

Loyalty in Retail

STRATEGIC OVERVIEW

This overview at a glance

Who: Retail loyalty professionals

What: Retail loyalty - now and next

Read: 5 minutes

Market dynamics and major trends



Mature, sophisticated sector with Collinson maturity score of 4/5



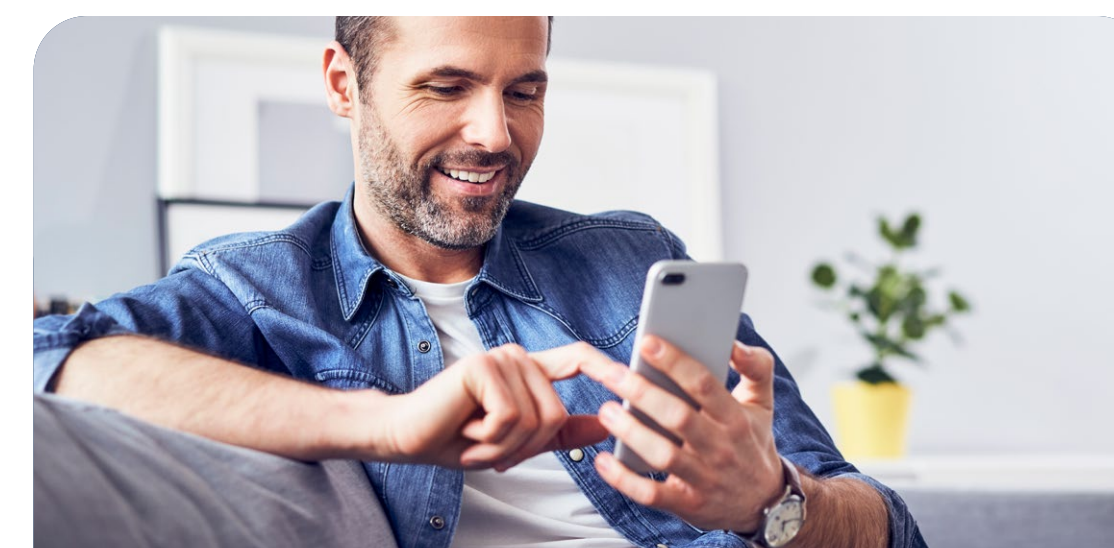
Major shift to member pricing at the expense of points generosity (especially grocery)



Retailers using techniques like gamification additionally - see HUGO BOSS XP's scheme



Other trends: omnichannel & real-time personalisation, experiential & emotional loyalty, modular & multi-brand ecosystems, NFTs & digital collectibles, AI-driven lifecycle engagement



The customer landscape

Members expect personalisation at scale, real-time engagement, omnichannel seamlessness, gamified experiences, AI-powered service & support and lifecycle rewards

Typical 'personas' e.g. deal seekers, lifestyle loyalists, premium shoppers etc - understanding/influencing different preferences and pain points is key



What good looks like

- Success = combining rewards with techniques to maintain shopper interest. See Tesco Clubcard Challenges
- AI and data are increasingly driving success e.g. mass personalisation & innovation
- Building devotion through emotion is key, see Sephora Beauty Insider

Ten Key business drivers and 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 schemes
4 Acquire First-Party Customer Data	Drives opt-ins and behavioural data collection, helping retailers comply with data privacy regs and personalise
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



90%

Average ROI for loyalty programmes across sectors 4.8x with 90% of programmes reporting positive ROI within 12-18 months (Antavo's 2024 Global Loyalty Report).

76.2%

MYER one loyalty programme drives 76.2% of total revenue

80%

Sephora Beauty Insider reports over 80% retention rates in its highest members' tier

40-50%

Personalised promos via loyalty programmes show 40-50% lower CPA than broad ones



Profitability and measuring success

Setting clear KPIs and measuring commercial and customer success is key

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

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



The digital workforce – transforming loyalty delivery

- AI will take over real-time personalisation at scale – e.g. Tesco Clubcard Challenges
- Campaign execution will be fully automated – e.g. MYER one
- Customer service and FAQs will be AI-assisted – e.g. H&M

Agentic AI is projected to resolve ~80% of routine customer service by 2029, potentially reducing operational costs by ~30%. (Gartner)

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



Probing questions

- Is your scheme future fit, with the right strategy and tech to lead rather than lag?
- Are you ready to use AI, mass personalisation and new models to increase profitability?
- What measurement metrics are you using to measure performance and profitability?



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