

Loyalty in Retail

COLLINSON INSIDE TRACK

This article at a glance

Who: A must-read for retail loyalty leaders

What: The inside track on what's now and next in retail loyalty

Read: 15-20 minutes



What's now, new and next in retail loyalty? Here we dig into market dynamics, learn from key players, spotlight standout schemes, look at profitability, consider measures of success and unpack how emerging technology is transforming loyalty fortunes.

If you're a loyalty leader in retail, this sector report is made for you.

Market dynamics and major trends

From points to member pricing

Retail loyalty is clearly advanced in data, analytics and targeted marketing with the grocery goliaths and department stores enjoying high loyalty penetration levels. This is less so for the fashion and luxury segments still evolving in scheme sophistication.

Tesco Clubcard and **Boots Advantage card** loyalty models (data driven, points based with personalised promotions) have been long-established and adopted in various forms by the major players - making them the 'norm'. Even budget brands have been compelled to enter the fray - think **Lidl Plus**, **Asda Rewards** and **Co-Op Loyalty card** with **Aldi** being the current exception.

The seismic change in the sector has been the move to member pricing at the expense of points generosity. While points de-valuation has been decried by consumers, member discounts have proven attractive in practice and this loyalty mechanic has been key to controlling costs for retailers and shoppers alike, in straitened times. There has been some suspicion around how 'genuine' member pricing is but Watchdog recently concluded that 92% of supermarket discounts are indeed genuine¹. So this loyalty mechanic is the real deal for shoppers (while anathema to suppliers suffering yet more margin pressures as a result).

However, whether based on points or member pricing, these approaches are functional and transactional, with little to engage, create emotional bonding or drive differentiation. Smart operators are deploying more creative campaigns and promotions on top of their base programmes including gamification - adding interest and interaction to what is otherwise just a currency play. There is huge scope to improve customer experience and engagement, as an antidote to the consumer apathy often associated with existing points/pricing schemes.

HUGO BOSS XP's programme is a standout example of this opportunity being leveraged. Launched in the UK in June 2024, with early results showing double-digit growth in member sign-ups, app downloads and sales², this programme combines traditional loyalty mechanics (points and tiers) with Web3 elements, where members earn and unlock NFT style tokens, with rewards ranging from exclusive products to experiences and co-creation opportunities.

The app-based omnichannel experience blends digital check-ins with personalised offers as part of the brand's ambition to become a premium, tech-driven fashion platform, establishing HUGO BOSS as an industry innovator. Merging conventional rewards with blockchain-powered digital collectibles deepens emotional engagement while building a globally scalable loyalty infrastructure.



Prominent players - struggles and successes

Some loyalty operators opting to avoid points or member pricing have struggled to maintain motivating value propositions – from the removal and reinstatement of **Waitrose** coffee to the continued attempts to re-ignite **Marks & Spencer's Sparks** programme.

It's notable that these are fairly traditional approaches in contrast to **HUGO BOSS XP's** successful scheme.

Navigating away from the norm has proved a success for other brands too. **Starbucks Rewards** is widely cited as a top loyalty programme globally, pioneering mobile-first loyalty and gamifying engagement. Its **Odyssey** test programme took things even further into the future, with digital collectibles that could be traded. Though this is not live now, perhaps a re-launch is pending?

Other international brands with powerful, large programmes include:

SEPHORA

Sephora Beauty Insider – Widely acclaimed with 34 million+ members, a strong tier system, community events and gamified challenges



Ikea Family – Frequently cited among top retail loyalty schemes for its value, community focus and ongoing engagement



Aura (Alshaya Group) – International Loyalty Awards (ILA) 2024 Winner for Best Global Retail Loyalty Programme, serving 70+ brands in the MENA region and consistently praised for personalisation and seamless integration with -1.75 million app users

MYER one

MYER one – ILA 2025 Global & APAC Loyalty Programme of the Year and Best Use of Customer Analytics winner, recognised for data-driven tiering and experience-led rewards, with 10 million+ members



TFG Rewards (The Foschini Group) – ILA 2025 International Loyalty Programme of the Year, Retail & Multi-Category – highly regarded for scale and cross-brand engagement, serving 39 million members



Flying Tiger Copenhagen – ILA 2024 Best Use of Gamification winner – recognised for interactive in-app experiences



Nike Membership – Combines fitness tracking, exclusive access to products and experiential rewards



Tesco Clubcard – Long-established UK programme with ~20 million users



Flybuys and Cashrewards – two major Australian schemes with 9 million and 2.5 million members respectively

These examples demonstrate high levels of sophistication and loyalty maturity – Collinson's collective 'maturity' score for the sector is four out of a possible five.



Trends to note

Having looked at some of the big shifts and successful schemes in retail loyalty, what are the emerging trends? Which brands are pioneering future fit programmes? And are they enjoying sustained success?

We are observing a shift from transactional to emotional loyalty based on various engagement mechanics - from gamification to personalisation across all touchpoints and Web3 mechanics like collectibles. Loyalty programmes are also increasingly used as a brand amplification platform - to demonstrate sustainability for example and support causes at the heart of the brand.

And AI and automation are consistently increasing the capabilities and sophistication of programmes - with data and insights being used to make ever better predictions, decisions and recommendations in real-time to influence buying behaviour.

Here's our take on the key trends leading loyalty - all achieving commercial success:



Gamification of loyalty

Retailers are embedding game mechanics (challenges, missions, spins, badges) to make loyalty more interactive and habit-forming. **Vodabucks** and **Flying Tiger Copenhagen** are on to this and achieving significant uplifts in interaction and retention rates.



Omnichannel and real-time personalisation

Tesco and **MYER one** are linking online and offline data to offer real-time, contextual rewards and recommendations, generating billions in incremental revenue.



Experiential and emotional loyalty

Brands like **A2A Smile** and **John Lewis & Partners** are moving beyond points and discounts to offer exclusive experiences, early access and values-based rewards to build long-term brand affinity.



Modular and multi-brand ecosystems

Retail groups are integrating loyalty across multiple sub-brands or verticals for shared member benefits. Examples include **Aura (Alshaya Group)** and **TFG Rewards (the Foschini Group)** - both are driving cross-sell and increasing lifetime value in this way.



NFTs and digital collectibles

Brands like **HUGO BOSS XP** (mentioned earlier as a standout scheme) are issuing digital tokens which unlock exclusive products and may become tradeable - a first in fashion.



Sustainability linked rewards

Customers earn rewards for eco-conscious behaviour e.g. re-using bags or buying sustainable products. **Patagonia** is a famous example of a purpose-driven company building values aligned loyalty through activism-linked engagement while **M&S Sparks** enables members to donate rewards to environmental charities.



AI-driven and predictive lifecycle engagement

Loyalty strategies now leverage AI to predict churn, recommend upsell paths and tailor rewards to lifecycle stages. For example, **IAG (Avios points)** uses predictive analytics to drive high-margin redemptions and member reactivation.

The Customer Landscape

Shopper personas

Moving on to consider consumers themselves, there are some common customer personas evident across retail loyalty programmes – shown below. (Of course, retailers can only begin to understand what is true for their businesses by collecting and analysing loyalty data, which can drive so many decisions within and outside the programme itself).

Retail loyalty success depends on understanding how value, emotion and convenience influence different personas. For example:

- Deal Seekers are driven by clear ROI (points, discounts)
- Lifestyle Loyalists respond to values and cause marketing
- Premium Shoppers demand service and access, not just offers

Key Customer Personas in Retail Loyalty Programmes

Persona	Description & Behavioural Traits	Typical ATV	Typical ATF	Examples
Deal Seekers	Price-sensitive, loyalty driven by discounts and point accumulation. High promotion response, low brand loyalty.	15-£40	High in grocery (weekly), low elsewhere (monthly)	Tesco Clubcard users redeeming instant discounts; Flying Tiger's gamified discount triggers
Brand Enthusiasts	Emotionally connected to the brand. Value exclusive access, early drops, community experiences. Loyalty driven by identity and values.	£60-£250	Low-medium (monthly to quarterly)	Nike Members, HUGO BOSS XP members earning tokens, Sephora Beauty Insider
Convenience Shoppers	Loyal due to habit or ease of purchase (location, app UX, fast delivery). Value speed, low friction and automatic benefits.	£20-£100	Medium-high (fortnightly to monthly)	Amazon Prime customers; Boots Advantage Card users with auto-discounted checkouts
Lifestyle Loyalists	Driven by personal or ethical values (sustainability, wellness). Expect loyalty to reflect beliefs. Respond to cause-related or experiential rewards.	£30-£80	Medium (monthly to bimonthly)	M&S Sparks members donating to charities; Patagonia buyers
Omnichannel Explorers	Actively engage across physical and digital stores. Appreciate seamless experiences and app rewards.	£50-£120	Medium (monthly)	MYER one (Australia), which rewards online/offline spend with targeted promotions
Seasonal & Occasionals	Shop only during key sale periods or for gifting. Not easily retained without personalised re-engagement.	£80-£300+	Low (quarterly or annually)	Holiday buyers at John Lewis or Harrods, members targeted via Tesco's win-back campaigns
Premium/VIP Shoppers	High-value customers often enrolled in upper tiers. Expect elevated service and bespoke rewards.	£200-£1,000+	Medium (monthly or by occasion)	Net-a-Porter EIP customers; MYER one Platinum members



Shopper expectations

With digital and AI transformation come increased customer expectations – a key forward challenge for many loyalty operators.

And this concern is founded, as customer expectations often far exceed what the brand can actually deliver due to factors such as poor data or legacy systems, technology and thinking. GDPR and increasing corporate AI policy compliance can further throttle data leverage.

Customers now expect:

- Personalisation at scale
- Real-time engagement
- Omnichannel seamlessness
- Gamified experiences
- AI-powered service and support
- Lifecycle rewards

Common customer expectations, digital/AI examples and some of the brands leading the way are summarised below.

Area of Impact	Customer Expectation	Digital/AI Example	Retail Leader
Personalisation	Tailored offers & content	Dynamic recommendations	MYER one, Sephora
Real-Time Offers	Instant, relevant rewards	In-app gamified triggers	Tesco Clubcard
Omnichannel UX	Unified rewards across channels	App + in-store sync	Aura, HUGO BOSS XP
Gamification	Fun and ongoing interaction	Spin-to-win, missions	Vodabucks, Tiger
Smart Support	Always-on service	AI chatbots, tier service	H&M, Net-a-Porter
Lifecycle Recognition	Rewards that evolve over time	Predictive tiers	IAG Loyalty, MYER one

Customer pain points

Long experience in conceiving and running loyalty programmes provides us with insight into common customer frustrations, pain points and unmet needs. Overcoming these challenges presents an opportunity to sustain shopper spend and achieve competitive advantage.

Deal Seekers often drop off after one use and need sustained engagement to avoid attrition. An example solution - **Tesco's gamified Clubcard Challenges**³. Time-limited discounts and complex redemption or lack of transparency in points/reward value are also obstacles for this customer cohort. Clear value, always-on offers and simple app-based redemption can overcome such concerns.

Brand Enthusiasts are not enamoured with generic rewards nor with being denied early access to new products and get frustrated at the seemingly arbitrary nature of loyalty tiers. Exclusive experiences and access, co-creation opportunities and tiering that reflects loyalty behaviours beyond spend are much appreciated. Bravo **Sephora Beauty Insider** for early product drops and events⁴.

Convenience Shoppers granted single log-in across devices, POS recognition and one-click or auto discounts are happy customers who are otherwise frustrated by too many apps or cards, unclear points balances and lack of recognition. **Boots Advantage card's** app and checkout integration is a good example of making it simple and seamless for the shopper.

Unsurprisingly, **Lifestyle Loyalists** are not impressed by rewards which clash with their values, lack of recognition for sustainable behaviour and recognition for low impact shopping. Brands addressing these pain points are those that will win over ethical customers and advocates. **M&S Sparks** addresses this partially through allowing members to donate rewards. **Patagonia** nails it!

True-cross channel rewards accumulation, unified basket and ID across channels and seamless in-store earning via app log-in are crowd pleasers for **Omnichannel Explorers** who deplore lack of rewards syncing between channels and offer conflicts or duplication. We can learn from **Aura by Alshaya** here for cross-channel earning across 70+ brands.

Seasonal and Occasionals are by their nature infrequent customers who dislike offers arriving when they're not in market, points expiring before they can be used and remembering logins between uses.

Reminders at gift seasons, auto-extension of points and easy re-onboarding with password free login are remedies here. **HUGO BOSS XP** tokens with lifetime value not tied to spend frequency are a great way of keeping infrequent shoppers locked-in.



Finally **Premium/VIP shoppers** need elements of exclusivity based around the reciprocal relationship and their longevity and advocacy rather than spend. Making these customers feel special via bespoke experiences, event access, concierge services and recognition for tenure or referrals is what counts. **Myer one** and **Net-a-Porter EIP** know just how to seduce this segment.

Of course there are pain points and pitfalls to avoid across all personas - complexity, irrelevance, lack of emotional connection and poor UX will not advance the cause of any loyalty operator. Successful schemes avoid these and align loyalty mechanics with emotional needs, lifestyle choices and shopping context, not just spend levels.

Areas of Opportunity

In a saturated, sophisticated and mature market, it might appear there are limited areas of opportunity remaining but the pace of digital transformation and capability of emerging technology combine to make the loyalty marketplace a dynamic and exciting one, with plenty of potential yet to be realised - at pace.

Strategic loyalty leaders will focus on:

- AI-powered lifecycle marketing and predictive loyalty
- Integrated omnichannel experience with app-centric loyalty
- Tiering to reflect emotional and behavioural loyalty
- Gamification and dynamic offers
- Sustainability based loyalty
- Modular, multi-brand ecosystems
- Tokenisation and Web3-lite collectibles
- Flexible redemption and pay with points integration

Why these matter and the players already mastering each of these areas deserves its own deep dive with a Collinson consultant. The big brands are across these areas of opportunity, so others must follow suit to keep up.

What good looks like

So, who is really getting it right in retail loyalty and what makes for sustained loyalty success?

Here's our view on three prolific programmes, each of which has achieved huge scale and commercial success, in terms of incremental revenue and loyalty data driving key decisions right across the business.

Programme	Key Metrics	Success Factors
Tesco Clubcard	20M+ users, £bn uplift, ILA-nominated for gamification	Deep personalisation, digital evolution, gamified engagement
MYER one	76.2% sales via members, 4.3M+ active users, award-winning analytics	Tiered model, predictive insights, omnichannel performance
Sephora Insider	34M members, strong tier uplift, emotional loyalty	Lifestyle connection, exclusive perks, experiential rewards

Innovative mechanisms

We observe that loyalty success often comes from a combination of techniques – commonly a consistent customer promise (based on rewards, discounts or benefits) topped up with tactics and techniques to maintain shopper interest.

Tesco Clubcard tops up its basic offer with **Clubcard Challenges**, introducing gamification while its core programme continues to use data driven personalisation to deliver highly tailored offers based on previous purchases. And **Sephora Beauty Insider** fosters emotional loyalty across its three-tier spend-based system, giving access to events, early product drops, birthdays gifts and more.

AI and data drive success

AI is already prevalent (think analytics, chat bots and so forth) as part of the automated martech stack - and generating impressive returns.

Generative AI will however completely re-imagine the member experience, starting with voice first interactions, the ability to augment and overlay digital, physical and phygital images, words, music and more, even creating new ideas and concepts. AI is already driving mass personalisation at scale but this is only doing what we already know better. Step change is coming – real innovation rather than just doing old things in new ways.

Programmes like **Tesco Clubcard** use AI⁵ to assign personalised purchase challenges to c.10 million members, based on shopping history, with models

evaluating 190+ factors per member to ensure tasks allocated drive incremental spend. This contributed to a record-breaking Christmas 2024 for the grocery goliath, with the highest ever digital engagement. **MYER one**⁶ uses machine learning and predictive analytics by Gravitass for real-time campaign delivery and uses 50 AI models for personalisation, churn prediction, next best offer selection and lifecycle engagement, with members spending 2.8 x more than non-members and 11.5% uplift in sales from members after personalisation enhancements. And **Kroger**⁷ the US grocer, uses AI powered dynamic pricing tools in real-time to optimise margins and customer engagement.

Building devotion through emotion

Much as the great leaps in loyalty will come from tech, the importance of emotional engagement cannot be forgotten.

Sephora Beauty Insider embodies this approach, increasingly building a 'relationship with a brand, not a programme'. This brand listens, understands, acts and aligns with members on what is important to them in life, not just in loyalty.

Sephora's loyalty programme blends community, recognition and exclusivity, creating a lifestyle-centric bond with beauty enthusiasts just as **John Lewis** focuses on trust, service and shared values, reinforcing an emotionally grounded brand relationship.

Key business drivers

The biggest driver of retail success directly informed by loyalty marketing is pricing and yield management – with price elasticity insight available from good loyalty data.

Selling more (increasing revenue), increasing profits (reducing costs) and improving customer service and experience are also all directly addressable with loyalty mechanics once a customer is engaged and open to receiving communications and acting on incentives.

Here's our view on the top ten business goals addressed by retail loyalty programmes:

Business Goal	How Loyalty Contributes
1 Increase Customer Lifetime Value (CLV)	Encourages repeat purchase, upsell and cross-sell through rewards and engagement strategies
2 Improve Retention and Reduce Churn	Keeps customers returning through status recognition, rewards accumulation and emotional connection
3 Grow Share of Wallet	Converts infrequent or single-category shoppers into multi-category, high-value customers via tiered or multi-brand schemes
4 Acquire First-Party Customer Data	Drives opt-ins and behavioural data collection, helping retailers comply with data privacy changes and personalise marketing
5 Enable Personalisation at Scale	Uses segmentation and AI to deliver relevant offers, improving campaign performance and customer satisfaction
6 Enhance Brand Differentiation and Loyalty	Builds emotional and values-based relationships that distinguish a brand beyond pricing or products
7 Drive Operational Efficiency	Helps manage mark-downs, surplus inventory or soft-launch new products through targeted member campaigns
8 Foster Customer Advocacy and Referrals	Turns loyal customers into brand ambassadors through referral rewards, social sharing and VIP communities
9 Support Sustainable Revenue Streams	Reduces reliance on discounting by using personalised value incentives instead of broad price cuts
10 Drive wider business decisions	Loyalty data and insights are used right across the business

In addition, a well-designed loyalty programme can deliver value instead of deep discounts, avoid the waste of ineffective promotions, re-activate dormant and infrequent users and provide a closed user group of advocates who help to reduce customer service and returns costs by providing reviews, FAQs and recommendations. In summary, retail loyalty programmes serve as strategic tools to:

- Build long-term profitable relationships
- Generate data assets and insight
- Enhance competitive positioning
- Increase operational leverage through more precise, effective marketing and customer management

Strategic and operational challenges addressed by loyalty

Loyalty efforts can solve many retail challenges and our framework sub-divides these into strategic, structural, organisational and operational challenges with their corresponding loyalty solutions.

Collinson consultants can provide detailed information across over 15 scenarios on a bespoke basis.

Taking a topline view, the summary below shows key challenges solved by loyalty programmes.

Category	Challenges Solved by Loyalty
Strategic	Customer retention, brand differentiation, data strategy
Structural	Integration across tech, data, and channels
Organisational	Cross-team alignment, customer-centric KPIs, innovation testbed
Operational	Discounting efficiency, store traffic, inventory push, CX prioritisation

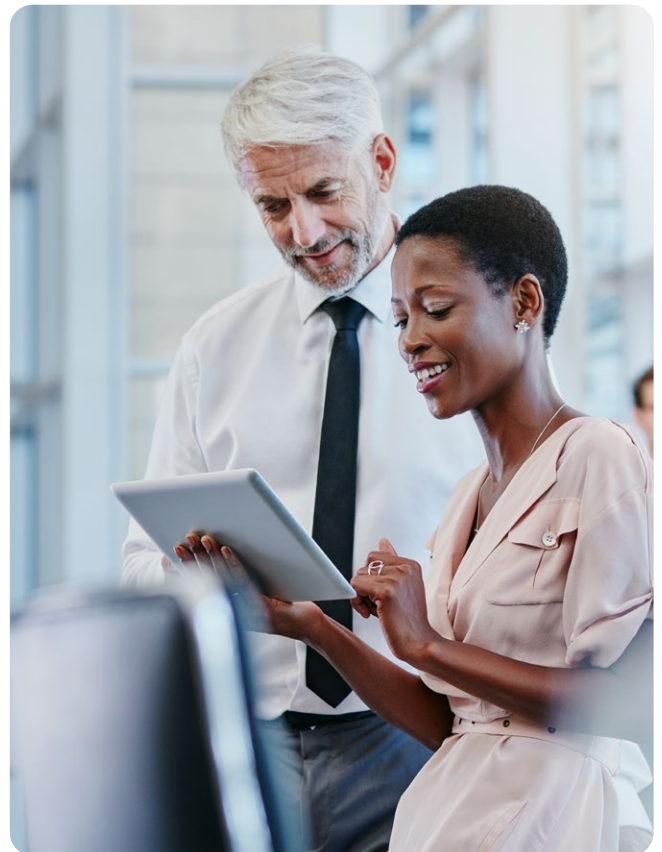
Return on Investment

Loyalty is big business and for good reason. According to Antavo's 2024 Global Loyalty Report⁸, the average ROI for loyalty programmes across sectors was 4.8x and 90% of programme owners reported a positive ROI within 12-18 months of implementation.

This aligns with Collinson's own Loyalty Landscape research⁹, showing all but the most nascent schemes making positive returns for loyalty operators.

Fast facts in retail...

- The **MYER one** loyalty programme drives 76.2% of total revenue¹⁰
- **Sephora Beauty Insider** reports over 80% annual retention rates in its highest members tier¹¹
- Personalised campaigns via loyalty programmes show 40-50% lower Cost Per Acquisition (CPA) than broad promotions¹²



Profitability Perspective

It's clear that strategically designed loyalty programmes supported by data and technology consistently deliver ROI, boost retention and grow customer lifetime value.

There are (at least) four core levers to drive programme profitability:

- Targeted offers to reduce over-discounting
- Emotional engagement to boost long-term retention
- Gamification and lifecycle marketing to improve frequency
- First-party data to enable high-ROI personalisation

However, designing a programme with a value exchange that works for both promoter and customer requires careful consideration and balance, such that it is sufficiently rewarding to motivate but also contains costs and liabilities.

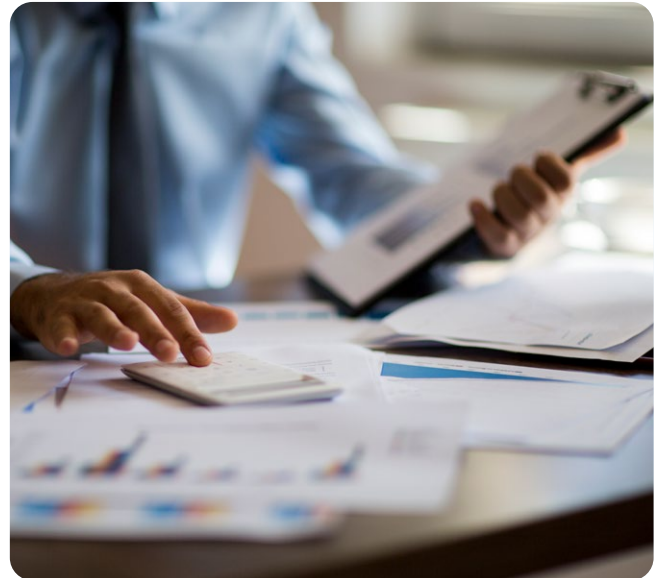
Risks that undermine profitability:

- Unfocused discounting - eroding margins
- Breakage strategy - counting on unredeemed points (breakage) can create deferred revenue liabilities and customer disappointment when points expire or are de-valued
- Lack of differentiation can lead to loyalty fatigue with no measurable behavioural change
- Cost of infrastructure vs. return - mid-size retailers lacking segmentation, testing or insight can find platform costs outweigh returns, especially if the programme is under-used

Our fundamental recommendations to ensure profitability in retail loyalty are:

- Drive measurable customer behaviour change
- Personalise using data and AI
- Incorporate non-monetary rewards (e.g. access, recognition, content)
- Continuously optimise via test and learn cycles and clear KPIs

Collinson advises extensively on the subject of loyalty profitability and in particular the importance of incrementality, measurement and the creation of programmes as strategic assets. [Read more here.](#)



Future profitability potential

Retail loyalty is transitioning from transactional mechanics to intelligent, emotionally resonant, and value-generating ecosystems.

The future lies in loyalty becoming a core growth driver powered by AI, deep personalisation and modular design.

Our predictions for the future of loyalty include:

- Moving from points to purpose and personal value
- Deep personalisation becoming a profit lever
- New models emerging: tokenisation, premium subscriptions and ecosystems
- AI driven loyalty becoming the norm
- Real-time, omni-channel engagement increasing

Ask us for examples of what these entail and how they are already being leveraged in retail.

In conclusion, the future loyalty mandate for retail is to shift from being a cost centre to a profit centre, driven by data, AI and customer-centric design. Retailers embracing loyalty as a strategic platform - not just a marketing tool - will be the big winners, enjoying greater customer lifetime value, margin efficiency, brand preference and emotional connection.

Measuring success

Setting clear KPIs and measuring commercial and customer success is key, to drive programme improvements, to make the case for investment and to set the scheme up as a long-term strategic asset, delivering recurring returns.

A commercial metrics dashboard should cover incremental revenue, customer lifetime value (CLV), retention and churn rates, basket size/frequency, marketing ROI/cost efficiency and redemption cost vs. value delivered.

A customer metrics dashboard will optimally include engagement rate, tier progression, redemption rate, Net Promoter Score (NPS), Customer Effort Score (CES) and Emotional Loyalty.

There is best practice methodology for the measurement of each of these and ideal cadence, available on request from Collinson.

Problems and pitfalls in measurement?

With advances in technology and ever higher customer expectations, the only constant in retail loyalty is the increasing rate of change.

Standing still is not an option, so retailers of all shapes and sizes need to be consistently testing, measuring and optimising the loyalty programme - to drive efficiency, effectiveness and continuous improvement.

Statistically robust measurement methodologies are important, and these should include 'true testing' such as control groups to measure incremental uplift. Relying on short term, campaign outcomes alone is not recommended - longer term measures like CLV and NPS provide balance.

Over-projecting breakage creates financial risk and is best done by segment while omnichannel tracking is far preferable to single or last channel attribution. Measuring points earned instead of behaviour changed is a mistake as is looking at overall membership satisfaction rather than analysis by segment. Neglecting operational costs inflates ROI and hides margin erosion while failing to continuously test misses learning and evolution opportunities.

Our top tips to avoid some of the main pitfalls?

Pitfall	Better Practice
Correlation ≠ Causation	Use control groups or uplift modelling
Redemption rate = success	Measure redemption ROI and customer behaviour
One-size-fits-all metrics	Segment KPIs by tier, cohort, channel
Ignoring costs	Model cost-to-serve and deferred liability
Static dashboards	Establish real-time and iterative measurement frameworks



The digital workforce – transforming loyalty delivery

Many working in loyalty marketing today have grown their careers learning, using and refining the data driven personalisation approach and more recently deploying martech tools for execution at scale combined with AI for decisioning and reasoning beyond human capabilities.

The evolution of this approach will likely halve current data, campaign and even creative teams employed today as machines take over the task they are increasingly better placed to handle.

This should precipitate a transformational approach to loyalty organisational design to rethink the human value-add in areas like personal (not personalised) service, empathetic customer engagement and nuanced creative. The future is not all about machines becoming human, it is about technology removing administrative tasks and allowing humans to become even more human in the way a brand interacts with its valuable customers and programme members.

We can already see some of the key changes which will affect the delivery of loyalty:

- AI will take over real-time personalisation at scale – think **Tesco Clubcard's AI-driven Challenges**
- Campaign execution will be fully automated – **MYER one** uses AI to deploy targeted promotions in real-time
- Customer service and FAQs will be AI-assisted – **H&M** uses chatbots¹³ to assist with service issues, freeing human agents for higher value queries

So where should humans focus instead?

- Designing emotional & experiential loyalty
- Strategic insight & loyalty innovation
- Building trust, brand purpose & ethical guardrails

The future of loyalty lies in human-led strategy powered by machine-driven execution.

Martech and AI maturity

Players leading in this space include **Tesco Clubcard**, **MYER one** and **HUGO BOSS XP** – all are demonstrating use of advanced martech and AI integration, while **Boots Advantage card**¹⁴ and **IKEA Family**¹⁵ are progressing but not at the level of sector leaders yet. Laggards include regional retailers, traditional department stores and small chains.



Retailers looking to advance loyalty maturity should, in our opinion:

- Adopt modular, API-first loyalty platforms to unify data and touchpoints
- Invest in predictive and real-time personalisation to replace flat discounts
- Create a roadmap for AI-driven lifecycle engagement, tier optimisation, and gamified rewards. (While retail loyalty is the de facto model for data driven personalisation and customer value optimisation at scale, it is the customer experience where retailers can learn from brands outside the sector)

Digital agents and co-pilots

AI “agents”-programs that can act autonomously - are becoming essential in loyalty, not just simple chatbots but loyalty concierges, offer-optimising agents and transaction bots¹⁶.

According to Gartner¹⁷, agentic AI is projected to autonomously resolve ~80% of routine customer service by 2029, potentially reducing operational costs by ~30%.

AI agents in retail loyalty are gaining traction. Leaders are fast transitioning from simple chatbots to proactive, autonomous loyalty helpers. Over time, loyalty tasks - from offer redemption to personalised shopping assistance - will be managed by intelligent, adaptive agents. Retailers need to build backend systems that support real-time actions and maintain trust as AI autonomy grows.



Partners driving profitability

Start your journey with Collinson advisory to design optimal programmes, with Salesforce Loyalty - the leading LMS software solution. Augment your platform with other pre-integrated products or connect to third party applications with Salesforce.

Salesforce Solution	Enables loyalty for
Salesforce Data Cloud	Data Unification of Customer, Member data across the Enterprise
Marketing Cloud	Personalised Member Engagement across the lifecycle
Agentforce	Autonomous member engagement for Sales, Service & Marketing
Commerce Cloud	Seamless purchase online with embedded Loyalty Offers and Rewards
Service Cloud	Easily service your loyalty members with queries and issue resolution
Mulesoft	Easily integrate your Loyalty Solution with Upstream and Downstream solutions

The profitability and success of a retail loyalty programme increasingly depends on the enterprise-wide orchestration of data. Salesforce's native loyalty ecosystem offers one of the most integrated frameworks to execute this - combining customer intelligence, predictive AI, and omnichannel delivery into a unified loyalty experience.

However, increasing profitability is not just about the tech stack. The connection between Salesforce and Collinson products and services is customer and member relationships. Salesforce has the proven technology expertise to match the boldest of brand ambitions, leveraging and insights as appropriate for the strategic goals. Collinson has proven international capabilities in monetising customer relationships via loyalty and engagement programmes.

There's real commercial benefit in working with a specialist loyalty partnership. Programmes can fail if the strategy is not clearly defined for success and the delivery not expertly informed to maximise opportunities and avoid hidden pitfalls.

Conceived correctly, loyalty initiatives - aligned to a brand, its customers and the business needs - have consistently demonstrated the ability to create competitive advantage.

Our partnership is a winning approach of strategy and tactics. To quote Sun Tzu from the Art of War: 'Strategy without tactics is the slowest route to victory, tactics without strategy is the noise before defeat.' We see time and again brands buying loyalty technology and executing tactically without a clear direction or strategic goal and most often this leads to failure. There's also the inverse - spending millions with consulting firms without the deep expertise to commit to a direction and execute; in these cases analysis paralysis takes over.

The Collinson and Salesforce partnership combines strategy and tactical execution capability to ensure brands not only compete effectively but have a clear path to differentiation and commercial success.

AI - for insight, precision and customer value

Artificial intelligence (AI) comprises capabilities that include Machine Learning (ML) and Deep Learning more typically used for Generative AI (Gen AI).

ML is effectively an extension of predictive algorithms used in most loyalty programmes today.

Gen AI is ML's alter ego in that (whilst still consuming data), it is non-linear and critically has a fundamental element of randomness. Gen AI is by definition a stochastic system, it makes leaps, gives incorrect answers and even has hallucinations! Most AI solutions are multi-modal (combining ML and Gen AI) but this does not altogether reduce risk for the loyalty marketer. As custodians of brand integrity and customer data, loyalty marketers need informed and expert advice before leaping into the unknown.

This said, AI is well-known for processing vast data to reveal hidden patterns, hence its use by brands like **Sephora** for enhancing insight. It also increases the precision of personalisation and timing, as evidenced by **Starbucks Deep Brew**¹⁸. And it generates value for customers, adjusting loyalty mechanics and offers to reflect member preferences which is why AI-led campaigns produce higher basket sizes and increased frequency.

AI shifts loyalty from reactive to predictive. It uncovers what the customer truly values, when to act and how to create a mutual exchange of value. Programmes using AI see higher engagement, lower churn and greater profitability - not through more discounts, but through relevance, timing and emotional connection. AI should be irresistible to leaders in retail loyalty looking to create future-fit schemes and sound financial returns.



Conclusion

The global loyalty market is a mature one, with some prolific schemes generating billions. Make no mistake - the pace of digital transformation and AI will take programmes of the future to new levels of sophistication and we will see a widening gap between leaders leveraging technology and laggards whose legacy systems simply can't keep up.

Yet despite the hugely significant influence of technology, humanity still matters. Strategically designed programmes will harness the latest technology AND emotionally differentiate, embracing trends and techniques beyond points and discounts to build true brand affinity.

To discuss your loyalty programme or any aspects of this report, [contact Collinson](#).

Resources

[Contact Collinson](#) for general enquiries & questions

Discover further retail industry insights [here](#)

For a Loyalty Maturity Assessment, [click here](#)

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