



Loyalty Trends

Discover Trends in Customer
Loyalty Marketing for 2023 and
beyond

2023, 3rd edition





Welcome to Loyalty Trends 2023 report – the third edition of our annual research into existing and upcoming trends in customer loyalty marketing. The report is here to give you a comprehensive picture of the state of the industry year on year, in order to allow you to create effective marketing strategies that win your customers' hearts and grow your business. I want to thank every loyalty professional who helped us create the report and wish everyone a good read!



Karl Bzik

Co-founder of Open Loyalty

About the report



The Loyalty Trends 2023 report was created **for professionals who want to understand common trends in the field of loyalty marketing** and use the knowledge to optimize their strategy for winning and retaining customers. The report is especially relevant for experts focused on customer loyalty marketing and loyalty programs of any kind.

The research is based on the insights from **100 interviews with high-profile loyalty professionals from various locations and industries**.

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.



Loyalty experts behind the research

The insights in the report come from **100 experts from all over the world**, including multi-industry loyalty program consultants and loyalty marketers working for single brands.

Here's a summary of the backgrounds of only a few of the responders:

- Airlines: British Airways, Virgin, Malaysia Airlines, Qantas Airways, El Al Airlines, Etihad Airways, Singapore Airlines, Oman Air
- Hotels and travel: Radisson, IHG, Marriott, InterContinental Hotels Group
- Petrol and automotive: BP, Shell, ExxonMobil
- Retail: IKEA, Samsung, Nokia, L'Oréal, Foot Locker, American Eagle Outfitters, L'OCCITANE Group, Sephora, Forever New Fashion, Vodafone, Nike, Lego, Adidas, Hewlett Packard, H&M, Best Buy, Razer Inc, Gap, Johnson & Johnson, HEMA, Mattel, Reckitt
- Convenience and department stores: Tesco, Carrefour, Woolworths, Harrods, Morrisons, 7-Eleven
- Finance and insurance: VISA, Mastercard, Citi, Commonwealth Bank, YES Bank, RACV, LendLease, CommBank, Klarna
- Coalition: Velocity Frequent Flyer, Avios, Nectar
- Other: McDonald's, Healthcare, Nando's, P&G, Henkel, PMI, FlyBuys, Disney, Emaar, Regus, LaLiga, Deloitte



The results of the Loyalty Trends survey

Which loyalty marketing goals will you focus on in 2023?



We asked respondents to select a maximum of 3 most important goals.

+/- shows how trends have changed compared with last year.

- | | |
|---|---|
| 1. Improving overall Customer Lifetime Value (61%) | 6. Increasing ROI (23%) |
| 2. Lowering customer churn (43%) +1 | 7. Improving in-store visit frequency (15%) +4 |
| 3. Increasing purchase frequency (40%) +3 | Generating higher margins (15%) |
| 4. Acquiring more new customers (33%) -2 | 8. Improving Average Order Value (14%) |
| 5. Generating more revenue (26%) -1 | 9. Generating more orders (7%) |
| | 10. Lowering the amount of fraud (5%) |
| | 11. Other (3%) |

Loyalty Trends matrix



The graph shows the importance of these 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 2023.





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

We asked respondents to select a maximum of 5 most important areas of investment.

The list contains top 10 results, +/- shows how trends have changed compared with last year.

1. **Experience-based rewards** (48%) **+7**
2. **Predictive analytics** (40%) **+1**
3. **Gamification / Game-based mechanics** (35%)
4. Paid membership and Subscription (33%) **-2**
5. Proximity marketing (31%) **+1**
6. Coalition loyalty programs (30%)
 - Predictive segmentation (30%) **+1**
 - Marketing automation (30%)
7. Partnership-based marketing (28%)
8. Business Intelligence (27%) **+2**
9. Big Data (26%) **-4**
 - Virtual rewards (26%)
10. Mobile payments (25%) **-9**

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



We asked respondents to select as many trends as they want.

The list contains top 10 results, +/- shows how trends have changed compared with last year.

1. **Marketing automation** (42%) **+1**
2. **Experience-based rewards** (39%) **+4**
3. **Gamification** (36%) **+2**
4. Predictive analytics (32%) **-1**
5. Partnership-based marketing (29%) **+2**
6. Mobile apps (26%) **-5**
7. Coalition loyalty programs (25%)
8. Big data (24%) **-1**
Paid membership and subscription (24%) **-4**
9. Auto-segmentation (22%) **-1**
(BI) Business Intelligence (22%) **-5**
Predictive segmentation (22%) **-4**
10. Virtual rewards (18%)

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



- Airlines: [Delta Air Lines](#), [Qantas Airways](#), [Emirates Airlines](#), [Air Canada](#), [Singapore Airlines](#), [JetBlue Airways](#)
- Hotels: [Hilton](#), [Accor](#), [Marriott](#), [Hyatt](#)
- Petrol and automotive: [BP](#), [Shell](#), [Uber](#)
- Retail: [Nordstrom](#), [Amazon](#), [Nike](#), [Perfect Diary](#), [American Eagle Outfitters](#), [REI](#), [Vans](#), [GameStop](#), [IKEA](#), [Patagonia](#), [Casper](#), [Macy's](#), [MECCA](#), [MAPCLUB](#), [Lululemon](#), [Matches Fashion](#), [H&M](#), [DSW.com](#), [Zalando](#), [GAP](#), [Boden](#)
- Supermarket and department stores: [Target](#), [Tesco](#), [Harrods](#), [Dan Murphy's](#), [Virgin Megastore](#), [Costco](#), [Woolworths](#), [Pick 'n' Pay](#)
- Finance: [American Express](#), [Chase](#), [DBS Bank](#), [Capital One](#), [Maybank Malaysia](#), [Mastercard](#), [Discovery Bank](#), [First National Bank](#)
- Coalition: [Grab](#), [Payback](#), [Nectar](#), [Momentum Multiply](#), [PC Optimum](#), [Clicks ClubCard](#), [Miles & More](#)
- Food: [Starbucks](#), [McDonald's](#), [Domino's Pizza](#), [Chipotle](#), [Pret A Manger](#), [Nando's](#), [Panera Bread](#), [Coca-Cola](#)
- Other: [Etisalat](#), [Irish Life](#), [Vodacom](#), [Skybet](#), [Vitality](#)



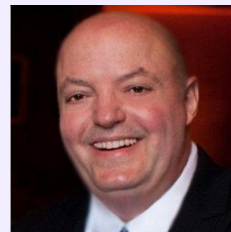
What experts say

What challenges do you see for loyalty marketing in 2023?

Consumers who are program members will be less loyal in 2023. The challenges present in their daily lives create a re-evaluation of affinity, what is valued and who values their loyalty. Now more than ever it is important to focus on personalized retention strategies/tactics to limit attrition.

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

Consumers will continue to opt in and give permission for 1:1 dialogue with the brands they love. Mobile engagement will continue to rise as clients invest in personalized interaction through the device and offer savings to drive frequency. Advanced analytics supported by action-based strategic assessment/recommendations will be the highest priority for clients as it drives business performance. Programs heavily reliant on co-brand or proprietary credit tender must step up their value proposition or risk significant defection or inactivity in favor of debit or one card reliance.



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, Rue21, Backcountry.com

What challenges do you see for loyalty marketing in 2023?

Exciting & retaining customers with the same product. If the core business product offering is the same, it is hard to sustain continued customers' interest. With competitors quickly picking up and offering the same or better, consumers have plenty of choices and get tempted away with one-off acquisition offers.

Even with the knowledge of a paling business product, some loyalty practitioners may find themselves only as minority stakeholders in the definition of the product. CRM via usual touchpoints like email, SMS and social media is also becoming too common, ultimately ignored.

Therein lies multiple challenges to overcome to drive acquisition, engagement and retention, with every brand fighting for mindshare with similar mechanics, touchpoints and even core product offering.

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

There will be improvements in areas like seamless customer experience either using Web 2.0 or 3.0 technologies, with data privacy and security as key, yet an obstacle to being seamless. Personalised journeys and customised touchpoints would be easier to implement, again with better and seamless tech integrations, regardless of platform preferences like web, mobile, social, etc.

Also, I believe with brands facing similar challenges mentioned above, loyalty programmes with a rewards catalogue will seek ways to be more localised and personalised. I foresee a change in reward strategies and offerings, including making the customer experience more interactive.



Emily Ong 

Certified Loyalty Marketing Professional™,
Head of Loyalty at Razer Inc.

Industry experience: SEPHORA, Razer Inc.



What challenges do you see for loyalty marketing in 2023?

Decreased discretionary spending means brands have to work harder to keep relevant. Loyalty plays a significant role here, but the increased competition in this space will make it difficult for individual programs to stand out.

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

A continued focus on ecosystem-wide loyalty. Over the past few years, we have massively shifted our attention online, often at the expense of our other channels.

As members move fluidly across our physical and digital touchpoints, we must ensure we invest in these spaces and make the journey seamless. This work will help us be better prepared for the next challenge we face as an industry.



Jason Whiting 

Global VIP Program Director
at LEGO Group

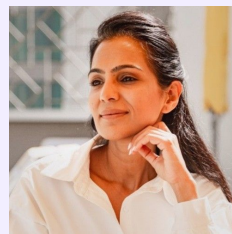


What challenges do you see for loyalty marketing in 2023?

Too much noise about the Metaverse/Crypto & NFTs without actual data on how well they perform in the context of loyalty. This leads to confusion where the programs end up trying to run before they can walk.

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

Loyalty is a hot topic, especially in the Middle East. We feel that most business will focus more and more on their loyalty programs with very clear KPIs like retention, know your high value/ high potential customers and smart use of financial and human resources.



Chayya Sakhuja 

Co-Founder & Chief Loyalty Consultant at
Quick Brown Fox Consulting FZ LLC

Industry experience: Emaar, The Regus Group,
Radisson

What challenges do you see for loyalty marketing in 2023?

- Budget/funding for loyalty initiatives
- Using silos instead of cross-functional teams for company organization structure
- Differentiation between the large number of loyalty programs
- Monitoring the right KPIs to measure success

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

Early adopters will have new forms of customer benefits (like NFT rewards) and exploration of different channels: multilayered instead of omni-channel (incorporation of the virtual world, e.g. metaverse). Also, investing and co-creating with suppliers and customers on the discovery and development of new loyalty mechanisms.

The development of disruptive and innovative benefits and services that stay relevant as consumer behavior changes: e.g. crypto-currencies can be used and gained within the program. Using a combination of transactional, experiential and virtual rewards to promote better customer experience.



Lotte Derichs-Sluite

Senior Consultant at Capgemini

Industry experience: Loyalty Lab, Vodafone, Nike, HEMA

What challenges do you see for loyalty marketing in 2023?

Cost of living crisis. Optimising tech. Rising consumer expectations.
Aligning programme to brand and purpose.

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

It will become increasingly important as brands recognise how important their existing customers are and seek to deepen connections and build value rather than focusing on bringing in new audiences. Priorities are going to include innovation, differentiation and identifying new ways to add value to members - including consideration of brand, society and purpose.



Charlie Hills CLMP 

Head of Strategy at Mando-Connect

Industry experience: 20+ years experience, agency and client side. Retail, telco, automotive, leisure, finance and sport.

What challenges do you see for loyalty marketing in 2023?

Loyalty programs will sink into insignificance if they continue to play in "points for purchase". Transactional offerings need to move on up the emotional connection ladder towards experiences and even further towards social and community connections. Data as a product belonging to a member is also going to be a challenge. Brands need to realise and give their members the opportunity to control their data and see the value it delivers in the exchange.

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

The future of programs will be impacted by the greater social, economic and sustainability changes. Programs will need to be fluid and flexible to the impact of these issues and challenges on the anxieties and attitudes of their members. Programs that are sensitive to how their members feel and behave will have a positive impact on the performance. In a practical sense, a program can add joy, savings and a little more control to a member's life. In a world with so much change, this is a good (great) thing!



Adam Posner 

Founder at The Point of Loyalty

Industry experience: retail, CPG, hotels and accommodation, B2B

What challenges do you see for loyalty marketing in 2023?

The coming global recession may influence companies to reduce investment in loyalty initiatives. This would be an error, as a quality loyalty program will be critical to survive the economic downturn.

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

Key trends will include Web3, the convergence of payments and data, and a growing obsession with delivering personalisation of communications and experience.



Philip Shelper

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

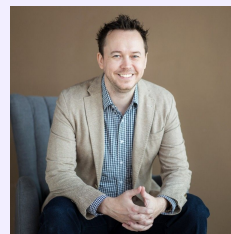
Industry experience: Qantas Loyalty, Singtel Optus, P&G, Commonwealth Bank, El Al Airlines

What challenges do you see for loyalty marketing in 2023?

I see more companies wanting to copy what is out there. Less appetite to be bold and do something new and interesting.

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

I want to believe there will be radical change where customers are more rewarded, receive more interesting offers, and the power of which brand to choose will be made or lost by the strength of the loyalty program. In 2-3 years, I hope that loyalty programs will evolve somewhat, so that more customers can find benefit from engaging with brands that have brilliant loyalty propositions.



Mark Ross-Smith 

CEO, Co-Founder at StatusMatch.com

Industry experience: 10+ years airlines & hotels;
Malaysia Airlines

What challenges do you see for loyalty marketing in 2023?

Lower frequency of visits and conversions as well as lower basket values and less impulse purchases. Generally lower willingness for shopping due to economic crises but I can also see an opportunity in case of premium customers and premium products where highly possible is even improving current business.

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

One of the areas for improvement can be a check out process and methods of payment, where split payment with loyalty currency and "pay later" option, speed and easiness of these processes will play a significant role both for ecommerce and offline business.



Paweł Dziadkowiec 

CRM & Loyalty Director at ANSWEAR.com

Industry experience: BP, Asnwear.com

What challenges do you see for loyalty marketing in 2023?

In 2023, we will be seeing continued high inflationary costs, and thus customers will be wanting to get more value for their dollar. This means that companies will have to offer higher rewards offerings, a more frequent catalog refresh, and greater incentives to join a program in order to keep customers loyal to a brand.

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

Personalization is going to be key, as customers want to feel like brands know them and are giving them what they want. We are also likely to see an increase in subscription/pay-to-play models, as companies look to smooth out liabilities while offering greater value for joining the program.



Alexa Jachowski 

Senior Director, CRM at FreshDirect

Industry experience: L'Oréal, L'OCCITANE Group,
Reckitt

What challenges do you see for loyalty marketing in 2023?

Members expect more from their programmes in terms of positive engagements and experiential rewards, especially CSR, charity, sustainability and provenance.

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

Rational rewards such as airmiles, points and cashback will still be valuable, but members are now looking for emotional connections with their programme. They want to feel that the brand aligns with how they FEEL about today's issues and that it can provide money can't buy experiences.



Tom Peace 

Managing Director at the Loyalty People

Industry experience: MYER, Morrisons, Harrods, Harvey Nichols



What challenges do you see for loyalty marketing in 2023?

The main challenge will be to fight the recession and the effects of the global inflation. Moreover, in order to prepare well for a possible crisis, it is necessary to acquire as many loyal customers as possible.

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

More and more organizations appreciate the role of loyalty programs and CRM activities. Therefore, I think that the number of loyalty programs will grow dynamically. Professional loyalty departments will also appear in many companies.



Daniel Górny 

Loyalty Program Specialist at YES Jewellery



What challenges do you see for loyalty marketing in 2023?

Challenges include connecting all of the data points to provide a 360 view of the customer then linking that view to all of the guest touchpoints.

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

Shifting to the needs of Gen Z and Millennials including cause marketing and experiential rewards.



Steve Mathwig 

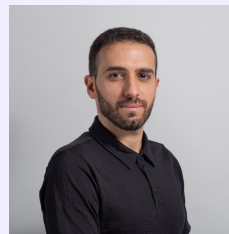
Senior Loyalty Program Manager at Best Western Hotels and Resorts

What challenges do you see for loyalty marketing in 2023?

The preference to focus on revenue and short-term wins rather than look at the bigger picture with loyalty on the long-term. Another challenge would be the lack of data, which should be at the heart of loyalty initiatives, as it tells us what our guests/customers like, what they are spending on, and what can persuade them to stay with us.

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

Powered by data to derive insights to understand what keeps your customers loyal to your brand. Separately, the focus on smooth user journeys and personalization should be key; you must speak to your customers on a 1:1 level as much as possible. "I always go to this café because they know my name, and they know how I like my coffee." Lastly, the quality of 'rewards' rather than the quantity of them. A few good loyalty drivers are better than multiple mediocre ones.



Mohammad Al-Shanabla

Head of Loyalty at Miral Destinations

Miral Destinations is a travel arrangements company, serving as a one-stop trade and promotional partner for Yas Island and Saadiyat Island, Abu Dhabi

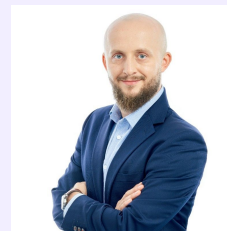
What challenges do you see for loyalty marketing in 2023?

Customers becoming more price-sensitive due to the high costs of living.
Speed to market with innovation to address customers' changing needs.
Real-time dynamic content.

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

Loyalty & CRM will become a key channel for companies to build relations and support customers in their energy transition & sustainability.

Transactional loyalty is no longer attractive. We need to build actual relations with our customers by identifying key moments in their everyday life and provide personalized experiences. Loyalty programs will evolve and we will see more partnerships.



Jakub Krzakala 

Global Loyalty Growth Lead at Shell

Industry experience: Foot Locker Europe





Executive summary

Executive summary 1/2



The Loyalty Trends report shows key challenges, plans, and investments of loyalty professionals in the present and upcoming years. The research is based on a survey and in-depth interviews with 100 high-profile loyalty marketers from various industries and locations.

Challenges

While the usual challenges such as **improving customer lifetime value**, **reducing churn** and **maintaining high levels of customer acquisition and retention** feature in the report findings, 2022 seems to have presented loyalty marketers with a whole new set of new ones to contend with.

One of the most frequently cited challenges was that of the **looming recession**. Due to the crisis, companies are facing dilemmas with regards to their budgets. Many are reducing spend, by **pulling back investment** in some loyalty initiatives like mobile loyalty applications. At the same time, competition in the loyalty space is fiercer than ever as more companies are choosing to incorporate loyalty programs into their offerings.

With increasingly **price-conscious customers**, **reduced budgets** and **competitors cropping up left, right and center**, it's become extremely difficult for businesses to retain customers in the current climate.

Another challenge frequently reported is that of a **lack of originality** in the loyalty space. Many respondents believe that too many brands are doing the same thing and that there is **little appetite to be bold** and do something interesting. The issue isn't helped by the living crisis, which is making businesses spend more conservatively.

Data-driven marketing and an overall better use of data to make programs more **personalized** and **responsive** to customer preferences is yet another challenge businesses are facing.

Trends for upcoming 2-3 years

This year, **gamification**, **experience-based rewards** and **predictive analytics** were identified as some of the key trends to make an impact on the loyalty space over the next 2-3 years.

The top three trends that marketers actually plan to **invest in** in the following year are almost the same with the exception of **marketing automation taking the place of predictive analytics**.

Experts confirm that gamification and engaging customers in a **non-transactional way** is becoming a crucial way to stand out from the competition.

Executive summary 2/2



The fact that **marketing automation** is one of the key trends loyalty marketers plan to invest in is also no surprise given its potential with regards to things such as **data collection**, **personalization** and, most importantly, creating **memorable customer experiences**.

Companies' focus on the collection and use of data to offer more personalized experiences remains a steady concern, especially as **customer expectations increase** and **Gen-Z become a key segment**.

The ever-so-stronger relationship between **payments and loyalty** forges ahead, which will also be key in the upcoming recession.

Some of the biggest surprises this year was the **relegation of last year's key trends** such as **mobile apps and mobile payments**, pointing to either a shift in priorities or changed beliefs with regards to what delivers the best ROI during uncertain times such as these ones.

Interestingly, the popularity enjoyed by these the two has now been superseded by experience-based rewards, which didn't fare nearly as well in last year's report.

The future of loyalty programs

As more and more businesses choose to incorporate loyalty schemes into their offerings, **competition in the space will become a lot more pronounced**. As a result, we'll likely to see providers try to differentiate themselves, by **experimenting with a wider range of reward types and new technologies**.

With customer experience benchmarks increasing post pandemic and consumer expectations spiking, **data-driven marketing and personalization will also become more prevalent** in the space. Providing seamless and highly tailored experiences across multiple touch points will gradually become the norm.

What's not yet clear is the long-term impact of the recession on the loyalty space: **will it drive innovation, or make brands invest in loyalty marketing initiatives more conservatively in order to defend margins?**

One thing that is sure, however, is that the upcoming years will be challenging for loyalty marketers, requiring them to be **more strategic in their action plans and budgets than ever before**, as the YoY changes show.



Izabela Grochowska

Lead Editor



#1 Headless loyalty platform

Open Loyalty is the API-first Loyalty Software with the most flexible set of tools for building personalized loyalty programs of any shape and scale.

www.openloyalty.io