

OSF | DIGITAL

What's next for Loyalty?

The Top Trends Transforming
Loyalty Programs in 2025

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Table of Contents

From Rewards to Revenue. The Financial Impact of Loyalty.....	3
The Evolving Mechanics of Loyalty	4
Hyper-Personalization Using AI	4
Gamification in Loyalty Programs	5
Omnichannel Loyalty Programs	6
Subscription-Based Loyalty Programs	7
Tiered Loyalty Programs	8
Emotion, Experience and Ethics	9
Emotional Loyalty and Experiential Rewards	10
Eco-Conscious Loyalty Programs	11
Loyalty Ecosystems and Partnerships	11
Technology and Trust	9
Mobile-First Loyalty Solutions	10
Flexibility in Reward Redemption	11
Data Privacy and Consent Management	11
First-Party and Zero-Party Data Strategies	11
Real-Time and Point-in-Time Rewards	11
Conclusion	22



In 2025, loyalty programs will no longer be about merely accumulating points; they will become immersive ecosystems that foster deeper connections and long-term commitment.

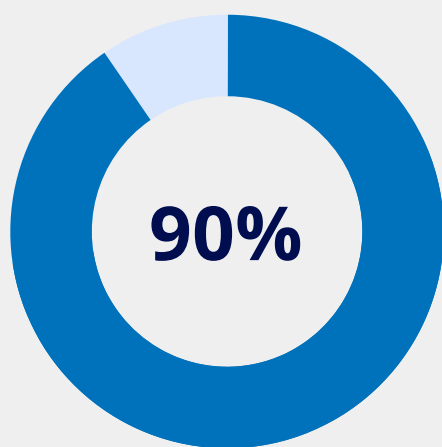
In this paper, we explore the top trends that are set to redefine loyalty management programs.

For marketing executives and customer experience managers, these trends offer valuable insights into crafting impactful, customer-centered loyalty strategies.

From Rewards to Revenue

The Value of Customer Loyalty

With the global loyalty management market size expected to grow from USD 10.86 billion in 2023 to USD [23.69 billion by 2028](#), at a CAGR of 16.88% during the forecast period (2023-2028), and with [nine in ten people](#) members of at least one customer loyalty program, it is safe to say that loyalty programs have become a cornerstone of customer engagement strategies. Also, [90% of companies](#) have a loyalty program of some kind including McDonald's, Sephora, Walmart, and Starbucks and the average person is a member of [7.5 different customer loyalty programs](#). In this environment, the question is no longer whether to have a loyalty program, but how can brands make their loyalty program stand out in a sea of loyalty programs?



90% of companies
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Take the shoe manufacturing and retail industry. Most brands offer loyalty programs centered around points and discounts.

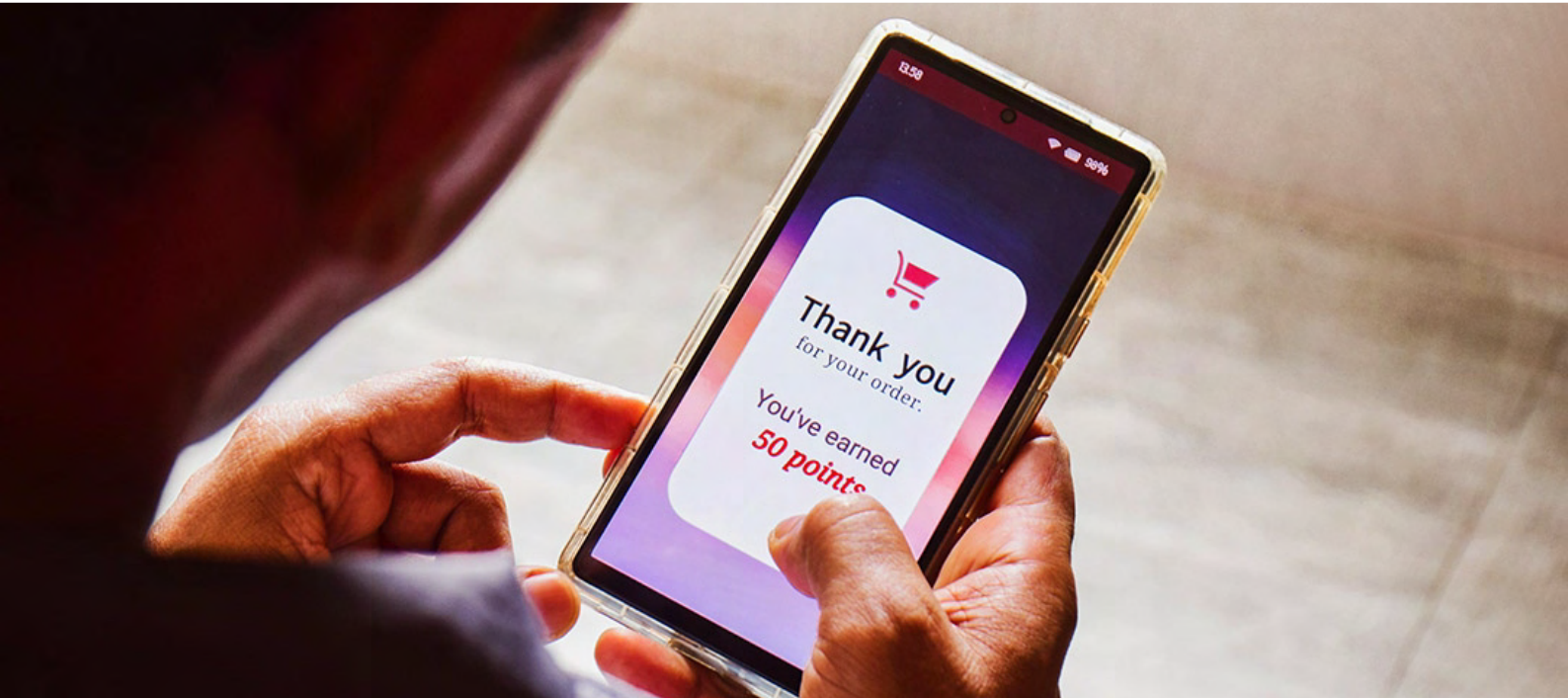
But if differentiation is based solely on discount incentives, how can a brand truly stand out? Competing purely on transactional value leads to a race to the bottom.

At OSF, our [experience](#) working with global brands to develop loyalty programs has shown that those who successfully integrate cutting-edge technology with their unique brand story and customer experience transform their [loyalty programs](#) into powerful profit engines. Before diving into how to achieve this, let's first examine the financial impact of loyalty programs.

The Financial Impact of Loyalty Programs

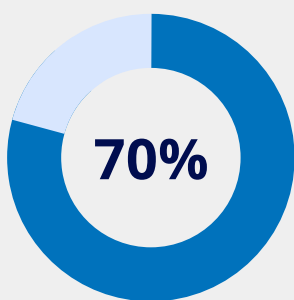
Loyalty programs are not just marketing initiatives; they are [powerful revenue drivers](#). Statistics show that members of loyalty programs generate [12-18% more annual revenue growth](#) compared to non-members. Additionally, loyal customers spend [43% more](#) on average, demonstrating the direct correlation between well-executed loyalty programs and financial performance.

Furthermore, [83% of loyalty program](#) owners report positive ROI, with programs delivering 5.2 times more revenue than their costs. These figures underscore the business case for investing in well-structured, data-rich loyalty programs that go beyond transactional rewards.



Consumer Engagement and Behavioral Shifts

The effectiveness of loyalty programs lies in their ability to drive engagement and repeat purchases. Nearly [70% of brands](#) report increased customer engagement due to their loyalty initiatives, while 58% see a significant boost in repeat purchases. With [77% of consumers](#) participating in retail loyalty programs and growing interest in travel-related rewards (46% in hotels and 40% in airlines), the demand for diverse and compelling loyalty offerings is stronger than ever.



Nearly 70% of brands
report increased customer engagement
due to their loyalty initiatives

Key behavioral trends shaping the future of loyalty include:

Personalization:

With [58% of brands](#) prioritizing personalized rewards and communications, consumers now expect tailored experiences. Companies that use AI and predictive analytics to offer customized incentives see higher engagement and retention rates.

Gamification and Experience-Based Rewards:

Traditional point-based systems are evolving. About 45% of brands are investing in gamification elements, while 34% are enhancing customer interactions with experience-driven rewards.

Mobile-First Engagement:

Over half (56.7%) of North American consumers prefer interacting with loyalty programs through mobile apps, reinforcing the need for seamless, app-based experiences.

Motivations for Loyalty Participation:

The top reasons consumers join loyalty programs include earning rewards (69.8%) and accessing discounts or cashback incentives.



Challenges in Loyalty

While loyalty programs offer substantial financial benefits, brands must navigate key challenges:

Balancing Personalization with Privacy:

About [40% of marketers](#) struggle to deliver personalized experiences while ensuring compliance with data privacy regulations. Brands must build trust by implementing transparent data policies and leveraging AI responsibly.

AI Integration:

AI-driven loyalty programs are gaining momentum, with 37.1% of brands using AI to enhance productivity and personalization. Notably, 39.6% of consumers are more likely to join loyalty programs powered by AI, highlighting the growing acceptance of intelligent automation.

Innovative Data Collection Strategies:

Traditional data collection methods are being replaced by gamified approaches, as 55.1% of consumers are more willing to share personal information when engaged through interactive experiences like quizzes and challenges.

Long-Term Loyalty and Business Growth

Loyal customers are invaluable assets, significantly contributing to business resilience and profitability. Research indicates that loyal customers are:

5x more likely

to make repeat purchases

4x more likely

to refer friends and family

7x more likely

to explore and adopt new offerings from a brand

Moreover, even after a negative experience, loyal customers are 46% more likely to continue purchasing from the same brand, reinforcing the long-term value of fostering brand advocacy and trust.

The role of loyalty programs in 2025 extends beyond simple engagement and retention—they have become strategic assets that drive sustained revenue growth. However, standing out in the crowded loyalty landscape requires brands to embrace new trends and address emerging challenges. To build a truly differentiated loyalty program, companies must prioritize AI-driven personalization, gamification, and innovative engagement strategies while maintaining a strong commitment to [data privacy and regulatory compliance](#). The following section explores the key trends that can set loyalty programs apart, the obstacles businesses may face in elevating their programs, and best practices for overcoming these challenges to maximize long-term success.



The Evolving Mechanics of Loyalty

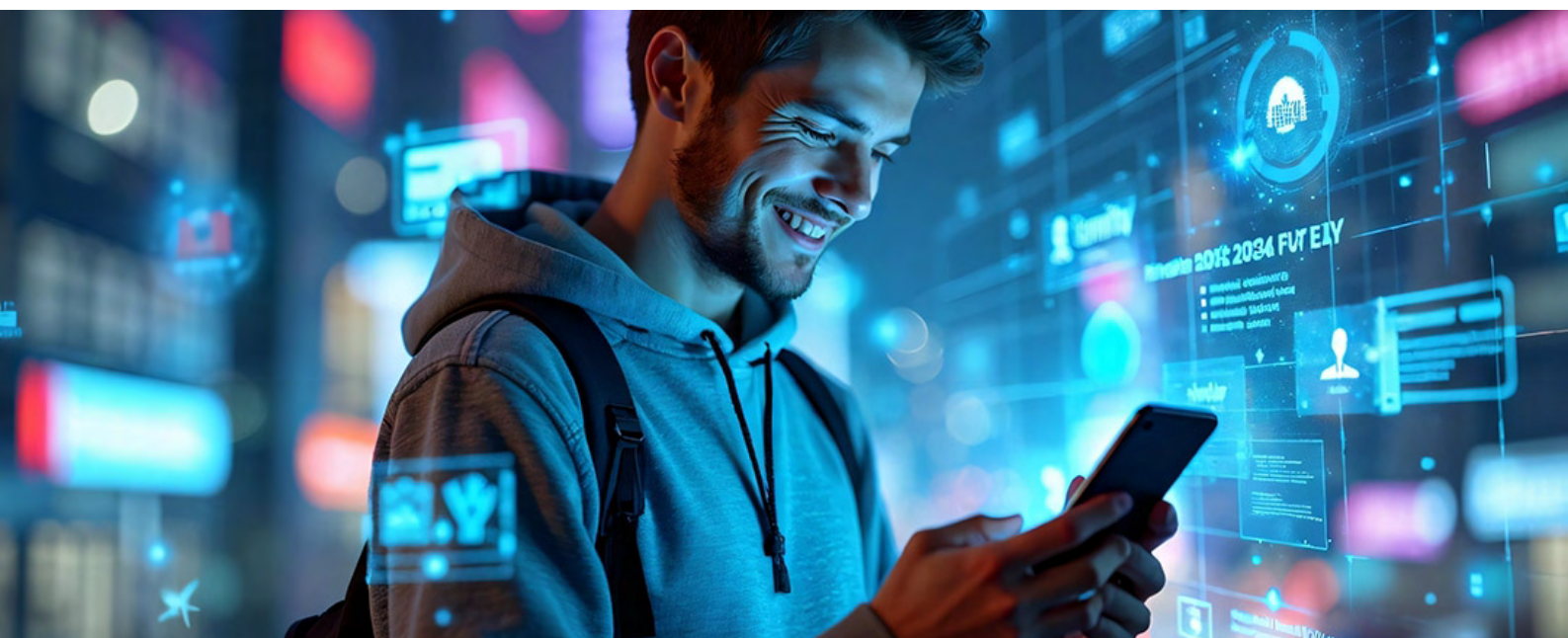
Hyper-Personalization Using AI

In the realm of customer loyalty, personalization is paramount, and AI stands as the game-changer revolutionizing brand-customer interactions. Advanced AI algorithms enable companies to harness vast data sets, from browsing history to purchasing behavior, to deliver hyper-personalized experiences. By anticipating customer needs and preferences, brands can craft tailored offers that resonate on a personal level. Whether it's bespoke travel discounts for frequent flyers or exclusive access to eco-friendly products for environmentally conscious shoppers, AI-driven personalization builds stronger, lasting bonds between brands and customers.

AI's real-time data analysis empowers brands to swiftly respond to changing consumer preferences. This agile approach ensures that loyalty programs remain relevant and effective, fostering a sense of loyalty that transcends traditional transactional relationships. With AI, brands can create a seamless and intuitive customer experience that keeps consumers engaged and delighted at every touchpoint.

The evolution of AI has seen three significant waves: the first wave focused on predictive capabilities, the second introduced co-pilots to assist human decision-making, and now, the third wave brings [autonomous agents](#). These agents enhance personalization by independently managing customer interactions and delivering tailored experiences across various platforms.

For executives seeking to leverage AI in their loyalty programs, the key lies in understanding customer behavior and utilizing data-driven insights to deliver personalized rewards that resonate with individual preferences. By doing so, brands can foster emotional connections that go beyond mere transactions, ultimately driving long-term customer commitment.



Gamification in Loyalty Programs

Gamification has emerged as a powerful tool for enhancing customer engagement and driving brand loyalty. By incorporating game elements such as augmented reality (AR) and virtual reality (VR), loyalty programs can create immersive experiences that captivate and motivate customers.



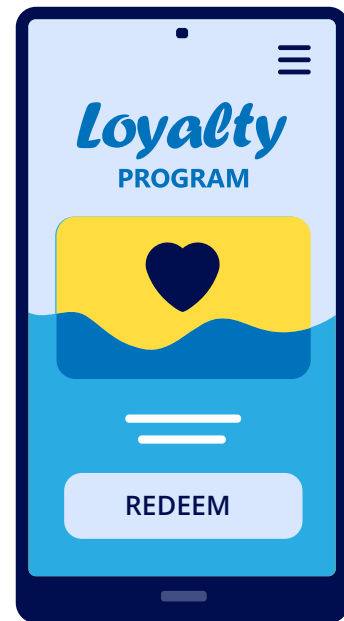
Imagine a loyalty program where customers participate in a city-wide scavenger hunt using AR or complete virtual challenges to unlock exclusive rewards. This gamified approach taps into the intrinsic motivation of play, making the loyalty experience enjoyable and rewarding.

Gamification not only increases customer interaction but also enhances brand perception. By infusing elements of fun and excitement into loyalty programs, brands can differentiate themselves in a competitive market. Additionally, gamified loyalty programs encourage repeat engagement, as customers are incentivized to achieve milestones and earn rewards through interactive challenges.

For marketing leaders, the key to successful gamification lies in understanding the preferences and behaviors of their target audience. By designing experiences that align with customer interests and aspirations, brands can create loyalty programs that are both engaging and memorable, fostering a sense of community and connection among customers.

Omnichannel Loyalty Programs

In an interconnected world, consumers expect seamless experiences across multiple touchpoints. Omnichannel loyalty programs provide a holistic approach to customer engagement by allowing users to earn and redeem rewards effortlessly, whether they are shopping in-store, online, or via mobile apps. This interconnected approach enhances customer satisfaction and loyalty, as consumers can engage with the brand through their preferred channels.

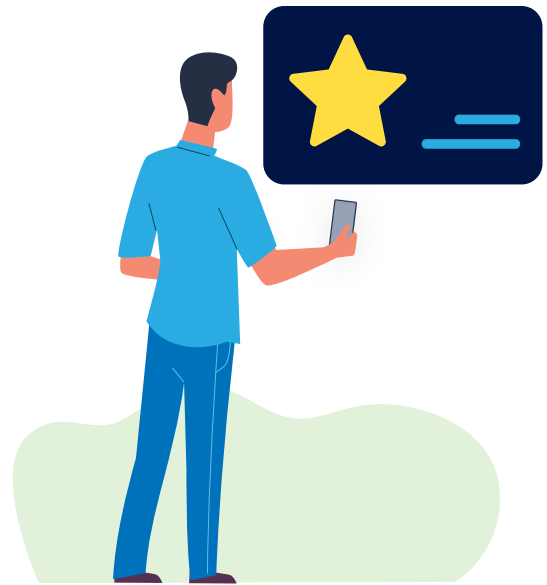


The challenge for businesses lies in creating a seamless and consistent experience across these touchpoints. Investment in integrated platforms and technologies is essential to ensure a frictionless customer journey. For example, a customer might earn points from an in-store purchase, redeem them through an app, and gain extra perks for participating in social media challenges—all within the same loyalty ecosystem.

By adopting an omnichannel approach, brands can strengthen their relationships with customers and create a cohesive loyalty experience that meets the evolving needs of the modern consumer. This approach not only enhances customer satisfaction but also increases brand loyalty, as customers value the convenience and flexibility of engaging with the brand through their preferred channels.

Subscription-Based Loyalty Programs

Subscription-based loyalty programs are gaining traction as a means of attracting high-value customers who appreciate exclusivity and are willing to pay for premium benefits. By offering exclusive perks such as early access to product launches or invitations to exclusive events, subscription loyalty programs create a compelling value proposition that resonates with top-tier customers.



For executives, subscription loyalty programs represent a dual benefit. They provide a stable revenue stream through subscription fees while fostering deeper engagement with loyal customers. By offering unique experiences and personalized rewards, brands can create a sense of belonging and exclusivity that strengthens customer loyalty and drives long-term commitment.

To maximize the impact of subscription-based loyalty programs, businesses should focus on delivering exceptional value and experiences that align with the preferences and aspirations of their target audience. By doing so, brands can cultivate a loyal customer base that not only generates recurring revenue but also becomes brand advocates who actively promote the brand to others.

Tiered Loyalty Programs

Tiered loyalty programs have long been a powerful model for motivating higher spending and engagement among customers. By offering escalating benefits based on tier status, brands create an aspirational aspect that encourages customers to strive for higher levels of loyalty. Tiered programs provide a structured framework for rewarding loyal customers, offering perks such as luxury upgrades or exclusive digital content. For businesses, tiered loyalty programs offer a wealth of data for targeted marketing initiatives. By segmenting customers based on their loyalty tier, brands can tailor communications and offers to suit individual preferences, increasing the effectiveness of their marketing efforts. This data-driven approach enables brands to create personalized experiences that resonate with customers and drive long-term loyalty.

To maximize the impact of tiered loyalty programs, businesses should focus on delivering benefits that align with customer preferences and aspirations. By offering unique and valuable rewards at each tier level, brands can create a sense of progression and achievement that motivates customers to remain loyal and engage with the brand over the long term.



Emotion, Experience and Ethics in Loyalty

Emotional Loyalty and Experiential Rewards

In the pursuit of customer loyalty, brands are recognizing the power of emotional connections over transactional exchanges. Emotional loyalty is built on meaningful experiences that resonate with customers' values and aspirations. By moving beyond points and discounts, brands can create loyalty through personalized, experiential rewards that foster deeper connections.



Experiential rewards can take various forms, from exclusive virtual meet-and-greets with creators to invitations to VIP events. Brands can also align themselves with meaningful causes, allowing customers to contribute to initiatives they care about. By offering experiences that evoke emotions and create lasting memories, brands can cultivate a deeper emotional commitment from their customers.

For executives, the key to successful emotional loyalty lies in understanding the desires and motivations of their target audience. By crafting experiences that align with customer values and aspirations, brands can create loyalty programs that resonate on a personal level, ultimately driving long-term customer loyalty and advocacy.



Eco-Conscious Loyalty Programs

As consumers become increasingly environmentally conscious, brands are aligning their loyalty programs with eco-friendly values. Eco-conscious loyalty programs reward sustainable behaviors, such as reducing waste or participating in recycling initiatives. For example, customers may earn points for bringing reusable bags or opting for carbon-neutral shipping options. By promoting sustainability through loyalty programs, brands can demonstrate their commitment to corporate social responsibility and strengthen brand reputation in the eyes of environmentally-conscious consumers. This alignment with eco-friendly values not only attracts like-minded customers but also fosters a sense of community and shared purpose among loyal customers.

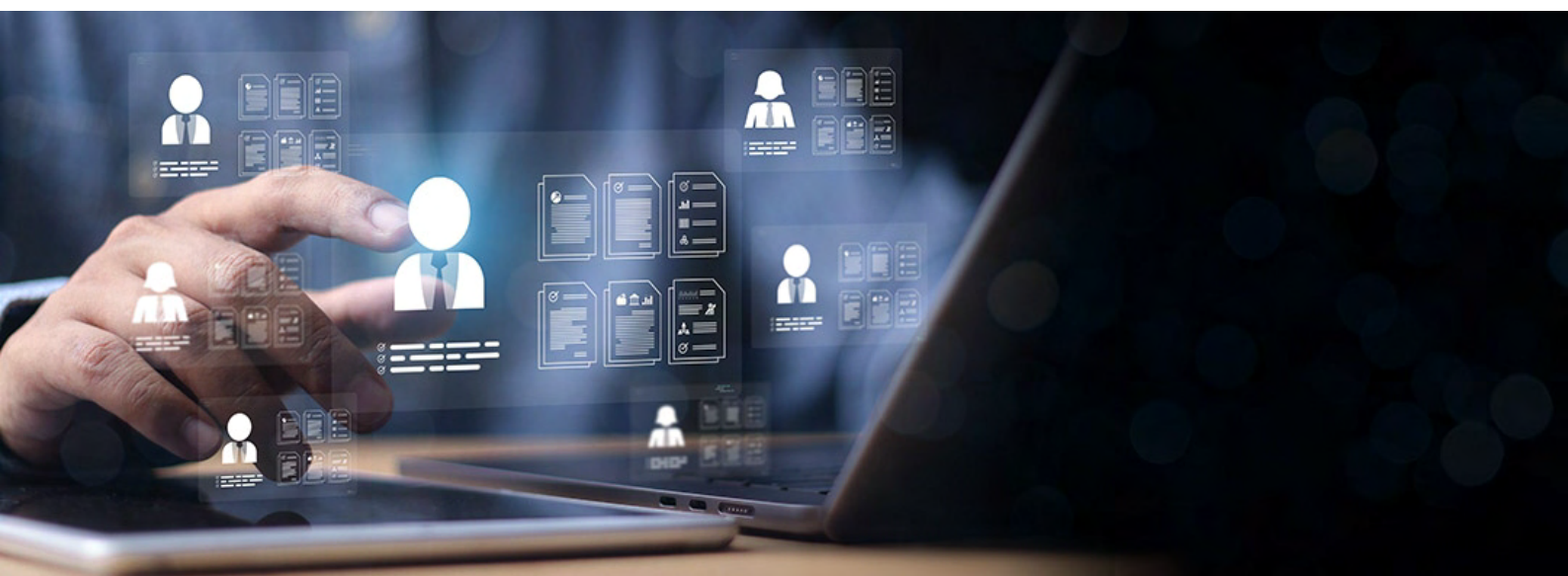
For executives, eco-conscious loyalty programs offer a unique opportunity to differentiate their brand and engage with a growing segment of environmentally-conscious consumers. By integrating sustainability into their loyalty strategy, brands can create a positive impact on the environment while building lasting relationships with customers who share their values.

Loyalty Ecosystems and Partnerships

Creating loyalty ecosystems through brand partnerships offers a fresh way to extend loyalty benefits and broaden the appeal of loyalty programs. By teaming up with complementary brands, companies can offer diverse rewards that cater to a wider customer base. For example, a health and wellness brand might partner with fitness centers, juice bars, and online health courses to offer holistic rewards.

For businesses, these partnerships expand their reach and create synergies that enhance the overall loyalty experience. By tapping into the expertise and resources of partner brands, companies can provide a richer, multifaceted loyalty program that resonates with customers and fosters long-term engagement.

To create effective loyalty ecosystems, executives should carefully select partners that align with their brand values and customer preferences. By offering complementary rewards and experiences, brands can create a cohesive loyalty ecosystem that meets the diverse needs of their target audience, ultimately driving customer satisfaction and loyalty.





Technology and Trust

Mobile-First Loyalty Solutions

In an increasingly mobile-driven world, designing loyalty programs with a mobile-first mindset is essential. Mobile apps that enable real-time engagement, point tracking, and exclusive offers ensure that loyalty programs meet consumers where they are—on their smartphones. Today's customers expect to check their points, redeem rewards, and engage with brands on-the-go.

For businesses, mobile-first loyalty solutions offer a valuable opportunity to build closer connections with customers and provide timely offers based on location or browsing habits. By leveraging mobile technology, brands can deliver personalized experiences that enhance customer satisfaction and loyalty.

To succeed in the mobile-first era, executives should prioritize user-friendly interfaces and seamless integration with existing systems. By creating intuitive and engaging mobile experiences, brands can capture the attention of mobile-savvy customers and foster long-term loyalty.

Flexibility in Reward Redemption

In the past, rigid reward redemption options limited customer satisfaction and engagement. Today, flexibility in reward redemption is a must-have for successful loyalty programs. Customers want the freedom to redeem their points and benefits in diverse ways, whether for physical products, digital content, charitable donations, or unique experiences.

By offering a range of redemption choices, brands can cater to the diverse preferences of modern consumers. For example, a fashion brand might allow points to be used toward exclusive virtual try-ons or even donated to a chosen cause. This flexibility increases customer satisfaction and encourages continued engagement with the loyalty program.

For executives, flexibility in reward redemption is a critical component of a successful loyalty strategy. By providing diverse and meaningful redemption options, brands can create a loyalty program that resonates with customers and fosters long-term loyalty and advocacy.

Data Privacy and Consent Management

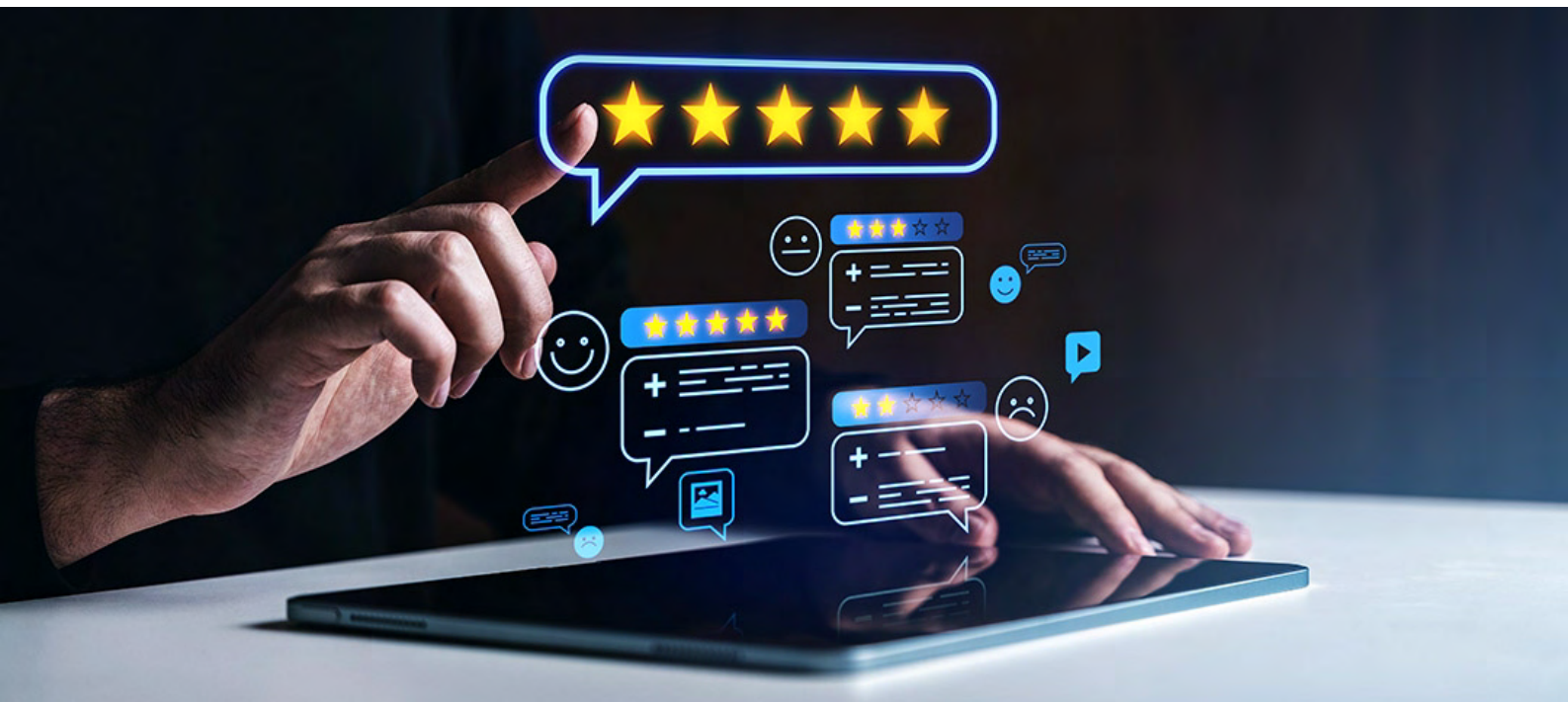
As consumers become more aware of their data rights, brands are prioritizing data privacy and consent management in loyalty programs. Transparent data handling and explicit consent mechanisms build trust, ensuring customers feel secure in sharing their information while complying with evolving data regulations.

First-Party and Zero-Party Data Strategies

With the decline of third-party cookies and increased privacy regulations, companies are shifting toward first-party and zero-party data collection. Engaging customers directly through loyalty programs enables brands to gather valuable insights while respecting privacy preferences. This data-driven approach ensures relevant, personalized, and regulation-compliant loyalty experiences.

Real-Time and Point-in-Time Rewards

Instant gratification is becoming a key factor in enhancing the effectiveness of loyalty incentives. Real-time or point-in-time rewards ensure customers receive benefits immediately, increasing engagement and satisfaction. Leveraging technology for instant rewards makes loyalty programs more appealing and effective.



Conclusion

By leveraging AI for hyper-personalization, incorporating gamification, adopting omnichannel approaches, and aligning with eco-conscious values, brands can create loyalty programs that stand out in a competitive market. The key lies in understanding customer preferences and delivering personalized experiences that foster emotional connections and long-term loyalty.

In 2025 and beyond, innovation and technology will continue to play a pivotal role in shaping the future of loyalty programs. By staying ahead of the curve and adopting these trends, executives can position their brands for success, creating loyalty ecosystems that drive engagement, satisfaction, and long-term customer commitment.



OSF Digital is a global leader in digital transformation, empowering businesses to build next-generation loyalty programs that drive customer engagement and lifetime value. As a Salesforce multi-cloud expert, OSF Digital integrates AI, data-driven insights, and omnichannel strategies to create personalized, seamless loyalty experiences. By leveraging automation, advanced analytics, and a flexible, scalable approach, OSF Digital enables businesses to optimize loyalty investments and deliver measurable business outcomes.

Contact us to learn more

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