



Loyalty strategies for 2024

Best-in-class loyalty programs
from around the world

Leading brands are now approaching loyalty as a digital transformation initiative.

Five years ago, Talon.One often had a simple brief: give marketers a targeted incentives tool that’s connected to all relevant data sources & channels. Now, our teams act and sound more like management consultants, and often work alongside digital agencies on big loyalty transformation projects.

Loyalty program initiatives are a heavy lift that need strong sponsorship across the C-Suite, with even the CEO regularly zooming into calls & staying on top of new loyalty tech. Such strong involvement from the C-suite is no surprise, with recent research showing that [customer retention and digital transformation](#) are company leaders’ top two priorities. Loyalty programs are where these two pivotal paths cross.

This report provides a comprehensive guide to seven winning loyalty strategies that are set to dominate in 2024. From gamification to zero-party data approaches, we’ve collected a diverse set of tactics that are applicable across industries and customer segments – with a best-in-class example from leading brands around the world.

Our report is designed to serve as a practical guide for businesses looking to thrive in the loyalty landscape of 2024, providing a clear vision of what it takes to succeed in an ever-evolving market.



Christoph Gerber
CEO, Talon.One

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SPOTLIGHT ON

Gamification

As Gen Z continues to gain more purchasing power in 2024 and beyond, gamification in loyalty programs is set to become more important than ever. Whether it's with points, badges, challenges or leaderboards, infusing elements of fun and competition into the customer experience is a key way to engage and retain customers across generations, driving:



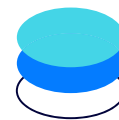
Enhanced engagement

Gamification is a strategy that turns loyalty programs into exciting, long-lasting experiences for consumers. It taps into the psychology of motivation and reward, making engagement with a brand even more compelling and satisfying.



Increased sales

Gamification leverages the brain's reward system to boost sales, especially when paired with coupons or vouchers as incentives. This creates strong motivation for customers to not only engage with the brand but also make more frequent purchases if they know they are working towards a particular goal.



Zero-party data collection

Using gamification enables brands to gather zero-party data. For instance, hosting fun quizzes on your website or app helps you acquire valuable, permission-based information about your customers' product choices and personal characteristics.

“Brands that incorporate gamification into their customer engagement strategies see a **47% rise in engagement, a 22% rise in brand loyalty, and a 15% rise in brand awareness.**”

Snip

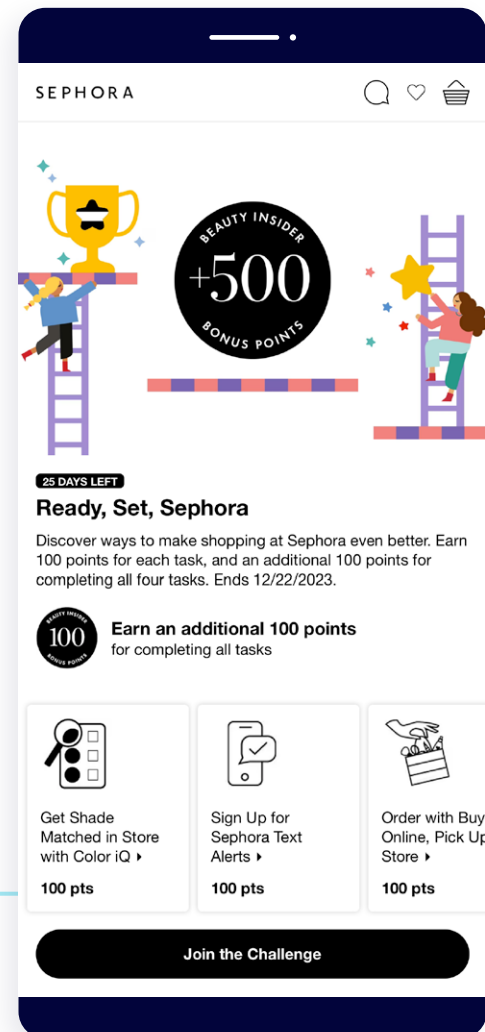


> GAMIFICATION IN PRACTICE:
Sephora's Beauty Insider

For retailers looking for inspiration, Sephora offers a masterclass in using gamification to drive retention. Members of its **Beauty Insider** program have the chance to earn more points through gamified experiences.



- Free to join
- 3-tier program with tier-specific benefits
- Members receive 1 point for every dollar spent
- Birthday gift available to all tiers

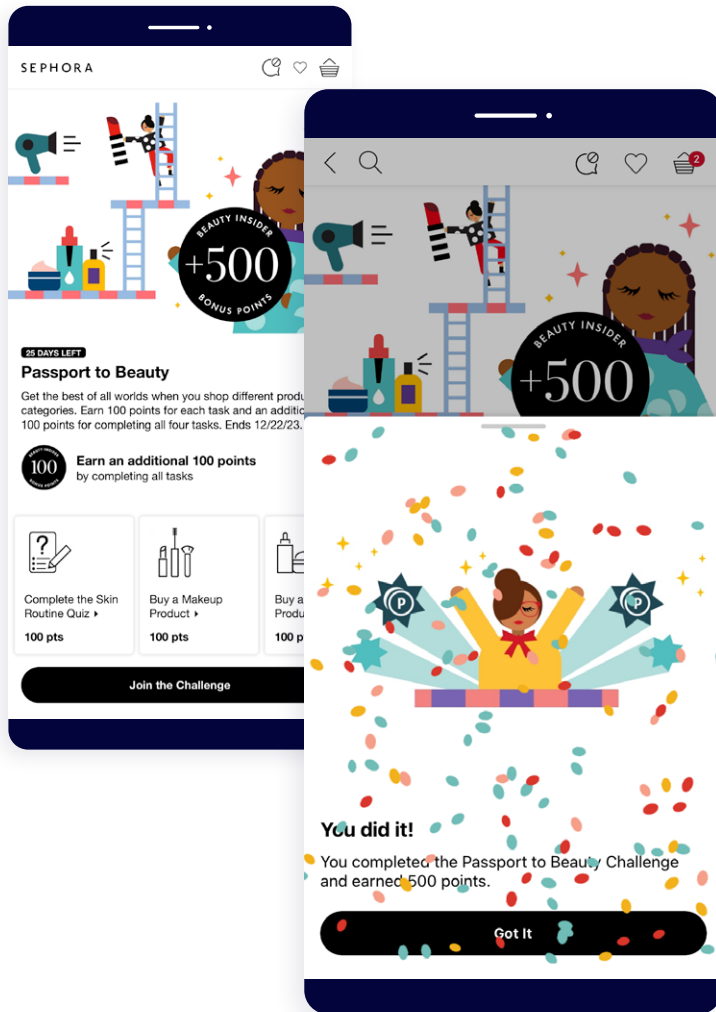


Games for everyone

Beauty Insider Challenges are available to all loyalty members. They're not limited by tier and don't necessarily require purchases, either: all

Beauty Insider members can earn 100 points for each completed task, for example buying online & picking up in-store, subscribing to Sephora text alerts, or adding samples during online checkout.





> Simple and transparent

Simplicity and transparency are key for effective gamification, helping encourage uptake with members. Beauty Insiders can, for example, access their challenges through their Sephora.com account page or within the Sephora app, and **easily monitor their progress in ongoing and completed challenges.**

Appealing to Gen Z

Gen Z's love for gaming aligns with their preference for enjoyable interactions, but it goes beyond entertainment. According to [Deloitte](#), 61% of U.S. Gen Z gamers view games as a means of self-expression. This is why initiatives like Sephora's Challenges are exceptionally effective in catering to Gen Z customers.

“Our customers couldn't have been clearer when they told us they want gaming elements included in our loyalty program to create more ways to connect with Sephora. We also know that engaging loyalty benefits, exclusive access and perks are important to Gen Z.”



Emmy Brown Berland

Senior VP & General Manager of Loyalty, Sephora

SPOTLIGHT ON

Zero-party data

With increased regulations and anti-tracking efforts by tech giants like Apple, Google, and Mozilla, we're gradually witnessing the demise of third-party cookies. But with [75% of marketers still heavily dependent on them](#), brands will need to find new ways to build on their first- and zero-party data strategy in 2024 – and loyalty programs provide the perfect opportunity to:



Collect quality, actionable data

Instead of collecting vast amounts of irrelevant data, loyalty programs capture information related to preferences, purchase history, and engagement patterns. For example, a retailer's loyalty program can gather data such as purchase intent (I plan to buy a winter coat in a month) and buyer persona (I'm shopping for a formal event). This data allows the retailer to send tailored promotions, enhancing personalization and effectiveness.



Offer incentives for data

A [Forrester report](#) found that 63% of US adults are willing to share personal information with companies in exchange for benefits like cash rewards, loyalty program points, or early access to new products.



“Loyalty programs offer brands a valuable alternative as the deprecation of cookies becomes a reality. By embracing the power of loyalty data, brands can build stronger customer connections in an ethical and customer-centric manner.”

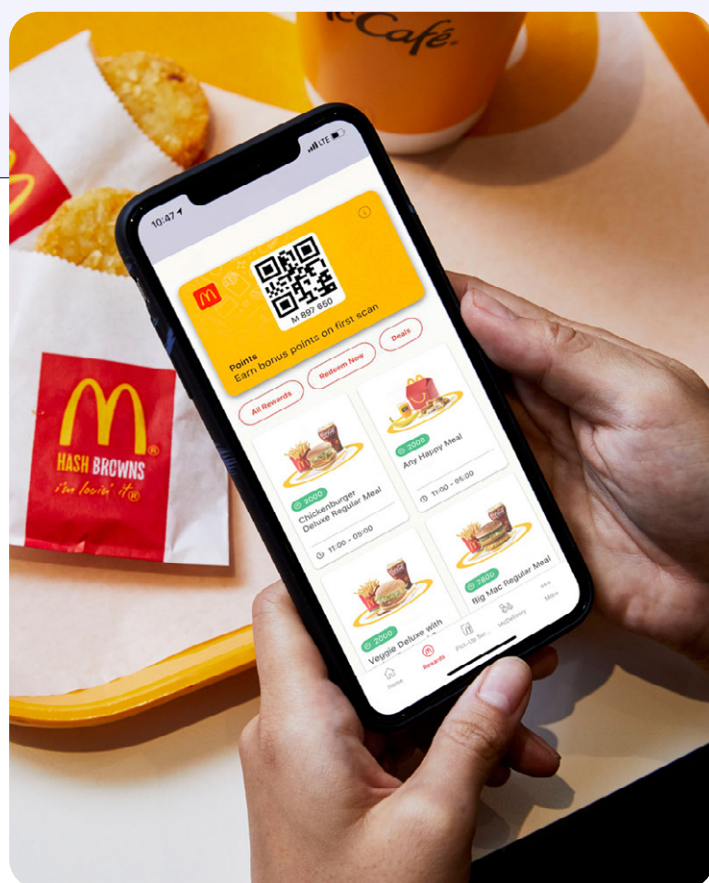
Philip Shelper, CEO, Loyalty & Reward Co.



> ZERO-PARTY DATA IN PRACTICE:

MyMcDonald's Rewards

MyMcDonald's Rewards is a tiered loyalty scheme which offers points for menu purchases, available for all orders purchased via kiosk, drive-through, front counter or McDelivery. It enhances the customer experience through tailored rewards based on zero-party data.



App sign-up

App registration is crucial for collecting zero-party data because it allows McDonald's to directly obtain valuable insights from customers. By encouraging users to share their preferences during the registration process, such as dining frequency and menu favorites, McDonald's can use this information to offer tailored and exclusive rewards.



- Free to join
- App-based loyalty program
- Members earn 100 points for every dollar spent
- Members need a minimum of 1500 points to start redeeming

Personalization at scale

Making use of zero-party data has enabled the brand to eliminate generic offers and achieve meaningful and impactful personalization. Tariq Hassan, Chief Marketing and Customer Experience Officer at McDonald's USA, says the brand now operates with the sophistication of a customer relationship management platform, serving customized messages to customers across multiple touchpoints.

Menu innovation

With zero-party data, McDonald's gains valuable insights into customer tastes and preferences. This data can inform menu innovation and product development, helping the company introduce new items that align with what its customers want.

SPOTLIGHT ON

Omnichannel incentives

At its core, omnichannel retail is about offering a unified customer experience across all channels. The watchword for omnichannel is “consistency”: any service a customer can take advantage of in one channel, say in-app, should also be replicated and tracked in every other channel – whether that’s in-store or on a retailer’s webshop.

However, recent research from Forrester shows that [only 15% of surveyed organizations have truly seamless omnichannel strategies](#) – meaning there’s huge scope for retailers to improve their omnichannel capabilities in 2024. By focusing on their omnichannel incentives strategy, brands can:



Identify current pitfalls in their customer journey

By mapping the customer journey across both your online and offline channels, you’ll be able to understand where your current strategy falls short, and where you need to focus on next. For example, what does your member identification process look like online and within your stores? Are the same discounts available both online and in-store, and how can shoppers view and redeem these offers across channels?



Gain a single view of loyalty and promotions

Once you’ve identified your weaknesses, it’s time to focus on how you can gain this single view of loyalty and promotions. To make this happen from a system integration point of view, Talon.One needs to speak to different systems in our customers’ tech stack: its retail frontend POS system; its backend system, to enable the labeling process; its CRM system, to receive customer data and attributes; its marketing automation system, to generate coupons; and its e-commerce system, to retrieve promotions and show the correct prices on the website. While this might require a significant reconfiguration of your tech stack, implementing a one-time set-up for omnichannel promotions instead of separate set-ups for physical and digital channels is a real game changer.



> OMNICHANNEL IN PRACTICE:
Harry Rosen's Club Harry

For iconic Canadian menswear retailer Harry Rosen, COVID store closures were the catalyst to bringing their omnichannel vision to life. Known for its excellent in-store customer service, the challenge for Harry Rosen was now how to translate that online, and connect it across the customer journey. The result - which includes their new loyalty program **Club Harry** - is all about removing friction while shopping, and creating a premium experience for customers on whichever channel they decide to shop.



- Free to join
- 3-tier program with tier-specific rewards
- Tiers determined on annual minimum spend requirement
- Members earn 1-2% back in points on every purchase, depending on tier-level

Unifying promotions and loyalty

Since working with Talon.One, Harry Rosen has gained a single source of truth when it comes to omnichannel promotions. This removes any friction from customers only being able to use discount codes online, or incentives not being integrated into the in-store point of sale system. Now, Harry Rosen can deliver a single email to clients, with an offer that can be used whenever, wherever.



> **Replicating the in-store experience online**

Harry Rosen’s store associates are known for their deep product knowledge and personal styling advice. For years, store associates would pick a selection of products ahead of customers’ visits to their store, based on previous purchase history and preferences. Today, associates are replicating that in-store experience online. **Associates can create complete looks for clients, and present each one on a personalized webpage** – even pre-populating sizing choices based on previous purchase history.

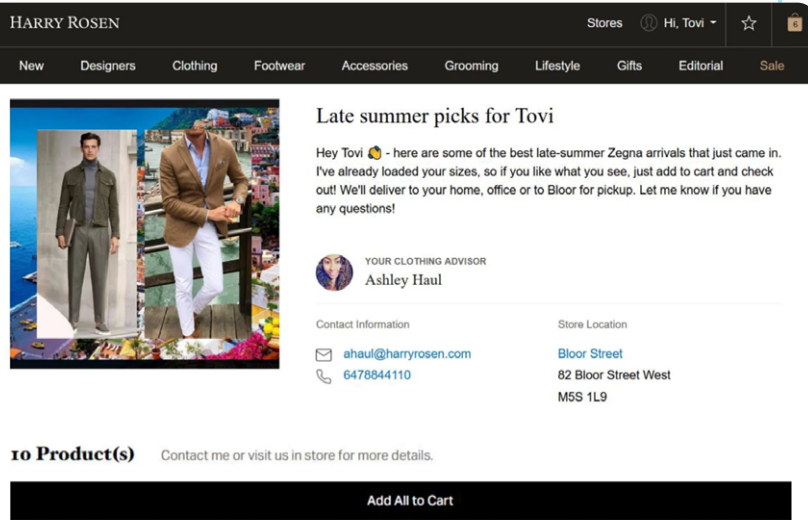


Image credit: commercetools

“Building an omnichannel experience is about thinking about the client experience first, and then building the technology to deliver that experience.

We’re not looking at the technology and its capabilities first. We’re asking ourselves, wouldn’t it be great if our clients could shop in this way? And then it’s about working out how we can orchestrate that experience with our tech partners.”



Ian Rosen
President & COO, Harry Rosen

Householding & points transfer

While not strictly related to omnichannel, another feature we love about Club Harry is their householding feature. This allows diamond status members to share their loyalty benefits with up to five family and friends, letting them enjoy the same elevated status benefits and access. Members can also transfer points to other members, helping them gain bigger discounts.

SPOTLIGHT ON

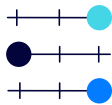
B2B loyalty programs

By incentivizing repeat business and larger order volumes with rewards, B2B companies can enhance profitability, maintain customer retention rate, and differentiate themselves in a crowded landscape. And with [58% of B2B customers wanting their suppliers to offer rewards programs](#), it's clear that tailored loyalty initiatives will prove transformative for B2B enterprises in 2024. B2B incentives help:



Simplify complex buying decisions

B2B purchases generally involve multiple decision-makers and extensive evaluations. A loyalty program can offer an added motivator for choosing your services and streamline the decision-making procedure.



Solve limited price flexibility

B2B deals often involve longer sales cycles and higher purchase volumes. A loyalty program can help strengthen relationships with key clients over time, encouraging repeat business and ongoing partnerships.



Drive career growth

B2B companies have the opportunity to forge strategic partnerships with their clients and help accelerate their careers, for example, by giving them the option to invest loyalty points in professional training.



“A successfully built loyalty program enables B2B companies to enrich customer accounts with holistic data to make the right product recommendations, personalize marketing activities and reward all members of the supply chain to increase sales and improve profit margins.”

Mirjam Markert, Consultant, KPS



> **B2B LOYALTY PROGRAMS IN PRACTICE:**
SiteOne's Partners Program



SiteOne Landscape Supply is the largest wholesale distributor of landscaping products in the U.S. and Canada, serving both B2C and B2B customers. SiteOne's nationwide loyalty program, **Partners Program**, rewards business clients at every stage of their shopping experience.

- Free to join
- Members earn 1 point per \$1 spent
- Points redeemable after minimum \$5,000 annual spend

Professional training

SiteOne offers member-exclusive online courses on business management, helping them grow and accelerate their business.

Strategic partnerships

Through its network of strategic partnerships, **SiteOne offers members discounts on services relevant for their business**, including cell plans (Verizon), fuel perks (Voyager), office supplies (Office Depot), HR services (ADP), and more.

Marketing toolkit

Members of the Partners Program can use SiteOne's marketing toolkit to promote and grow their business.

This includes creation, printing and shipping of pre-designed marketing materials.

SPOTLIGHT ON

Simplicity

A simple program design, easily understandable rewards, and a user-friendly interface all work to reduce friction for customers, increasing the likelihood of engagement and loyalty. [Data](#) shows that 64% of consumers are willing to pay more for simpler experiences when shopping, whether that's through:



Straightforward sign-up process

A seamless registration process enhances accessibility, boosts customer satisfaction, reduces cart abandonment, and drives engagement.



Simple check-out process

When offering promotions such as discounts and cashback to your members, it's important to craft a user-friendly and straightforward check-out process where they can easily use their member offers.



Lower operating costs

Simplicity reduces the need for complex administrative systems, cutting down on operational costs and making the program more sustainable.

“To be successful, a loyalty program must offer simplicity, personalization, and a frictionless customer experience — while keeping program economics sustainable.”

Boston Consulting Group



> SIMPLICITY IN PRACTICE:
Koin Segari

Segari is one of the fastest-growing commerce grocery start-ups in Indonesia. Through its program, **Koin Segari**, customers earn points with every transaction, which can then be redeemed for discounts on their future purchases.



- ➔ Free to join
- ➔ Members earn points for every transaction
- ➔ Points can be redeemed as discounts on future purchases
- ➔ No tiers or levels - the program is a straightforward cashback wallet

Cashback vouchers

Segari sends **targeted promotions to its customers via cashback vouchers.**

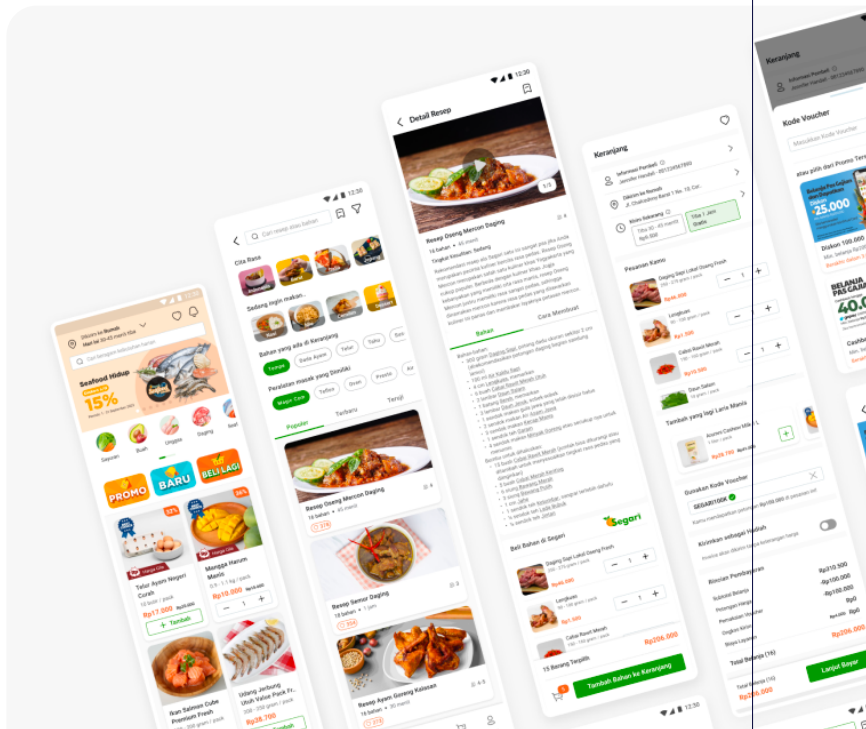
Customers can increase their points by adding the vouchers to their wallets in the app.

Simple check-out process

When checking out, customers can use their Segari coins to offset their total order cost.

Real-time wallet updates

If a customer asks for a refund or decides to cancel their order, the redeemed coins will be restored to their wallet in real time - contributing to the transparency and simplicity of Segari's loyalty program.



SPOTLIGHT ON

Web3 and NFTs

With leading brands like Nike, Starbucks, and Gucci continuing to integrate blockchain and cryptocurrency into their loyalty offerings, Web3 – and especially NFTs – will continue to influence the loyalty landscape in 2024 and beyond. However, brands looking to embark on their Web3 journey in loyalty programs should:



Prioritize legal and security compliance

Web3 technologies are subject to constantly evolving regulations and potential security vulnerabilities, and failing to comply with legal requirements can lead to legal consequences and damage brand trust.



Make sure it's right for your audience

If NFTs and Web3 technologies don't resonate with your audience, jumping on the Web3 bandwagon will be a costly mistake – and may even alienate your core audience.



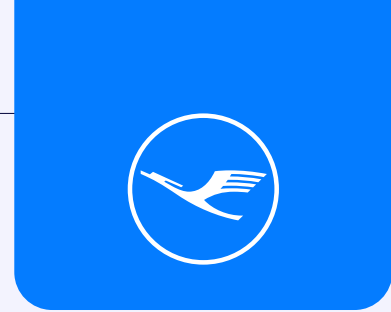
Consider existing Web2 solutions

When contemplating integrating Web3 features into your loyalty program, see whether existing Web2 technology can achieve similar results – it goes without saying that creating entirely new ecosystems within Web3 is a highly complex and resource-intensive undertaking.

“The next frontier for NFTs lies in customer loyalty programs. Smart brands will follow the likes of Louis Vuitton and Starbucks, both of which are using NFTs to enable access to exclusive customer experiences and perks.”

Forrester

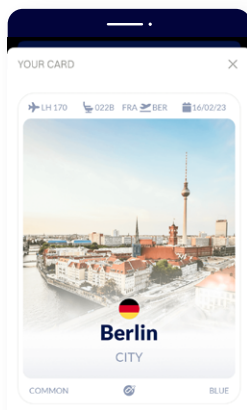
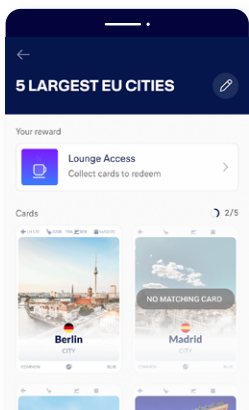
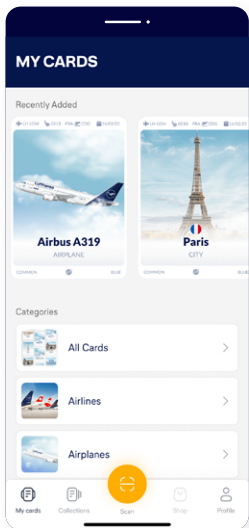
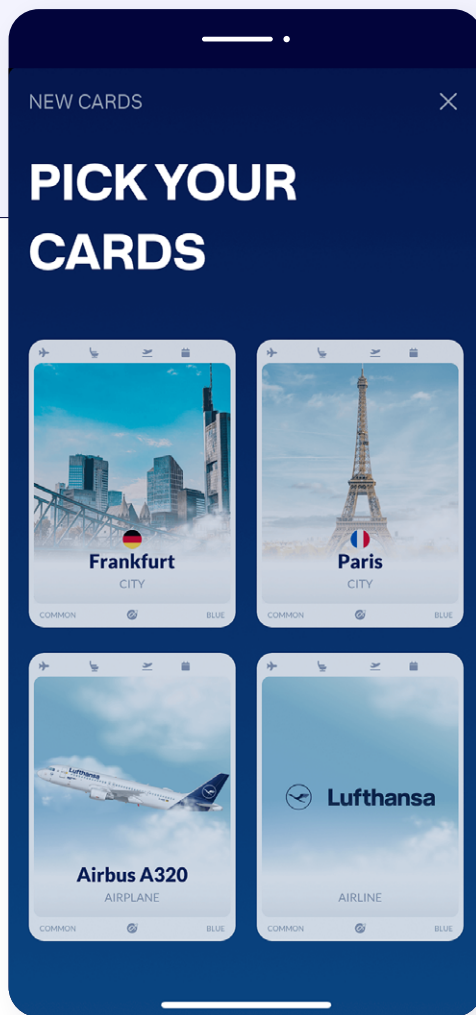




> **WEB3 AND NFTs IN PRACTICE:**
Lufthansa's Uptrip

The aviation industry has consistently been at the forefront in recognizing the potential of Web3 technologies. Lufthansa is a prime example, unveiling its NFT loyalty program, **Uptrip**, in March 2023. This innovative initiative is linked to Lufthansa's frequent flyer program, Miles and More.

- Free to join
- App-based loyalty program
- NFT trading cards offered for every flight booked
- Available for all Lufthansa Group airlines (Lufthansa, Austrian, Eurowings, etc.)



Experiential rewards

Uptrip rewards members with **NFT trading cards for every flight they take**, which they can use to create collections. Once a collection is complete, the member gets multiple privileges including free in-flight Wi-Fi, lounge access, and upgrades.

Eternal rewards

As the program's cards are minted as a unique NFT on the blockchain, they remain evergreen, offering travelers the chance to revisit and cherish their memories.

Connect and trade

Members can connect with other passengers through the app and trade their cards to complete collections faster.

SPOTLIGHT ON

Transactional value

Experiential rewards are crucial for cultivating customer loyalty, but these shouldn't come at the expense of transactional rewards. With 36% of Europeans [reducing spending on non-essential items in 2023](#), offering high-value rewards that help consumers save money should remain a priority for retailers in 2024. Using your loyalty program, you can:



Deliver high-value deals

High-value deals are important elements of a loyalty program – especially so in a cost-of-living crisis, when customers are looking for ways to save. From the business point of view, when discretionary spending is low, nothing is more important than a strong promotion strategy that helps engineer the right outcome.



Offer seasonal deals

Member-only seasonal deals including Black Friday deals for Christmas discounts can increase the transactional value of your loyalty program while creating a sense of exclusivity for your members.



Prioritize offers

Saving your best offers or highest discounts for your most loyal customers enhances their loyalty and overall satisfaction. This strategy not only fosters stronger customer relationships but also maximizes your business's return on investment.

A good loyalty program delivers high value to its customers. It could be through a combination of high cash value, choice of redemption options, convenience, status, or exclusive benefits.

Deloitte Digital



> TRANSACTIONAL VALUE IN PRACTICE:

Debenhams Beauty Club

Debenhams' growing list of beauty brands means it's now one of the easiest places to shop both established and up-and-coming names in the beauty world. **Beauty Club** members collect points with each purchase, which they can redeem for their favorite products. Additionally, Beauty Club members receive special offers and early access to the latest product launches.

Debenhams

- Free to join
- 3-tier program with tier-specific rewards
- New members receive 500 points on sign up

Tier-based value

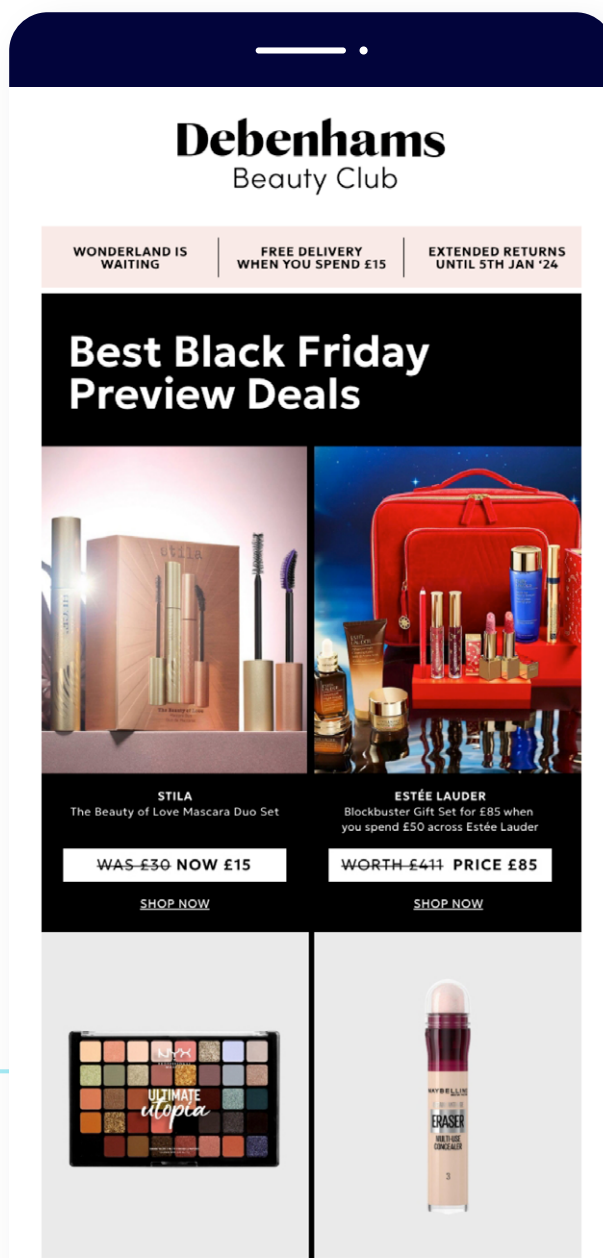
Debenhams Beauty Club is a tier-based loyalty program. In tier 1 (Enthusiast), members receive 3 points for every £1 spent, rising to 5 points in tier 3 (Icon). The more points shoppers collect, the more they move up the ranks – building attitudinal loyalty towards Debenhams.

Birthday discount

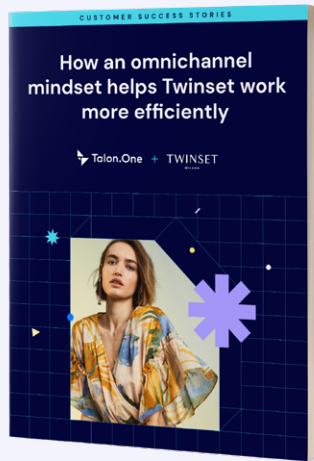
Birthday discounts are popular but powerful rewards, adding an extra touch of joy to members' special days. Enthusiast, Pro, and Icon members receive 10%, 15%, and 20% discounts, respectively, to apply to a single transaction around their birthday.

Early access to deals

While not transactional in nature, this offer holds strong appeal for members, **granting them early access to exclusive deals** and the opportunity to reap the associated discounts.

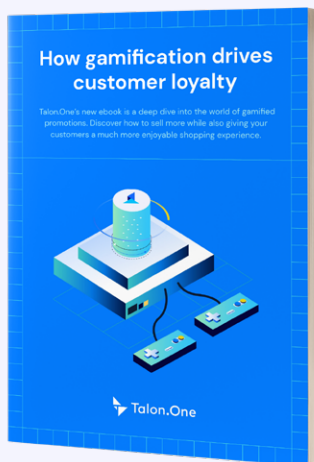
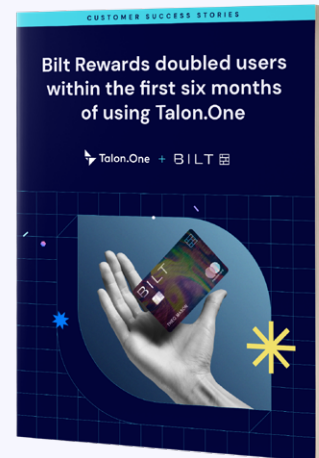


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