## Introduction

The average person upgrades their phone every 18-24 months,¹ and an iPhone’s average age at trade-in increased by more than half a year from 2016 to 2018.² With this lengthy cycle, which is common across product categories, it can be difficult for consumer electronics brands to build loyalty and encourage repeat purchases when the time to upgrade finally comes. While the best retention mechanism is a positive product experience, brands can create touchpoints in the intervening time to build brand affinity and encourage loyalty.

Brands in more digitally mature industries improve loyalty programs by layering experiential and subscription-based benefits on top of transactional ones. Consumer electronics brands struggle to identify the right mix of customer rewards. Only 14% of Consumer Electronics Index brands have loyalty programs, as compared to 70% of brands tracked in Gartner’s Loyalty 2019 Intelligence Report. Without loyalty programs, brands need other means of keeping in touch with customers. Seventy-one percent of brands have newsletters, which serve as the simplest way to stay relevant in a customer’s mind. Seventy-five percent of brands have user accounts, but without associated rewards programs, brands often have trouble communicating the account’s value to customers.

The few brands that have built out loyalty programs have identified rewards to keep customers engaged in the intervening time between purchases. Savvy brands have built out online forums, which creates a community encouraging repeat site visits and building brand affinity. Index leaders Apple and Samsung have built their own merchandising app, trying to establish themselves as an omnipresent entity in the customer’s life. Consumer electronics brands must get creative to drive loyalty, but the value of a passionate customer cannot be overstated.

¹ “How regularly do people upgrade their smartphones?,” DeviceAtlas.
² “New Study Suggests People Are Keeping Their Phones Longer Because There’s Not Much Reason to Upgrade,” Vice.

## Key Findings

- While 75% of brands have user accounts, only 43% of brands with accounts clearly communicate the account’s value by describing benefits.
- Only 14% of Index brands have loyalty programs, but those that do have created vast reward ecosystems offering points for both purchase and actions.
- Sixty-nine percent of brands have product registration on site, but 22% of them exclude information from the footer or support section.
- Nearly half of brands have built a community on their sites, and 89% of these communities are “garnified” with points, badges or awards.

## Key Takeaways

- Create a clear value proposition for newsletter and account sign-up by offering discounts or rewards.
- Short of a full-fledged loyalty program, consider including benefits in the user account experience to stay in touch with customers.
- Use product registration to keep in touch with customers, tying the program to user accounts and offering incentives for completion.
- Leverage communities to keep customers engaged and returning to the site.

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**Consumer Electronics US: Adoption of Given Brand Site Capability**

**August 2019**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Adoption Rate</th>
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<tbody>
<tr>
<td>Brand Site Account</td>
<td>76%</td>
</tr>
<tr>
<td>Newsletter</td>
<td>71%</td>
</tr>
<tr>
<td>Product Registration</td>
<td>69%</td>
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<tr>
<td>Brand Community</td>
<td>47%</td>
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<tr>
<td>Rewards Program</td>
<td>14%</td>
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</tbody>
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n = 59 Brands
Source: Gartner L2 Digital IQ Index: Consumer Electronics 2019
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