations, pain points, and preferences.⁴ That way, you’re ready to meet them with the content and benefits they’ll value most if the economy declines.



Go beyond standard demographic data to consider how psychographics—a person’s interests, values, and opinions—impact your customers during a recession. According to *Forbes*, customers often fall into three psychographic segments during an economic downturn.⁵



Financially Fearful

group is more vulnerable to financial setbacks and the most likely to reduce spending; unexpected expenses or loss of income impact them more than others.



Cautiously Optimistic

group may cut back in the short term but they believe the economy will bounce back.



Devil-May-Care

group is confident they’ll withstand a recession and are unlikely to change spending habits.

Consider your overall value proposition and how minor tweaks—or major changes—could improve customer engagement and satisfaction during a recession. Customer data is the fuel for ongoing, meaningful interactions with your brand. It’s essential to keep consumer data and preferences current, and then use insights gleaned from them to continually fine-tune your customer loyalty proposition. Embracing that strategy will keep your brand delivering personalized, relevant content and benefits during all phases of an economic downturn.

Remember to treat your brand’s customer data with care. When consumers enroll in a loyalty program, they’re giving your brand permission to use their personal data to engage with them. In return, they expect that information will remain secure and be used only to provide personalized, relevant brand communications and experiences. That’s particularly key in times of economic strife, when the appeal of personalized offers and benefits is elevated.



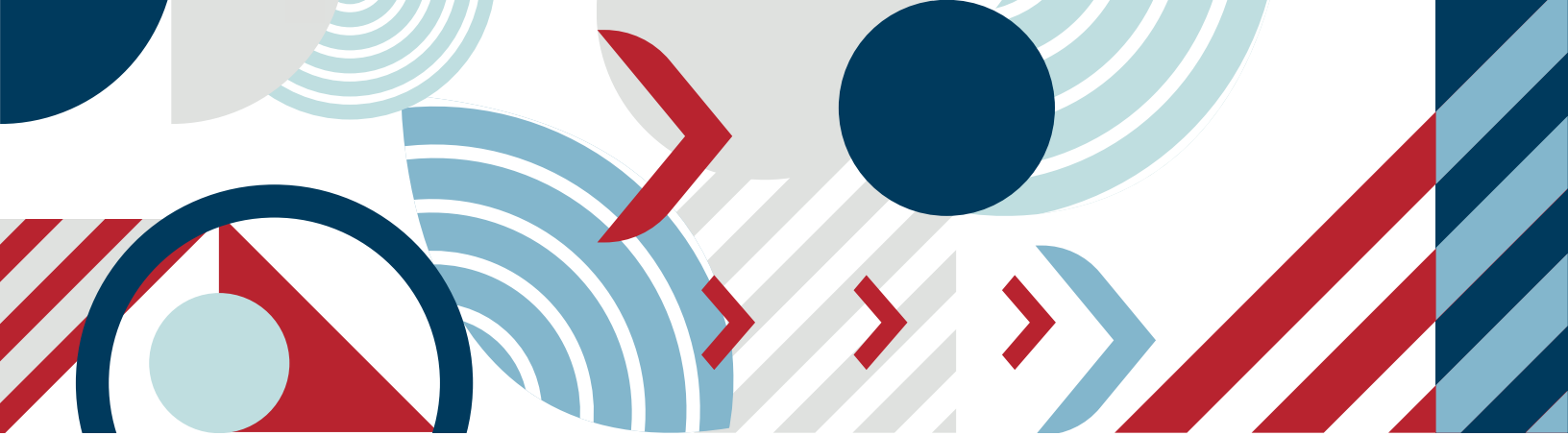
73%

of global consumers report it’s critical for a brand to know who they are and understand their preferences.

62%

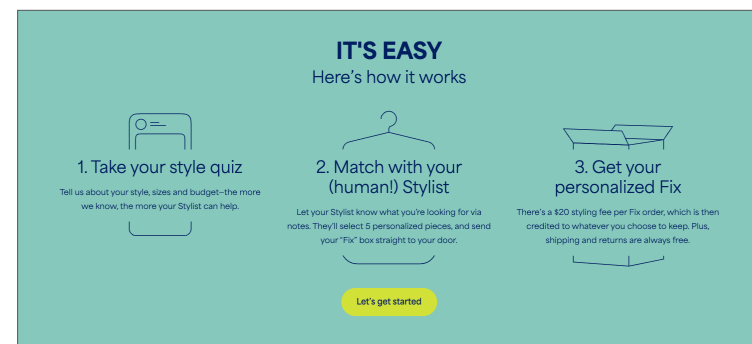
say personalized communications and experiences are a must for brand engagement.

Source: “The Changing Look of Loyalty.” The Lacek Group, 2022. <https://lacek.com/insights/blog/2022/4/7/changing-look-of-loyalty>.

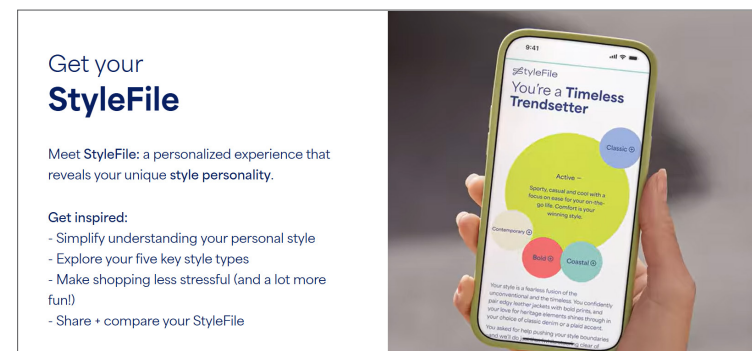


Stitch Fix, for example, an online personal styling service, excels at using customer data to create personalized benefits and experiences. The retailer’s extensive customer onboarding survey gleans key demographic details and lifestyle preferences needed to curate the best possible items for each customer.

Stitch Fix stylists benefit from algorithms, data, and AI tools that deliver recommended clothing and accessories based on customer profiles and preferences.



Additionally, follow-up surveys (part of every delivered package) gather ongoing feedback, ensuring stylists stay up to date on a customer’s changing preferences. The result? Customers can rely on expert stylists to do the shopping for them. Meanwhile, the company continues to strengthen customer relationships with innovations like Freestyle, a service that offers consumers the efficiency and convenience of shopping in their own curated feed of recommended products without waiting for their next Stitch Fix shipment.



Source: stitchfix.com.



Can lipstick sales predict a recession?

These may be unconventional statistics, but they can offer insights into where the economy is headed.

The Lipstick Index: increased sales of lipstick and other small luxuries signal a recession.

The Champagne Index: the more celebratory bottles popped, the better the economy is performing.

The Hemline Indicator: the higher hemlines rise, the stronger the economy.

The Snack Index: the Great Recession of 2008 reduced consumptions of snacks as well as other foods, from fast food to produce.

The Cardboard Box Index: more cardboard boxes produced indicates a strong economy.

Source: Mark Reeth. "9 Unusual Economic Indicators to Watch." *U.S. News & World Report*, Apr. 13, 2020. <https://money.usnews.com/investing/stock-market-news/slideshows/unusual-economic-indicators-to-watch>.

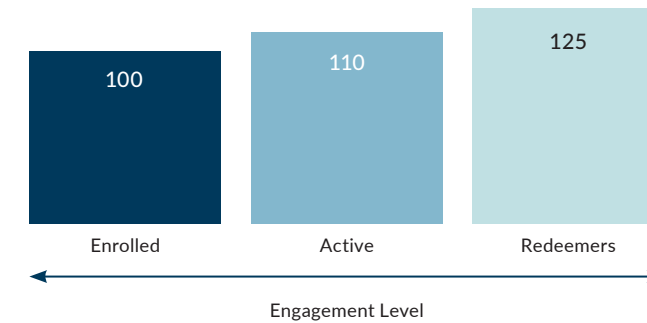


LOYALTY CURRENCY OFFERS BOTH EMOTIONAL AND FINANCIAL BENEFITS



Reward points benefit both brands and consumers during tight economic times. For consumers, points are another form of currency when discretionary income is tight. Redeeming points helps loyalty members treat themselves to little luxuries they may otherwise forego and can provide an emotional lift while maintaining positive engagement with your brand.

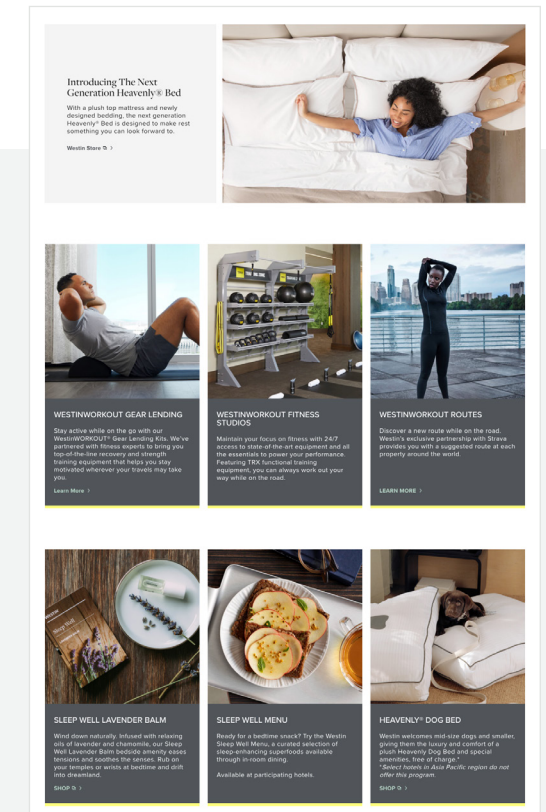
Redeemers can unlock disproportional sales.
Customer revenue per engagement level, indexed.⁶



Consider replacing percent-off sales and instant discounts with bonus-point promotions at better margins for your brand. That will allow you to reward customers now, but defer the cost.

Westin Hotels & Resorts, part of Marriott Bonvoy's loyalty program, delights travelers with amenities that support health and well-being while away from home—from staying active to nourishing, healthful food.

WestinWORKOUT invites guests to borrow gear, attend fitness studios, and access curated running routes. Later, before settling into Westin's famous Heavenly Bed, guests can soothe away tension using Sleep Well Lavender Balm or promote rest with a bedtime snack from the Westin Sleep Well Menu.

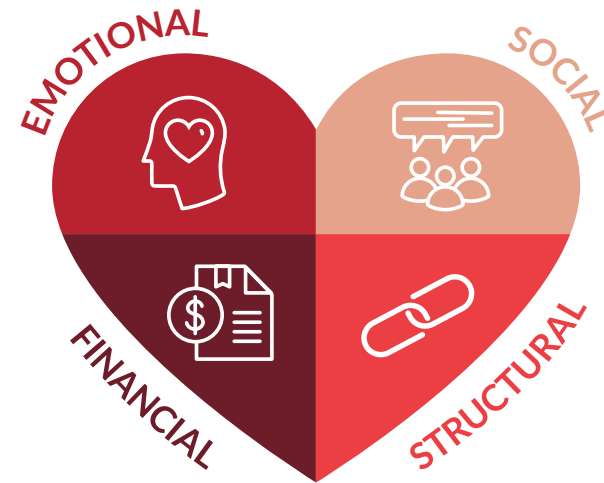


INSTILL BRAND DEVOTION THROUGH FOUR TYPES OF BONDS

The four bonds that drive brand devotion are more important when budgets are tight as companies extend their value and differentiate their loyalty proposition.

Experiences that make people feel personally recognized and involved, such as personalization, exclusive access, and surprises.

Experiences that give a financial benefit to loyalty—for example, points for purchase, coupons, and exclusive offers.



Experiences that give a social benefit to loyalty, such as access to networks and group benefits.

Experiences that make it harder to leave the brand or easier to keep buying, such as subscription programs or free shipping.



U.S. Recessions Since the Great Depression

NAME	PERIOD RANGE	DURATION	TIME SINCE PREVIOUS RECESSION	PEAK UNEMPLOYMENT	GDP DECLINE (peak to trough)
Great Depression	August 1929–March 1933	3 years, 7 months	1 year, 9 months	21.3% (1932)–24.9% (1933)	-26.7%
Recession of 1937–1938	May 1937–June 1938	1 year, 1 month	4 years, 2 months	17.8%–19.0% (1938)	-18.2%
Recession of 1945	February–October 1945	8 months	6 years, 8 months	5.2% (1946)	-12.7%
Recession of 1949	November 1948–October 1949	11 months	3 years, 1 month	7.9% (October 1949)	-1.7%
Recession of 1953	July 1953–May 1954	10 months	3 years, 9 months	6.1% (September 1954)	-2.6%
Recession of 1958	August 1957–April 1958	8 months	3 years, 3 months	7.5% (July 1958)	-3.7%
Recession of 1960–1961	April 1960–February 1961	10 months	2 years	7.1% (May 1961)	-1.6%
Recession of 1969–1970	December 1969–November 1970	11 months	8 years, 10 months	6.1% (December 1970)	-0.6%
1973–1975 Recession	November 1973–March 1975	1 year, 4 months	3 years	9.0% (May 1975)	-3.2%
1980 Recession	January–July 1980	6 months	4 years, 10 months	7.8% (July 1980)	-2.2%
1981–1982 Recession	July 1981–November 1982	1 year, 4 months	1 year	10.8% (November 1982)	-2.7%
Early 1990s Recession	July 1990–March 1991	8 months	7 years, 8 months	7.8% (June 1992)	-1.4%
Early 2000s Recession	March–November 2001	8 months	10 years	6.3% (June 2003)	-0.3%
Great Recession	December 2007–June 2009	1 year, 6 months	6 years, 1 month	10.0% (October 2009)	-5.1%
COVID-19 Recession	February–April 2020	2 months	10 years, 8 months	14.7% (April 2020)	-19.2%

Source: "List of Recessions in the United States." https://en.wikipedia.org/wiki/List_of_recessions_in_the_United_States.

ENGAGE MEMBERS VIA GAMIFICATION

Entice members to interact with your brand, even when they're not spending, with fun and games. You can introduce various forms of gamification through member challenges and quizzes to increase interaction, capture additional member data to enhance personalization, and encourage habit-forming behaviors with the brand.

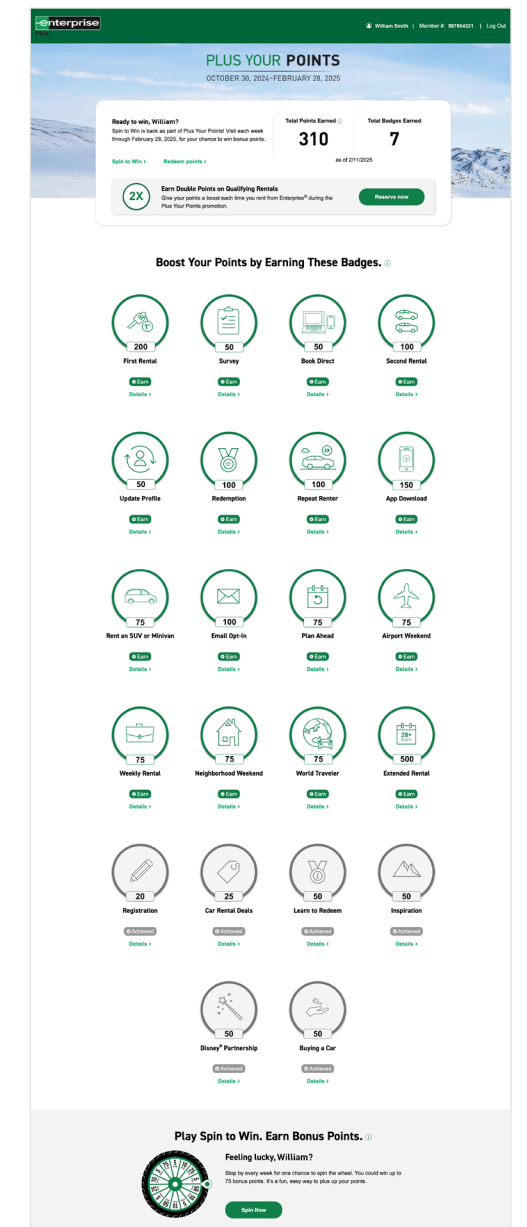
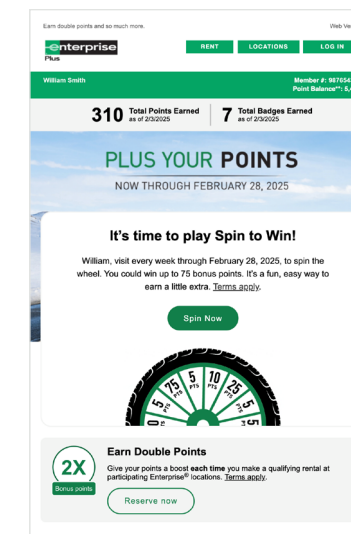
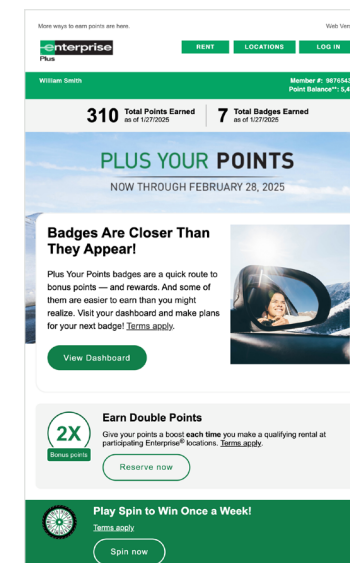
Brands that incorporate gamification into their consumer loyalty strategy report impressive results: 47% rise in consumer engagement, 22% rise in brand loyalty, and 15% rise in brand awareness.⁷



Enterprise Rent-A-Car successfully drives member retention and incremental spend by leveraging gamification for Plus Your Points, a promotion for members of its Enterprise Plus loyalty program.

Here's how it works. Registered members earn double points on rentals during the promotion period. They can earn additional bonus points by unlocking various "badges" for rentals and other activities, e.g., clicking through to partner offers or opting in to email communications. There is also a weekly spin-to-win game where members can return to the site, spin a wheel and win points adding to their point total.

Plus Your Points has a proven track record in driving incremental revenue—resulting in a 124% return on investment in its most recent iteration (2024). In addition, 50,000 new members were acquired during the promotion, and more than 20% of the registered dormant members made a transaction during the promotion.



EXTEND AND MULTIPLY PROGRAM VALUE WITH PARTNERSHIPS

Strategic partnerships play a key role in a brand's loyalty program strategy—especially as discretionary spending diminishes. It's wise to review existing partnerships and consider how new partners might extend your brand's reach and value during an economic downturn. Partnerships can multiply your brand's benefits, lifting the member experience in tougher times and elevating consumers' perception of your brand.

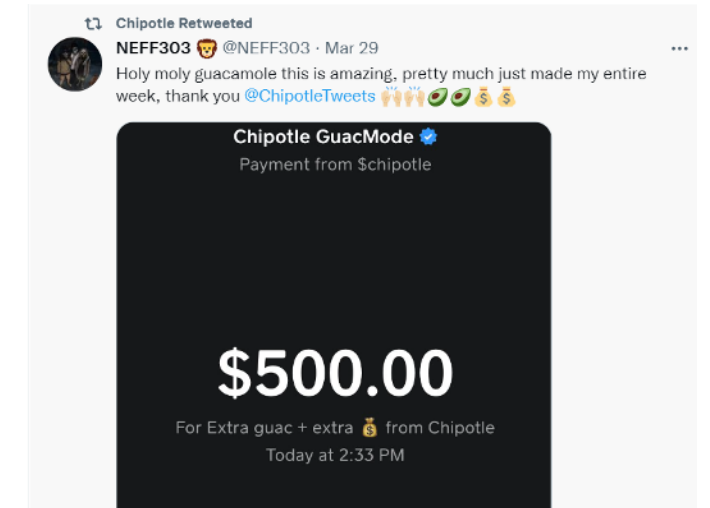
When evaluating a potential partnership, consider:

- Do your brand's values and the values of the potential partner align?
- Do the partner's products and services provide added value for cross-marketing opportunities?
- Do your brand and the potential partner have complementary customer segments?
- Would it be easy for members to engage in cross-brand program benefits, including linking both accounts for earning opportunities?
- Would the potential partnership enable recognition of elite tier members by both your brand and the potential partner?



Savvy brands recognize the importance of strategic partnerships to extend their loyalty proposition. While partnerships often begin as short-term engagements, they can turn into long-term partnerships if the value proposition mutually benefits both brands.

In 2022, for example, Chipotle relaunched "Guac Mode," which offered surprise free guacamole rewards to Chipotle Rewards members. In its relaunch, Chipotle partnered with Cash App on a \$GuacMode Giveaway, which offered surprise cash drops in its app and opportunities to win delivered through tweets that tagged both brands.⁸ Cash App and Chipotle benefited from high engagement and a positive brand perception.

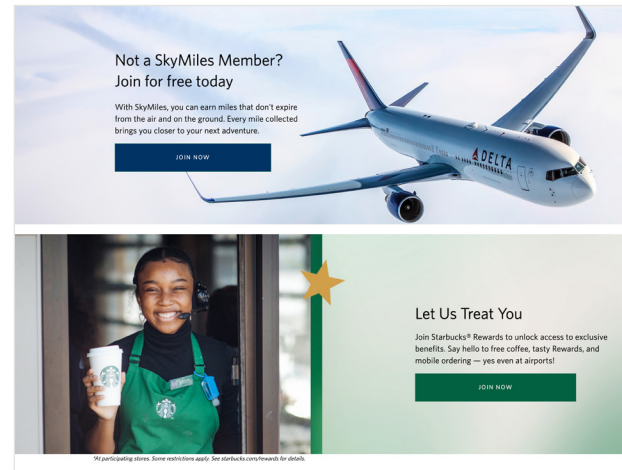
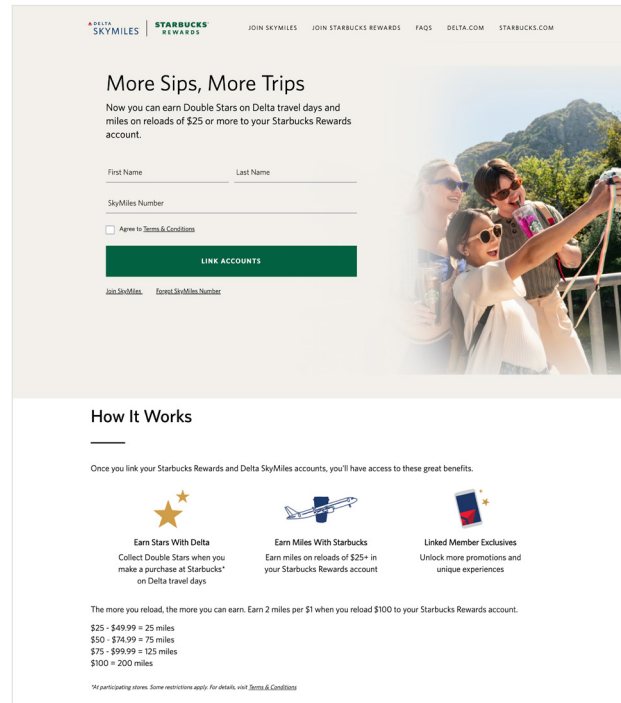


Fold partnerships into the game

United Airlines and Chase launched the Mile Badge Promotion using gamification to create multiactivity engagement with members while driving incremental spend during the peak holiday travel season.



Another illustrative partnership example is Delta Air Lines and Starbucks. Their partnership, which began with serving Starbucks coffee on Delta flights, now invites members to link their Delta SkyMiles and Starbucks Rewards accounts to earn miles for reloading money to a Starbucks Rewards account and double Stars for Starbucks purchases on the day of travel on Delta. This partnership, and the value it offers, drives member retention and provides an additional stream of revenue for both brands.



Source: deltastarbucks.com.



CONCLUSION

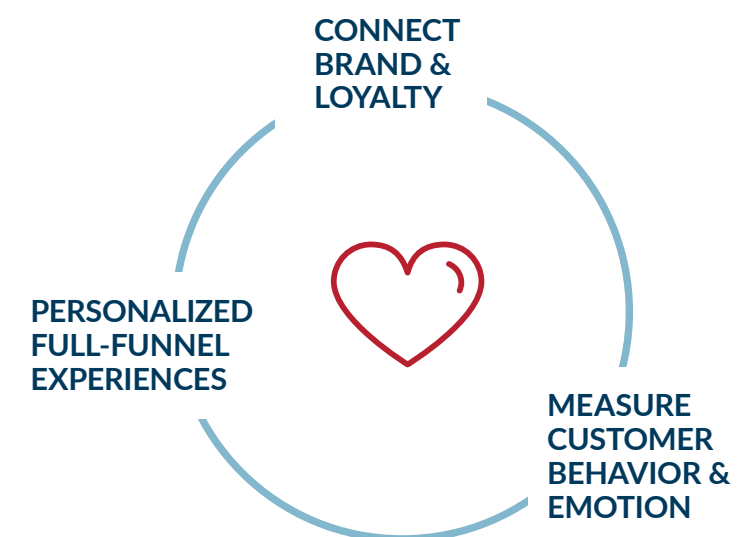
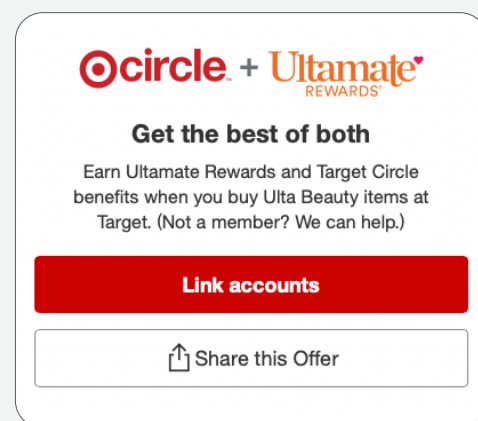
Recessions are stressful and unpredictable for consumers and companies. The old proverb “an ounce of prevention is worth a pound of cure” resonates with how brands can best prepare to weather the unknowns while maintaining strong loyalty bonds with their customers.

As we witnessed during the unusually fast paradigm shifts in consumer behaviors during the pandemic, a loyalty program can be the catalyst for continued connection with customers—even resulting in retention and growth despite market or situational challenges.

Now is the time to ensure your brand’s loyalty program offers the right mix of emotional connection, relevant experiences, and rational benefits to keep customers close during tough times and create long-lasting customer loyalty.

Target and Ulta Beauty developed a strategic partnership to allow customers to shop at mini Ulta Beauty stores inside Target, creating a fun and immersive beauty experience for customers while extending the Ulta footprint. The partnership was designed to be especially appealing to young, diverse Gen Z consumers, who are recognized as super beauty enthusiasts.⁹ Members can link their Target Circle and Ultamate Rewards accounts to take advantage of both program's benefits.

In April 2025, Ulta announced its decision to pause growth of its Target partnership. The decision—which came amid economic uncertainty tied to shifting tariff policies and following a 40-day boycott of Target stores after the retailer rolled back diversity, equity and inclusion policies—illustrates the importance of continual assessment of partnerships.¹⁰



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- ⁹ Annachiaria Biondi. "How Gen Z Is Changing Beauty." *Vogue Business*, July 2, 2021. <https://www.voguebusiness.com/beauty/gen-z-changing-beauty>.
- ¹⁰ Patricia Battle. "Ulta Beauty Makes Drastic Decision on Target Partnership." *The Street*, Apr. 9, 2025. <https://www.thestreet.com/retail/ulta-beauty-makes-drastic-decision-on-target-partnership>.

For more than 30 years, The Lacek Group has been perfecting the art and algorithms of brand devotion. We help world-class brands identify their highest-potential customers, engage them across channels throughout their lifecycles, personalize each relationship for optimal long-term results, and measure the true effectiveness of those efforts. The Lacek Group is an Ogilvy One company.

About the authors:

The Lacek Group's Strategic Services team aligns each clients' ambitious, future-oriented vision with actionable tactics. From designing loyalty programs to tapping into the synergy of brand partnerships, our strategists tailor solutions for sustained growth over time while serving up tangible, in-the-moment results. They take a holistic and human-centered approach to building long-term brand devotion by focusing on innovative strategies to drive engagement and loyalty at every stage of the customer journey.





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