



COMARCH

LOYALTY MARKETING & REWARDS PROGRAMS – GLOBAL MARKET REPORT 2022

Based on a commissioned study conducted by **Forrester Consulting**
on behalf of **Comarch**

FORRESTER®



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Having interviewed hundreds of loyalty industry professionals myself, I know how complex and challenging it can be to delight your stakeholders both internally and externally.

As your only source of revenue, it's essential that your customers feel understood, seen and heard. So you need a partner who understands them perfectly.

With offices and experts based in 30 countries worldwide, Comarch knows what loyalty managers need, and supports your whole team to ensure you can focus on delivering the business results you need.

Loyalty marketing is the most powerful tool I know of to connect you with your customers, and I'm continually impressed with Comarch's case studies and credentials.

This global loyalty market report is an exciting insight on what's to come in the months and years ahead.

Paula Thomas

Host of the "Let's Talk Loyalty" Industry Podcast

1. Introduction

1.1. Main Objective

When reading about what drives customer loyalty these days, it is easy to fall prey to **the idea that corporations like Amazon, Starbucks, and Sephora have a monopoly on rewards and incentive programs** and that there is very little room for other companies to join in and compete. Nothing could be further from the truth.

Our goal with this report is to present a much more realistic view of today's loyalty market, providing **evidence that there's still plenty of space for loyalty program**

newcomers. Furthermore, we aim to prove that SME's are **preparing to invest heavily in customer engagement** platforms and services in the near future. With the help of our friends at Forrester, we also aim to identify **the biggest challenges and opportunities in loyalty program management** and discuss technological and business solutions that will drive customer loyalty in the years to come.

1.2. The Benefits Enterprises Gain Today

According to Nielsen's research¹, **84% of customers are more willing to choose a retailer that runs a loyalty program**, while Accenture² reveals that consumers who are loyalty program members generate anywhere from 12 to 18% more revenue per year (spending 57% more than the average non-member). Through our own research, we found that **running a loyalty program can result in 3.5 times more transactions per member**.

Many more facts and figures passed on by loyalty publications, research institutions, and technology vendors can be found all across the Internet. The point these parties want to make is this – loyalty programs work, and they can help today's companies **increase revenue significantly and turn their marketing departments from cost centers into profit centers**.

Of course, the above is possible only when loyalty programs are well-designed and carefully managed. Fortunately, using the latest loyalty marketing technologies, all companies – **no matter their size, industry, products, location, or technological maturity** – can build immersive loyalty programs and marketing campaigns whose **quality and functionalities are similar to those that are considered to be the best on the market**. In fact, they can be even better, despite having fewer resources and lower budgets.

As you will read in the next chapter, **the overall interest in loyalty programs and customer engagement technologies is on the rise**. And with some vendors releasing affordable cloud-based versions of their loyalty platforms, we should expect many new forms of programs to appear on the market in the coming years.



¹ <https://www.nielsen.com/us/en/insights/report/2015/global-trust-in-advertising-2015/>

² https://www.accenture.com/_acnmedia/pdf-43/accenture-strategy-gcpr-customer-loyalty.pdf

1.3. Target Audience

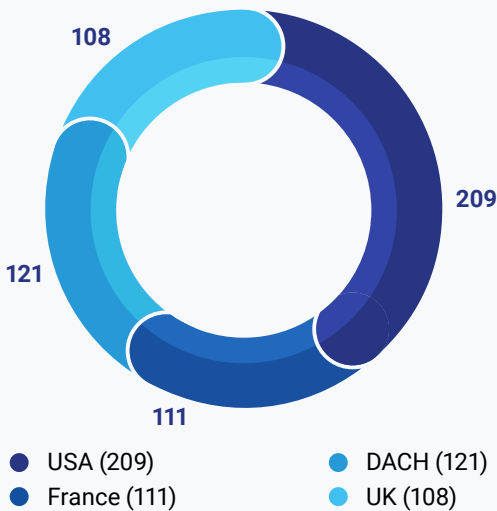
This report is based on a **loyalty market survey by Forrester**, one of the most prominent research companies in the world, and Comarch. It was conducted in **Q1 2022**.

549 loyalty program decision-makers from **4 different regions** took part in this study. The participants were from two major segments – **B2C Retail (47%)** and **B2B (33%)** including companies from the retail & wholesale,

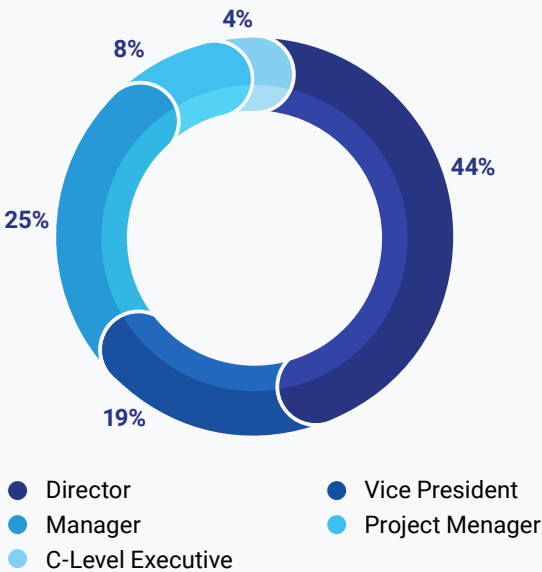
business services/construction, manufacturing/materials, financial services/insurance, and healthcare industry).

As for their job functions, participants consisted of executives in the fields of **customer experience (34%)**, **marketing/advertising (29%)**, **IT (23%)**, **procurement (10%)**, and **sales (4%)**.

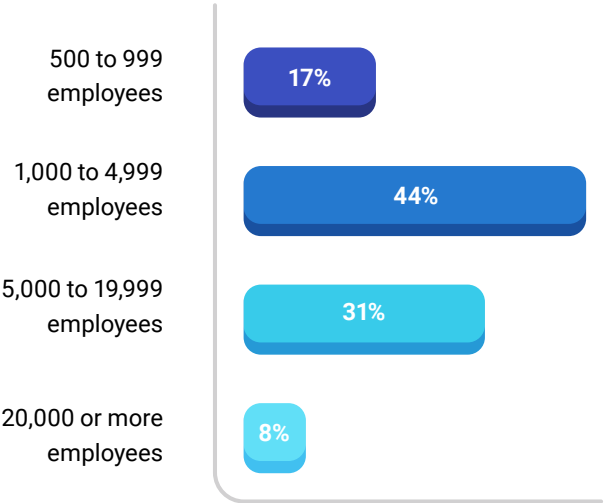
Participants (TOTAL: 549)



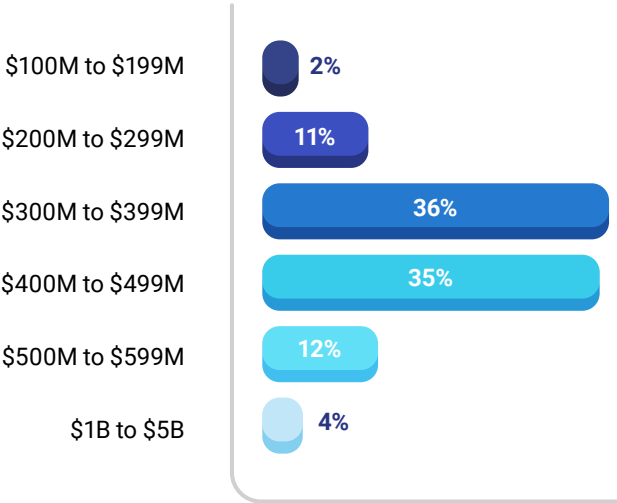
Job Position



Company Size



Revenue



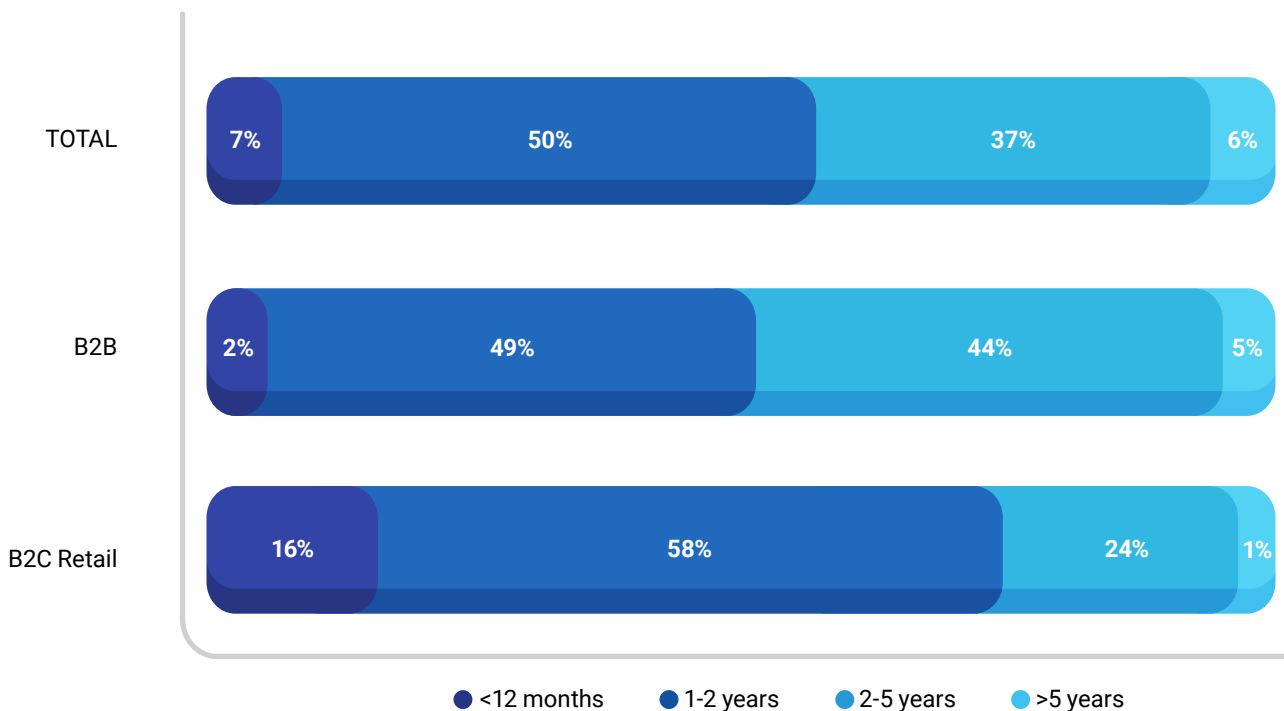
2. Research Findings & Implications

2.1. Loyalty Program Lifespan

Based on the survey conducted by Forrester, we have found that while **B2B loyalty programs** are very much established business practices, **B2C loyalty programs – however popular – are still to become a major trend.** Contrary to what most would assume to be taking place – considering how successful the retail programs by brands like Sephora or Starbucks are – this is the reality of small and mid-size companies.

The majority of the programs (57%) have been operational for less than 2 years. In B2B, those programs are almost twice as likely to have been running for more than 2 years (44%, compared to 24% in B2C).

Graph 1: How long have you been running a loyalty program?



Note: Percentages may not equal 100% due to rounding

Base: 271 loyalty program decision-makers who have implemented a loyalty technology platform

Source: A commissioned study conducted by Forrester Consulting on behalf of Comarch, January 2022

What this means is **we are only now about to witness the true impact of B2C loyalty programs on the business environment** – especially considering how e-commerce, and thus the use of digital media, has skyrocketed in the past two years during the COVID-19 pandemic; and because small/mid-size retailers can now **use cloud-based modern loyalty management platform to create programs that will be competitive against large players.**

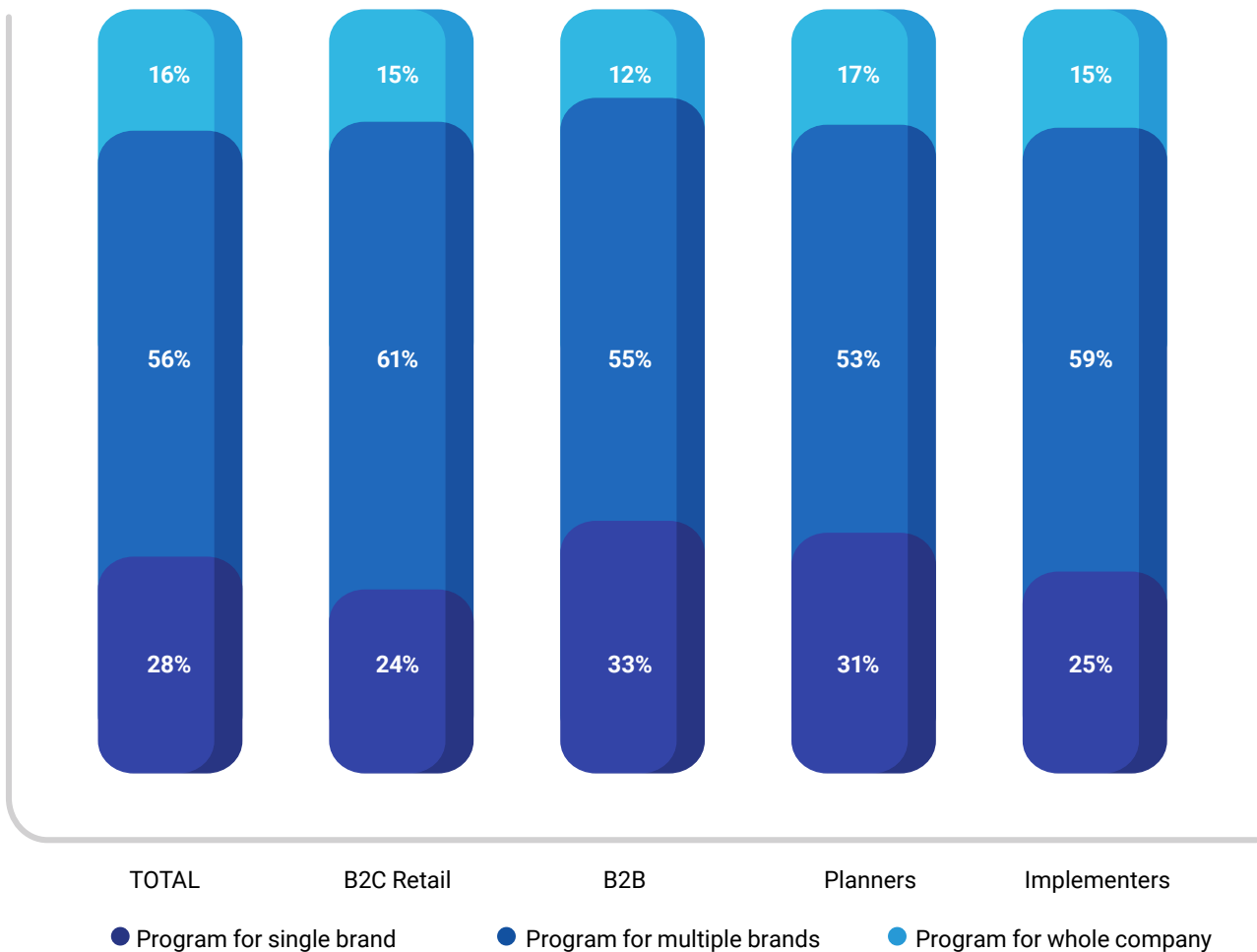
Thus, looking at the biggest trends in 2022, **we might see a lot more companies launching their own loyalty programs soon** to keep up with those who already gain significant benefits from B2C and B2B loyalty programs.

2.2. Loyalty Program Configuration (Single Brand, Multi-brand, Whole Company)

The survey also provides a better look at how today's companies (will) configure their programs in terms of them being dedicated for just one brand, multiple brands, or the whole company. The graph below shows that **the most popular approach in B2C and B2B is making one program work with multiple brands.**

A multi-brand loyalty program is an initiative in which two or more companies join forces to build an end-to-end loyalty ecosystem and **allow customers to earn and redeem points from any company that is part of this ecosystem** (For example, the "One Membership, Four Brands" program by Take Gap Inc., whose members can earn and redeem rewards at Gap, Athleta, Old Navy, and Banana Republic using one app).

Graph 2: What [is/will] the configuration of your loyalty program [-/be]?



49% of the sample had implemented their loyalty program at the time of the survey, whilst the remaining 51% were planning to implement a program in the next 12 months.

Base: 549 loyalty program decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Comarch, January 2022

This suggests that both customer engagement veterans and loyalty programs newcomers are aware of the benefits of running multi-brand programs, which include

cross-vertical shopping, increased wallet share, and more accurate customer profiles – all of which lead to significant growth in revenue.



“After two years, customers’ expectations and their relationship with their favorite brands have changed. This is also reflected in loyalty programs, which must adapt to these new expectations and highlight a strong state of mind based on a return to simple things #ease, to family #sponsorship, and to games #gamification. It’s up to us to listen to them and make loyalty programs evolve towards their desires by creating innovative, personalized, omnichannel advantages that always meet their expectations.”

Laetitia Segonzac

Responsable Expérience

& Fidélisation – Galeries Lafayette

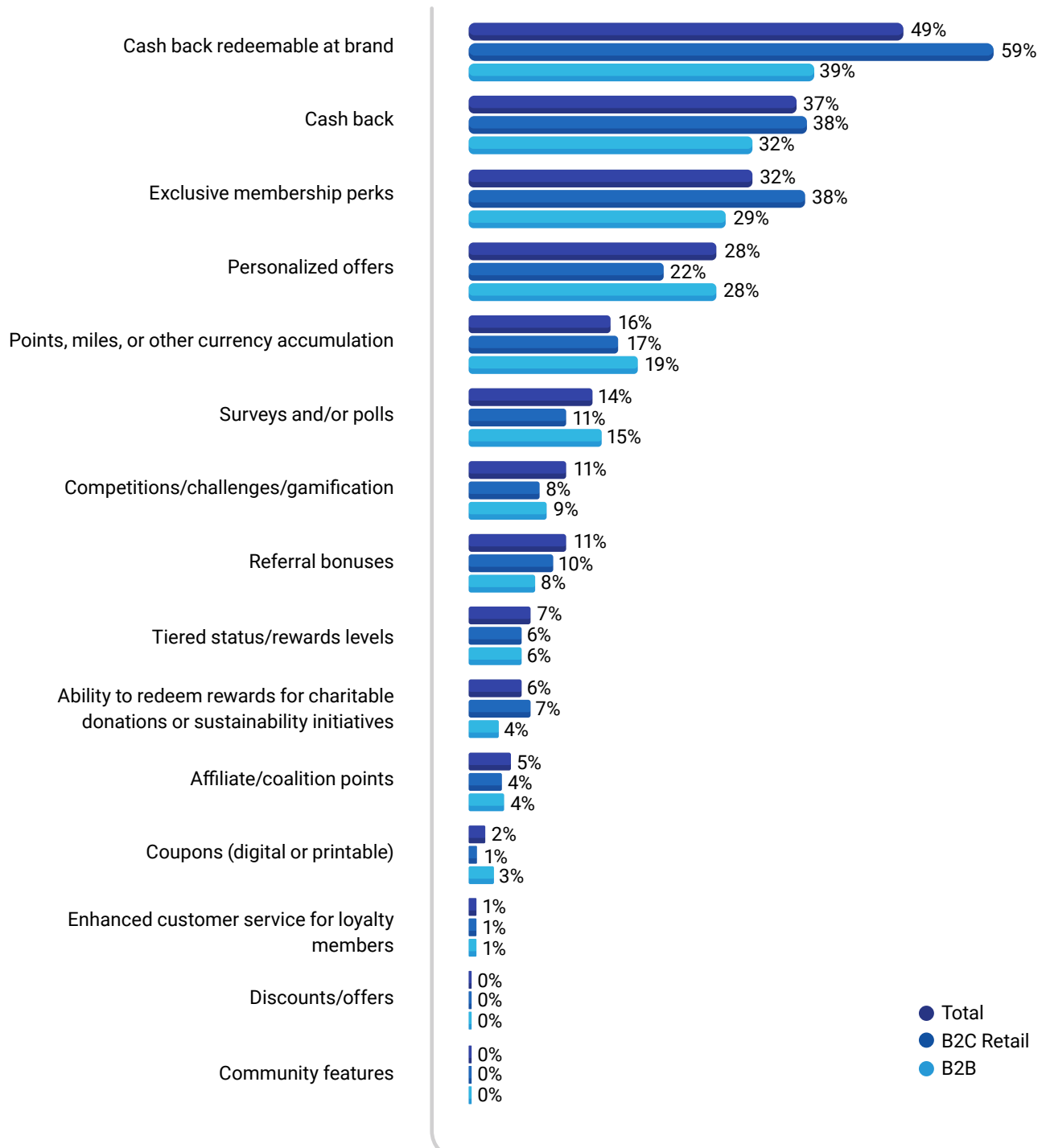


2.3. Loyalty Program Offerings

The survey participants were also asked about what they find to be the most critical elements of a loyalty program. Looking at the results, we see that today's loyalty programs still lean heavily on cash rewards. However,

other features such as **personalized offers, membership perks, and gamification are expected to play a much more significant role.**

Graph 3: What aspects/functionality of a loyalty program do you currently/intend to offer?



Base: 549 loyalty program decision-makers

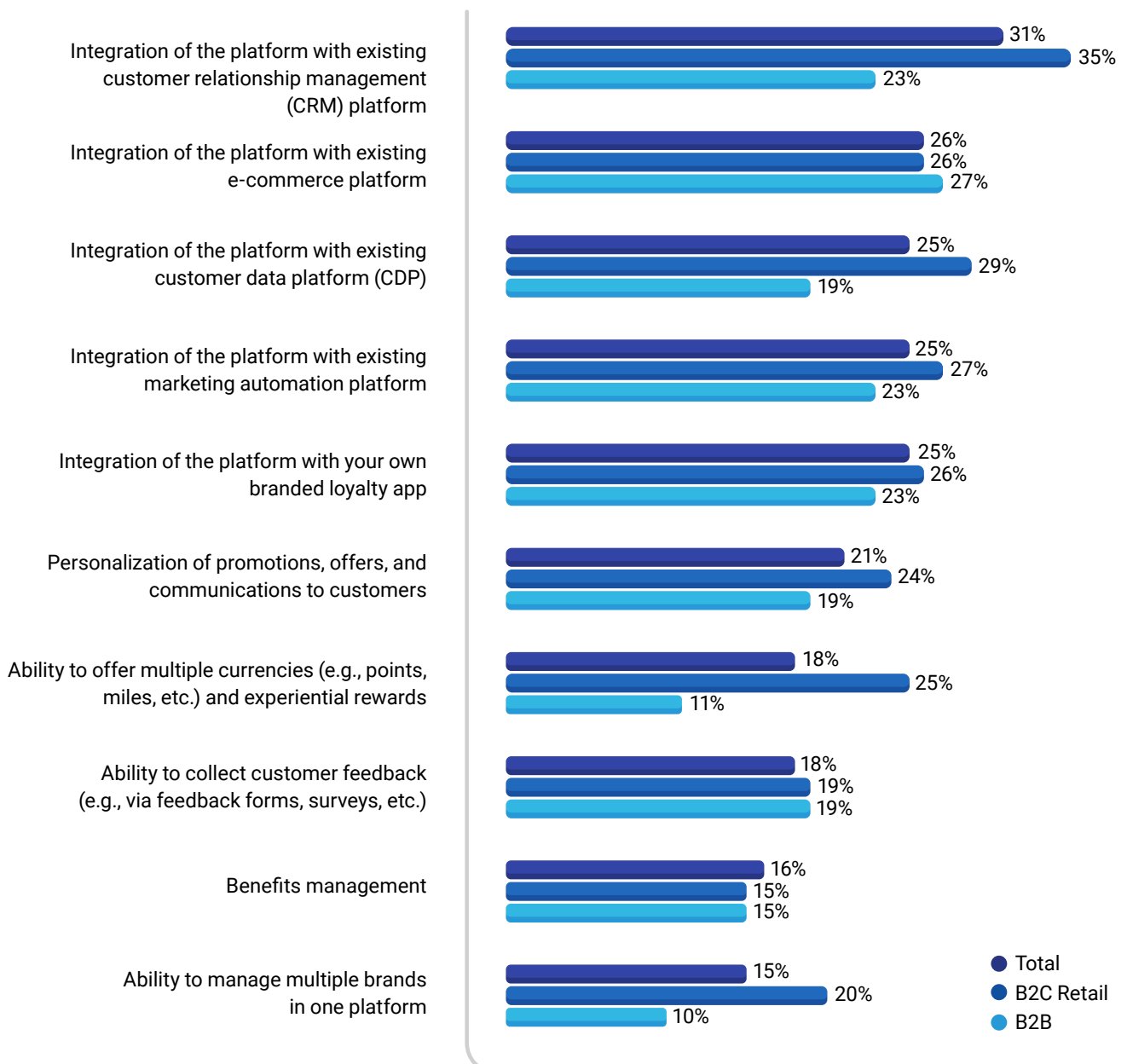
Source: A commissioned study conducted by Forrester Consulting on behalf of Comarch, January 2022

2.4. Most Desired Platform Capabilities

The notion that today's companies are highly interested in the multifunctionality of loyalty programs is also confirmed by **what they expect they will be able to achieve using a modern loyalty marketing platform**. As you will see in the graph below, many participants intend to integrate a new customer engagement system with their current IT solutions (or have already done so).

This is most likely because **creating an interoperable ecosystem of IT solutions can help create more personalized, more prosperous – and more immersive – customer journeys**, as well as improve business communications with partners and clients.

Graph 4: Which features were/will be most important for you when exploring the purchase of a loyalty technology platform?



Base: 549 loyalty program decision-makers

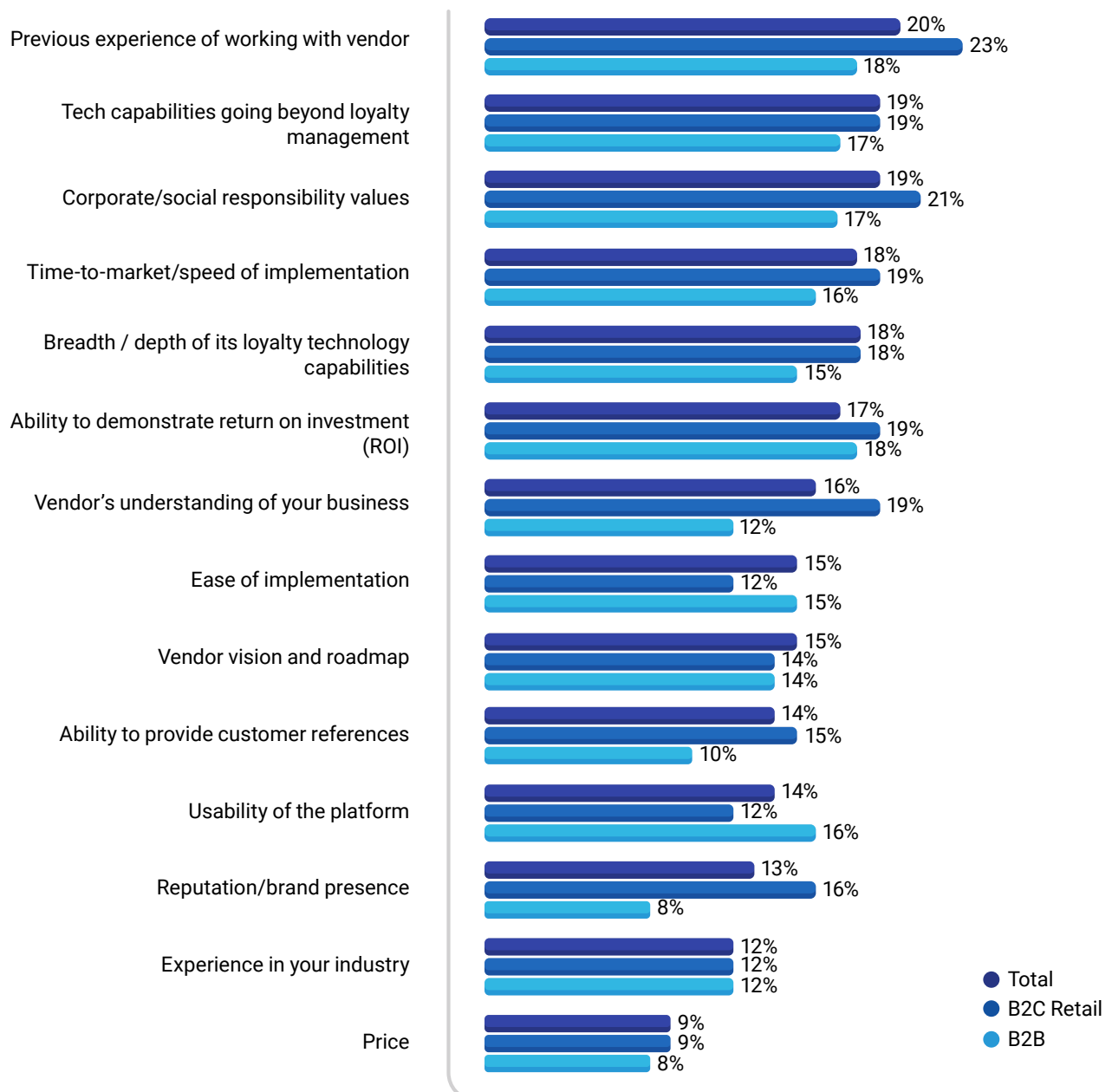
Source: A commissioned study conducted by Forrester Consulting on behalf of Comarch, January 2022

2.5. Factors for Choosing a Vendor

When it comes to choosing a technology partner that provides a customer engagement platform, **there was no singular reason for why companies join forces with a given vendor and not the other.**

This indicates that there are many ways in which one can approach building a loyalty program, and thus **the vendor one chooses to work with has to meet one's needs, expectations, and values.** Depending on the company – and the model (B2B or B2C) – the factors for choosing a vendor may vary, although the **vendor's overall experience still plays a vital role in the process.**

Graph 5: Which are/will be the most important factors considered when choosing a loyalty technology platform provider?



Base: 549 loyalty program decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Comarch, January 2022



“When you look at the list of factors for choosing a vendor, the first thing that comes to mind is that many of them concern the technical aspects of a loyalty platform. So, the speed and ease of implementation and features that go beyond the traditional scope of system functionalities are very much a must-have. In other words, even though the overall experience and vendor’s understanding of the nature of one’s business are important, that knowledge must go hand-in-hand with what a given vendor’s solution is capable of in terms of building and running immersive, visually pleasing, one-of-a-kind rewards/incentive programs. Half-measures should not be an option.”

Łukasz Słoniewski

*Head of R&D - Loyalty & Marketing Solutions
at Comarch*



2.6. Most Significant Customer Support Options

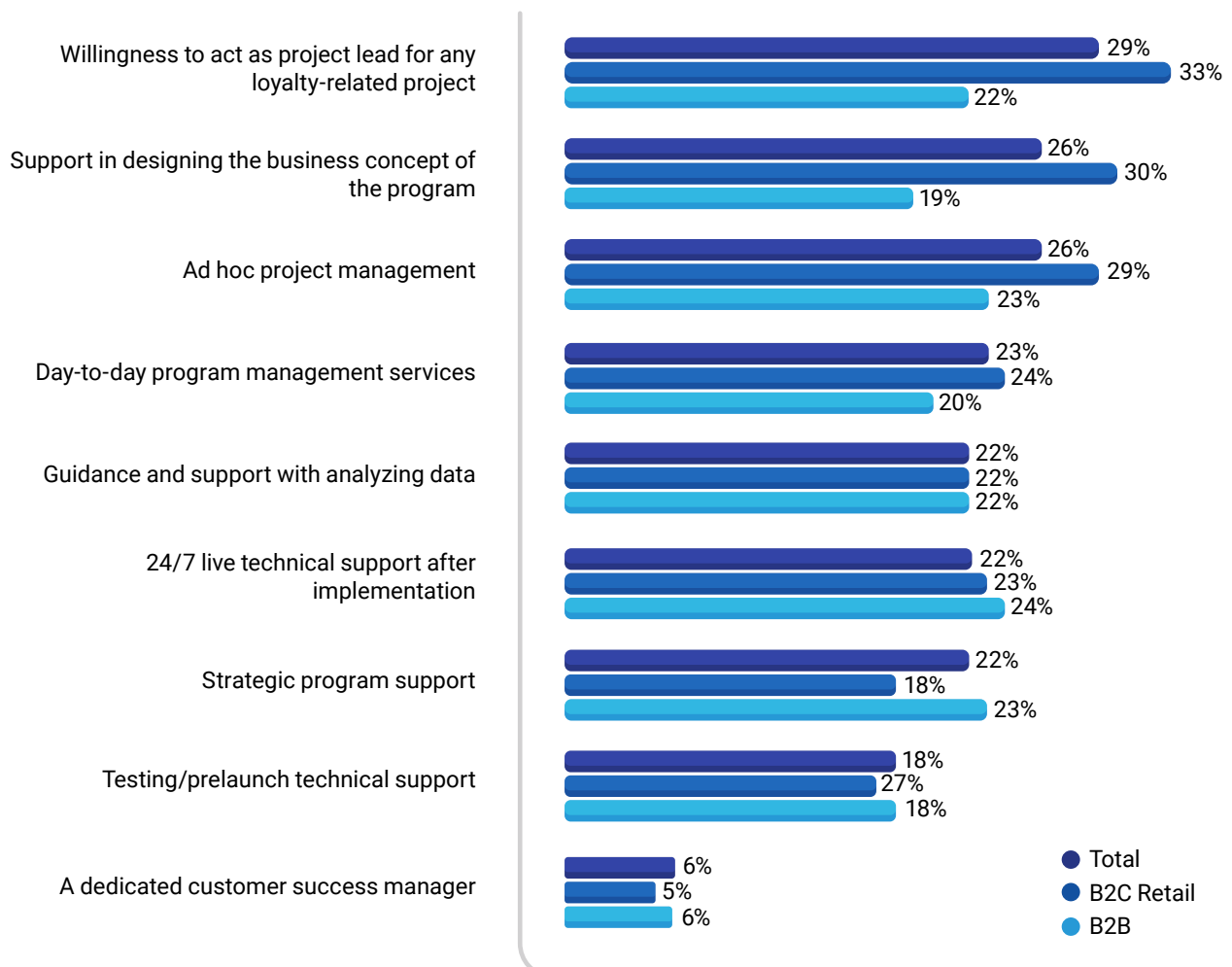
When asked what they find to be the most essential customer support services, survey participants confirmed they mostly look for **vendor support in project management/leadership in B2C programs and technical/program management support in B2B programs**.

In our view, this is because having a loyalty marketing platform is one thing, but using such a tool to drive customer engagement is a different story. It's not that all these solutions are so complex that they require expert

knowledge and IT skills, but it is more that in order to become successful in the world of customer loyalty, one needs to develop a sound strategy and have a vision of what their loyalty program should look/feel like later on.

And thus, **with the support of loyalty experts and IT specialists, companies can develop more immersive loyalty and rewards programs than they could build on their own.**

Graph 6: Which of the following customer support options were/will be most important for your organization?

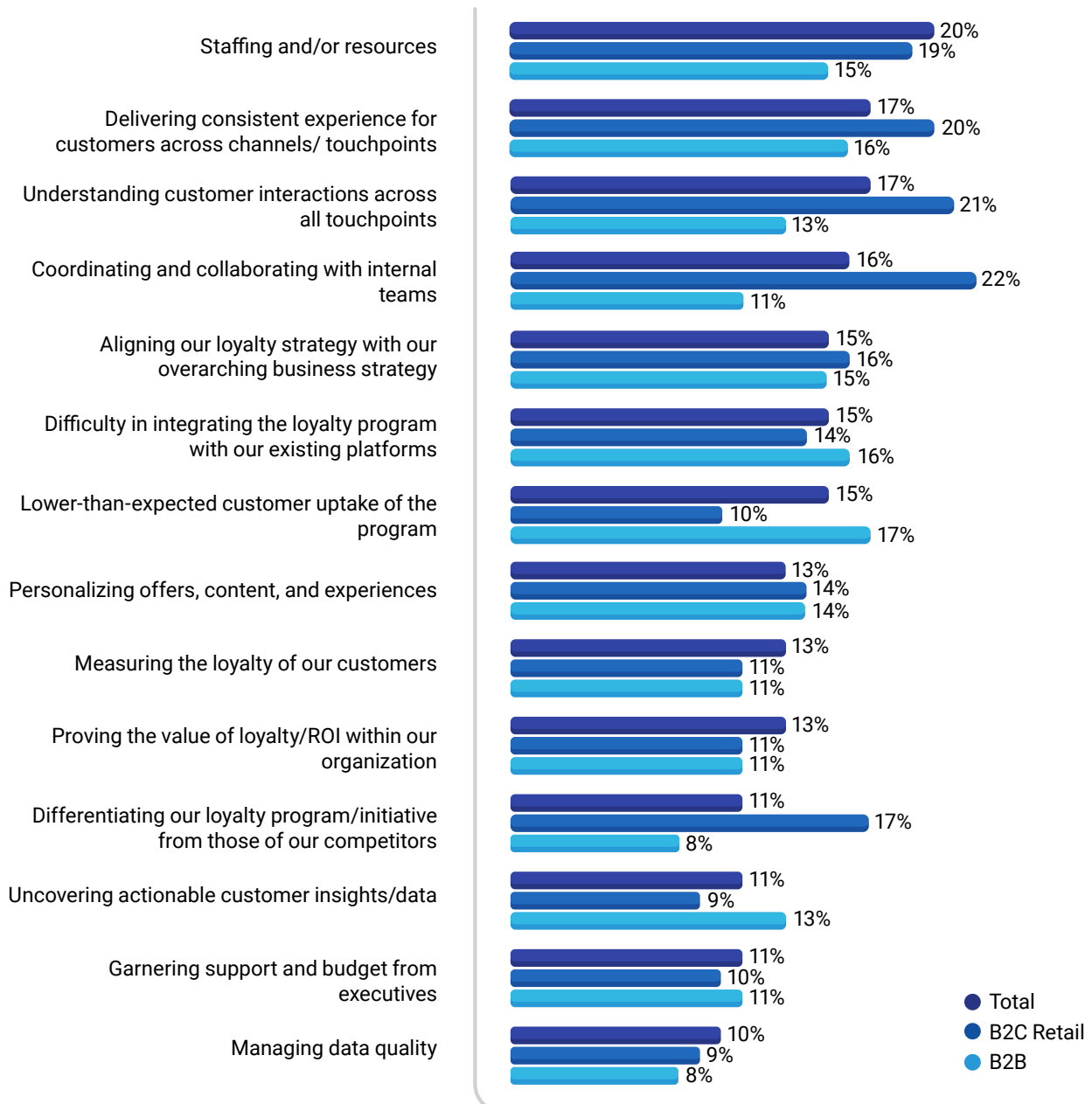


Base: 549 loyalty program decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Comarch, January 2022

2.7. The Biggest Challenges in Loyalty Today

Graph 7: What are the top three challenges your company has encountered since implementing your loyalty program?



Base: 549 loyalty program decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Comarch, January 2022

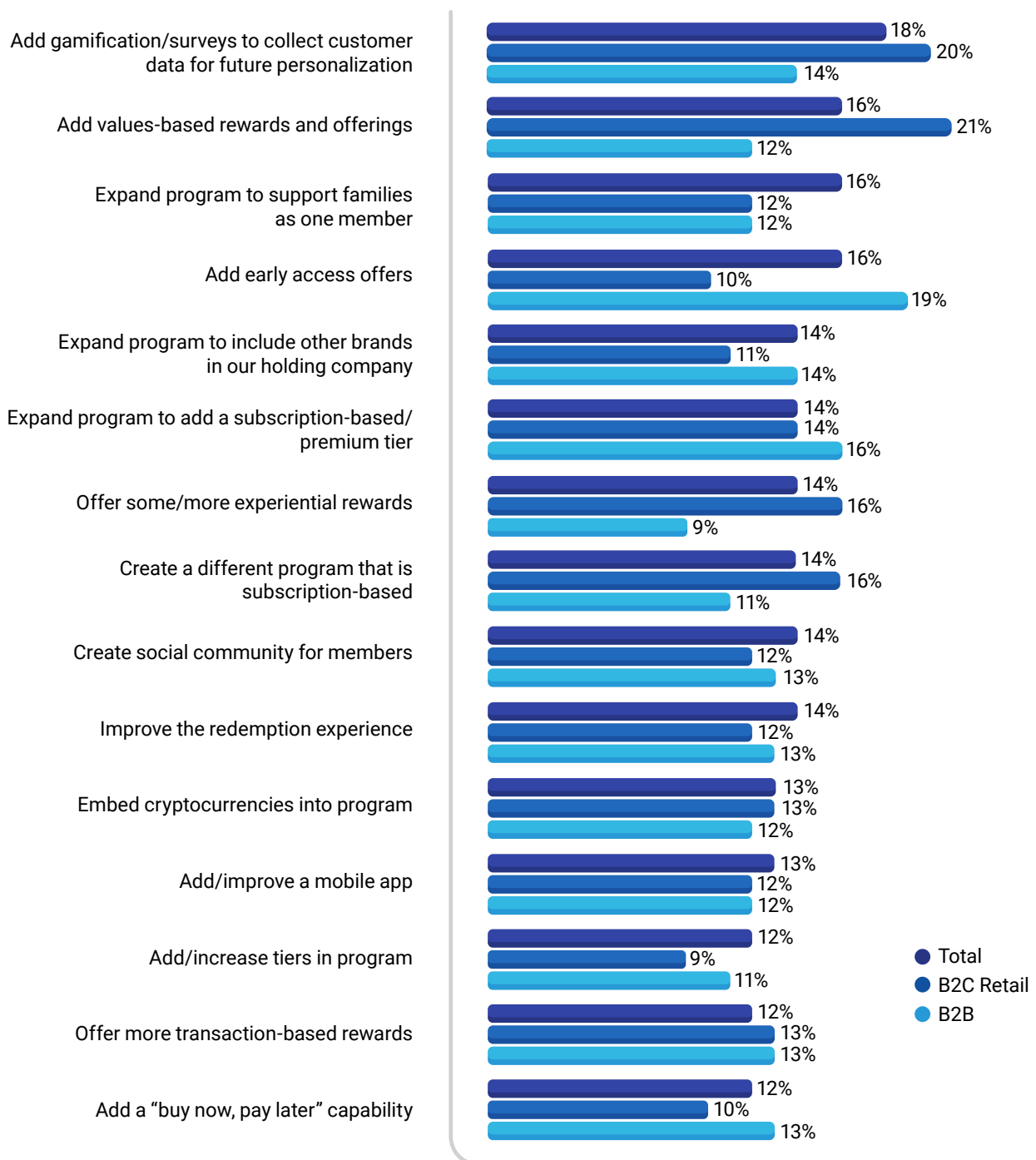
Although running a loyalty program brings significant benefits, there are still a number of challenges that today's companies need to solve to be able to make their programs a success. As you can see in the graph above, **in the B2B model, the top challenges include low uptake and integration difficulties, whereas, in B2C, they are internal resourcing/silos and multichannel use** (the latter was identified as inhibiting consistency).

From our perspective, these **challenges can be solved when you use the right loyalty marketing tools provided by the right vendor**. Of course, the tools must be operated by highly qualified loyalty specialists, who will do it according to the adopted customer engagement strategy.

2.8. Plans for the Next Five Years

The fact that **the loyalty market will continue to grow** in the coming years is also **confirmed by the companies' plans** for expansion.

Graph 8: In what ways do you plan to evolve your loyalty program to your customers in the next five years?



Base: 549 loyalty program decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Comarch, January 2022

As you can see in the graph above, **companies' plans cover many different loyalty marketing strategies** – from introducing game-like mechanics and building a social community for members to using cryptocurrencies.

This shows that there are many different possibilities for loyalty programs to be further developed, that there's no single linear approach to building them – and that today's companies understand they need to keep improving their programs to remain relevant in the world of customer loyalty.



Member-centricity and not transactions are the core of loyalty. That is why many transaction-based schemes are now outdated. They do so little to engage the customer and differentiate from the competition that customers see them as noise rather than a platform to connect with the brand. Fortunately for the businesses, the technology changes are linear with customer preference changes and are available. AI or gamification mechanisms fuel Member-centric transformation supporting agility and delivering quick results.

Magdalena Pudełko

*Loyalty & Omnichannel Solutions Manager
at Comarch UK*



3. Summary

3.1. Key takeaways

Although today's loyalty programs still lean heavily on cash rewards, brands have plans to further develop their programs to include **gamification**, **personalization**, **values-based rewards**, **cryptocurrencies**, and more.



We should expect companies to develop **multi-brand loyalty programs** to extend customer lifecycle and increase perceived value in the near future.



Most businesses want to **integrate their next loyalty platform with their current IT solutions** (or have done so recently).



Companies **increasingly recognize the value of loyalty programs/customer-centricity**, which is reflected by the fact that more and more programs (57% operational for the past two years) are being introduced to the market.



Building and running a **multi-brand loyalty program**, which allows consumers to earn and redeem points from any company that is part of such an initiative, **is the most popular approach** both in B2C and B2B.



Companies need and expect professional **support in project management/leadership** (B2C) and **program management** (B2B).



3.2. Our Response to the Market Needs & Trends

As a global provider of customer engagement platforms and services that has carried out numerous loyalty projects over the years, we anticipated some of the answers provided by the participants of Forrester's survey.

Our goal was always to design and deliver platforms that are in line with the newest standards and trends, and we are fully convinced that we have what it takes to help our clients solve the challenges and use the available business opportunities mentioned in this report.

Our latest product, [Comarch Loyalty Marketing Platform](#), is a combination of many years of experience and the knowledge we have gathered along the way. It is **an all-in-one platform** that enables users to build and manage immersive **B2B, B2C, B2E loyalty programs** and **marketing campaigns** with minimal effort. Powered by **the latest AI/ML algorithms**, it allows you to create **personalized CXs**

across various touchpoints and helps **increase customer lifetime value** and **ROI**. Thus, it is a solution that can help today's brands drive customer engagement effectively on all fronts.

Being aware that some of today's companies need **help designing, setting up, and managing their loyalty programs**, we also provide [Loyalty Consulting Services](#) delivered by our team of top CX professionals, loyalty program designers, and our partners. We leave no stone unturned when it comes to supporting our clients in the area of loyalty/rewards programs.

Of course, we expect the market to evolve in the coming years, so we're not resting on our laurels. If there's one thing we know about the future, it's this – **we'll be ready**.

If you want to know more about our loyalty marketing platform & customer - engagement services, go to www.comarch.com



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Finland	Switzerland
France	Thailand
Germany	Ukraine
Italy	United Arab Emirates
Japan	United Kingdom
Luxembourg	United States of America

About Comarch

Comarch is a global provider, with more than 25 years of experience, of technologically advanced software designed to help enterprises improve their business efficiency, reduce operational costs, and build strong relationships with all of their partners and clients. Comarch has made its name by working with some of the most renowned brands and organizations in the world, including various airline holding companies, telecoms, financial institutions, retailers, and many others. Companies who have chosen to work with the Comarch loyalty team include JetBlue Airways, Heathrow Airport, Vietnam Airlines, LATAM Airlines Group, BP, Carrefour, MediaMarktSaturn, Galeries Lafayette, Auchan, True Value, Hi-Q Food Products, Goodyear, XL Axiata, Vodafone, True Digital, Globe and many others.