

## **Loyalty Management - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029**

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### **Report description:**

The Loyalty Management Market size is estimated at USD 11.98 billion in 2024, and is expected to reach USD 26.78 billion by 2029, growing at a CAGR of 17.45% during the forecast period (2024-2029).

A loyalty management system is a marketing automation software used to develop, oversee, and evaluate the effectiveness of loyalty programs. Solutions for loyalty programs can be integrated into the company CRM system as a built-in feature or as a separate platform. The information required to operate customized loyalty programs is retrieved from data sources through API, and the chosen front-end receives the information from the loyalty software.

#### Key Highlights

- The loyalty programs aim to establish consumer engagement to understand and influence their purchasing behavior. Factors such as the rising expansion of the e-commerce and retail market and the shift toward a consumer-centric approach by business organizations are primary factors driving the market's growth. The increasing penetration of smartphones worldwide and improving internet services have facilitated easy access to the Internet, encouraging market growth across regions.
- According to Antavo Global Customer Loyalty Report 2023, which surveyed 260 corporate individuals, 88.5% of respondents trust loyalty programs to overcome the inflation crisis and potential recession. 67.7% of respondents plan to increase or significantly increase their investments in customer retention. 80.0% of companies that measure the return on investments (ROI) of their loyalty programs reported a positive ROI with, on average, 4.9 times more revenue than their expenses. Such positive responses state that the demand for loyalty management tools would increase over the forecasted period.
- Furthermore, 78.6% of respondents with a current loyalty program are likely to revamp their program, a seven-percentage point

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increase over last year. The average annual spend of customers who redeem personalized offers is 4.5 times higher than those who have never taken advantage of such requests. Strategic partnerships, linking payment cards to loyalty programs, and supporting ESG (Environmental, Social, and Governance) causes were identified as top trends for the following years.

-Ongoing digitalization and the increasing importance of enhancing consumer experience are shaping the loyalty management market. The emergence of innovative technologies such as artificial intelligence and machine learning aids in understanding consumer preferences. These technologies can project purchase probability, customer loyalty, and estimated revenue generation. In addition, the trend of personalization and customization can increase buyer satisfaction, and the conversion rate of potential buyers is also propelling market growth. The adoption of Loyalty management increases both loyalty and sales. It predicts the risk of leaving and shifting from a particular product.

-A lack of awareness about loyalty programs can hinder the growth of the loyalty management market. It has been observed that many members of loyalty programs lack an understanding of their point balance and the absence of a redemption goal. To overcome this, marketers are creating awareness by building up expectations before the launch of a product concerning the loyalty benefits. However, companies focus on product marketing/promotion rather than creating awareness about loyalty benefits, thus restricting the market's growth.

-In the post-pandemic scenario, loyalty programs are having a renaissance in providing this entrenched brand attachment. For instance, in November 2022, Enterprise Loyalty Cloud platform Antavo successfully closed its Series A round at EUR 10 million (~USD 10.86 million) led by Euroventures alongside Lead Ventures, Europe and Innovation Nest and private investors, including Zoltan Vardy, empowering the company to develop its best-in-class software as a service (SaaS) platform.

## Loyalty Management Market Trends

### B2C to be the Largest Solution Segment

- B2C stands for business to consumer and is defined as selling products directly to consumers. B2C loyalty programs offer an effective way to engage, enhance, reward, and retain customers as well as grow a large customer base.

- Loyalty management empowers B2C organizations in any industry to build stronger customer relationships through connected, experiential loyalty programs. Due to businesses' growing emphasis on customer-centric solutions, the need for loyalty management has rapidly increased over the past few years.

- Furthermore, businesses in the B2C sector focus on designing a unique program that fits the business needs, engages customers with meaningful experiences, and gathers program insights to help businesses drive value for the organization. Additionally, business-to-consumer markets work more on emotions. Consumers are more interested in the product's benefits and want the marketers to tell how their product or services will help them derive benefits personally.

- The growing penetration of smartphones worldwide led B2C market players to offer rewards systems on smartphones. Additionally, to engage consumers, more businesses need to incorporate all functions, from document uploads to redeeming rewards, which should be intuitive and stable and be available on mobile. This has led to the adoption of loyalty management solutions in the B2C sector.

- Additionally, the growing penetration of smartphones in B2C loyalty programs is forcing market vendors to develop more enhanced smartphone-oriented programs. Smartphone-oriented loyalty programs will help B2C companies collect data, provide a smoother customer journey, and engage and retain consumers. Furthermore, a smartphone-based loyalty management platform will enable the consumer to access their order history, points, special offers, rewards, and loyalty cards digitally at any place and at any time.

### Asia Pacific to Register Major Growth

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- According to the Bank of Thailand, in 2022, the volume of internet banking transactions in Thailand amounted to around 603.8 million transactions, an increase compared to the previous year. In 2022, the volume of mobile banking transactions in Thailand amounted to around 22.8 billion, a distinctive increase compared to the previous year. Such a huge number of transactions would push financial institutions to deploy new loyalty programs to retain their customers, which proportionately would drive the demand for the market studied in the region.
- The various Indonesian industries are collaborating with loyalty management tool firms to retain customers and capture the market share. For instance, in December 2022, GetPlus, Global Poin Indonesia's B2C multi-brand loyalty and customer management program, collaborated with Antavo Enterprise Loyalty Cloud to improve its one-stop rewards solution and align with modern customer needs. GetPlus is a mobile app-based union loyalty program in Indonesia that is free for customers. GetPlus users can earn and redeem GetPlus Points at various in-store and online partners, including eCommerce stores, grocery stores apparel brands, travel partners, entertainment brands, food & beverage establishments, and more.
- The loyalty and rewards programs industry is a growing market across Malaysia. The demand for loyalty programs has surged significantly among consumers throughout the region; as a result of this increasing demand among Malaysian consumers, loyalty and rewards programs are being adopted by several brands across various industry verticals, which are using it as a tool for consumer retention and further developing a sustainable relationship with customers in the country.
- China is one of the prominent regions in the Asia-Pacific region. The country is also the hub of many unicorn firms, with the rise in the startups and online shoppers in the region driving local and international firms to come up with new loyalty programs so that they can increase their market share in the region and expand their business in the other parts of the world.
- The popularity of loyalty programs among consumers is being used by everyone from telecom companies to e-commerce sites to convenience stores in Japan to propel their growth and additional revenue. Notably, hospitality groups are forming strategic alliances with suppliers of loyalty programs to have immediate access to members, enabling them to grow their market share in the nation.
- Other major Asian-Pacific countries with a huge scope for implementing loyalty management in various business sectors include South Korea, Sri Lanka, the Philippines, and New Zealand. Like many other countries in the region, membership cards and mobile applications are the most used means of loyalty management.

#### Loyalty Management Industry Overview

The loyalty management market is very competitive in nature. The market is highly fragmented due to the presence of various small and large players. All the major players account for a large share of the market and are focusing on expanding the consumer base globally. Some of the significant players in the market are Kognitiv Corporation, IBM Corporation, Oracle Corporation, Comarch SA, and SAP SE, among others. The companies are increasing the market share by forming multiple partnerships and introducing new solutions to earn a competitive edge during the forecast period.

In July 2023, Maritz Motivation collaborated with Bumped, the fintech startup powering brands to reward its customers in stock. Maritz Motivation is the first loyalty channel provider to offer stock rewards via Bumped's platform and will continue to move the industry beyond traditional tips and into the next generation of loyalty programs. Together, Maritz Motivation and Bumped will power consumer brands to reward customers in fractional shares of stock and democratize the stock market creating more significant financial equity.

In March 2023, customer relationship management software firm Salesforce launched Salesforce Web3, a non-fungible tokens (NFT) management platform to help its clients create token-based loyalty programs. Businesses can mint and sell NFTs, monitor blockchain activity, and view real-time customer data on Salesforce Web3, launched with subscription tiers. The rollout comes after a pilot program of 257,000 transactions with Salesforce clients such as whisky brand Crown Royal, clothing brand Scotch & Soda, and Mattel, the toy company behind Barbie and Hot Wheels.

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