



Loyalty Trends

Discover Trends in Customer Loyalty Marketing for 2020 and beyond

Last report update: 1st April, 2020





Welcome to the Loyalty Trends 2020 report, presenting research on existing and upcoming trends in Customer Loyalty Marketing.

This report was created to inspire you with insights and predictions for the Loyalty Industry. We hope that it will help you create a better marketing strategy for winning customers' loyalty and growing your business.

I want to thank every Loyalty Professional who helped us prepare the research and wish everyone a good read.

Karl Bzik

Founder of Open Loyalty



About the report



The Loyalty Trends 2020 report was created **for marketers who want to understand common trends in the field of Loyalty Marketing** and use that knowledge to optimize their own 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 over **100 interviews with high-profile Loyalty Professionals from various locations and industries**. The survey was performed between November 2019 and March 2020.

The report will answer some pertinent questions:

- What **goals and challenges do Loyalty Professionals see** for 2020?
- What are **the most significant trends in Loyalty Marketing** in the long and short term?
- What are **the most common areas for investments** in 2020?
- What are **the predictions for the future** of the Loyalty Programs?

The first part of the report refers to the results of the survey. The second part contains commentary from numerous experts on existing challenges and predictions for the Loyalty Industry.

Loyalty Professionals behind the research



The insights in the report come from over 100 experts from all over the world, including **multi-industry Loyalty Consultants** and **Loyalty Managers working for single brands**.

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

- Airlines: JetBlue, UTair Aviation, Oman Air, British Airways, Virgin Atlantic, SAS Airways, Malaysia Airlines
- Hotels: Accor Hotels, IHG, Marriott, Starwood Hotels and Resorts
- Petrol and automotive: BP, Shell, ExxonMobil, Ford, BMW, Toyota
- Retail: Amazon, ALDO, Ikea, Samsung, AutoZone, Walgreens, Nescafe, Red Bull, P&G, Jumia Group
- Convenience stores: Tesco, Carrefour
- Finance: American Express, Standard Chartered Bank, VISA, Mastercard
- Coalition: PayBack, Velocity Frequent Flyer, Avois, Air Miles
- Telco: Orange, T-mobile, Telstra, Vodafone, O2, Three Mobile
- Utilities: EDF Energy, Electric Ireland



The results of Loyalty Trends 2020 survey

Which Loyalty Marketing goals will you focus on in 2020?



We asked responders to select up to 3 of the most important goals.

1. **Improving overall Customer Lifetime Value** (57.8%)
2. **Acquiring more new customers** (40.4%)
3. **Lowering customer churn** (39.4%)
4. **Generating more revenue** (35.8%)
5. **Improving purchase frequency** (34.9%)
6. **Improving ROI** (26.6%)
7. **Generating higher margins** (14.7%)
8. **Improving Average Order Value** (11%)
9. **Improving in-store visit frequency** (6.4%)
10. **Generating more orders** (4.6%)
11. **Lowering the amount of fraud** (3.7%)
12. **Other** (4.6%)

What will be the most important areas for investment in 2020?



We asked responders to select up to 5 of the most important areas for investment.

1. **Personalization** (communication, offer) (54.1%)
2. **Loyalty program** (new features, etc.) (38.5%)
3. **Analysis and research** (big data, customer research, etc.) (37.6%)
4. Automation (marketing, process, etc.) (36.7%)
5. Mobile experience (33%)
6. Omnichannel experience (32.1%)
7. Partnerships (co-promotions, etc.) (27.5%)
8. Rewards and benefits (25.7%)
9. Data management (infrastructure, security etc.) (22%)
10. Segmentation (22%)
11. Measuring and reporting (20.2%)
12. Software (systems, tools, etc.) (16.5%)
13. eCommerce experience (15.6%)
14. Customer care (10.1%)
15. Promotions and offers (9.2%)
16. Team (hiring, training, etc.) (8.3%)
17. In-store experience (2.8%)
18. Advertisement (ad budget, promo materials, etc.) (1.8%)
19. Hardware (in-store equipment, etc.) (0%)
20. Other (1.8%)



Loyalty Trends matrix

The graph shows the importance of trends from two angles: the biggest impact on Loyalty Marketing in 2-3 years and trends with the biggest urgency in terms of investment in 2020.



Which future trends will have the biggest impact on Loyalty Marketing in 2-3 years?



We asked responders to select up to 5 of the most important areas of investment.

1. **Mobile payments** (31.2%)
2. **Big Data** (27.5%)
Mobile apps (27.5%)
3. Paid membership and Subscription (24.8%)
4. Marketing automation (automated communication) (22%)
5. Experience based rewards (21.1%)
Predictive analytics (21.1%)
6. Mobile wallet (20.2%)
Predictive segmentation (20.2%)
7. Blockchain (18.3%)
8. Coalition loyalty programs (16.5%)
9. Gamification / Game-based mechanics (15.6%)
10. AR and VR (14.7%)
Recommendation engines (14.7%)
11. Automated promotions management (13.8%)
IoT (Internet of Things) (13.8%)
Partnership based marketing (Co-promotions) (13.8%)
Proximity marketing (geolocation and geofencing) (13.8%)
12. BI (Business Intelligence) (12.8%)
13. Auto-segmentation (11.9%)
14. Automated pricing (9.2%)
15. Chatbots (Conversational Commerce) (8.3%)
Cryptocurrencies (8.3%)
16. Virtual rewards (7.3%)
17. Voice Commerce (6.4%)
18. Face recognition (5.5%)
19. Collectible rewards (4.6%)
20. Influencer marketing (2.8%)
21. Autonomous offline stores (cashier-less shopping) (1.8%)
22. In-store kiosks (0.9%)
Prepaid cards (0.9%)
Self-checkout in offline stores (0.9%)
Wi-fi marketing (0.9%)
23. Other (0.9%)

In which of these trends do you plan to invest in 2020?



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

1. **Marketing automation (automated communication)** (42.2%)
2. **Mobile apps** (35.8%)
3. **Gamification / Game-based mechanics** (30.3%)
4. **Mobile payments** (28.4%)
5. **Experience based rewards** (27.5%)
6. **Partnership based marketing (Co-promotions)** (25.7%)
7. **Big Data** (24.8%)
 Predictive analytics (24.8%)
8. **Auto-segmentation** (22.9%)
9. **Paid membership and Subscription** (22%)
10. **BI (Business Intelligence)** (21.1%)
 Predictive segmentation (21.1%)
11. **Automated promotions management** (19.3%)
12. **Coalition loyalty programs** (17.4%)
13. **Mobile wallet** (16.5%)
14. **Recommendation engines** (14.7%)
15. **Blockchain** (13.8%)
 Virtual rewards (13.8%)
16. **Proximity marketing (geolocation and geofencing)** (11.9%)
17. **Chatbots (Conversational Commerce)** (11%)
18. **AR and VR** (10.1%)
19. **Influencer marketing** (8.3%)
20. **Collectible rewards** (7.3%)
 Face recognition (7.3%)
 IoT (Internet of Things) (7.3%)
21. **Automated pricing** (6.4%)
22. **Voice Commerce** (3.7%)
23. **Autonomous offline stores (cashier-less shopping)** (2.8%)
 Cryptocurrencies (2.8%)
 Prepaid cards (2.8%)
 Self-checkout in offline stores (2.8%)
24. **In-store kiosks** (1.8%)
25. **Wi-fi marketing** (0.9%)
26. **Other** (2.8%)

Can you name brands that you consider as thought leaders in terms of Loyalty Marketing?



- Airlines: Qantas, Emirates, Velocity Frequent Flyer
- Hotels: Ritz-Carlton, Hilton, Marriott, Accor Hotels
- Petrol and automotive: BP, Shell, Porsche, BMW
- Retail: Amazon Prime, Sephora, Nike, Lancome, Pharmaprix, Zalando, Nordstrom, Swarovski, Sears, Pets at Home, Lazada, Boots, Pampers
- Convenience stores: Tesco, Lidl
- Finance: American Express, Eurobank, ING Bank, City Bank
- Coalition: Grab, Miles and More, Payback, Shukran, Clicks, Nectar, Flybuys
- Services and telco: Uber, Netflix, Vodafone, O2
- Food: Starbucks, Coca Cola, Chick-fil-A, Tchibo



What experts say



What challenges do you see in Loyalty Marketing for 2020?

Confidence in omni-channels will grow and macro economics will see price sensitivity increase; therefore, the experience needs to be seamless with personalization to increase revenue. Direct communication needs to be relevant while maintaining world-class security and privacy for each consumer.

How do you see the future of Loyalty Programs in 2-3 years?

Points systems will change heavily from airlines creating opportunities for new “value” verticals. Value Verticals that will trend are acts of kindness, virtual experiences and personal service within a brand’s community via DM. Loyalty teams need to be responsive to their community of consumers, have authentic gratitude and, more than ever, Loyalty Programs will need to be able to measure ROI accurately with strong analytical skills.



Derinda Brown 

MMA Team - Speaker and Advisor

Industry experience: Mastercard, Telstra, Sands Resorts Cotai Strip Macao, SKYCITY Entertainment Group



What challenges do you see in Loyalty Marketing for 2020?

The time for loyalty programs to shine is now, organizations need to ensure they don't go totally dark on their most loyalty customer base. Being in tune with what people are enduring, while also keeping them informed of what you as a company or an industry is doing, can help create a level of confidence that there is something to look forward to. Programs need to evolve and become much more relevant to Generation-Z, especially in travel where there is an over-dependence on members that are >50. Keep humanity at the core of everything you do, members need to relate to your brand on an emotional level.

How do you see the future of Loyalty Programs in 2-3 years?

Programs need to engage members much earlier in the lifecycle, there needs to be achievable hurdles and instant rewards. Sustainability and Badging & Gamification can allow you to engage members between transactions, while also being more relevant to younger generations.



David Canty 

Founder & Principal at Gen-Z Loyalty
US Partner at New World Loyalty

Industry experience: JetBlue, Starwood Hotels, IHG,
AutoZone



What challenges do you see in Loyalty Marketing for 2020?

Lack of member engagement.
Ineffective use of the data embedded in these programs.
Too much friction for the member in enrollment/redemption.
Continued disruption on multiple fronts - payments, technologies, demographics.

How do you see the future of Loyalty Programs in 2-3 years?

Faster, simpler, easier to engage for the member.
Much more personalized in terms of offers and benefits.
Highly segmented.
Greater use of soft benefits and privileges.
Less friction at redemption.
Ability to use any points currency from multiple programs instantly at POS/e-Com checkout.



Michael Capizzi 

Managing Director at Marketing Strategists LLC
Dean at The Loyalty Academy



What challenges do you see in Loyalty Marketing for 2020?

Our fundamental challenge for 2020 will be how we provide support for companies as they emerge from COVID 19. In a period that promises to be highly promotional, as companies attempt to re-engage with customers. Only well designed and operated loyalty programs will enable companies to capture customer interest over an extended period maintaining both purchase frequency and average transaction values.

How do you see the future of Loyalty Programs in 2-3 years?

I believe the future of consumer loyalty programs will be in their convergence with the payment process in all their various forms. Loyalty programs provide permission-led communications and associated personalization. These features will become tightly integrated with how we make a payment: by digital wallets, cryptocurrencies, wearables, biometrics, in addition, of course, to payments by cards and cash.



Nick Chambers

Director at Mobile Loyalty Technologies
Managing Partner at the CSN

Industry experience: Shell, Nectar, Air Miles,
Home Retail Group



What challenges do you see in Loyalty Marketing for 2020?

The great challenge is to give end-users more savings while maintaining the same level of income from the loyalty program, less budget for CRM activities, and higher profit per segment. This is the ideal win-win situation and that underpins loyalty programs and needs to be constantly improved.

How do you see the future of Loyalty Programs in 2-3 years?

Loyal programs will improve in direct correlation to how well they understand customers. Further improvement will come by using data analytics to predict needs, refine customer segmentation, and create dedicated offers for loyal customers. Data gathering and sharing among partners can help with this goal; there is also a need to simplify processes, select data for customer profiling more effectively, and find ways to monetize data.



Paweł Dziadkowiec

Head of Loyalty Strategy at Open Loyalty

Industry experience: BP, Aral, Castrol,
Wild Bean Cafe



What challenges do you see in Loyalty Marketing for 2020?

Contextual Communication - we live in a world of information where the consumer is flooded with content. Because of this, multiple organizations are becoming irrelevant in their communication strategy. Loyalty marketing is the key to using customer information to build relevant communication; however, the majority of these companies do not have these capabilities.

How do you see the future of Loyalty Programs in 2-3 years?

Loyalty programs are here to stay and this will not change in the following decades. However, the way the loyalty programs are currently structured will change. Consumers now are feeling overwhelmed with the options and this will make the customer reluctant to join or use new rewards programs. The future of Loyalty Programmes is diversification and customer-centricity. Agile and future-oriented organizations have started to build their loyalty strategy plan for 3-5 years with the customer at the center. This means, that companies will steer away from "one size fits many" to "one size fits you" type of promotions and advertising. This will require a profound change in the way a company uses its contextual advertising, behavioural analysis, omnichannel marketing, advance analytics systems, martech etc.



Alex Gheordanescu  

Managing Director at Augmentation X
Member Of The Board of Advisors at Concerto TIC

Industry experience: IHG PLC, Emaar PJSC,
Azadea Group

What challenges do you see in Loyalty Marketing for 2020?

That loyalty would be seen as a non-essential service in the current environment, despite the insights being as relevant as ever.

How do you see the future of Loyalty Programs in 2-3 years?

Points and traditional rewards will continue, making our members shopping experience easier, more convenient, and helpful will be an increasing focus.



Phil Hawkins 

Head of Loyalty Operations at flybuys



What challenges do you see in Loyalty Marketing for 2020?

The biggest challenge the market has in 2020 is now surviving, maintaining and recovering from the COVID-19 outbreak. This unprecedented event has shaken the market beyond any predicted outcome and there will be many pieces to pick up as a result. CFOs all over the world will be looking at their P&Ls and loyalty programs will certainly be in for a rough time unless the loyalty division can prove its worth and why they should keep their budget.

How do you see the future of Loyalty Programs in 2-3 years?

Loyalty Programs will take a pivotal role as businesses discover that customers look for reward mechanics and give their custom to those who reward repeat purchases. The traditional look and feel of a loyalty program will change into a different more experiential, cross channel engagement tool. Customers will want to be rewarded for more than just purchases. Loyalty programs that give advanced insights on customers will flourish as businesses realise the value of their data.



Pete Howroyd  

CEO at The Loyalty People

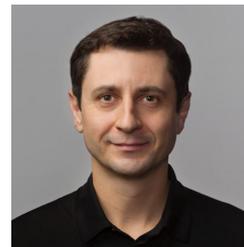
Industry experience: MYER, Morrisons, Harrods, Harvey Nichols

What challenges do you see in Loyalty Marketing for 2020?

This year's survivors will be the companies who've already paid attention to their returning customers and established some kind of loyalty program. In a crisis, we focus our spending on those we trust. The real challenge in 2020 is to quickly change the company's' culture from acquisition to retention.

How do you see the future of Loyalty Programs in 2-3 years?

Prove the subscription (pre-paid) loyalty model. I guess more and more firms will be discovering the beauty of recurring revenue. But remember, subscribers are far more demanding and expect to be rewarded for their loyalty.



Radek Hrachovec 

Partner of PRICEWISE

Industry experience: Kiwi.com, Tatry Mountain Resorts a.s., Innogy SK, Curaprox, Gate



What challenges do you see in Loyalty Marketing for 2020?

1. The redundancy of standard reward programs.
2. Increasing appetite for a fluid rewards currency that can be used for consumption of day to day products/services.
3. Inability to have a single view of the customer across the enterprise.

How do you see the future of Loyalty Programs in 2-3 years?

1. Subscription based.
2. Benefits/privileges based instead of points based.
3. Centered around customer experience (alternative loyalty currencies).
4. Ease of use, fun to engage with and ability to consume program benefits easily.
5. Fluidity of loyalty currency in being able to use for day-to-day purchases/services.



Vignesh Iyer 

Customer Engagement and Loyalty
Manager at CIBC

What challenges do you see in Loyalty Marketing for 2020?

COVID-19 will force people to live, work, and shop from home.

As retailers, banks, and entertainment venues close, a brand's capacity to discount, differentiate, and directly connect with their customers will vanish.

Programs which scan cards/key fobs into a retailer's POS will not survive unless the whole program can be digitized.

As many programs are designed to drive members from online participation to offline purchase, re-program for eCommerce focus.

To succeed, start with digital-only proposition and design to deliver value that is not possible offline: brand protection, supply chain transparency, and personalized customer engagement.

How do you see the future of Loyalty Programs in 2-3 years?

Going forward, most new programs will be born online, often as an essential pillar to DTC marketing, with a physical tag-on.

Premium/subscription programs will grow in popularity simply for speed & convenience of being able to fast-track privilege and exclusivity.

Regulations will make it possible for program members to monetize their declared data, and earn a fair return for the scrutiny and analysis of their online behaviour.



Paul Kanwar 

Director of Loyalty & Engagement at ScanTrust

Industry experience: Domino's Pizza, ExxonMobil, Dow Water, Ranch Market, Rajakamar



What challenges do you see in Loyalty Marketing for 2020?

The challenges we face now are different to those we had at the beginning of the year. What we currently seeing and dealing with a change in customer experience. It's not the loyalty marketing challenge, per se, as it is more a corporate challenge everybody is facing. People interact with brands differently now vs. before COVID-19. People stay at home, limit social interactions, and are concerned about their health. We will be working hard to adapt to changes in members' priorities / preferences and communication/interactions with our brand.

How do you see the future of Loyalty Programs in 2-3 years?

Simplicity, human (not customer) intelligence, automation, mobility and performance. Those are not only buzz words but trends we see our customers are working hard to implement. All of them are focused on treating customers with respect to their time, personal attention, and budget. That will optimize marketing ROIs and help to build true loyalty.



Marcin Kościak



CEO and Founder at Bold Loyalty

Industry experience: JetBlue, BP, Redbox, ATL Airport, TrueValue, Thanks Again



What challenges do you see in Loyalty Marketing for 2020?

Right now, COVID-19 and the follow on impact to general life, not just Loyalty Programs. I do feel that Loyalty will continue to thrive, despite the lack of physical interaction; programs need a strong digital footprint or an extremely adaptable strategy. Prior to this, I see the challenges of suitable and dedicated resources to a project for my clients. Many have great intentions; however, another new project without additional resources or minimal budget is a challenge to successfully implement, operate, and achieve optimum results.

How do you see the future of Loyalty Programs in 2-3 years?

Decentralised Programs > Coalitions Programs. Many smaller programs may struggle to maintain market share and relevance, and a voice in a competitive and noisy market, therefore will not leverage the true benefit of a proprietary program due to internal issues such as budget, longer-term strategy, use of data, disparate technology and so on. I see Coalition Programs to benefit many brands coming to the fore. They are likely not to be a traditional Coalition (i.e. Nectar) but newly-developed, generated by market opportunity, and fast thinking.



Paul Malcolm 

CEO at Vivid Engagement

Industry experience: Red Bull, American Express, DHL, P&G, Marks & Spencer UK, Sun International Casinos, Visa, Qantas Frequent Flyer



What challenges do you see in Loyalty Marketing for 2020?

The established approach towards traditional customer loyalty interventions is based on the premise that customers make buying decisions based heavily on economic incentives that they receive in direct response to those decisions - which includes the ability to accrue loyalty currency, access sales promotions, and receive discounts. This implies that customers align the value of the loyalty programme operator or affiliate's brand based on the frequency, depth and velocity of incentives that are offered to them – and consumed by them. This is more commonly referred to as transactional loyalty.

How do you see the future of Loyalty Programs in 2-3 years?

There is growing evidence to show that a strong dependence on transactional loyalty needs to be supplemented by a deeper understanding, respect and response to the importance of emotional attributes highlighted by customers as drivers of satisfaction. Responding to emotional attributes in addition to encouraging transactional behaviour will, therefore, drive the core business imperatives of customer acquisition, engagement and retention. This can only be done if unique customer insights and behaviours are recognised, recorded and actioned.



Deon Olivier 

Founder of Woodstock Loyalty Marketing
Partner at Customer Strategy Network

Industry experience: FNB eBucks, MTN, Sanlam,
Engen Petroleum, Protea Hotel by Marriott



What challenges do you see in Loyalty Marketing for 2020?

Budget and managing ROI to run the loyalty program, in midst of world crises and companies' struggles in the slowing economy. Using discounts and cash-offs may work in the short term, but this won't be sustainable. We need to generate incremental value for our customers while having a strategy to lower pressure on our systems and resources.

How do you see the future of Loyalty Programs in 2-3 years?

Members may disengage due to the multitude of options out there. We need to win their hearts by continuously engaging members through greater personalization and experiences. Loyalty partnerships and customer experience are key, with the promise of cybersecurity and data protection. However, many programs might remain stagnant due to existing infrastructure and outdated management culture. In time, Loyalty Programmes will see an upgrade by running on microservices, be data-driven, and personalized to customers on all fronts.



Emily Ong 

Regional Loyalty Product Owner



What challenges do you see in Loyalty Marketing for 2020?

1. Proving value and viability: Loyalty marketing will face pressure and challenges when the leadership team is not aligned on the program's goals and measures of success and do not have the regular visibility of the value and viability of loyalty marketing.
2. Data use and misuse: The data gained from the value exchange with members is a privilege and 'having it without using it' with sensitivity is disrespecting the exchange, thus reducing trust and longer term member interaction.
3. Emotional connectivity: Loyalty programs that continue to focus on transactional offers without extending to experiences will lose the opportunity for emotional connectivity.

How do you see the future of Loyalty Programs in 2-3 years?

1. Programs solving a community problem (selfless) rather than providing rewards for transactions (selfish) will be the hero programs over the next few years. This means programs with a 'purpose beyond points for purchase', those with a greater focus on the wider environment or social needs as part of their proposition will give members greater connection to the brands.
2. More programs will seek partnerships outside their internal structure ecosystem to add to the life of the member.



Adam Posner



Founder at The Point of Loyalty

Industry experience: Accor Hotels, Forever New Fashion, Bonds, Advantage Pharmacy Group



What challenges do you see in Loyalty Marketing for 2020?

Until this month I would have said that the biggest challenge facing loyalty today is that creating a transactional loyalty program is no longer good enough. Programs now need to have a clear utility for customers and must resonate with the brand. Now I would simply say the the virus and business response to it is by far the biggest challenge in 2020. With travel bans, squeezed budgets, and changes to customer shopping habits, the impact of this will be felt across the industry.

How do you see the future of Loyalty Programs in 2-3 years?

Loyalty programs will need to become more relevant and useful or they will die off as customers lose interest.



Iain Pringle 

Managing Partner at New World Loyalty

Industry experience: Virgin Atlantic, Avois, British Airways, EDF Energy, Shell



What challenges do you see in Loyalty Marketing for 2020?

More than ever before, it's critical for loyalty marketers to cut through the noise, to have the customer hear, read and engage with the message. The challenges in cutting through the noise will force Loyalty Marketers to invest more in personalisation and customer insights. Delivering the right message, to the right customer, at the right time will be the key to cutting through the noise.

How do you see the future of Loyalty Programs in 2-3 years?

There are 3 key areas which Loyalty Programs will fundamentally serve businesses and customers over the coming years:

1. Incremental revenue - since day 1, loyalty programs have achieved great success in driving new revenue that otherwise would never exist without the loyalty mechanics in place. This theme will continue well into the future as it is the bedrock of a successful loyalty proposition.
2. Business that continue to invest into loyalty, and into the customer, will continue to grow faster than the competition. When we look at the airline loyalty world, it's clear that airlines which prioritize their loyalty programs have stronger performance and dominate their market. Over the coming years, other industries such as banking, telco, and retail will begin to look into other industries to cherry-pick the fundamental loyalty concepts which fuel growth.
3. I think we will begin to see an emergence of loyalty program alliances. Similar to how hotels and airlines cross-pollinate benefits across multiple brands, other industries will begin experimenting with significant partnerships that truly deliver more value for loyalty members, thus driving stronger brand loyalty and fuel business growth.



Mark Ross-Smith

CEO of Loyalty Data Co
Author of Travel Data Daily blog

Industry experience: Malaysia Airlines,
Royal Air Maroc, El Al Airlines



What challenges do you see in Loyalty Marketing for 2020?

A substantial decline in retail demand for non-essentials due to COVID-19. Companies which have invested over many years in building a quality loyalty program can use their database to support members, communicate trading changes, and promote offers. This will enable rapid, personalized, low-cost communications, providing a distinct advantage over competitors who have not invested in loyalty apparatus.

How do you see the future of Loyalty Programs in 2-3 years?

Plastic cards will still be the main member identifier, although apps will gain substantial traction. Artificial Intelligence (AI) powered analytics and marketing will give major brands a substantial advantage over smaller competitors by allowing them to improve advertising while reducing costs. Card-linked, merchant funded offers will boom. Email unsubscribes will spike, negatively impacting companies who have failed to invest in loyalty and more sophisticated marketing systems. 5G will revolutionize connectivity, making experiences real-time, rapid, and richer.



Philip Shelper  

CEO at Loyalty & Reward Co
Author of "Blockchain Loyalty"

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



What challenges do you see in Loyalty Marketing for 2020?

There is an over-supply of loyalty programs. Many are missing added value to customers and fail to build an emotional connection. Weak rewards is obviously one of the biggest issues for end clients. Programs need to bring something extra.

How do you see the future of Loyalty Programs in 2-3 years?

The industry will continue to grow. As it does, brands will realize that their offers need to stand out by being more emotional, personalized to the customer, and frictionless.



Alexander Süßel  

Digital Loyalty Consultant at AS-auf-Zeit

Industry experience: Frankfurt Airport, Wirecard, Loyalty Prime



What challenges do you see in Loyalty Marketing for 2020?

1. Cutting through the clutter to ensure customers understand and appreciate their loyalty benefits (keeping it simple).
2. Measuring ROI in a way that management teams value the impact of programs.
3. Finding ways to build overall trust in the corporate brand to earn loyalty.

How do you see the future of Loyalty Programs in 2-3 years?

Increased focus on emotional loyalty and building propositions that resonate with customers beyond transactions.



Paula Thomas 

Host of Let's Talk Loyalty podcast
Author of "Driving Loyalty in Convenience Retail"

Industry experience: Telefonica O2 Ireland, Electric Ireland, Avios, The Entertainer Group, AIB, and Three Mobile

What challenges do you see in Loyalty Marketing for 2020?

Transactional loyalty rather than brand loyalty. Deal seeking behavior.

How do you see the future of Loyalty Programs in 2-3 years?

Customers will start expecting personalized experiences as the baseline. They would like to be treated intelligently.

Programs will expand the bouquet of benefit/ value offered in their endeavour to find sticky experiences.



Sriram Varadan 

Marketing Leader at Amazon Prime



Executive summary



Executive summary (1/2)

The Loyalty Trends 2020 report shows key challenges, plans, and investments of Loyalty Professionals in the upcoming years. The research is based on a survey and interviews with over 100 high-profile Loyalty Marketers from various industries from around the world. The survey was performed between November 2019 and March 2020 and includes data collected mostly before the Coronavirus (COVID-19) outbreak.

Challenges

From a long-term perspective, improving overall Customer Lifetime Value, acquiring new customers, generating more revenue for the brand, and lowering customer churn rate are the most common objectives for Loyalty Marketers.

A deep dive into the latest data from the research (March 2020) shows that **many Marketers are adapting their short-term plans to the coronavirus outbreak**. For many Loyalty Experts, a proper business response to changes caused by the epidemic is by far the biggest challenge.

Trends for upcoming 2-3 years

Most of the Loyalty Professionals recognize personalization of communication and offers as the most important area of investment.

Further development of features for loyalty applications, transforming data into actionable insights, and loyalty marketing automation are also among important upcoming investments.

Mobile payments, big data, mobile loyalty applications, paid memberships (including subscriptions), and experience-based rewards were identified as trends that will have the biggest impact on Loyalty Marketing in 2-3 years.

Having these trends in mind, we can expect that **loyalty programs will evolve into ultimate cross-channel customer engagement tools.**

Among emerging trends, we can see predictive analytics and auto-segmentation.

Loyalty managers are also looking for inspiration from thought leaders like: Amazon, Nike, Sephora, Pharmaprix, Zalando, Tesco, City Bank, Grab, Shukran, Coca Cola, Netflix or Pampers.



Executive summary (2/2)

Investments

On the other hand, marketing automation, mobile loyalty applications, experienced-based rewards, gamification (including game-based mechanics embedded into loyalty programs), and mobile payments are trends in which Loyalty Marketers plan to invest in 2020.

The epidemic of COVID-19 will definitely impact the order of investments in the upcoming months. In the time of crisis, most marketers focus on communication and adjusting the offer to the new realities of the market. Having a well organized and cost-efficient loyalty marketing plan is essential. In tough times, partnerships and co-promotions become more important. All more innovative projects like facial recognition or improvement of the in-store experience are postponed or completely canceled.

The future of loyalty programs

The predictable future of loyalty programs lays in the hyper-personalization of the offers in the frictionless omnichannel experience. Owning well-secured and maintained data—as well as the ability to act upon your insights—is the key to success. The study shows that building a solid data-driven base for the personalized customer experience is still the main focus for most marketers. The implementation of that objective is a long-term process and for many brands and full personalization is yet to come.

For many businesses, loyalty programs are becoming the main medium to communicate with and attract customers. It seems extremely important in turbulent times which may change shopping behaviors dynamically. Going outside of typical transactional loyalty mechanics and building communities around the brand might be reasonable next steps for many companies.

Thank you



This is the end of this year's edition of the Loyalty Trends report. We hope it was interesting and insightful, and that it managed to shed some light on the future of Customer Loyalty Marketing.

If you're eager to discuss the presented data, need more details on the report or simply want to suggest what we can improve the next year, feel free to reach out to us.

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