


# Unlocking the profit potential in loyalty programmes



Collinson's research highlights that loyalty programmes have the potential to drive substantial customer retention, revenue growth, and profitability; however, many programmes are falling short of their potential. This is often due to the lack of accurate profit measurement, underutilised data, and limited cross-functional collaboration. Our research has shown that 62% of loyalty operators are not able to track incremental profit in detail, which raises critical questions about value generation and the justification for continued investment. Without a clear understanding of incremental profit, it is challenging to pinpoint where value is being created—or lost<sup>1</sup>.

**62%**

of loyalty operators are not able to track incremental profit in detail

The data from Collinson's Loyalty Landscape research also reveals that 74% of loyalty operators are likely to be leaving value on the table. Key issues include a lack of detailed tracking for programme costs and revenues. For example, just 56% of companies track revenue on a broad scale, with only 34% doing so at a granular level. These gaps highlight why so many loyalty programmes struggle with profitability and often lack the necessary information for strategic decision-making.

A significant missed opportunity for many companies is data monetisation. Over half of companies do not monetise their loyalty data with third parties, likely due to concerns about data permissions or underestimating its market value<sup>1</sup>. This oversight impacts profitability and reduces the potential for personalised customer experiences. Utilising data effectively enables hyper-personalisation, which has been shown to increase engagement and response rates, ultimately driving profits. Collinson emphasises that successful programmes use loyalty data to craft tailored, valuable member experiences that strengthen customer loyalty and drive long-term profitability.

Another area where programmes miss the mark is by over-relying on basic rewards like discounts, which, while popular, can dilute profits over time. Collinson's findings indicate that special pricing and discounts are widely used as loyalty incentives, particularly by supermarket chains, but this can erode brand value and limit emotional connections with customers<sup>1</sup>. In contrast, experiences, special recognition, and unique perks foster stronger bonds, enhance engagement, and can yield higher profitability. Moving beyond transactional rewards to a mix of emotional and functional incentives is critical to fostering long-term loyalty and preserving programme value.

Collinson's research categorises loyalty programmes into various maturity levels based on six key dimensions: Member Experience, Value Exchange, Data Strategy, Technology, Commercial Considerations, and Execution. The top-performing programmes, often mature in these areas, are typically larger, with over 5 million members, and tend to derive over 50% of sales from these members<sup>1</sup>.



**74%**

of loyalty operators are likely to be leaving value on the table

Just

**56%**


of companies track revenue on a broad scale

Programmes at this level frequently use predictive modelling and reward members based on potential future spending. In contrast, basic programmes, with fewer members and simpler structures, generate less revenue from loyalty members and have less strategic integration with other departments, particularly finance.

Cross-functional collaboration is crucial for unlocking loyalty programme profitability, yet in only 27% of companies does the finance department oversee financial management for loyalty. Instead, these responsibilities often lie solely with CRM, marketing, or loyalty teams. This limited engagement with finance teams may contribute to the “missing metrics” problem, which can prevent a complete understanding of incremental profitability<sup>3</sup>. Collinson advocates for involving finance departments, particularly the CFO, in loyalty programme strategy to ensure alignment on financial goals and the development of formulas that accurately capture incremental profit. McKinsey also supports this cross-functional approach, recommending that loyalty programmes have dedicated P&L oversight<sup>3</sup>.

For companies seeking to optimise their loyalty programmes, Collinson offers a suite of tools, such as its ROI calculator and Loyalty Maturity Assessment, which help to identify untapped profit opportunities. Their framework addresses all six dimensions of loyalty to maximise a programme’s potential and move it toward the top quartile for performance, where the most profitable programmes reside<sup>1 2</sup>.

Ultimately, Collinson’s insights underscore that while loyalty programmes can be a powerful driver of profitability, realising this potential requires sophisticated strategy, accurate measurement, and a strong value exchange. By implementing multi-dimensional strategies and involving finance teams in the decision-making process, companies can transform loyalty programmes from cost centres into profit centres, achieving an additional 10% in profitability and driving stronger, long-lasting customer relationships<sup>1 3</sup>.



Only  
**27%**  
of companies  
does the finance  
department  
oversee financial  
management for  
loyalty

## Contact Collinson

Collinson helps businesses unlock the true value of their loyalty programme investment by transforming them into sustainable profit centres.

Ask about our ROI tool and find more profit in your programme.

**Sources:**

1. Collinson Loyalty Landscape research
2. Harvard Business Review [Why Loyalty Programs Fail](#)
3. McKinsey [Next in Loyalty: Eight Levers to Turn Customers into Fans](#)