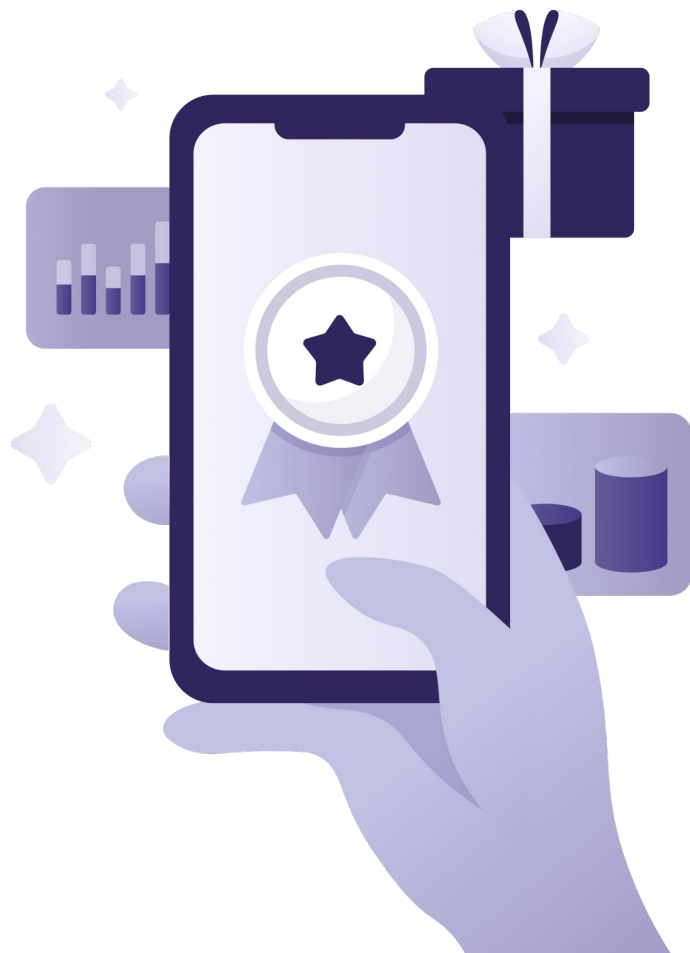




Loyalty Trends 2024

Discover the future of loyalty programs





Welcome to the Loyalty Trends 2024 report – our fourth consecutive exploration of the ever-evolving realm of customer loyalty marketing.

From the impact of AI to anxiety following a challenging year, this report unveils the industry's pulse year after year. Our mission is to equip the community with the knowledge to craft impactful strategies that resonate with customers and propel business forward. Gratitude to all the loyalty professionals who played a part in crafting this report – wishing you all an enriching read!



Karl Bzik

Co-founder at Open Loyalty





What will you learn from the report?

The Loyalty Trends report 2024 shows loyalty professionals' key challenges, plans, and investments in the present and upcoming years. This edition is based on a survey and in-depth interviews with **105 high-profile loyalty program experts from various industries and locations.**

The report answers some pertinent questions:

- What **goals and challenges** are loyalty professionals tackling?
- What are **the most significant trends in loyalty marketing** in the long and short term?
- What are **the most common areas for investments**?
- What are **the predictions for the future of the loyalty programs**?

The first part of the report refers to the results of the survey and shows how trends have changed ↑/↓ compared to last year. The second part contains commentary from numerous experts on existing challenges and predictions for the loyalty industry.



What will you learn from the report?

This report draws insights from **105 experts worldwide**. Here's a snapshot of a few responders' backgrounds:

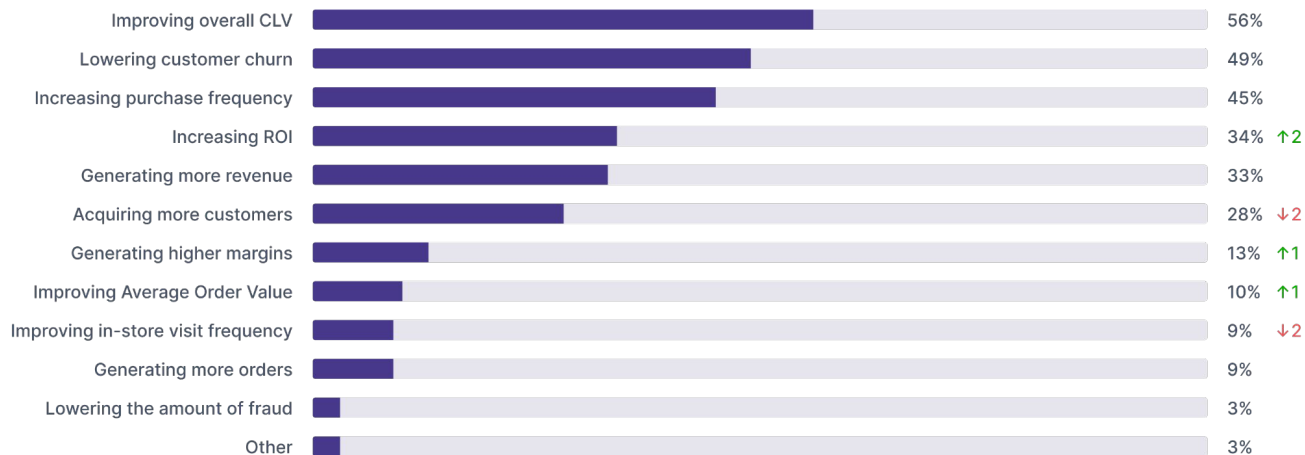
- **Airlines:** British Airways, Virgin, Malaysia Airlines, Qantas Airways, El Al Airlines, Etihad Airways, Singapore Airlines
- **Hotels and travel:** Radisson, IHG, Marriott, InterContinental Hotels Group, Accor, Bourne Leisure Group
- **Petrol and automotive:** BP, Shell, ExxonMobil
- **Retail:** eBay, IKEA, Sephora, LVMH, Samsung, Nokia, L'Oréal, Foot Locker, American Eagle Outfitters, L'OCCITANE Group, Forever New Fashion, Nike, Lego, adidas, Unilever, Hewlett Packard, H&M, Best Buy, Razer Inc, Gap, Johnson & Johnson, HEMA, Mattel, Reckitt, answear.com, Gucci, Armani, Boots, TK Maxx, Lidl
- **Convenience and department stores:** Tesco, Carrefour, Woolworths, Harrods, Morrisons, 7-Eleven
- **Finance and insurance:** HSBC, Millennium, VISA, Mastercard, Citi, Commonwealth Bank, YES Bank, RACV, LendLease, CommBank, Klarna, ING, Aviva
- **Technology and Telecom:** Microsoft, AT&T, Razer Inc., Portugal Telecom, Vodafone, VOXI, Virgin, Sky
- **Coalition:** Groupon, Velocity Frequent Flyer, Avios, Nectar, FlyBuys
- **Food:** Starbucks, McDonald's, KFC, Pizza Hut, Burger King, Grill'd, Costa Coffee, Caffe Nero
- **Other:** NFL, NHL, Disney, Nando's, P&G, Henkel, PMI, Emaar, Regus, LaLiga, Deloitte, Roche, The National Gallery, Fitness First



Survey results



Which loyalty marketing goals will you focus on in 2024?



* We asked respondents to select a maximum of three most important goals. ↑/↓ shows how trends have changed compared with last year.



Loyalty Trends 2024 matrix

The graph reflects the importance of the top 10 trends from two angles: the biggest impact on Loyalty Marketing over 2-3 years and trends with the biggest urgency in terms of investment in the upcoming year.





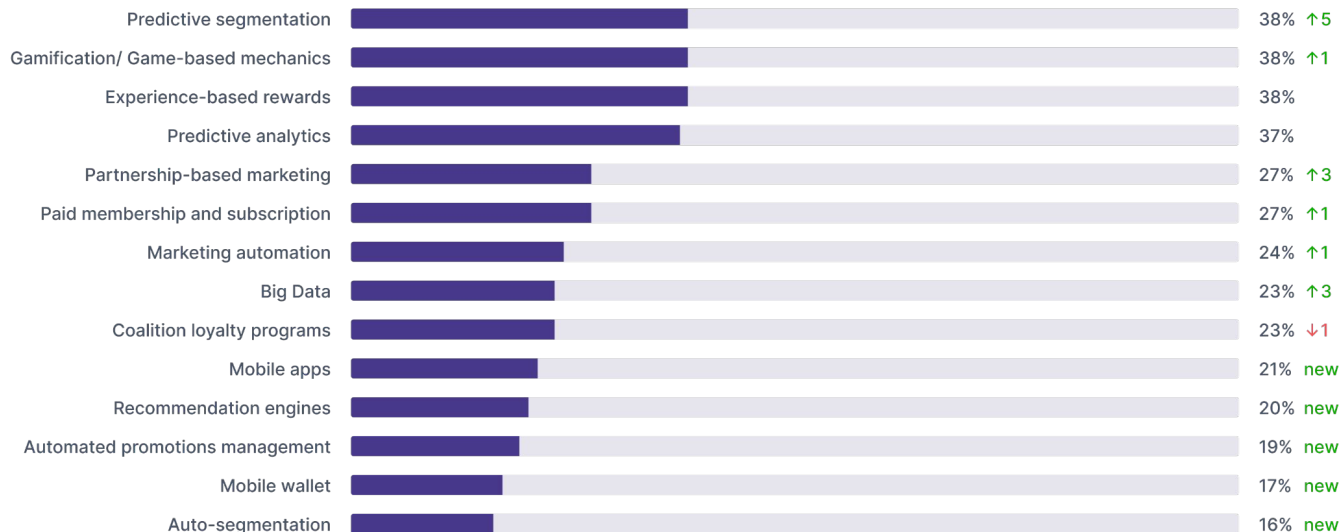
Which of these trends do you plan to invest in the upcoming year?



* We asked respondents to select a maximum of five most important areas of investment. The list contains top 10 results. ↑/↓ shows how trends have changed compared with last year.



What future trends will have the biggest impact on loyalty marketing in 2-3 years



* We asked respondents to select a maximum of five most important areas of investment. The list contains top 10 results. ↑/↓ shows how trends have changed compared with last year.

Can you name brands that you consider as thought leaders in terms of loyalty marketing?

- **Airlines:** [British Airways](#), [United Airlines](#), [Qantas Airways](#), [Emirates Airlines](#)
- **Hotels:** [Hilton](#), [Accor](#), [Marriott](#), [booking.com](#)
- **Petrol and automotive:** [KwikTrip](#), [Irving Shell](#)
- **Retail:** [adidas](#), [CCC](#), [Sephora](#), [The North Face](#), [Rituals](#), [Under Armour](#), [Mercado Livre](#), [DFS](#), [Allegro](#), [Amazon](#), [Nike](#), [Vans](#), [IKEA](#), [MECCA](#), [Lululemon](#), [Zalando](#)
- **Supermarket and department stores:** [John Lewis & Partners](#), [Lidl](#), [Biedronka](#), [Rossmann](#), [Żabka](#), [Decathlon](#), [Myer](#), [Continente](#), [Hooper](#), [ShopRite](#), [SMYK](#), [Tesco](#), [Woolworths](#), [Dan Murphy's](#)
- **Finance:** [Alrajhi Bank](#), [Nedbank](#), [Barclays](#), [American Express](#)
- **Coalition:** [eBucks](#), [GHA](#), [Soho House](#), [Status Match](#), [Ulta Beauty](#), [Shukran](#), [Priceline](#), [MTY](#), [oneworld](#), [Cenomi](#), [Expedia](#), [Fly Buys](#), [Payback](#), [PC Optimum](#), [Clicks ClubCard](#), [Miles & More](#)
- **Food:** [7-Eleven](#), [BrewDog](#), [Costa Coffee](#), [Starbucks](#), [McDonald's](#), [Chipotle](#), [Pret A Manger](#)
- **Other:** [Lego](#), [Microsoft/Xbox](#), [Rakuten](#), [Bilt Rewards](#), [Saudi Telecom Company](#), [Vitality](#), [Sodexo/Pluxee](#), [Supercheap Auto Club](#), [Nahdi](#)



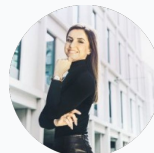
What experts say?

What challenges do you see for loyalty marketing in 2024?

1. First and foremost, reaching customers via a “traditional” email is becoming increasingly difficult. All that is due to the sea of emails that get our email boxes daily. Naturally, the human brain cannot accommodate all these volumes of information. A similar thing starts to happen with Push and In-app messages;
2. Secondly, with the recession and price increase in many markets, customers are looking to save money or at least be more cautious with their spending. Thus, true loyalty might shift towards more transactional relations with customers looking for the best deals in these challenging times;
3. Another area might be the need for dedicated cross-channel loyalty-marketing resources to take care of the bigger picture, rather than just a loyalty program matter within the brands, such as customer support and a seamless UX experience.

How do you see the future of loyalty programs over the next 2-3 years?

The future might bring more attention to matters not directly related to loyalty programs but to online and offline customer purchase experiences. Customers will look for seamless online purchases, shorter in-store lines, more excellent and helpful in-store assistance, and post-purchase interactions. All that to build a deeper bond based not only on a loyalty program but on the entire interaction with the brand.



Dominika Korta

Digital, CRM & Loyalty Innovation
Consultant



Industry experience:
**Starbucks Europe, KFC, Pizza Hut,
Burger King, La Tagliatelle, Tim
Hortons, Popeyes**

What challenges do you see for loyalty marketing in 2024?

This year was full of breakthrough news related to artificial intelligence. In 2024, it is important to understand how to use artificial intelligence to increase customer loyalty, select those activities and areas that may be the most promising and prepare to implement these solutions.

How do you see the future of loyalty programs over the next 2-3 years?

Implementation of AI in building segmentation and predictive models, dedicated offers and targeting communication, lowering customer churn and increasing margin thanks to better, appropriate use of data.



Paweł Dziadkowiec

Loyalty expert at Open Loyalty



Industry experience:
BP, Answear.com

What challenges do you see for loyalty marketing in 2024?

Consumer fatigue from most programs basically offering the same 3rd party member rewards.

How do you see the future of loyalty programs over the next 2-3 years?

Splitting further into two camps, those that don't use 1st party data well and those that do.



Lee Martin

Principal at Ellipsis and Company –
The Customer Loyalty Experts



Industry experience:
**HSBC, Medibank, eBay, Priceline,
Farmlands, Nufarm, Metcash,
Sydney Cricket Ground Trust**

What challenges do you see for loyalty marketing in 2024?

With flat growth predicted in most markets, 2024 is likely to be another tough year for customers and retailers. As a result, brands will need to get more from less, so the focus will continue to shift to upfront, immediate benefits.

How do you see the future of loyalty programs over the next 2-3 years?

Member-only pricing will continue to grow as a means of boosting margins but will be followed by a consumer backlash or government regulation on two-tier pricing.



Iain Pringle

Managing Partner at
New World Loyalty



Industry experience:

**Virgin Atlantic, Avios, Shell,
British Airways**



What challenges do you see for loyalty marketing in 2024?

A continuous challenge is launching loyalty programmes in new territories where loyalty does not exist in that specific sector. It requires buy in, trust and “proving” ROI before these new programmes are given the green light to launch.

How do you see the future of loyalty programs over the next 2-3 years?

We will continue to see a surge in loyalty innovation as traditional, legacy programmes try to reinvent and redesign their propositions to keep abreast new, more flexible technologies that are able to be quickly and seamlessly integrated. It's an exciting era for loyalty software & technologies which will challenge the status quo of how technology has been delivered in the past.



Ros Netto

Head of Loyalty at
Virgin Active South Africa



Industry experience:
Real Foods Group



What challenges do you see for loyalty marketing in 2024?

The challenge for loyalty programs in 2024 is about one word (with many layers), and that is "performance." Programs need to continue to prove their performance to the business they serve and the members they serve. Serving the business is about the influence of a program on the metrics of success (many and varied), although profit is the key performance metric set for the program. Serving the members is about the program proposition delivering on the promise made to members and the overall experience of making it simple, personal and valuable.

How do you see the future of loyalty programs over the next 2-3 years?

The future of loyalty programs over the next 2-3 years will be about how they help their members in tough economic times, i.e., give them more savings and a little more give-back. Programs will be going through a review and refresh to be relevant to their members, and there will be more work on the fundamentals of data collection, use, and protection.



Adam Posner

Founder at The Point of Loyalty



Industry experience:
Accor Hotels, Kathmandu,
Thermomix, Toyota, Officeworks,
Forever New



What challenges do you see for loyalty marketing in 2024?

Budget cuts by accountants who see loyalty programs as a cost because the loyalty manager cannot prove the ROI.

How do you see the future of loyalty programs over the next 2-3 years?

AI everything, the convergence of payments and loyalty, a bigger focus on customer lifetime value, loyalty managers forced to demonstrate ROI, digital games.



Philip Shelper

CEO at Loyalty & Reward,
Author of "Loyalty Programs: The
Complete Guide"



Industry experience:
**Qantas Loyalty, Singtel Optus,
P&G, Commonwealth Bank,
EI AI Airlines**

What challenges do you see for loyalty marketing in 2024?

Balancing the investment for loyalty benefits with the return on those benefits. Giving away free stuff is great, but with rising costs and increased competitiveness, it's about being able to give the right benefit to the right customer that drives beneficial outcomes.

How do you see the future of loyalty programs over the next 2-3 years?

- Coalitions or clubs and cross promotions;
- Greater personalisation, relevance, and generosity in communications and benefits;
- Increased technology composability (MACH adoption).



Gordon Lucas

Group Software Engineering
Director at PureGym



Industry experience:
Costa Coffee, Whitbread



What challenges do you see for loyalty marketing in 2024?

Data capability (central data lake), single view of the customer, changing data legislation landscape.

How do you see the future of loyalty programs over the next 2-3 years?

- Real-time full integration, especially across the partner's landscape, and payment-linked loyalty... all things which enhance the customer experience at the exact point in time;
- Get the basics rights ALWAYS;
- Drive deeper engagement through non-transactional rewards and surprise and delight/softer benefits.



Amanda Cromhout

Founder & CEO of TRUTH,
Author of Blind Loyalty and
Founder of The Blind Loyalty Trust



Industry experience:

**BP, Shell, Avios, Airlink, Unilever,
Coca Cola, eBucks, IBL Mauritius,
Matahari (Indonesia), Dermalogica,
Avon, Polo, Spar, Virgin Active,
VW, Audi, Jaguar, Land Rover**

What challenges do you see for loyalty marketing in 2024?

Managing 1st party data.

How do you see the future of loyalty programs over the next 2-3 years?

More personalized and more engaging features, but at the same time, providing a better and seamless CX. Also, the power of AI should contribute to a better analysis of preferences and customer behaviours. The winners should keep in mind that to manage this digital ecosystem, they need to have a data-driven approach and not a traditional marketing approach anymore (join the tech with creativity).



Rui Santos Luis

Loyalty & Customer Value
Lead at McDonald's



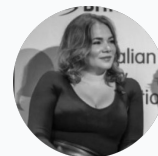
Industry experience:
McDonald's, Portugal Telecom

What challenges do you see for loyalty marketing in 2024?

Budget cuts, the need for new technology to collect data and activate customer experiences, standing out from the competition.

How do you see the future of loyalty programs over the next 2-3 years?

Companies with loyalty programmes need to move with the times or get left behind. The ones listening to their customers, preparing for a digital-first generation, and evolving away from one-size-fits-all rewards and discounts will thrive and become actual profit centres for their business. The rest will fall behind.



Jaimi Farrey

Senior Loyalty & Personalisation
Manager at Grill'd



Industry experience:
**Grill'd, Click Frenzy,
Lovisa Pty, Nando's**

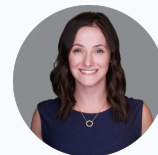


What challenges do you see for loyalty marketing in 2024?

Personalization and the ever changing needs of the consumer are both challenges marketers will continue to face. Technological advancements have added more avenues in which the consumer can engage with brands, but have also made it harder to capture their attention. Marketers will have to find the right balance of creating meaningful interactions without being overbearing. That also means that the average rewards program is not enough anymore.

How do you see the future of loyalty programs over the next 2-3 years?

In the next few years, we are going to slowly see VR/AR become a normal part of life. With Apple's latest announcement, the technology race is on to see who can build the best, most obtainable VR device for the everyday consumer. We will start to see the consumer take control over their experience, customizing what they want to see and where they want to see it. Facial recognition will be a big component here, allowing for a personalized physical experience that allows the consumer to tell us more about how they shop and what they want.



Kayla Siegmeier

Director of Loyalty and
Lifecycle at Journeys



Industry experience:
**Journeys, Groupon, Sears,
Vivid Seats**

What challenges do you see for loyalty marketing in 2024?

Inspiring program members to do more, share more, influence more. Programs need inspiration and innovation. Members are bored. They are participating because of the mutual exchange framework but they are not inspired.

How do you see the future of loyalty programs over the next 2-3 years?

There will be significant growth in B2B and B2B2C program development serving highly matrixed customer constructs. Retail is over-penetrated with "me-too" designs/strategies that, in many cases, are highly reliant on payment value propositions – they need to evolve with personalized offers/recognition and reward vs. dull/boring transactional-only benefits.

Business-to-business loyalty will be the hottest area for growth in the sector because of the representative value of a customer or commercial account.

In Business-to-consumer, programs must continue to evolve in order to remain compelling and relevant. Thus, a refresh of their design/strategy and operating model, including the technology that supports it, will be addressed.



David Slavick

Co-Founder and Partner
at Ascendant Loyalty Marketing



Industry experience:

**American Eagle Outfitters,
SC Johnson, Sears Holdings, Accor
N.A., VISA, Mastercard,
ExxonMobil, Phillips66, Famous
Footwear, Backcountry.com**



How do you see the future of loyalty programs over the next 2-3 years?

I see loyalty leveraging generative AI and machine learning, advancements being made through automation, more personalized experiences through 1:1 video and experiential rewards, bridging the digital and physical store shopping experience, and more companies recognizing loyalty needs a seat at the leadership table so that the customer-centric mindset is at the top in driving the commitment to the brand's customers.



Amanda Boshell

Membership and Loyalty
Manager at Wild Fork



Industry experience:
**Microsoft, AT&T, Cricket Wireless,
USOC, MLB, NFL, NHL**

What challenges do you see for loyalty marketing in 2024?

Rise in competition in the rewards space from direct and indirect competitors – which will put pressure on businesses to work smarter and optimise their value propositions in order to stand out for competitors (or risk becoming obsolete). Also, pressure to manage investment in reward programmes AND demonstrate the ROI.

How do you see the future of loyalty programs over the next 2-3 years?

Programmes will become more and more sophisticated – constantly embracing the power of data to drive hyper-personalised campaigns and offers. The psychology of customer marketing will play a massive part – to keep businesses "honest" and remain focussed on what the customer wants and does not want.



Deon Olivier

Founder at Woodstock
Loyalty Marketing



Industry experience:
Achievement Awards Group,
eBucks, MTN



What challenges do you see for loyalty marketing in 2024?

With the continued presence of inflation, loyalty programs will need to find ways to provide meaningful, unique, and compelling value propositions to existing and future members. Additionally, with the growth of AI applications in loyalty and CRM, we need to make sure we apply it in a smart way to ensure synchronization with existing processes and tools.

How do you see the future of loyalty programs over the next 2-3 years?

I like to believe that we are finally reaching the stage where loyalty/membership programs are becoming an integrated part of every company's long-term strategy. In the coming years, we will see a larger focus on improving ROI, the growth of digital and mobile experiences, and the application of AI in CRM activities. Finally, the winners of this race will be programs that can quickly test and learn new tactics while maintaining a solid core of its proposition for customers.



Jakub Krzakala

Global Loyalty Growth
Lead at Shell



Industry experience:
Shell, Foot Locker Europe

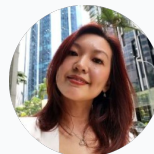


What challenges do you see for loyalty marketing in 2024?

Bringing fragmented systems and data to a single place for efficient operations and effective opportunities.

How do you see the future of loyalty programs over the next 2-3 years?

Seen as more a business product, than a marketing programme. Where businesses understand it to be a way to strategise how to keep a customer interested and returning, and continuously drive value through relevant partnerships and engaging conversations.



Emily Ong

Certified Loyalty Marketing
Professional, Customer & Loyalty
product leader



Industry experience:
**Sephora, Razer Inc.,
Landmark Group**

What challenges do you see for loyalty marketing in 2024?

Making loyalty programs financially self-sustainable while still delivering differentiated value to the customers.

How do you see the future of loyalty programs over the next 2-3 years?

Offering customized value to end-customers resulting in incrementality for new user acquisition as well as an increase in the transactions and spending from existing customers.



Amrendra Saxena

Director of Customer Loyalty &
Retention at Flipkart



What challenges do you see for loyalty marketing in 2024?

With cost pressures both on our customers and business, creating scalable value for members in a more competitive market will be a challenge.

How do you see the future of loyalty programs over the next 2-3 years?

Increasing gamification to provide salience and drive motivation to engage with the brand.



Jason Whiting

Director of Membership
at LEGO Group



What challenges do you see for loyalty marketing in 2024?

Changes in shopper expectations.

How do you see the future of loyalty programs over the next 2-3 years?

Volatile – with general budget cuts and increasing cost of living (shopper behaviour potentially being more discount-led).



Tom Kirk

Global Loyalty Director at adidas



What challenges do you see for loyalty marketing in 2024?

Data fatigue and omnichannel integration will remain headwinds in 2024, but the true plot twist in customer loyalty lies in emotional resonance. Customers crave brands that understand their values and aspirations, not just track their purchases. The challenge will be forging meaningful connections through personalized rewards and unique, exclusive experiences tailored to those aspirations, not just past behavior.

How do you see the future of loyalty programs over the next 2-3 years?

The future isn't just about personalization and experiences, it's about reimagining the brand-customer relationship. I see brands building trust by empowering customers with control and transparency over their data. Instead of point-driven data grabs, more businesses will come up with creative gamified consent mechanisms that make data-sharing a rewarding experience. Loyalty programs will morph into vibrant communities where customers co-create, advocate, and shape the brand's identity.

As virtual worlds become our new reality, loyalty programs will offer AR/VR/Metaverse experiences, product showcases, and digital currency integration. Brands will offer meaningful connections so customers feel like valued members, not just consumers.



Shriiram Varadan

International CRM and Loyalty
marketing professional



Industry experience:
**Amazon Prime, KFC, Gap,
Bloomingdale's, Gucci, Armani**

What challenges do you see for loyalty marketing in 2024?

For 2024, loyalty marketers are faced with a dual challenge: the looming recession and declining purchasing power are intensifying the demand for tangible program rewards, while budget constraints compel marketers to embark on a creative internal and external journey to deliver the desired tangible value with limited resources.

How do you see the future of loyalty programs over the next 2-3 years?

They have a strong future, but the market is at a crossroads: too many programs offer too little and risk becoming irrelevant. Companies need to choose: revamp or retreat.

Solid revamping will demand investments in a future-proof platform, technological integration and customer-focused benefits. ROI analyses should be about CLV and efficiency, but also include other key contributions to organizational performance.

Looking to the future, loyalty programs will evolve into integrated, conditional platforms for legitimate customer communication, interaction, conversion, and data collection. Their investments will be centralized from a broader organizational perspective and subsequently allocated to the business units that derive value from the program.



Rik Luttmer

Loyalty Marketing Consultant



Industry experience:

**Unilever, Accor Hotels, VW, DHL,
Hager, ING, Roche, Bol.com,
Amnesty, ANWB, PostNL**



What challenges do you see for loyalty marketing in 2024?

The stimulation of ongoing member engagement and activity by using data effectively and efficiently, continuing to providing value and a real point of difference.

How do you see the future of loyalty programs over the next 2-3 years?

Better segmentation and personalisation across the board, a deeper integration of best practice loyalty principles into CX journeys, a bigger focus on more strategic partnership networks, and smarter ways to leverage AI capabilities.



Max Savransky

Loyalty and CX Expert. Co-author of
"Loyalty Programs: The Complete
Guide"



Industry experience:

**Loyalty & Reward Co, Mastercard
Loyalty, HOYTS, McDonald's,
Australian Venue Co, Schneider
Electric, Rest Super, Loyalty NZ**

What challenges do you see for loyalty marketing in 2024?

Adoption by end-customers is the main problem. With so many loyalty programs in the market, customers don't feel value in joining schemes that ask many details in complex sign up processes and still don't deliver meaningful or relevant rewards.

How do you see the future of loyalty programs over the next 2-3 years?

- One-click sign up;
- Accelerated rewards such as “spend above your AOV and earn 2x rewards”;
- Personalized vouchers in e-commerce;
- Prediction of customer churn and rewarding them bonus points.

In simple words, more data-oriented. Customer will receive different returns based on their expenditure.



Vivek Khairnar

Product Manager at
Tabsquare / Delivery Hero



What challenges do you see for loyalty marketing in 2024?

Creating connections with your membership and driving real loyalty that lasts in a market that is constantly in flux. The consumer context is changing so fast. The cost of living crisis has driven significant increases in demand for rewards that give high and hard value, the environmental crisis has meant that consumers now expect strong sustainability creds from programmes, the rise in the number of programmes has meant there is ever more competition for people's attention and engagement...

How do you see the future of loyalty programs over the next 2-3 years?

It's an exciting time to work in loyalty marketing as the only constant we can predict is change. I think that we are going to see:

- More programme differentiation as brands realise they need to bake their DNA into a programme that works for their brand, business and customer base.
- Significant rise in the smart use of brand partnerships in loyalty programmes as members want more but budgets are squeezed – partnerships are a great way to achieve more value for your membership but spend less.
- Rise in gamification and personalisation as the reality of AI and tech capabilities starts to live up to its promise.



Charlie Hills

Chief Strategy Officer at
Mando-Connect



Industry experience:
**Vodafone, Lidl, Marriott Bonvoy,
BMW, HSBC, Boots, The AA**



What challenges do you see for loyalty marketing in 2024?

Data privacy concerns have accompanied the increasing regulation of data protection applied in many countries. Consumers, especially in developing countries, are becoming more aware of their data rights, and businesses need to ensure that their loyalty programs comply with local data protection regulations.

Additional challenges may also include the complexity of gamification and app/website engagement point-scoring systems. Point redemption scenarios are extending beyond simply exchanging points for vouchers to include direct point-to-voucher redemption.

How do you see the future of loyalty programs over the next 2-3 years?

In the Vietnamese market, loyalty programs will shift towards greater personalization and digital integration. With increasing competition, companies will prioritize customer-centric strategies, leveraging data analytics to tailor rewards and offers to individual preferences. Mobile apps and digital platforms will play a central role.

Centralized marketing loyalty – the creation of a unified and consistent customer experience across all channels and touchpoints – will be a strong trend to optimize ROI.



Bao Nguyen

Vice President, Digital Service
Delivery at Kyanon Digital



Industry experience:
Retail, F&B, e-commerce



Executive summary



Experts sentiment

The Loyalty Trends 2024 report outlines the main challenges, strategies, and investments of loyalty professionals for both current and upcoming periods. This research stems from a survey and extensive interviews conducted with 105 prominent loyalty marketers across diverse industries and geographical locations.

Compared with previous years, we see that **AI, automation**, and **personalization** have everyone's attention, no matter the industry.

The Big Recession didn't come in 2023, but it's still looming, shaping how stakeholders and customers act. For companies, **keeping current customers becomes a priority**. And loyalty members are not only more budget-conscious – they are also more **data-conscious and increasingly resist sharing personal information**.

How will loyalty managers address these challenges? We hear three approaches over and over from different professionals: **gamification** to drive engagement, **reliance on 1st party data and AI-powered analysis and segmentation** to enable hyper personalization, along with **more emotional bonding and less financial rewards**.



Goals and challenges

According to the results from the survey the most important goals are:

- **Improving overall Customer Lifetime Value;**
- **Lowering customer churn;**
- **Increasing purchase frequency;**
- **Increasing ROI.**

Compared to the previous year, the top 3 trends stay the same. The ROI of loyalty marketing becomes more pressing and takes over customer acquisition in the fourth place. Combined, these signs indicate that **the loyalty experts' focus is on keeping and maximizing the value of current customers.**

Beyond that, the most important challenges noted by the experts in open-ended questions are: **reducing marketing budget and optimizing customer acquisition costs**, a bigger **focus on retaining existing customers** as they are safe spots for the business, and **using loyalty programs as a key tool for collecting customer data** in a cookieless world.



Short-term investments in 2024

The trends in which experts plan to invest in 2024 are:

- **Gamification / Game-based mechanics** – to make the whole experience more engaging; to introduce transactional and non-transactional configurations; to make the loyalty campaigns more enjoyable and engaging; we can expect to see more gamification mechanics like challenges, milestones, gamified tiers, and more in the loyalty programs;
- **Marketing automation** – is key for the overall goal of personalization; loyalty gives more opportunity to communicate (based on the behavior tracked in the loyalty program, not only based on the transactional behavior) and marketers want to use loyalty programs as a medium of communication and bonding with the client; aligning loyalty and automated marketing communication with the be the key for achieving more with the same number of experts hired in the companies;
- **Experienced-based rewards** – enriching loyalty schemas with non-typical rewards will make the loyalty programs unique, increase redemption ratio and usage of the benefits, and help differentiate companies from the competitors.



Long-term investments for upcoming 3 years

In the long run, experts consider these trends to have the biggest impact in the upcoming 2-3 years:

- **Experience-based rewards** – many experts see transactional rewards, such as discounts and coupons, as insufficient long-term loyalty drivers. Soft rewards – from handwritten notes to VIP events – can foster a stronger bond;
- **Gamification / Game-based mechanics** – offering achievements, milestones, badges and similar mechanics is seen as a strong strategy to drive engagement of existing and new customers alike;
- **Predictive analytics** – the predictions are still an important part area of investment for the upcoming year; experts want to use AI to customers' behavior, detect shopping patterns and the business expectations e.g. revenue from new clients, the point in time in which the investment will get to the break-even point or the costs of the loyalty programs; predictive analytics is also an important tool for preventing frauds;
- **Predictive segmentation** – segmenting customers based on predicted value or predicted shopping behavior is an important area of investment for some of the experts.



The best loyalty programs

Some brands were mentioned multiple times by the experts. What they have in common is **well-established loyalty programs that cater exactly to what their customers want** and sometimes **go far beyond the run-of-the-mill discount coupon**.

Some initiatives, like [Sephora's Beauty Insider](#), [Marriot Bonvoy](#) and [adidas' AdiClub](#), **use gamification** and **combine hard and soft rewards** to provide members with a **feeling of belonging and uniqueness**.

Others, like [Amazon Prime](#), [My McDonald's](#), [Tesco Clubcard Plus](#), [My Lidl Rewards](#), [Nike Membership](#), [Starbucks Rewards](#), and [IKEA Family](#) take a more traditional approach but manage to offer their loyal members convenience and special offers **across hundreds of different stores**.

Loyalty programs as a key tool for upcoming recession



Industry experts emphasize that loyalty programs are poised to become crucial for navigating market slowdowns and recessions, presenting an essential strategy for companies aiming for success. The anticipated growth of these programs aligns with the increasing customer demand for savings.

Retaining consumers hinges significantly on effective loyalty programs. While these programs have held a presence in the market for a considerable duration, predicting a comprehensive shift remains challenging. The evolution of loyalty programs depends on brands actively updating their strategies, positioning these programs at the core of their business operations. Balancing user benefits and the resulting impact on business ROI remains pivotal.

Looking ahead, the trajectory of loyalty programs in the next 2-3 years revolves around their **ability to support members during economic hardships, offering increased savings and enhanced benefits**. Programs are expected to undergo reviews and updates to maintain relevance and resonance among their members.



Meaning of the AI in the loyalty programs

The meaning of the AI and practical use cases in the loyalty programs will be strongly related with predictive analytics and segmentation.

Its integration facilitates the creation of targeted segmentation and predictive models, **enabling specialized offers and precise communication strategies**. This AI-driven approach also plays a pivotal role in **reducing customer churn while optimizing margins through enhanced data utilization**.

The shift toward AI extends beyond segmentation. It underscores a heightened emphasis on customer lifetime value. Loyalty managers face the imperative of showcasing tangible ROI through AI-powered personalization initiatives. Moreover, collaborations with partners are expected to yield increased benefits as AI refines its role in loyalty programs.

The future involves hyper-personalization, leveraging data for tailored campaigns and offers at every touchpoint, **moving away from one-size-fits-all approaches to micro-segment targeting** for diverse customer types.



Strategic asset for a cookieless world

As we find ourselves in a cookieless world with rising paid media costs, **loyalty programs emerge as a pivotal survival tool.**

Winning strategies hinge on **adopting a data-driven approach to manage the digital ecosystem effectively**, transcending traditional marketing methods.

A crucial aspect will be fostering the growth of the customer base, which requires prioritizing customer insights, automated promotions, and communication. But, considering third-party cookies are increasingly unreliable, **first-party data will be the cornerstone of success.**

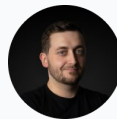
Considering the potential loyalty initiatives have to collect data that is high quality and compliant, **loyalty managers have an amazing opportunity to showcase the benefits of their programs to stakeholders.**



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Let's talk

The screenshot displays the "Campaigns" management interface. On the left is a dark purple sidebar with icons for home, campaigns, members, transactions, settings, and help. The main content area is titled "Campaigns" and shows a table of active campaigns. A modal window titled "Add campaign" is open, showing the configuration for a new campaign. The modal includes sections for "Trigger", "Conditions", and "Effects".

Campaigns Table:

Campaign name	Campaign type	Created on	Active from	Active to
1 point for every \$1 spent	Direct	10 Dec, 2022	1 Jan, 2023	31 Dec, 2023
10% cashback for reaching Silver tier	Direct	1 Jan, 2023	5 Jan, 2023	1 Feb, 2023
5 stars for a product review				023
10 stars for referring a friend				023
50 points for buying ACME				022 14 Mar, 2023
\$10 birthday voucher				022
5 bonus points for sharing the				022
10% cashback coupon for re				023 1 Jun, 2023
3 stars for shopping 3 times				023 31 Dec, 2023
2x points for Gold members				023 31 Dec, 2023
Welcome gift for reaching B				- 31 Dec, 2023
Get \$5 coupon when buying o				023 31 Dec, 2023

Add campaign Modal:

- Trigger:** Transaction (selected), Behaviour, Referral
- RULE 1:**
 - Conditions:** 1. Transaction value is greater than \$200.00
 - Effects:** 1. Add points with formula Transaction value * 2
- RULE 2:** (Empty)