OPEN LOYALTY

# Loyalty Program Benchmark 2027 Report

State of loyalty program success, measurement and business impact

500+ industry conversations

150+ companies

1,500 hours of conversations

Open Loyalty sp. z o.o.® All information in this document should be considered confidential.

# Contents


## Introduction

Let's discover the loyalty benchmark together! 2
What will you learn from the report? 4
Research methodology 5

## Executive summary

Key report takeaways 8
Execution is where loyalty teams hit the most friction 10
AI and personalization are moving faster than data and measurement capabilities 11
What loyalty leaders should take from the benchmark 12

## Self-assessment

Self-assessment rules 15
Self-assessment questions 16
Score 17

## Survey results

Survey results 19
Defining success 20
Business moments defined as a loyalty program success 21
When does the business call loyalty a success? 22
When would your main business owner consider your loyalty program a success? 23
Success metrics 25
Success metric tracked 26
Success metrics: differences by industry 27
Improvement of which business metric reflects the success of your loyalty program? 28
Expected results for near future 29
Expected improvements 30
Only half of loyalty teams put a number on improvement 31
The loyalty growth stack 32
What level of improvement of the metrics would you like see in 2027? 33
Key challenges 35
Challenge categories 36
Challenges: differences by industry 37
What sits behind the biggest loyalty challenges 38
Seriousness of challenges 39
Challenges and lessons learned 41

## 2026 vs 2027 survey results

Loyalty success is moving closer to the P&L 43
Core outcomes remain. The levers are becoming more explicit 44
The technology problem is becoming an architecture problem 45

## Market pulse

Market pulse 47
Where loyalty teams are focusing next 48
Areas of focus: differences by company size 50
Where loyalty execution breaks down 51
Challenges: differences by program size 54
Which capabilities loyalty teams are exploring 55
Where loyalty teams look for solutions 56

## Loyalty in practice

Recurring themes 59
Three loyalty journeys, three different problems 60
Loyalty in practice 61
What companies talk about when defining loyalty impact 67

## Strategic recommendations from Open Loyalty experts

Make integration a competitive capability 70
Launch smaller. Learn faster. Expand later. 71
Prove business impact before asking for more budget 73
Compete on behavior, not discounts 74
Turn loyalty into a first-party data engine 75
Design the program for change 76
Build the data foundation before the AI layer 77
Match the loyalty plan to the program stage 78

# Let's discover the loyalty benchmark together!

## About the report

The Loyalty Program Benchmark Report 2027 shows how loyalty programs define success, what they measure, what they want to improve next, and what gets in the way. Then, it adds broader market context and real implementation patterns to show where ambition and execution diverge.

Rather than forcing every input into one dataset, the report uses **three separate research streams**, each for the questions it's best suited to answer. Together, they give a more complete view of loyalty priorities, maturity, and execution.

## How to read the report

The findings should be read as **complementary evidence, not one combined dataset**. The survey is the core benchmark, market research adds context on current priorities, and industry conversations show how those priorities play out in real projects.

We compare with **2026 benchmark** only where questions and categories align, so read those changes as **directional signals**.

# Let's discover the loyalty benchmark together!

## Who's behind the report?

The Loyalty Program Benchmark Report 2027 was developed by **Open Loyalty**, a loyalty technology company working with brands across industries and markets.

Our position gives us a view of both what is expected from loyalty programs and the technology, data, and organizational decisions needed to deliver it.

The report turns those recurring questions and market signals into a structured benchmark loyalty teams can use beyond a single campaign, implementation, or vendor decision.

## Why have we created the report?

Loyalty teams are asked to improve retention, grow customer value, personalize experiences, and prove commercial impact at the same time, yet there is no universal model of a successful program.

This report shows **what other loyalty teams are trying to achieve, how they measure progress, and where they struggle**. The result is a practical benchmark for testing your assumptions about **strategy, measurement, technology, and program development**.

# What will you learn from the report?

This report brings together the strongest signals from the 2027 benchmark and puts them into context with the previous edition. You'll see how loyalty teams define success right now, which metrics they rely on, what they want to improve next, and where execution still gets stuck.

How loyalty leaders define success

Which metrics are actually tracked

What loyalty teams want to improve

What challenges stand in the way

How your loyalty program compares to others in your industry

# Research methodology

The Loyalty Program Benchmark Report 2027 combines three separate research streams to look at loyalty from different angles. The annual survey provides the core benchmark, anonymized market research adds a broader view of current priorities and investment areas, and industry conversations show how those themes appear in real implementation decisions.

## 3 research streams

### Annual loyalty survey

Structured and open-ended responses from 56 loyalty professionals, covering four core areas: how success is defined, which metrics are tracked, what teams want to improve next, and what gets in the way.

### Market benchmark analysis

Anonymized responses from 210 loyalty practitioners, analyzed to understand near-term areas of focus, current execution friction, and the capabilities teams are actively exploring.

### Industry conversations

Recurring themes from 504 loyalty conversations with organizations launching, replacing, or expanding loyalty initiatives. The analysis shows which implementation issues come up most often in real-world decision-making.

# Let's discover the loyalty benchmark together!

"Expectations for loyalty programs are rising. Member activity and reward redemption tell us how people interact with a program, while retention, customer lifetime value, incremental revenue, and ROI show what that activity delivers for the business.

The 2027 benchmark looks at both sides of that equation: how loyalty teams define and measure success, and what they are prioritizing next as their programs develop.

We also bring those findings together with patterns from hundreds of loyalty conversations. The result is a practical view of where loyalty teams are focusing their attention, where execution tends to get difficult, and how the market is approaching the next stage of loyalty development."



**Karl Bzik**
Co-founder at Open Loyalty

# Executive summary

What the 2027 benchmark says about loyalty success, execution and next-stage readiness

# Key report takeaways

## 53.6%

of respondents define loyalty success through Retention/LTV

Loyalty is strongly judged on whether it keeps customers for longer and increases their value over time.

## 55.4%

of respondents track Engagement as a success metric

Engagement remains the most commonly tracked operational signal, closely followed by financial impact (53.6%).

## 41.1%

of respondents want to improve Engagement/Participation next

The most common near-term priority is getting members more active, with the expectation that stronger participation will translate into revenue, retention and CLV.

*Source: Annual loyalty survey.

# Key report takeaways

## 45.7%

of respondents are evaluating AI for loyalty, CRM or marketing automation

AI is now a mainstream evaluation area. In the same Market Pulse, identity and measurement capabilities appear considerably lower on the evaluation list.

## 51.8%

of respondents set an explicit numeric improvement target

More than half still describe improvement directionally, leaving a gap between strategic ambition and measurable accountability.

## 28.6%

mention Integration as a challenge

The strongest survey signal is that execution friction sits in the stack around loyalty.

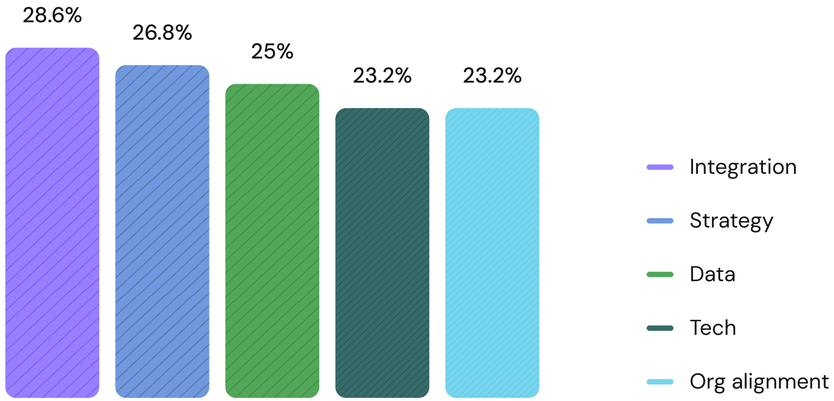
*Source: Annual loyalty survey and Market pulse data.

# Execution is where loyalty teams hit the most friction

Across sources, loyalty teams struggle less with deciding what loyalty should do and more with if the stack, data and operating model can support it.

Replacing a loyalty setup is rarely just a search for more features. For many teams, it's a move away from architectural and operational constraints that limit how quickly the program can evolve.

## Top implementation challenges




*Source: Annual loyalty survey.

## Recurring implementation friction

**51.1%** of companies in the analysis raised integration complexity

**49.8%** of companies raised current-platform or legacy limitations

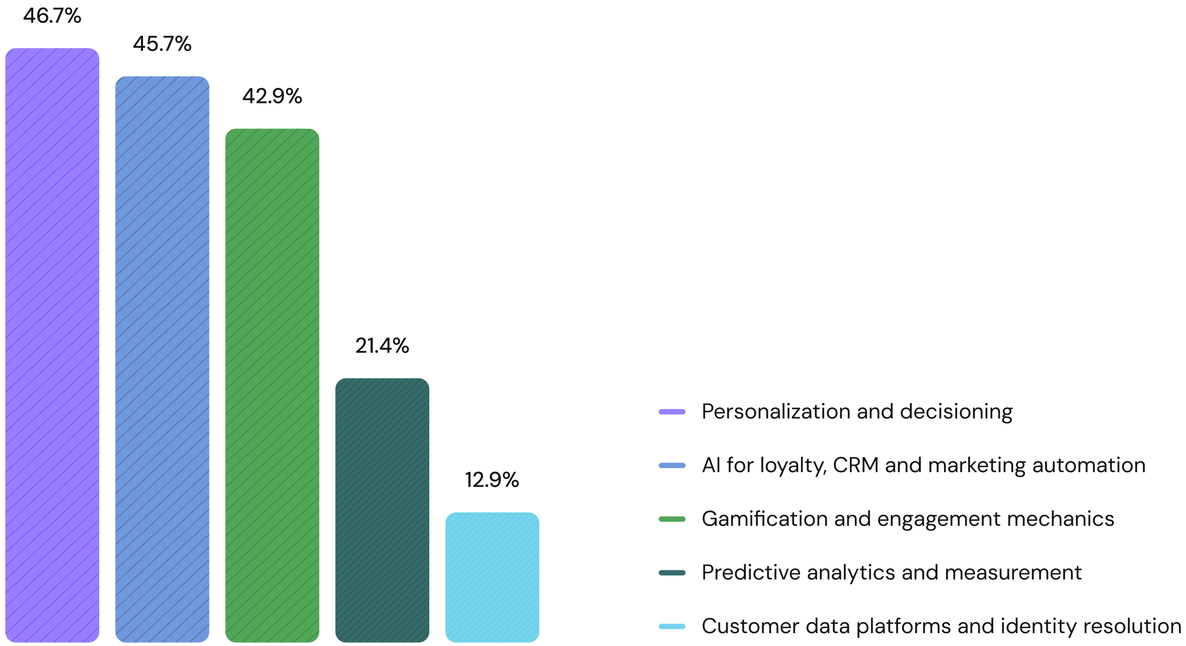
**81.2%** of replacement-stage companies raised current-platform or legacy limitations

*Source: 504 industry conversations.

# AI and personalization are moving faster than data and measurement capabilities

Teams are prioritizing capabilities that improve relevance at scale. Identity and measurement tools appear much lower on the evaluation list.

## What loyalty teams are actively evaluating next




*Source: Market pulse data.

Interest in AI and personalization is running ahead of interest in data and measurement capabilities. AI is being evaluated by 45.7% of respondents, compared with 12.9% evaluating customer data platforms and identity resolution – around 3.5× more often.

# What loyalty leaders should take from the benchmark

The next advantage comes from measurement discipline, connected architecture and the ability to change fast.

### Define success beyond activity

Tie loyalty to retention, customer value, revenue impact and ROI, not just member usage.

### Use engagement as the operating lever

Participation is the first growth layer, but it needs to convert into customer value and business impact.

### Put numbers on improvement

Directional ambition is useful. Numeric targets make loyalty performance measurable and accountable.

### Fix the execution layer

Integration, data, ownership and delivery capacity are where loyalty growth usually slows down.

### Treat AI as a scale layer

Start with identity, event data and measurement before automating member-level decisions.

# Report created with experts' input

# Self-assessment

How ready is your loyalty program to move forward?

# Self-assessment rules



Use this quick self-assessment to identify where your loyalty setup is strongest, and where the benchmark suggests you should look more closely.

Score each statement:

**0 = not yet**
**1 = partly**
**2 = yes**

# Self-assessment questions

| AREA | QUESTION |
| --- | --- |
| Business impact | *Can you show how loyalty contributes to revenue, retention, CLV or ROI – beyond member activity alone?* |
| Measurement | *Do you track behavioral metrics such as engagement together with financial or customer-value outcomes?* |
| Goal setting | *Do you have explicit numeric improvement targets rather than only directional goals such as "increase engagement"?* |
| Data and integration | *Can customer identity, transactions and loyalty events move reliably across your loyalty, CRM, POS, ecommerce and other core systems?* |
| Ownership and capacity | *Is there clear ownership of loyalty, with enough cross-functional capacity to continuously develop and optimize the program?* |
| Ability to change | *Can you introduce new mechanics, channels, markets or integrations without major redevelopment of the loyalty core?* |
| AI readiness | *Before introducing AI-driven personalization or decisioning, do you already have reliable customer identity, event data and a way to measure incremental lift?* |

# Score

## 0–5
Fix the foundations first

Your setup is still limited by the fundamentals, usually measurement, data, ownership, or architecture.

Next move

Go to Loyalty in practice

## 6–9
The basics are there, but execution may be the constraint

You already have key building blocks in place, but gaps between systems, teams, or measurement may be slowing progress.

Next move

Go to Key challenges

## 10–12
Ready to scale more systematically

You have a relatively strong foundation. Your next step is to increase impact and expand capabilities without adding unnecessary complexity.

Next move

Go to Market pulse

## 13–14
Optimize, experiment, and automate

You have the core setup in place. Your next opportunity is to improve decisioning, personalization, experimentation, and automation.

Next move

Go to Strategic recommendations

This is a directional self-assessment based on the 2027 benchmark.
For a tailored view of your setup, talk to our loyalty experts.

Talk to loyalty experts



# Survey results

How loyalty leaders define success, measure it, set goals, and describe challenges

# Survey results

We asked **loyalty professionals** how they think about four parts of program performance: **what success looks like, which metrics prove it, what they want to improve next, and what gets in the way.**

Together, these four areas show both **what loyalty programs are expected to achieve and how teams assess whether they're getting there.**



56 loyalty professionals surveyed



Responses analyzed and coded into themes



4 connected research areas

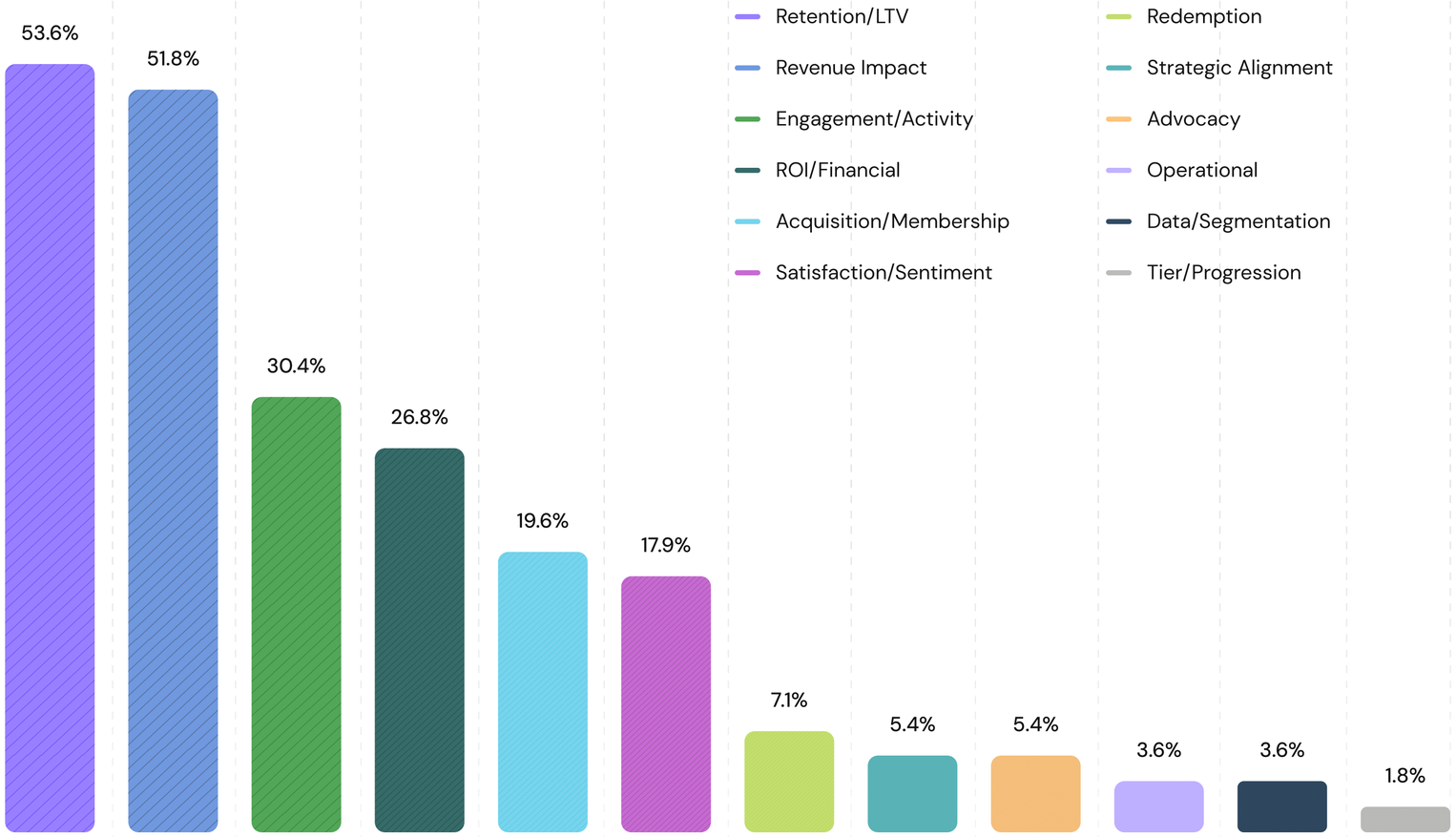


Directional comparison with 2026 benchmark

# Defining success

When would your main business owner consider your loyalty program a success?

# Business moments defined as a loyalty program success




* Open-ended responses were coded into one or more themes. Percentages show the share of 56 respondents whose answer included each theme, so totals don't sum to 100%.

### Prove the business impact

**51.8%** of respondents mention Revenue Impact, while **26.8%** point to ROI/Financial return when defining loyalty success.

**Loyalty is expected to show a clear sales contribution and a clear return. Programs with a stronger revenue link have a stronger case for budget.**

### Build a relationship that lasts

**53.6%** of respondents mention Retention/LTV, and **17.9%** also point to Satisfaction/Sentiment.

**The strongest success signal is customer behavior over time: customers stay, buy again, and deepen their relationship with the brand.**

### Keep members genuinely active

**30.4%** of respondents mention Engagement/Activity as a sign that the program is working.

**Activity still carries weight, though it sits behind retention and revenue. Teams look for signs that members participate, earn, redeem, and return regularly.**

### Keep growing the program

**19.6%** of respondents mention Acquisition/Membership as part of their success definition.

**Program growth still matters, though it appears less often than retention or revenue. New member growth carries more weight when it leads to repeat activity and commercial impact.**

# When does the business call loyalty a success?

How loyalty professionals describe the moment their main business owner considers the program successful

## Financial impact & ROI

- Clear positive ROI
- Drives incremental revenue
- Increase in turnover / sales
- Increase in direct ROI
- Increased revenue over inflation
- Commercial ROI covers operational costs
- Drives additional visits, a higher basket size, and revenue above costs
- Improved margins & reduced marketing costs

## Business & operational outcomes

- Supports the company's profitability
- Self-sustaining growth cycle
- Faster marketing time-to-market
- Reduced reliance on third-party channels
- Better customer data & insights
- Cross-brand engagement
- Fuels continued business growth (via rewards)
- Direct impact on organizational KPIs

## Overall program performance

- Measurable business impact
- Success is defined by specific KPIs & usage rate
- Significant positive outcomes & user ratings
- Consistent positive trend over time
- Reported regularly to senior leadership

## The common thread

A loyalty program is a success when it drives measurable business impact and creates value for both the company and the customer.

## Customer behavior & engagement

- Higher AOV (basket size)
- High retention / less churn
- High program engagement
- Active members / active reward redemption
- Positive behavioral change
- Higher purchase frequency
- Tier progression & engagement depth
- Higher CLV / CLV uplift

## Adoption & penetration

- High adoption rate
- Penetration rate
- 30% penetration rate
- Every second customer wants to join
- Increase in the number of members
- All / most users engage with the program

## Customer experience & perception

- Higher NPS
- Gratitude
- Positive customer feedback
- Customer satisfaction with benefits
- Improved brand perception
- Customers are excited about the program and take pride in it
- Customer awareness of the business behind the program

# When would your main business owner consider your loyalty program a success?

"Success means achieving revenue growth that exceeds inflation and delivers real business growth."



**Teodor Gurgui**

Mobile & Loyalty Product Manager

Linkedin

Industry experience:

Carrefour | Centrade Cheil

"When the loyalty program supports the profitable growth of the overall business and contributes to broader business performance."



**Jakub Krzakala**

Europe & North America Loyalty & CRM Lead

Linkedin

Industry experience:

Shell | Foot Locker Europe | PAYBACK

# When would your main business owner consider your loyalty program a success?

"For our hotel booking platform, success is defined by driving repeat bookings and customer retention. Key criteria include a measurable increase in Customer Lifetime Value (CLV) and achieving a frequency of at least two bookings per year per active member."



Agnieszka Obstarczyk
Head of CRM & Marketing Automation
Linkedin

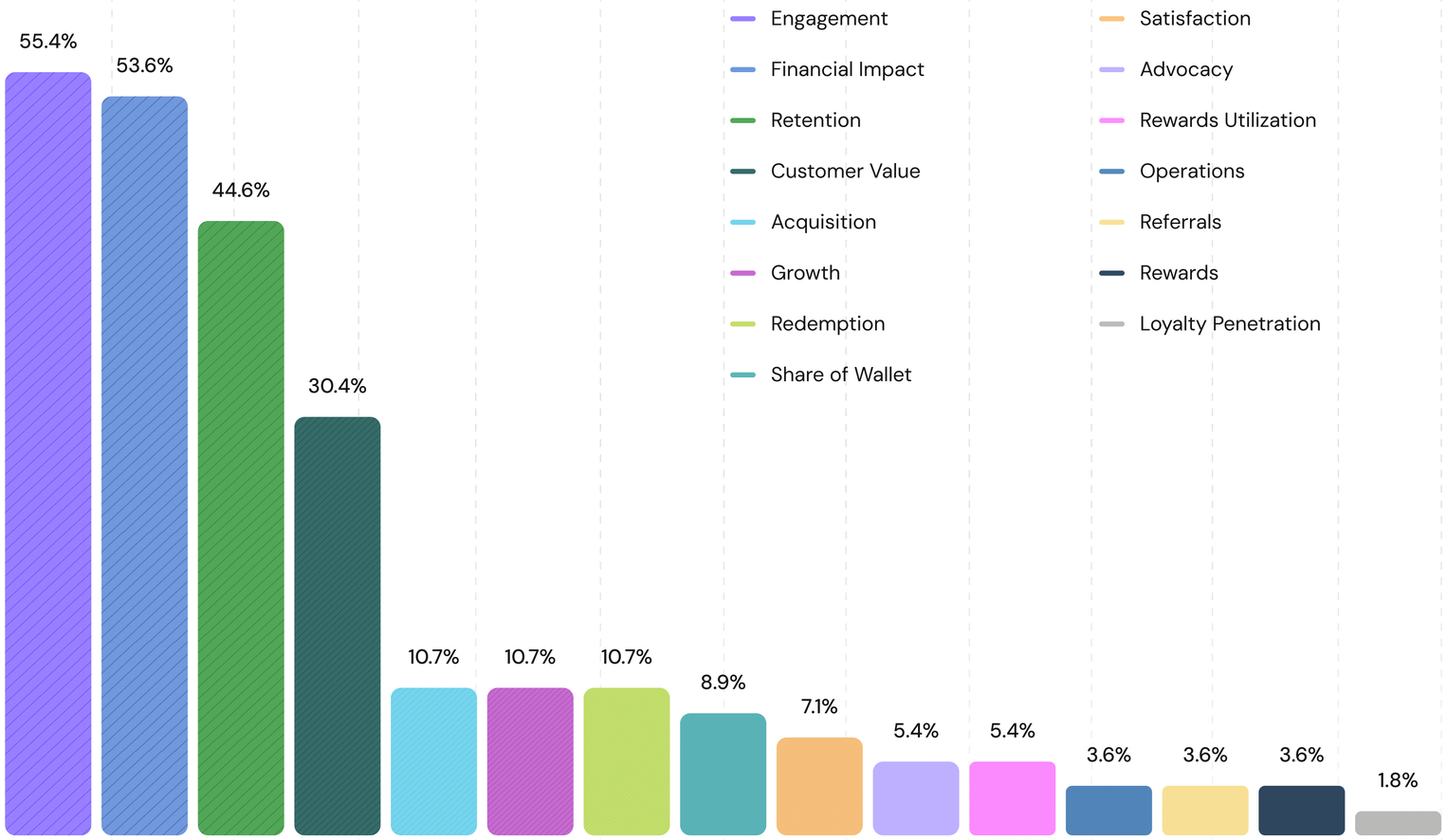
Industry experience:

Triverna | Total Experience | Positive User | Cavatina Holding

# Success metrics

Improvement of which business metric reflects the success of your loyalty program?

# Success metric tracked




* Open-ended responses were coded into one or more themes. Percentages show the share of 56 respondents whose answer included each theme, so totals don't sum to 100%.

### Track engagement and business impact together

Engagement and Financial Impact are the two most common metric groups, mentioned by **55.4%** and **53.6%** of respondents respectively.

**Teams want to see both whether members are active and whether that activity translates into commercial results.**

### Look beyond activity to retention and value

Retention is tracked by **44.6%** of respondents, while **30.4%** track Customer Value.

**Programs are looking beyond immediate activity toward repeat behavior, longer customer relationships, and stronger customer economics.**

### Watch whether the program keeps growing

Growth and Acquisition are each mentioned by **10.7%** of respondents.

**Program expansion is tracked less often than engagement, financial impact, or retention, putting more emphasis on the performance of the existing member base.**

### Don't lose sight of the member experience

Redemption appears in **10.7%** of responses, Satisfaction in **7.1%**, and Advocacy and Rewards Utilization in **5.4%** each.

**These metrics add more detail on how members interact with the program and respond to the experience, though they rarely sit at the center of the measurement framework.**

# Success metrics: differences by industry

| INDUSTRY | FINANCIAL IMPACT | RETENTION | ENGAGEMENT | CUSTOMER VALUE | ACQUISITION | ADVOCACY/REFERRAL | GROWTH | REDEMPTION | SATISFACTION |
|---|---|---|---|---|---|---|---|---|---|
| Retail | ■ | ■ | ■ | ■ | | | | | |
| Technology | ■ | | ■ | | | | | | |
| Hospitality, Travel and Airlines | ■ | ■ | ■ | | | | | | |
| Financial Services and Insurance | | ■ | ■ | | | ■ | | | |
| Restaurants/QSR | ■ | | | | | | | | |
| Consumer Goods/FMCG/CPG | ■ | ■ | ■ | ■ | | | | ■ | |
| Energy/Telecom/Utilities | ■ | | ■ | | | | | | |
| Services | | ■ | | | | | | | |
| Health, Beauty and Pharma | ■ | | | ■ | | | | | |
| Gaming/Entertainment* | ■ | ■ | ■ | | | | | | |
| Sports and Fitness* | ■ | | ■ | | | | ■ | | |

*Blocks show the most frequently mentioned success metrics within each industry group. Industry sample sizes vary significantly, so results should be read as directional patterns rather than representative industry benchmarks.

# Improvement of which business metric reflects the success of your loyalty program?

"Incremental margin and the number of active customers in the program at any given time are the key measures of success."



**Jakub Krzakala**

Europe & North America Loyalty & CRM Lead

Linkedin

Industry experience:

Shell | Foot Locker Europe | PAYBACK

"Our primary metric is Customer Lifetime Value (CLV). Secondary metrics include loyalty channel revenue share, Average Order Value (AOV), loyalty database growth rate, reduced database churn, and loyalty channel traffic."



**Agnieszka Obstarczyk**

Head of CRM & Marketing Automation

Linkedin

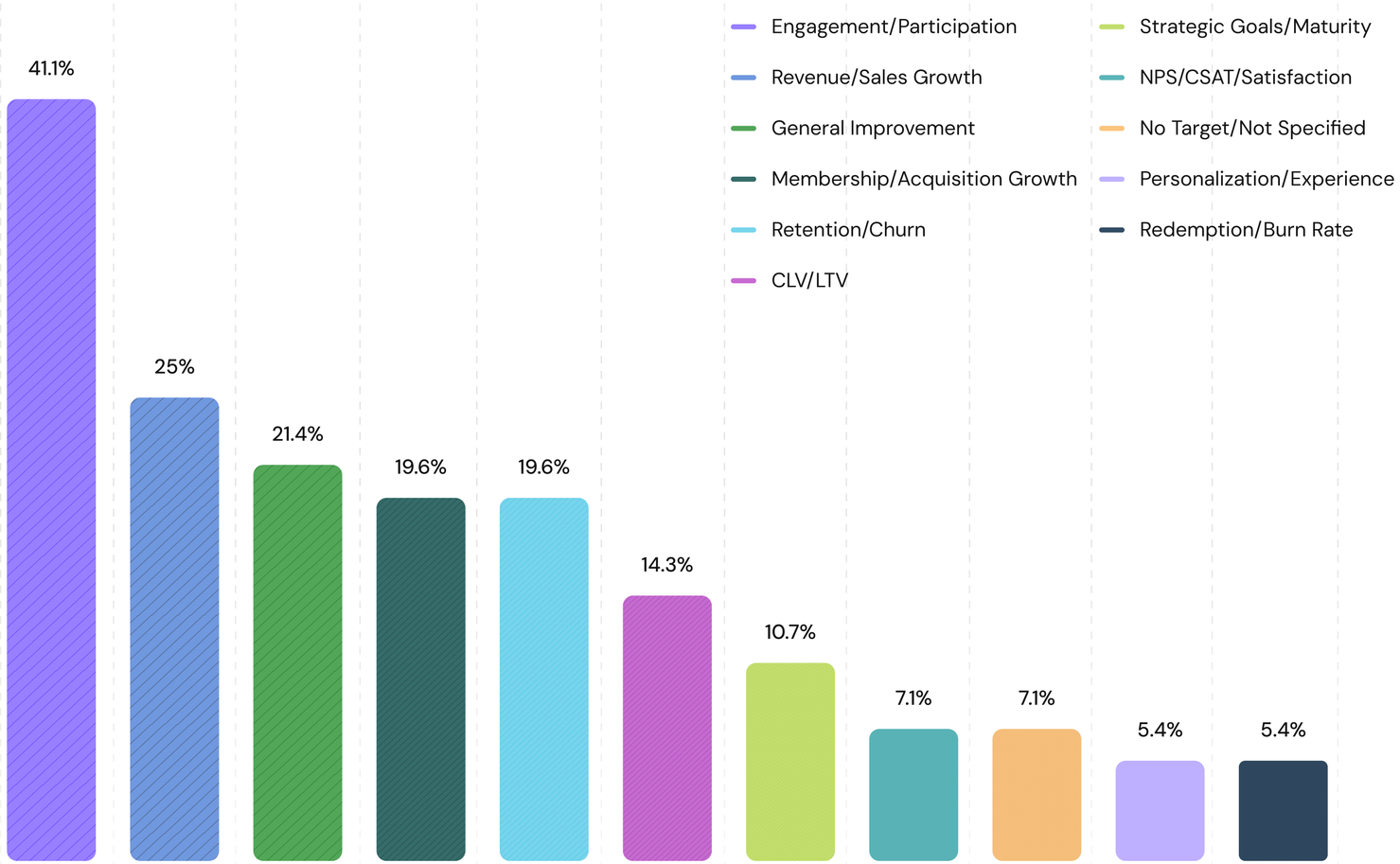
Industry experience:

Triverna | Total Experience | Positive User | Cavatina Holding

# Expected results for the near future

What level of improvement of the metrics would you like see in the next year?

# Expected improvements




* Open-ended responses were coded into one or more themes. Percentages show the share of 56 respondents whose answer included each theme, so totals don't sum to 100%.

### Participation becomes the growth engine

Engagement/Participation is the most common improvement area, mentioned by **41.1%** of respondents. Teams want members to participate more often through higher activity, purchase frequency, and stronger program usage.

### Revenue comes next

Revenue/Sales Growth is mentioned by **25%** of respondents, making it the second most common priority. The expectation is that stronger engagement should translate into higher revenue, spend, or sales contribution.

### Many goals are still loosely defined

Many goals are still loosely defined. General Improvement appears in **21.4%** of responses, while **7.1%** give no specific target. That makes progress harder to benchmark and leaves more room for interpretation around what "improvement" actually means.

### Retention and growth form the next layer

Membership/Acquisition Growth and Retention/Churn are each mentioned by **19.6%** of respondents, while CLV/LTV appears in **14.3%**. Teams are balancing member-base growth with keeping customers for longer and increasing long-term value.

# Only half of loyalty teams put a number on improvement

Direction is useful for setting strategy. A number is what makes progress measurable. Without an explicit numeric target, teams can show that engagement, revenue or retention improved, but it becomes harder to judge whether the program delivered what the business expected.

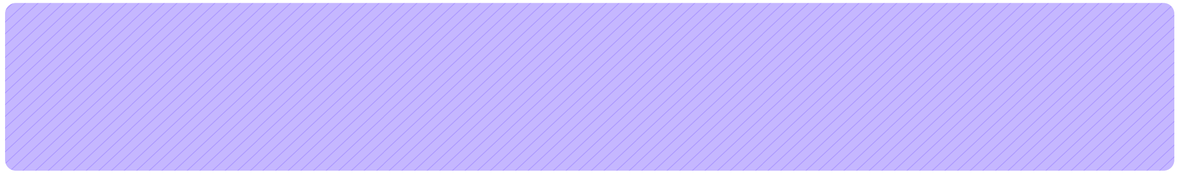


## 51.8%

### set an explicit numeric improvement target

Respondents gave at least one quantified goal, such as a percentage uplift, percentage-point change, multiplier, or absolute business target.

**15–20% purchase frequency**
**20–30% member adoption**
**>50% active redemption**
**5× MAU**
**8M incremental GMV**



## 48.2%

### described improvement directionally

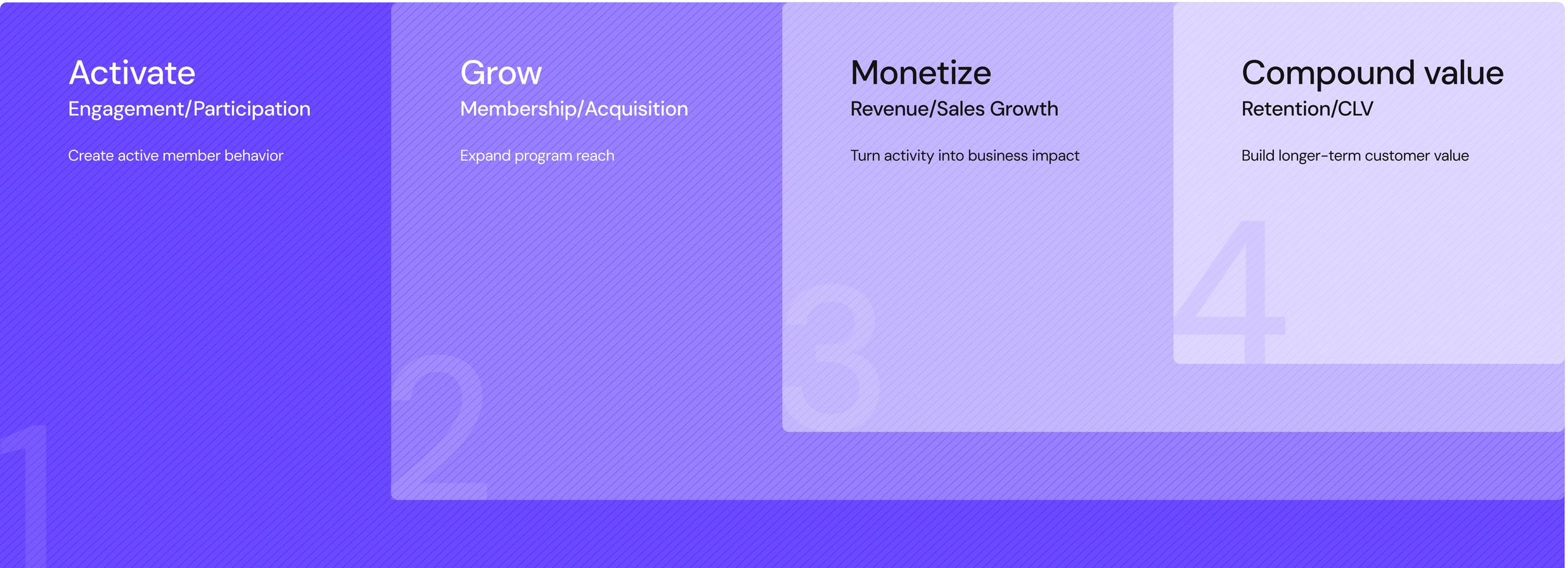
Respondents described the direction of improvement without defining a specific numerical threshold.

**More engagement**
**Higher purchase frequency**
**More sign-ups/paid membership**
**Higher retention and referrals**
**More personalized rewards**

*Directional responses shouldn't be read as evidence that no numeric targets exist internally. Some respondents may simply have chosen not to disclose commercially sensitive KPIs or exact growth expectations.

# The loyalty growth stack

Expected improvements can be grouped into four connected layers, from activating participation to building longer-term customer value.



# What level of improvement of the metrics would you like see in 2027?

"I'd target a 10–15% improvement in retention and purchase frequency, 10%+ growth in share of wallet, and a meaningful uplift in advocacy, while ensuring incremental revenue clearly outpaces loyalty investment."



**Dilpreet Singh**

Head – Loyalty & CRM

Linkedin

Industry experience:

ITC Hotels Limited | American Express | Dominos - Jubilant Food Works Ltd | Dominos - Jubilant Food Works Ltd | The Oberoi Group

"Don't be too generous with your rewards. One of our clients halved what their loyalty program offered and got zero negative feedback from customers, saving a considerable amount of money. The recommendation to cut the rewards came from us."



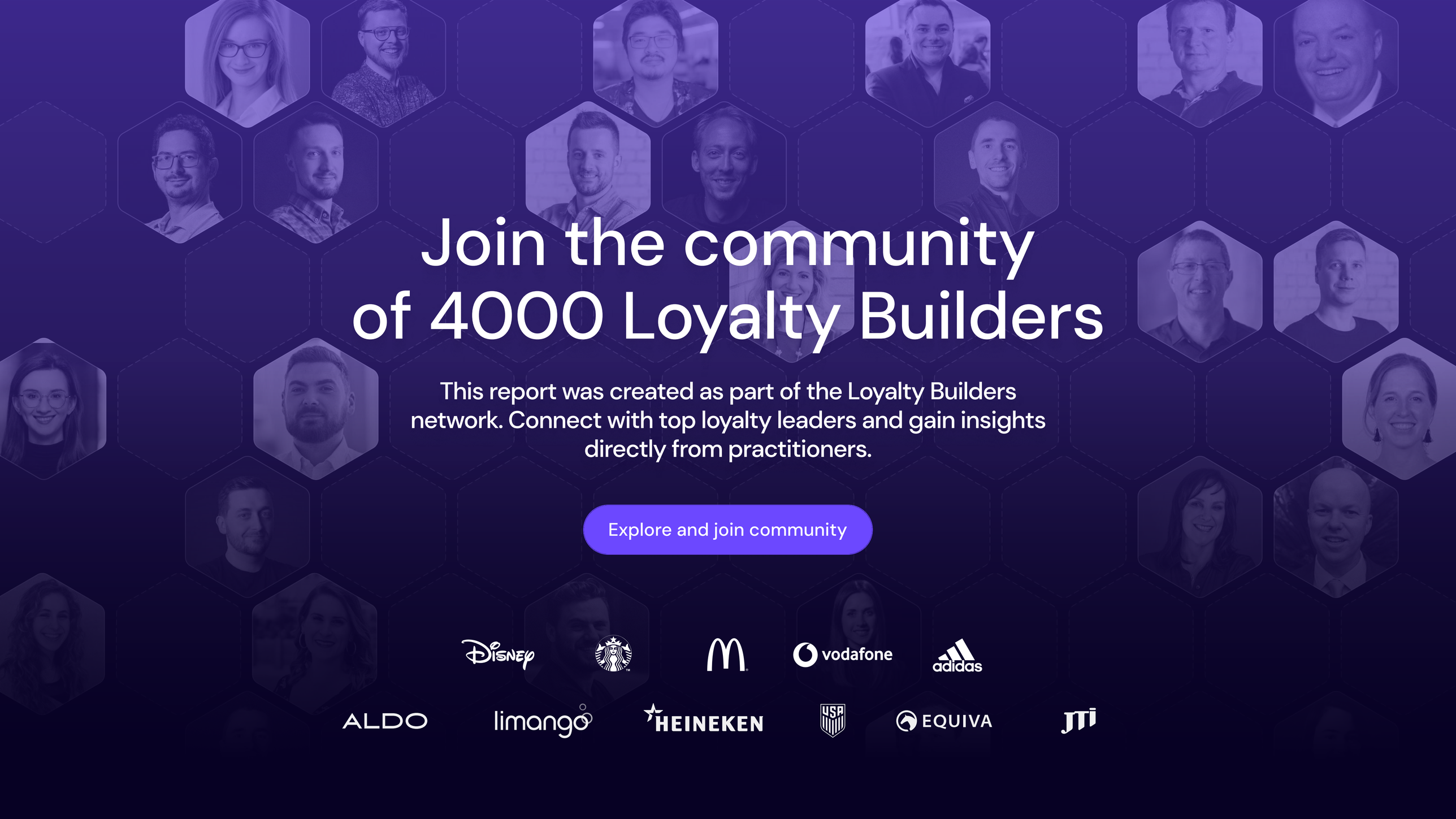
**Mike Walder**

Head of Loyalty

Linkedin

Industry experience:

avolut | allink



# Join the community of 4000 Loyalty Builders

This report was created as part of the Loyalty Builders network. Connect with top loyalty leaders and gain insights directly from practitioners.

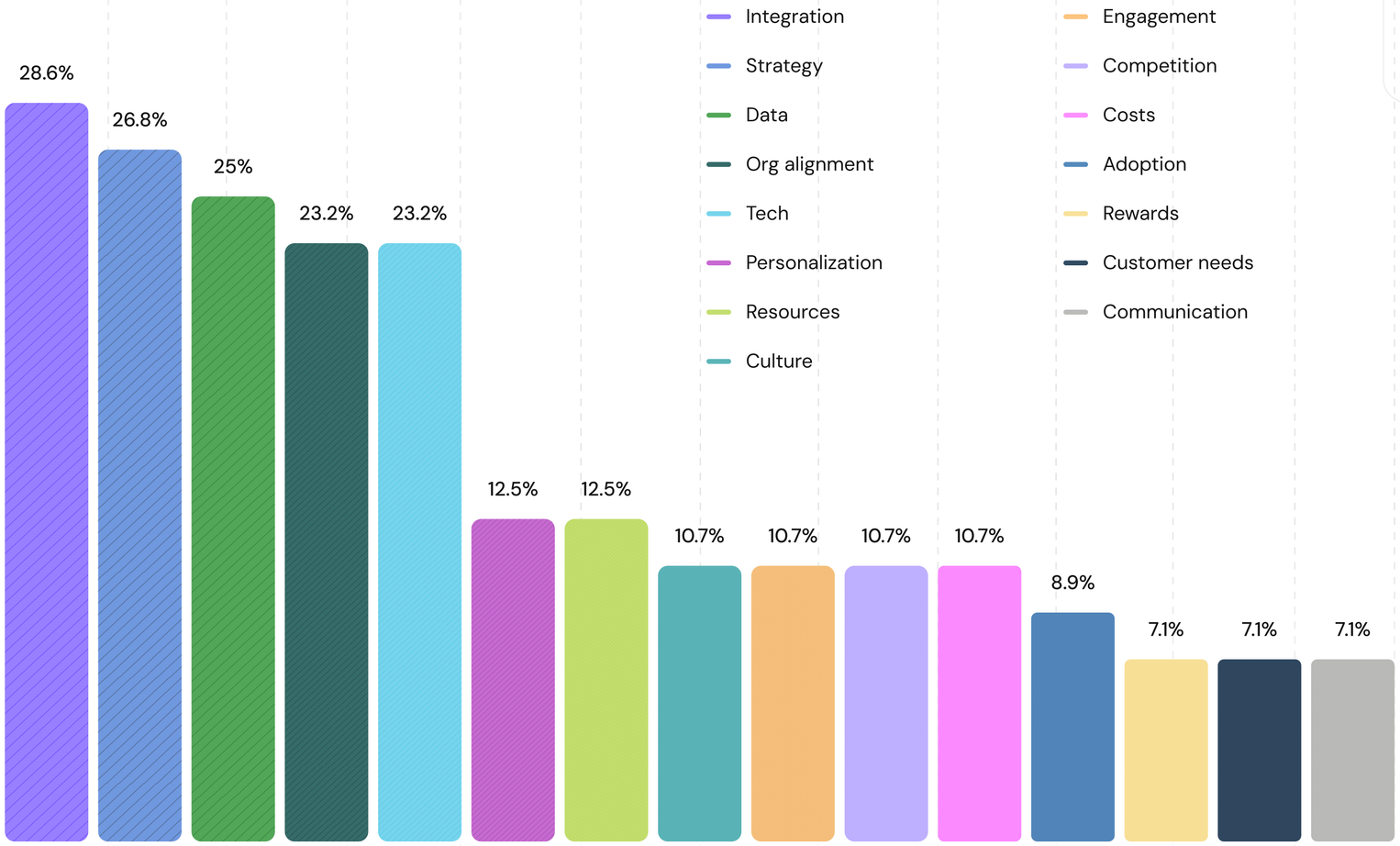
Explore and join community

Disney · vodafone · adidas · ALDO · limango · HEINEKEN · EQUIVA · JTI

# Key challenges

What are your biggest challenges when it comes to implementing a successful loyalty program in your organization?

# Challenge categories




* Open-ended responses were coded into one or more themes. Percentages show the share of 56 respondents whose answer included each theme, so totals don't sum to 100%.

### Integration creates the most friction

Connecting loyalty with the wider tech stack is mentioned by **28.6%** of respondents, while **23.2%** point to Tech. The recurring issue is how loyalty connects with CRM, POS, ecommerce, apps, and customer data across the stack.

### Strategy is still being worked out

Program direction appears in **26.8%** of responses, making it one of the most common themes. Teams point to questions around priorities, program design, and how loyalty should support broader business goals.

### Data and alignment slow teams down

Data appears in **25%** of responses, while Org alignment is mentioned by **23.2%**. Both can make targeting, measurement, decision-making, and rollout harder to manage across teams.

### Pressure comes from several directions

Personalization and Resources are each mentioned by **12.5%** of respondents. Culture, Engagement, Competition, and Costs each appear in **10.7%**. The spread shows that teams are often dealing with several operational and customer-facing constraints at the same time.

# Challenges: differences by industry

| INDUSTRY | INTEGRATION | DATA | ORG ALIGNMENT | STRATEGY | TECH | RESOURCES | COMPETITION | ENGAGEMENT | ADOPTION | INNOVATION | CUSTOMER NEEDS |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Retail | ■ | ■ | ■ | | | | | | | | |
| Technology | | | | ■ | | | | | | | |
| Hospitality, Travel and Airlines | ■ | | | | | | | | | | |
| Financial Services and Insurance | | | | | | | | | | | |
| Restaurants/QSR | | | ■ | | | | | | | | |
| Consumer Goods/FMCG/CPG | | | | | ■ | | | | | | |
| Energy/Telecom/Utilities | | | | | ■ | | ■ | | | | |
| Services | | | | | | | | | | ■ | ■ |
| Health, Beauty and Pharma | | | | | ■ | ■ | | | | | |
| Gaming/Entertainment | | | | | | | | ■ | ■ | | |
| Sports and Fitness | | | ■ | | | | | | | ■ | |

*Blocks show the most frequently mentioned challenges within each industry group. Industry sample sizes vary significantly, so results should be read as directional patterns rather than representative industry benchmarks.

# What sits behind the biggest loyalty challenges

| CHALLENGE AREA | WHAT RESPONDENTS ARE DEALING WITH | RESPONDENT PROOF | OPEN LOYALTY READ |
|---|---|---|---|
| Technology and integration | Legacy architecture, disconnected systems, and difficulty connecting loyalty with wider business infrastructure. | *"Technology and IT Architecture isn't in place. Also we have many projects that are or should start which have an interlink to loyalty"*<br>*"Systems and AI integration"* | The platform is rarely the whole issue: programs depend on how well loyalty connects with CRM, POS, eCommerce, and customer data. |
| Data and personalization | Fragmented customer data, inconsistent identifiers, and difficulty turning data into relevant experiences. | *"The main challenges are technical integration with current systems, limited internal team capacity, and collecting clean data to create personalized customer offers."*<br>*"Data has been an issue - use of different email addresses, etc"* | Personalization hits a ceiling when customer data is fragmented. AI-driven decisioning inherits it. |
| Resources and capacity | Limited time and internal capacity to continuously develop, optimize, and analyze the program. | *"time of team to prepare more mechanics/activations/features/analytics"*<br>*"The resources required for the programme's ongoing optimisation and technical development"* | Loyalty is an ongoing product. Limited capacity slows continuous improvement even when the strategy is clear. |
| Organizational alignment | Coordinating Marketing, IT, Finance, Operations, and other stakeholders around shared priorities. | *"Aligning cross-functional teams (Marketing, Finance, and IT) to adopt new agile processes and fully utilize enterprise platforms."*<br>*"Getting everyone internally onboarded"* | Many loyalty blockers sit inside the organization. Clear ownership and faster cross-functional decision-making matter as much as technology. |
| Adoption and relevance | Getting customers interested, reducing drop-off, and making the program meaningful across touchpoints. | *"To find the proper motivation for customers to be attracted to it"*<br>*"brand awareness of loyalty program"*<br>*"high drop off rate"* | A technically sound program can still underperform if customers do not understand its value or stay engaged after joining. |
| Budget, costs and commercial pressure | Investment constraints, legal costs, point liability, fraud, and the ongoing cost of operating the program. | *"tech and investment"*<br>*"liability on outstanding points"*<br>*"At the moment it's Loyalty Fraud and Franchisees Support."* | Loyalty economics go beyond rewards: investment, operating costs, liabilities, and fraud all shape how fast a program evolves. |

# Seriousness of challenges

## The connected-stack bottleneck

### What's happening:

Loyalty depends on CRM, POS, ecommerce, customer data and other systems working together. When they don't, personalization, measurement and program development slow down.

### Why it matters:

Fragmented infrastructure makes data harder to use, customer experiences less consistent and even simple changes more difficult to deliver.

### Expert view:

Connected architecture and reliable data flows are becoming baseline requirements for loyalty teams that want to test, personalize and scale faster.

Seriousness Thermometer  5/5 Critical

## The capacity and alignment squeeze

### What's happening:

Loyalty increasingly spans Marketing, IT, Finance, Operations and other teams, while ownership and delivery capacity are often spread across the organization.

### Why it matters:

Strong strategies lose momentum when responsibilities are unclear, decisions are slow or teams lack capacity to keep improving the program.

### Expert view:

Clear ownership, shared priorities and dedicated capacity are becoming as important as the loyalty strategy itself.

Seriousness Thermometer  4/5 High

# Seriousness of challenges

## The loyalty economics squeeze

### What's happening:

Loyalty teams face pressure from investment costs, reward economics, point liabilities, fraud and ongoing development.

### Why it matters:

When the economics are unclear, programs become harder to defend internally and short-term cost pressure can limit experimentation.

### Expert view:

Loyalty performance needs to be assessed across incremental revenue, customer value, liabilities and operating costs (not only the rewards budget).

Seriousness Thermometer  3/5 Moderate

## The relevance gap

### What's happening:

Getting customers to join is only part of the job. Programs also need to stay visible, relevant and easy to use across the customer journey.

### Why it matters:

Weak onboarding, generic experiences or redemption friction can quickly turn membership into inactivity.

### Expert view:

Sustained engagement comes from the whole experience: clear value, relevant interactions, consistent touchpoints and low-friction participation.

Seriousness Thermometer  3/5 Moderate

# What are your biggest challenges when it comes to implementing a successful loyalty program in your organization?

"The biggest challenge is moving from transaction-led loyalty to relationship-led loyalty: breaking down organizational silos, integrating data and technology, reducing customer friction, personalization at scale, and consistently delivering experiences that build emotional connection, community, and advocacy, not just points and rewards."



**Dilpreet Singh**

Head – Loyalty & CRM

Linkedin

Industry experience:

ITC Hotels Limited | American Express | Dominos - Jubilant Food Works Ltd | Dominos - Jubilant Food Works Ltd | The Oberoi Group

# Can you share a "lesson learned" kind of story from your recent projects?

"I once built a business case for a client, and the honest conclusion was that a loyalty program didn't make sense for their business. I was disappointed, since I'd been looking forward to designing it, but I'd saved the client a lot of money and a lot of headaches. Sometimes the business case tells you to stop, and you have to listen.'"



**Pavel Los**

Customer Loyalty Consultant

Linkedin

Industry experience:

Shell | Oracle | New World Loyalty

# 2026 vs 2027 survey results

A directional view of what is changing in loyalty strategy

# Loyalty success is moving closer to the P&L

The 2027 definition of success puts more weight on customer and commercial outcomes.

Engagement remains a core operating signal, but the 2027 responses put more emphasis on its downstream effect. Activity matters when it contributes to retention, customer value, incremental revenue and a stronger business case for loyalty.

## 2026

- Engagement, retention and revenue sat relatively close together as the main signals of success.
- Program activity (active members, participation and usage) was often treated as proof that loyalty was working.
- ROI was one of several ways to demonstrate value.

## 2027

- Retention and revenue come through more strongly in how practitioners define success.
- Engagement is more often treated as an operating signal that should lead to a wider business outcome.
- Incremental revenue, CLV, profitability, share of wallet and member-vs-non-member uplift appear more explicitly in the language of success.

# Core outcomes remain. The levers are becoming more explicit

Member behavior and business impact are connected more clearly in the 2027 responses.

The priorities themselves are familiar. What is clearer in 2027 is the performance logic behind them: activate members, influence purchase behavior, retain customers for longer, and convert that change into higher CLV and measurable commercial impact.

## 2026

**Track program performance**

- Grow revenue and sales contribution
- Increase engagement and participation
- Improve retention
- Expand the member base
- Prove ROI and customer value

## 2027

**Connect behavior to business impact**

- Activate more members
- Increase purchase frequency
- Reduce churn and strengthen retention
- Grow CLV and share of wallet
- Translate member activity into incremental revenue

# The technology problem is becoming an architecture problem

Execution barriers are described in much more specific terms in the 2027 responses.

Technology is increasingly an architecture and operating-model question. A capable loyalty engine is only one part of the setup; fragmented identity, weak data flows, slow integrations, and cross-functional dependencies still determine how quickly teams can launch, test, personalize and scale.

## 2026

- Technology was often described as a broad limitation.
- Budget and proving ROI were prominent constraints.
- Organizational alignment was already a recurring challenge.
- Personalization was often discussed as an ambition constrained by technology.

## 2027

- The language becomes more specific: integration, data structure, IT architecture and platform utilization.
- Responses give more detail on delivery capacity, resources and cross-functional coordination.
- Alignment is often connected with technology, with Marketing, IT, Finance and data teams involved in the same loyalty setup.
- Personalization is more explicitly tied to clean data, integration and customer understanding.

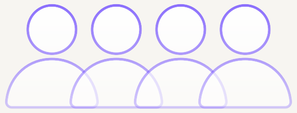
# Market pulse

What loyalty teams are prioritizing, what challenges do they face, and how they plan to address them

# Market pulse

We analyzed responses from loyalty professionals representing 150+ companies to understand what is shaping loyalty priorities over the next 12 months.

The analysis covers three connected areas: **what teams want to improve, which challenges are getting in the way, and which solutions they are actively evaluating.**



210 responses reviewed



150+ companies represented



88.6% budget holders or strong influencers

*Results are reported at respondent level. The sample is predominantly European and includes multiple respondents from some companies. This dataset is analyzed separately from the annual benchmark survey, and all percentages in this section refer only to this source.

# Where loyalty teams are focusing next



- **68.1%** Retention and repeat purchase
- **63.8%** Customer lifetime value growth
- **56.2%** Personalization and offer relevance
- **47.2%** Customer engagement and activity
- **29%** Incremental revenue and spend growth
- **23.8%** Loyalty program launch and scale
- **14.3%** First-party data growth

*Percentages show the share of 210 respondents whose answer included each area of focus. Respondents could select multiple areas, so percentages do not sum to 100%.

# Where loyalty teams are focusing next

## Retention is the commercial anchor

Retention and repeat purchase leads the agenda at **68.1%,** with customer lifetime value growth close behind at **63.8%**, while customer engagement and activity sits lower at **47.1%**. Teams appear to expect loyalty to influence customer economics.

**Engagement KPIs should sit in the same measurement model as repeat purchase, retention and CLV, so teams can show what that activity actually creates.**

## Personalization needs to prove behavior change

Personalization and offer relevance is a focus for **56.2%** of respondents, making it one of the strongest near-term priorities. But personalization should be treated as a lever.

**The useful benchmark is how many personalized experiences a program delivers and if those decisions improve frequency, retention, spend or customer value.**

## The emphasis is on getting more value from the customer relationship

Loyalty program launch and scale sits at **23.8%**, while first-party data growth is at **14.3%**, well below retention, CLV and relevance.

**For established programs, optimizing the behavior and economics of the existing member base may create more value than adding another layer of reach.**



# Areas of focus: differences by company size

Retention and customer value cut across company sizes. Large-company respondents put more emphasis on personalization and offer relevance, while customer engagement and activity appears among the leading areas for medium companies. The small-company subgroup is too limited to support a strong comparative conclusion.

| COMPANY SIZE | SHARE OF RESPONDENTS | SHARE OF RESPONDENTS | MOST COMMON AREAS OF FOCUS |
|---|---|---|---|
| Large (Global/National brands) | 78.6% | IKEA, ASICS, adidas, Decathlon, Lidl, TUI, ING, LEGO, Sainsbury's, Samsung | Retention and repeat purchase **69.1%**<br>Customer lifetime value growth **63%**<br>Personalization and offer relevance **61.2%** |
| Medium companies (Regional/Mid-market) | 17.6% | MR MARVIS, Bloom & Wild, Paula's Choice, HolidayCheck, PhotoSì, Sunweb Group, Moonpig, Freeletics | Retention and repeat purchase **70.3%**<br>Customer lifetime value growth **70.3%**<br>Customer engagement and activity **45.9%** |
| Small companies (Startups/SMBs) | 3.8% | Little Wonderland, LW Cosmetics, O My Bag Amsterdam, Triverna, Reviva Softworks, Massima Energia | Customer lifetime value growth **50%**<br>Retention and repeat purchase **37.5%**<br>Personalization and offer relevance **37.5%**<br>Loyalty program launch and scale **37.5%** |

# Where loyalty execution breaks down



- **45.7%** Sustained member engagement
- **45.7%** Scalable personalization
- **31.9%** ROI and commercial proof
- **21%** Loyalty stack integration
- **21%** Ownership and stakeholder alignment
- **20%** Customer data and identity
- **19%** Budget and delivery capacity
- **13.3%** Program differentiation

*Percentages show the share of 210 respondents whose answer included each area of focus. Respondents could select multiple areas, so percentages do not sum to 100%.

# Where loyalty execution breaks down

## Execution is a bigger constraint than program design

Sustained member engagement and scalable personalization both reach **45.7%**, and ROI and commercial proof follows at **31.9%**, while program differentiation sits at just **13.3%**. Teams appear to struggle less with defining what a loyalty proposition should look like and more with making it work consistently.

**Adding more mechanics won't solve an execution problem if the existing ones cannot be personalized, measured or scaled.**

## Personalization at scale depends on the stack around loyalty

The challenge does not stop at campaign design. Loyalty stack integration is cited by **21%**, customer data and identity by **20%**, and budget and delivery capacity by **19%**.

**Before increasing targeting complexity, teams should check if identity resolution, data availability and integrations can actually support real-time or high-frequency decisioning. Otherwise personalization simply creates more operational work.**



# Where loyalty execution breaks down

## Ownership is part of the architecture

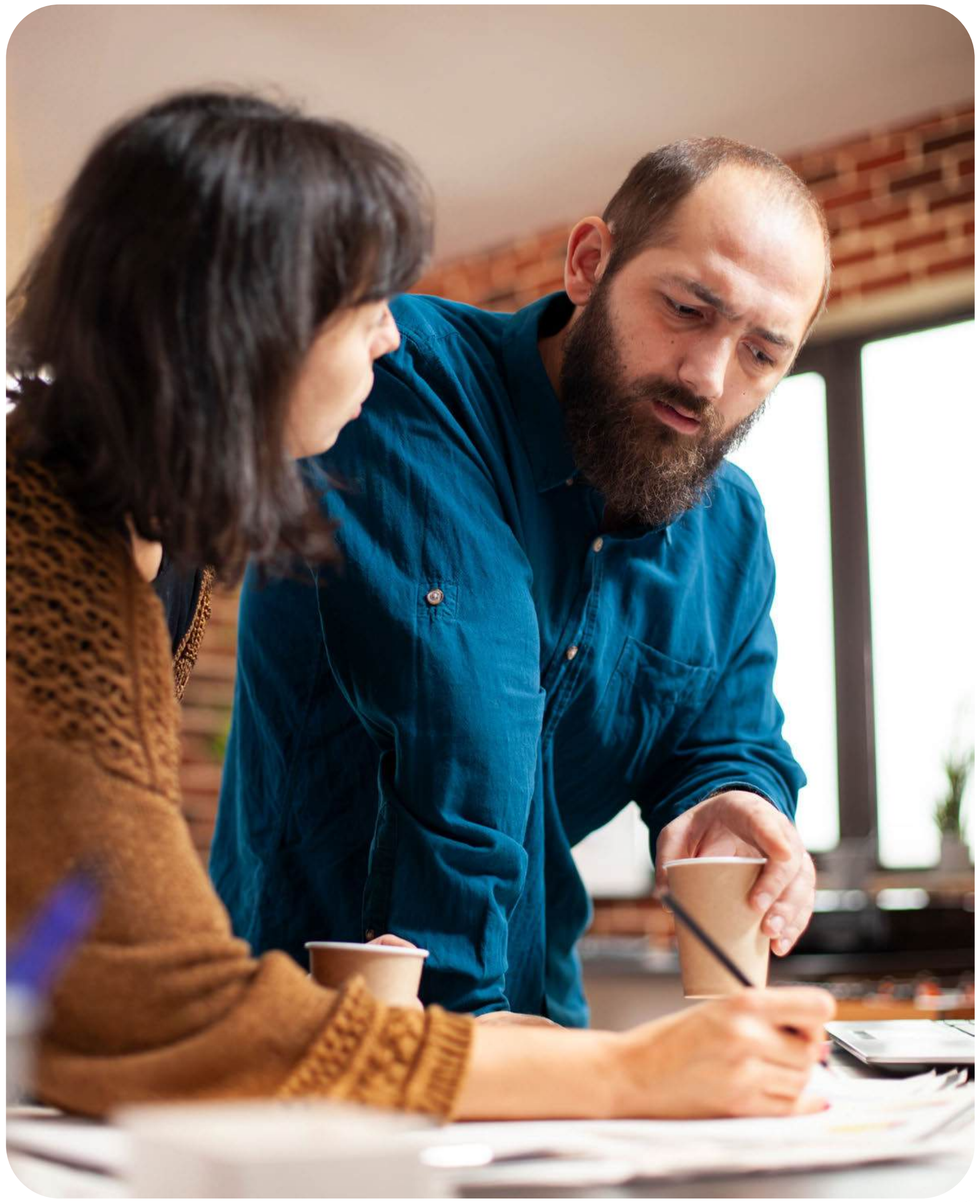
Ownership and stakeholder alignment appears in **21%** of responses, putting organizational friction alongside technology and data issues. Loyalty rarely sits inside one system or one team anymore.

**A clear operating model across CRM, marketing, data, IT and commercial teams is becoming as important as the platform itself.**

## ROI needs to be designed into the program

Commercial proof is a challenge for **31.9%** of respondents. That is too high to treat measurement as a reporting problem at the end of the process.

**Teams need incrementality logic, agreed commercial KPIs and a clear way to connect member behavior with business impact before launching the next initiative.**



# Challenges: differences by program size

| PROGRAM SIZE | SHARE OF RESPONDENTS | SHARE OF RESPONDENTS | MOST COMMON AREAS OF FOCUS |
|---|---|---|---|
| Large (Global/National brands) | 78.6% | IKEA, ASICS, adidas, Decathlon, Lidl, TUI, ING, LEGO, Sainsbury's, Samsung | Scalable personalization **49.1%**<br>Sustained member engagement **48.5%**<br>ROI and commercial proof **31.5%** |
| Medium (Regional/Mid-market) | 17.6% | MR MARVIS, Bloom & Wild, Paula's Choice, HolidayCheck, PhotoSì, Sunweb Group, Moonpig, Freeletics | ROI and commercial proof **37.8%**<br>Scalable personalization **35.1%**<br>Sustained member engagement **32.4%** |
| Small (Startups/SMBs) | 3.8% | Little Wonderland, LW Cosmetics, O My Bag Amsterdam, Triverna, Reviva Softworks, Massima Energia | Sustained member engagement **50%**<br>Customer data and identity **37.5%**<br>Loyalty stack integration **25%**<br>Scalable personalization **25%** |

# Which capabilities loyalty teams are exploring



- **46.7%** Personalization and decisioning
- **45.7%** AI-enebled loyalty and automation
- **42.9%** Engagement mechanics and gamification
- **37.1%** Rewards and benefit operations
- **27.1%** Omnichannel engagement
- **22.9%** Loyalty management technology
- **21.4%** Predictive analytics and measurement
- **13.8%** No active solution evaluation
- **12.9%** Customer data and identity infrastructure
- **11.4%** Payments-linked loyalty

*13.8% aren't currently evaluating loyalty solutions at all*

*Percentages show the share of 210 respondents whose answer included each area of focus. Respondents could select multiple areas, so percentages do not sum to 100%.

# Where loyalty teams look for solutions

## AI interest is being pulled by a real operating constraint

Personalization and decisioning leads the evaluation list at **46.7%**, with AI-enabled loyalty and automation almost level at **45.7%**. At the same time, scalable personalization is one of the biggest current challenges, also at **45.7%**.

**The market is looking for a way to make relevance work at a volume manual campaign operations cannot reach. The strongest use cases will be the ones tied to an existing constraint: next-best action, churn intervention, reward selection or offer relevance.**

## Gamification is almost level with AI for a reason

Engagement mechanics and gamification reaches **42.9%**, only **2.8 percentage points** behind AI-enabled loyalty and automation. Meanwhile, sustained member engagement is a challenge for **45.7%**.

**That makes gamification less of a decorative feature and more of a behavioral tool: AI can improve which action is relevant, while mechanics such as missions, progression or challenges give teams a way to turn that decision into member behavior.**



# Where loyalty teams look for solutions

## The capability stack is more advanced at the top than at the bottom

AI and personalization attract substantially more attention than predictive analytics and measurement at **21.4%** or customer data and identity infrastructure at **12.9%**. Advanced decisioning layered onto fragmented identity or weak measurement will simply automate poor inputs faster.

**Teams should treat data, identity and feedback loops as part of the AI investment.**

## Orchestration matters more than collecting features

Rewards and benefit operations still attracts **37.1%**, while omnichannel engagement reaches **27.1%**. The market is still evaluating several layers of the loyalty stack at once.

**The stronger setup is a connected flow from customer data, decisioning, and then mechanics, delivery, and measurement.**



# Loyalty in practice

What 500+ industry conversations reveal about real-world loyalty implementation

# Recurring themes

We reviewed recurring themes from **loyalty conversations** to understand what organizations deal with when launching, replacing or expanding their loyalty setup. These conversations show the issues teams raise when strategy turns into an implementation decision.



504 industry conversations reviewed



1.500+ hours of loyalty conversations

62%

were exploring a new loyalty ecosystem

29%

replacing an existing loyalty ecosystem

8%

expanding an existing loyalty ecosystem

# Three loyalty journeys, three different problems

| PROGRAM STAGE | CORE QUESTION | MOST COMMON ISSUES | WHAT CHANGES AT THIS STAGE |
|---|---|---|---|
| Launching | How do we get this into market? | **50.4%** Integration complexity<br>**36.5%** No platform/legacy limitations<br>**35%** Budget and ROI justification | Readiness is the constraint. Before teams can optimize loyalty mechanics, they need enough infrastructure, delivery capacity and internal commitment to get the program live.<br><br>**Our take:** integration mapping, ownership and MVP scope should be settled early – otherwise time-to-market becomes a technology problem rather than a loyalty one. |
| Replacing | How do we migrate without carrying old constraints forward? | **81.2%** Current-platform/legacy limitations<br>**56.2%** Integration complexity<br>**34.4%** Budget and ROI justification | Replacement is primarily an architecture and migration decision. The strongest signal in the whole stage analysis is the 81.2% citing limitations in the existing setup.<br><br>**Our take:** define the target architecture and migration path before comparing feature lists. A replacement only creates value if customer data, loyalty logic and integrations move without recreating the same constraints. |
| Expanding | How do we scale without adding more complexity? | **47.1%** Current-platform/legacy limitations<br>**41.2%** Multi-brand fragmentation<br>**35.3%** Integration complexity | Scale turns loyalty into an orchestration problem. More brands, markets and use cases increase the cost of fragmentation.<br><br>**Our take:** expansion needs a shared loyalty core with enough local flexibility for different propositions, while customer identity, data and measurement remain consistent across the ecosystem. |



*Share of company conversations where the theme was raised. Multiple themes could be raised in one conversation, so percentages do not sum to 100%.

# Loyalty in practice



**Paweł Dziadkowiec**
Open Loyalty expert
Linkedin

### Companies launching a loyalty program

"Before investing in technology, define the program's business goals, for example increasing retention, visit frequency or average order value. Analyze your customer base, ideally using existing segmentation, to match mechanics and appealing rewards to specific customer groups. Compare costs and point liabilities against projected revenues to calculate ROI accurately. Once approved, launch with a simple MVP model to test customer response, and introduce more complex rules step by step."

### Companies replacing an existing program

"Start with a solid diagnosis of your current program to pinpoint why it failed, whether due to outdated technology, unappealing rewards or overly complex rules. Before designing new mechanics, reward lists or gamification, gather feedback from customers, especially the high-value segments who will feel the changes most. Ensure a stress-free migration by guaranteeing a smooth transfer of existing points and earned statuses."

### Companies expanding active program

"In the coming years, brands that can accurately predict customer needs will gain the edge. The key direction is moving away from mass communication toward smart solutions that deliver the right value at the exact right moment in the buying journey. In a world of growing privacy protection, a well-designed program becomes the company's main marketing engine. Its foundation is trust, where customers willingly share their data and preferences in exchange for personalized benefits."

# Loyalty in practice



Sheryl-Lynn Omar

Loyalty, Rewards & Gamification expert

Linkedin

### Companies launching a loyalty program

"Start with the behavior you want to drive or change, not the benefit you want to offer, and be careful not to reward behavior that would have happened anyway. Challenge the customer journey with honest friction audits and hard questions, because no incentive can fix a broken journey. Invest in a dedicated data and analytics capability – find someone who can spot shifts in habit and translate them into commercial impact, not just someone who knows how to automate personalized, real-time rewards. And once the design is approved, keep protecting it: the small touches, animations, pop-ups, and playful interactions, are often the first things cut under time pressure, and that "fun layer" is functional, not just decoration."

### Companies replacing an existing program

"From a business perspective, design for the customer you'll have in the future, not only for the one you have today. Fixing what already exists isn't enough. From the customer's perspective, it's about value: make it visible at the right touchpoints throughout the journey, and let members feel it early after the change. Pair that with steady education and communication that reinforces what's new, explains the value, and helps customers build new habits around the program."

### Companies expanding active program

"AI and gamification top my list here, but two less glamorous drivers matter just as much: time and passion. Go back to the beginning of the program and reassess the behaviors you're trying to drive, understand what barriers still stand in the way, and design interventions you can actually measure, keeping the approach simple and effective."

# Loyalty in practice



Pavel Los

Customer Loyalty Consultant

Linkedin

### Companies launching a loyalty program

"Spend more time with the people who'll have to explain the offer to customers. Ask someone working a busy shift to walk you through the benefit in their own words, then walk through what happens when a reward is missing or a customer is unhappy. Build staff training and support into the budget from day one: their experience of running the program becomes part of the customer's experience."

### Companies replacing an existing program

"Look closely at what running the new system will actually involve for your team. Ask a vendor to show you how someone changes an earning rule, processes a refund, or corrects a member's balance, who does that work, and where the extra charges start. A demo only shows you the feature, not a normal working week. And be honest about where your current problems come from: poor data or slow approvals won't disappear just because you bought a new platform."

### Companies expanding active program

"Test whether AI is actually improving decisions about your reward budget, not just automating them. If a customer already buys from you every Friday and you send a Thursday discount they'd have used anyway, you've given away margin rather than changed behavior. Use a control group and include the cost of the reward when you measure the result."

# Loyalty in practice



Bartosz Żochowski
Head of Loyalty & CRM
Linkedin

### Companies launching a loyalty program

"Start with two questions: why do you actually need this program, and what should it change in your organization? Get that answer right at the start, or an undefined goal will resurface later and the program gets written off as a cost center. It also needs to stay consistent with your brand and its values, not live as a separate product."

### Companies replacing an existing program

"Rebuild starts with an honest audit: decide what to keep and what to cut. If customers love certain elements, carry them into the new version; if something isn't working, don't keep it out of sentiment. Then, let data decide, not guesswork: check what your transactional and behavioral data says, and ask members directly what they need."

### Companies expanding active program

"Growth in 2027 rests on four things: treating new and loyal customers differently, a customer journey personalized enough to respond to real behavior, gamification tailored to your audience, and quality over quantity. Three clear, powerful benefits will always outperform ten average promises."

# Loyalty in practice



**Luke Galvin**

Senior Manager – Loyalty Strategist, Deloitte LLP

Linkedin

### Companies launching a loyalty program

"Start with an objective assessment of commercial performance. Find out which behaviors are incremental, which benefits customers' value, and where the program creates cost without differentiation. Address existing liabilities, data, partnerships, and customer expectations before redesign begins. Members see accumulated points, status, and benefits as earned value, so any migration has to be transparent, equitable, and phased. Remove mechanics that no longer influence meaningful behavior. A new platform or a refreshed rewards catalog won't be enough on its own: align the customer proposition, financial model, operating model, and technology architecture around a clear purpose, and protect the trust and accumulated value of existing members."

### Companies replacing an existing program

"For 2027, invest in real-time data, AI-enabled decisioning, and consistent orchestration across every customer interaction. The aim is relevance at the moment of choice. Connect identity, commerce, payments, and service so recognition travels with the customer across channels, and strengthen consent, measurement, and governance as personalization becomes more automated. Plan for AI agents too. They play a growing role in discovery, comparison, and purchasing, so your proposition has to be understandable to the systems acting on customers' behalf. That takes structured product and benefit information, interoperable customer identity, and real-time decisioning, alongside the emotional and experiential relevance customers still value."

### Companies expanding active program

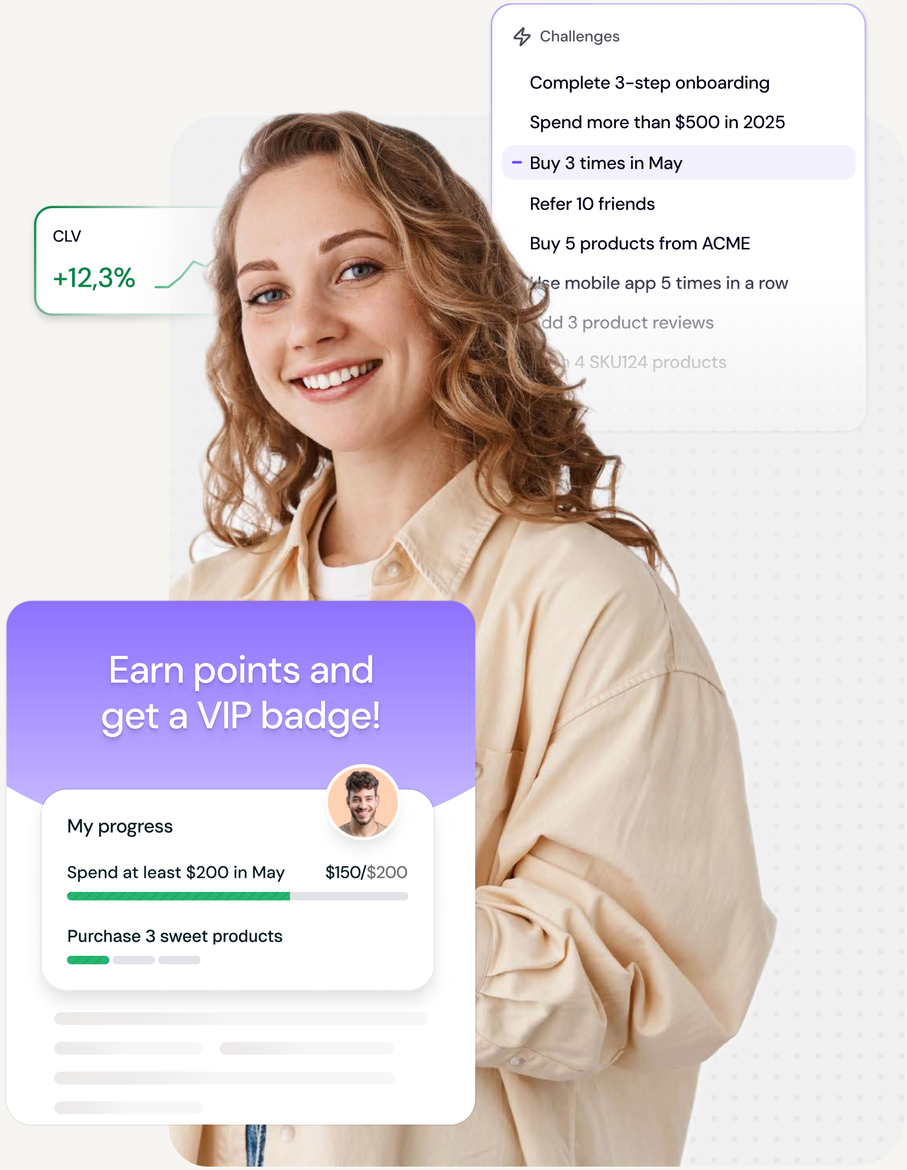
"A company set out to transform its loyalty offer by adding numerous tiers, earning rules, and partner benefits to maximize customer choice. In practice, customers found the proposition hard to understand and colleagues found it hard to explain. Engagement fell short because the value wasn't immediately recognizable. The program was later simplified around fewer meaningful benefits and clearer progression. The lesson was that perceived value matters more than the volume of features, and that simplicity comes from disciplined proposition design."

# Replacing your loyalty platform?

## Make sure the old constraints don't follow you.

A successful migration is not just about moving data and logic. It's about creating a setup that is easier to integrate, change and scale.

Explore what to consider before migrating



# What companies talk about when defining loyalty impact

How loyalty impact is framed once program objectives move from strategy into execution.

**Customer behavior is the first proof point of loyalty impact**

Engagement, retention and purchase frequency are raised more often than direct financial outcomes. That suggests implementation conversations are usually framed around **which customer behavior loyalty should change first**, before teams look at the downstream effect on revenue, AOV or CLV.

**The strongest measurement model connects both levels. Behavior tells you whether loyalty is working; commercial metrics tell you whether that behavior is worth creating.**

## 44.8%

Engagement

*App usage, participation and active customer behavior*

Engagement is the most common signal because it shows whether the program is actually changing day-to-day customer behavior.

## 32.1%

Retention

*Keeping customers active and reducing churn*

Retention turns loyalty from an activity metric into a relationship metric. The real test is whether the program gives customers more reasons to stay.

## 30.8%

Purchase frequency

*Encouraging customers to return more often*

Purchase frequency is where engagement starts to become commercially meaningful. More interaction only matters if it changes how often customers come back and buy.

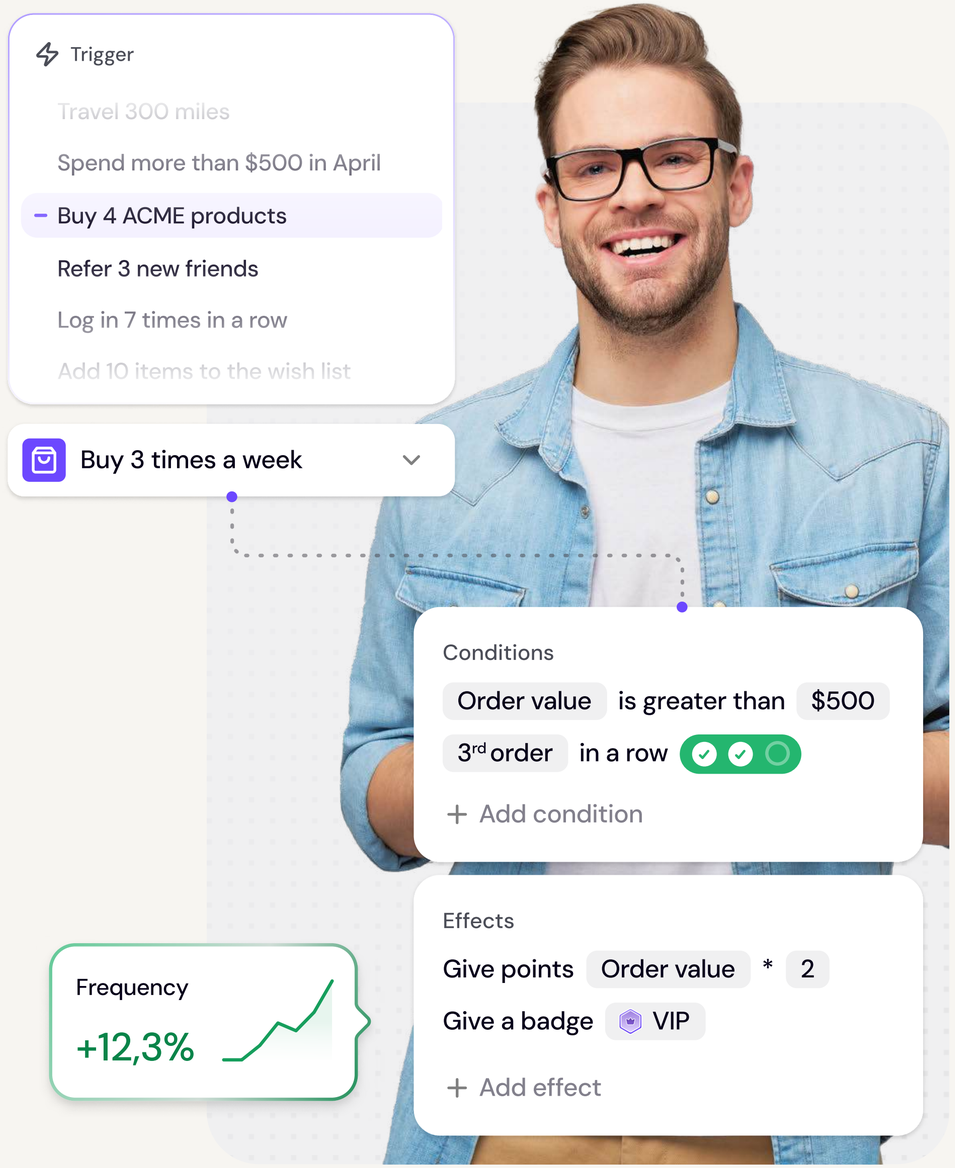
Other outcomes raised:

Referrals 19%, First-party data 18.1%, Acquisition 17.6%, Revenue 15.4%, AOV 14%, CLV/LTV 10%

# Connect loyalty to your entire stack

Use an API-first loyalty engine to connect CRM, POS, ecommerce, CDP and marketing tools while keeping your program flexible enough to evolve with new channels, markets and use cases.

See platform overview



# Strategic recommendations from Open Loyalty experts

Recommendation #1

# Make integration a competitive capability

## Why it matters

The old architecture playbook is getting outdated. Loyalty teams still need API-first systems that are easy to connect and build on, but complex custom integrations bring their own development and maintenance load. For enterprise programs, the bigger question is how much IT capacity it takes to integrate, customize, and maintain the loyalty setup.

## What to do

Design the architecture for low, repeatable integration effort while keeping the option to replace or extend individual components. Choose a platform that handles common tasks such as data sync and exchange through APIs, so IT can focus on the use cases that need customization.

## Prioritize:

- API-first architecture that is easy to connect and build on
- Built-in synchronization and data exchange for common tasks
- One customer identity across channels
- Components you can replace or extend without touching the core
- IT time spent on use cases that need customization

## Watch out!

"The days when composable architecture itself was a competitive advantage are largely behind us. The heavily promoted MACH approach is giving way to a more pragmatic model: minimizing integration effort while keeping components replaceable and scalable.

The balance is shifting toward architectures that are easier to maintain, require less development time and fewer resources, and allow teams to add or replace platform components without unnecessary complexity.

API-first architecture, AI and MCP can push this shift further. Configuration work that previously required custom code can increasingly be handled by AI agents using MCP, allowing a single instruction to coordinate actions across multiple platforms to achieve a business outcome."



Cezary Olejarczyk
Open Loyalty CEO
Linkedin

Recommendation #2

# Launch smaller. Learn faster. Expand later.

## Why it matters

Loyalty programs often become over-engineered before they reach customers.

Trying to launch the full long-term vision at once increases delivery risk, slows time-to-market and makes it harder to understand which mechanics are actually changing behavior.

## What to do

Start with the smallest version of the program that can influence the target behavior, then expand based on evidence.

## Build in phases:

- **Phase 1**: core earning + one meaningful redemption loop
- **Phase 2**: segmentation + targeted campaigns
- **Phase 3**: tiers, challenges, referrals, partners or gamification
- **Phase 4**: deeper personalization and optimization

## Watch out!

"Launching every feature at once hides what actually drives loyalty versus what just burns your margin. An iterative approach builds core customer habits while setting a clean baseline for ROI.

On that foundation, you can safely and profitably add new layers."



Paweł Dziadkowiec
Open Loyalty expert
Linkedin

Recommendation #2

# Launch smaller. Learn faster. Expand later.

| | ARCHITECTURE | DELIVERY | FRAGMENTATION | ECONOMICS |
|---|---|---|---|---|
| Share of conversations | 73.8% | 57% | 44.3% | 33.5% |
| What it covers | How loyalty connects with the wider technology stack | Whether teams have the capacity to build and change the program | Whether customer data and loyalty operations work consistently across the organization | Whether the program can justify its cost and commercial contribution |
| What it looks like in practice | Difficult integrations, legacy platform constraints, systems that cannot exchange loyalty data cleanly | Tight launch timelines, limited development resources, missing app or frontend capacity | Disconnected customer data, separate setups across brands or markets, duplicated processes | Budget pressure, difficulty proving ROI, investment competing with other priorities |

*Share of company conversations where the theme was raised. Multiple themes could be raised in one conversation, so percentages do not sum to 100%.

## Watch out!

"Architecture friction appears in 73.8% of conversations, more than twice as often as budget. This is also the gate on everything teams say they want next.

Real-time personalization, predictive churn scoring, and AI decisioning all assume customer events move across the stack cleanly.

Where they don't, the AI conversation stops at the proof of concept."



**Marcin Dyguda**
Head of AI Innovation
Linkedin

Recommendation #3

# Prove business impact before asking for more budget

## Why it matters

Loyalty teams often have plenty of activity metrics, but activity alone does not prove commercial impact.

If measurement is added only after launch, it becomes much harder to show whether the program actually changed customer behavior or simply rewarded customers who were already valuable.

## What to do

Build the measurement model before adding more mechanics.
Use three connected layers:

- **Customer behavior:** activity, redemption, frequency, referrals
- **Customer economics:** retention, AOV, CLV, cross-sell
- **Business impact:** incremental revenue, margin, ROI

Where possible, compare members with matched non-members or control groups instead of relying on member revenue alone.

## Watch out!

“The same rule applies to AI.

If personalization or decisioning is added without a control group, you will be able to show that targeted members spend more and you won't be able to show that the targeting caused it.”



Marcin Dyguda

Head of AI Innovation

Linkedin

Recommendation #4

# Compete on behavior, not discounts

## Why it matters

Discount-led loyalty is easy to copy and can train customers to wait for the next incentive.

The stronger opportunity is to design mechanics around the specific behaviors the program needs to influence.

## What to do

Start with the behavior, then choose the mechanic.

- **Increase purchase frequency:** challenges, streaks, milestones
- **Grow category breadth:** cross-category missions, progressive incentives
- **Build advocacy:** referrals, recognition, member status
- **Drive app activity:** non-transactional earning, content, games
- **Improve retention:** lifecycle triggers, personalized reasons to return

## Watch out!

“Discount-led loyalty only creates bargain hunters, eroding margins without building true brand attachment.

Competing on behavior focuses on forming new customer habits, like higher frequency or category expansion, before offering any reward.

This protects profitability by ensuring you only pay for actions that generate true incremental value.”



Paweł Dziadkowiec
Open Loyalty expert
Linkedin

Recommendation #5

# Turn loyalty into a first-party data engine

## Why it matters

Loyalty can do more than reward transactions. It can create a continuous stream of customer signals that improve segmentation, personalization and lifecycle decisions. The challenge is making that data usable across the wider customer stack.

## What to do

Design the program to capture signals customers are willing to exchange for a better experience.

- **Explicit signals:** preferences, surveys, profile completion
- **Behavioral signals:** app activity, referrals, category interest, reward usage
- **Identity signals:** authenticated purchases and cross-channel identification

Then, connect those signals back into CRM, decisioning and campaign workflows so they actually influence the next customer interaction.

## Watch out!

“These signals are also what any AI layer runs on.

Preference data, behavioral history, and authenticated cross-channel identity are the difference between a model that predicts what a member wants next and one that guesses from last week's transaction.

Programs that collect these deliberately end up with an advantage that is difficult to buy.”



Marcin Dyguda
Head of AI Innovation
Linkedin

Recommendation #6

# Design the program for change

## Why it matters

The problems loyalty teams face change as programs mature. What works for launch can become a constraint when the program expands across more markets, brands, channels and use cases.

## What to do

Build flexibility into the program from the start.

- **Organizational scale:** support multiple brands, markets and customer segments
- **Program flexibility:** allow different earn rules, rewards, tiers and currencies
- **Technical flexibility:** change mechanics and integrations without rebuilding the core
- **Data continuity:** keep customer data usable as the surrounding stack evolves

## Watch out!

"Designing for change is an insurance policy for the organization: it lets you adjust mechanics, markets, and rules without overhauling the core engine.

This turns every new business step into a fast adaptation rather than an expensive migration project."



Paweł Dziadkowiec

Open Loyalty expert

Linkedin

Recommendation #7

# Build the data foundation before the AI layer

## Why it matters

AI is the second most evaluated capability in this year's market pulse, named by 45.7% of respondents. Personalization at scale is a top challenge for the same share: teams turn to AI because manual personalization has hit its limit.

Architecture friction appears in 73.8% of implementation conversations. Data quality and single customer view is a challenge for 20% of the market pulse sample, while only 12.9% are evaluating customer data platforms and identity resolution.

Interest in AI runs about three and a half times ahead of the identity layer it depends on, and that gap is where most loyalty AI projects will stall. A model does not repair fragmented identity, unreliable event streams, or a program with no control group. It scales whatever it's given, including the errors.

## What to do

Sequence the work. Treat AI as the fourth step.

- **Identity first.** One deduplicated customer profile across channels.
- **Events second.** Purchases, loyalty actions, and channel activity flowing in near real time.
- **Measurement third.** Control groups and holdouts before AI touches targeting.
- **Then, apply AI where scale is the actual constraint.** offer selection, next-best action, churn scoring, reward personalization.

### Watch out!

“The most common loyalty AI failure isn't a bad model. It's a good model connected to customer data that was never unified in the first place.”



Marcin Dyguda

Head of AI Innovation

Linkedin

Recommendation #8

# Match the loyalty plan to the program stage

## Why it matters

Launching, replacing and scaling loyalty create different risks. A new program needs clear goals and a simple MVP. A replacement needs diagnosis, migration safety and customer trust. An active program needs better prediction, personalization and community-driven engagement.

## What to do

Use the program stage to decide what comes first:

- **No program yet:** define business goals, segment customers, model ROI, launch simple and expand gradually.
- **Changing an existing program**: diagnose what failed, protect points/statuses, communicate benefits clearly and migrate without recreating old constraints.
- **Active program:** move beyond mass campaigns toward timely, personalized value supported by trust, data, gamification and community.

## Watch out!

"Business goals must evolve as the program grows.

Early stages validate unit economics and habits, migration protects existing revenue, and scaling maximizes CLV and share of wallet.

Expecting full financial returns too early paralyzes growth, while failing to scale caps your profit potential."

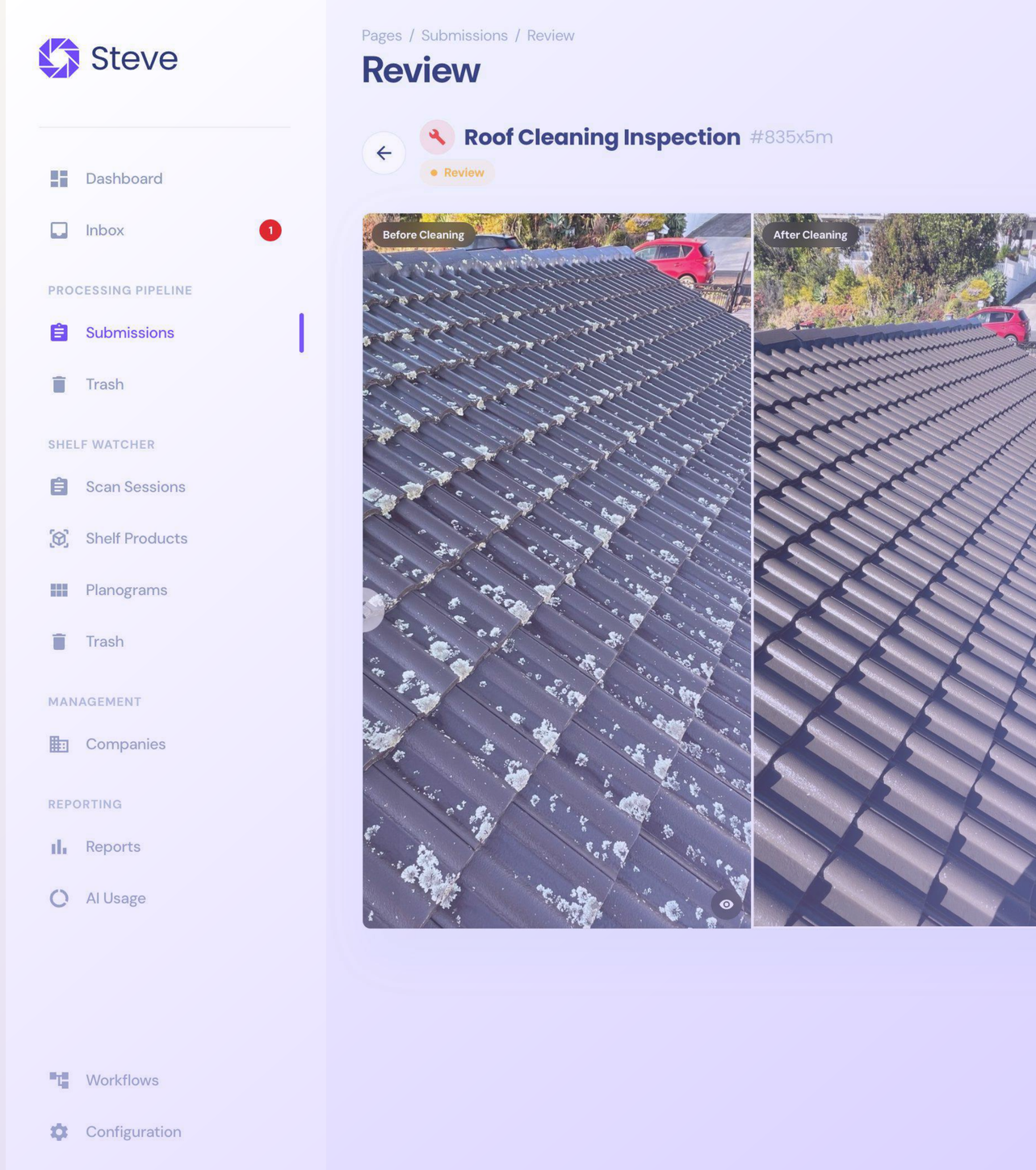


Paweł Dziadkowiec
Open Loyalty expert
Linkedin

# Ready to test an AI use case?

Start with one use case, clean data and a measurable holdout before scaling.

Explore AI-ready loyalty architecture



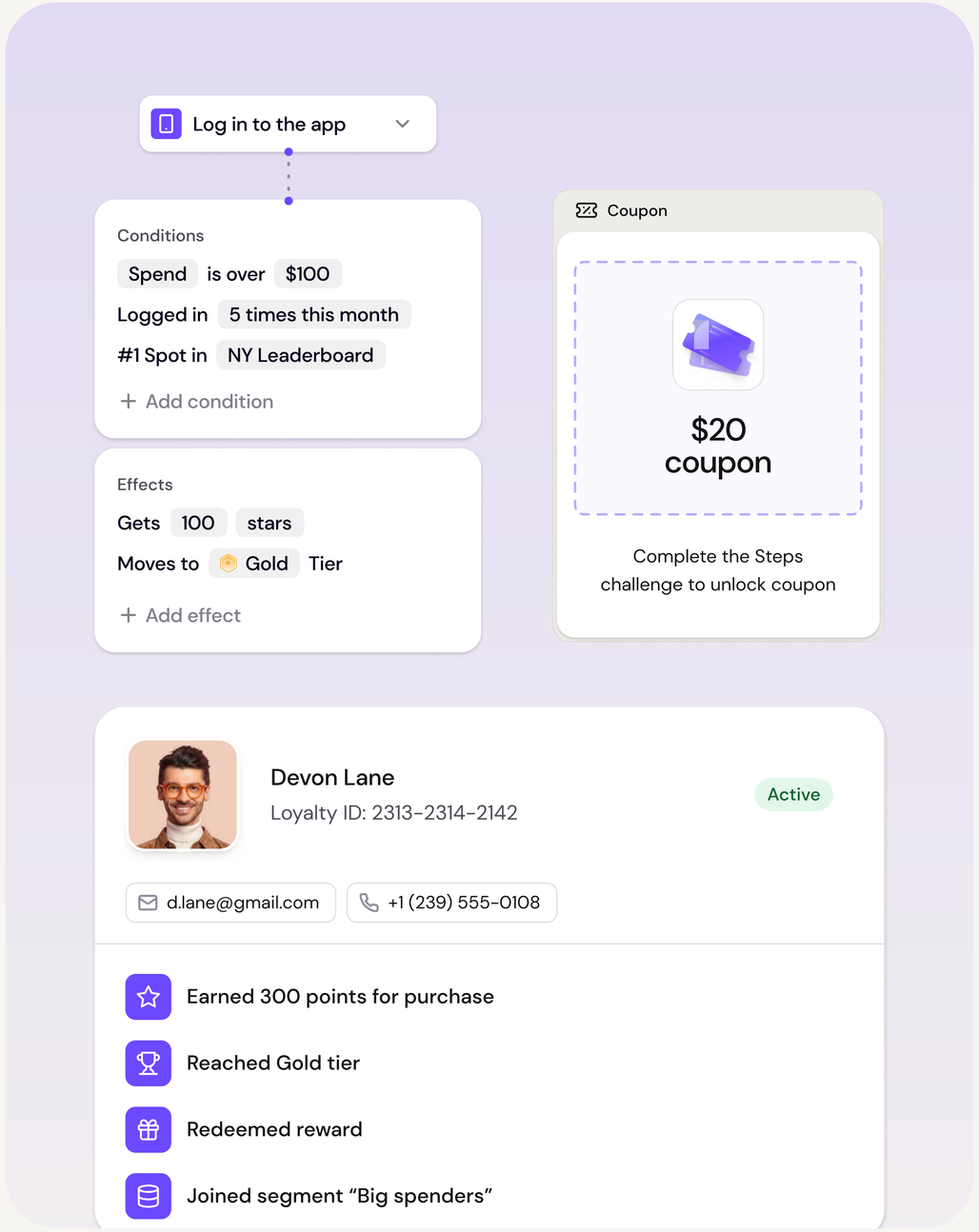
OPEN LOYALTY

Research sponsor

# Gamified Loyalty Platform

Behind 100+ enterprise brands

Book a demo



# Reach out to the report authors!




**Weronika Masternak**
Loyalty Trends Research Lead
Linkedin



**Kacper Skoczylas**
Head of Marketing
Linkedin



**Natalia Chronowska**
AI-Native Content Specialist
Linkedin



**Carlos Oliveira**
Product Marketing Manager
Linkedin



**Karol Bzik**
CPO
Linkedin


Trusted by **100+ market leaders**

ALDO limango Heineken USA EQUIVA JTI PDI TECHNOLOGIES dacadoo INTERSPORT CIRCLES.LIFE