The Strategist's Guide to Loyalty.

Recognition · Access · Programmes That Actually Work

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The Problem With **Loyalty.**

Before designing any mechanic, ask the question most brands skip: *what is it actually for? actually for?*

US$792.9M

Singapore loyalty market projected to reach by by 2029 at 12.1% CAGR

ResearchAndMarkets, 2025

49%

of executives say their loyalty initiatives are very or extremely effective

Talon.One / HBR, 2024

> The gap between ambition and execution is not a technology problem.
> problem.
> ***It is a design problem.***
> *The Strategist's Guide to Loyalty · Vertis, 2026*

Most loyalty programmes were built to solve a **conversion problem**, not a relationship problem. They offer points that accumulate but rarely redeem, discounts that train customers to wait for the next promotion, and tiers that reward spend rather than recognise people.

The question most brands ask is: how do we improve our loyalty programme? The better question is: *what is it actually for?*

This guide starts with what customers trade, what they need back, and **what makes a programme worth their trust**. The mechanics follow from that.

The Value Contract.

Before designing any mechanic, understand what customers actually trade — trade — and what they **expect** in return.

Attention

They agree to receive communications and engage with the programme.

Identity

They log in, share data, and allow their behaviour to be tracked and used.

Consolidation

They direct spend toward one brand rather than spreading it.

Advocacy

At the top of the loyalty curve, they refer and become your most credible marketing.

What you trade back

Economic value

Discounts, credits, free items. Reduces the cost of transactions.

Experiential value

Status, access, priority priority service. Changes how the relationship feels.

Cognitive value

Simplicity, clarity, reliability. The value of a of a programme that just works.

Most programmes over-invest in economic value. The better lever is almost always friction or friction or fairness — not a bigger offer.

Perceived Value − Friction − Unfairness = Participation

Friction — how hard is it to join, earn, and redeem? Does the offer apply at checkout, or does it fail silently?

Fairness — do the rules feel consistent and transparent? Do customers discover discover exclusions at the moment they try to redeem?

Diagnostic:
"Our programme gives customers [X value] in exchange for [Y behaviours], with [Z simplicity and simplicity and fairness]." If your team cannot agree on all three — the programme needs needs foundation work before mechanics work.

Four ways the value contract breaks down

Failure mode	Signal	Fix
Hidden rules	High CS ticket volume on eligibility; 'voucher didn't work' complaints	Plain-language rules. Show eligibility before checkout.
Slow first reward	Low engagement in first 14 days; low low second-purchase rate	Design a specific first-win moment. Track Time-to-First-Value.
Bribing loyal customers	VIP churn rate similar to general cohort; high discount dependency at top tier	Rebalance top-tier value toward toward status, access, and service. service.
Confusing redemption	Low redemption rate; attempt-to-success rate below 95%	Make value legible in real money. money. Prefer auto-apply. Fix redemption first.

The Loyalty Hierarchy.

Some value moves customers to buy. Some moves them to stay. Confusing the two is where two is where most programmes go wrong.

THE FLOOR

Transactional value

Discounts · Points · Free items

Gets customers in. Works for prospects. Not sufficient on its own.

THE CEILING

Relational value

Recognition · Access · Service

Keeps customers who already trust the brand. Costs less at scale. The only value that genuinely differentiates.

40%

of a brand's perceived value is driven by driven by non-price factors.

Deloitte, 2025

83%

of loyalty programme owners report report positive ROI, avg 5.2× return. return.

Antavo, 2025

71%

of loyalty programmes fail to boost growth — transactional, not relational.

Kantar, 2024

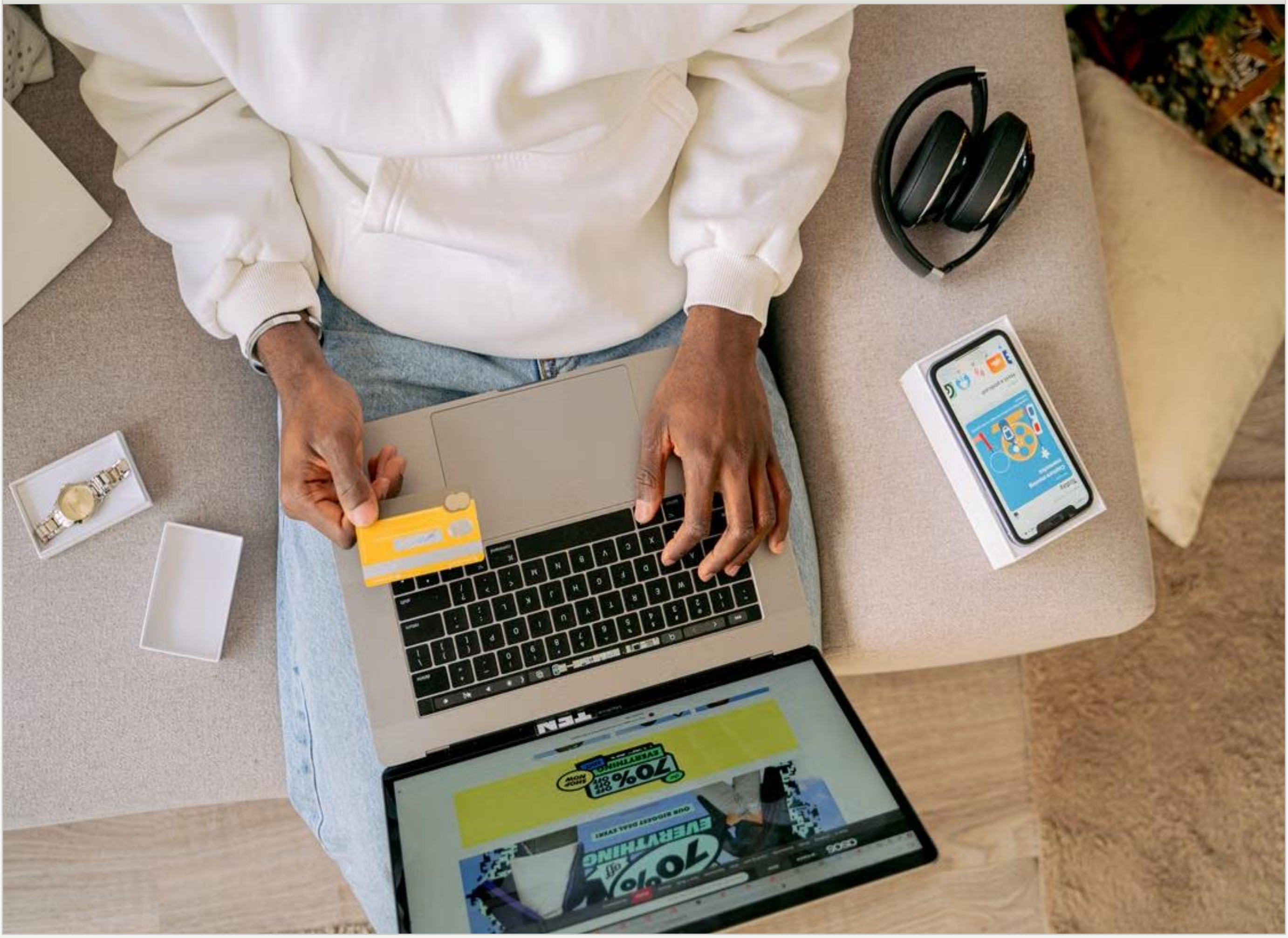
> ***For premium brands, discounts don't just fail to retain — they actively damage damage brand equity.***
>
> *The Strategist's Guide to Loyalty · Vertis, 2026*

A discount communicates: we will reduce the price to get you to buy. For a prospect, that is that is appropriate. For a customer who has bought from you for three years, it says their loyalty is loyalty is worth the same as a stranger's first transaction.

The six levers — and where they belong

Pillar	What it is	Best tier	Watch-out
Savings	% off, $ off, free shipping	Entry / mid	Trains customers to wait wait for promotions.
Progress	Points, stamps, missions	Entry / mid	Slow progress drives early dropout.
Status	Tier labels, recognition	Mid / top	Only works if meaningfully
Access	Early access, reserved inventory	Top	Must be genuinely exclusive.
Service	Priority support, faster resolution	Top	Don't promise without operational readiness.
Belonging	Community, referral recognition	Mid / top	Cannot be manufactured.

"Entry tiers earn with savings and progress. Top tiers retain with status, access, and service. When a top tier is defined by a bigger discount, that is a design failure."



Designing for the Right Customer.

A programme designed for the average customer is designed for no customer in particular.

Lifecycle mindsets

Each stage of the customer relationship has a different question the customer is silently asking. The asking. The design brief for each stage follows from that question — from prospect through to through to advocate. The same mechanic lands completely differently depending on stage. stage.

Lifecycle mindsets: design for stage, not the average. average.

Stage	What they're asking	Design brief
Prospect	Is this worth my attention?	Low friction. Fast, visible first benefit. No lengthy forms.
New customer	Did I make the right choice?	A visible win within two weeks. Progress indicators.
Active	Is this still relevant to me?	Personalised offers based on actual behaviour. behaviour. Consistency over frequency.
VIP	Am I treated as someone who has been here a long time?	Access over discounts. Recognition across all channels.
At-risk	Should I bother?	A dignified return signal — not a panic discount. discount.
Lapsed	I forgot this existed.	A reminder of what they had. Re-enrolment as low- as low-friction as possible.
Advocate	I want to tell people about this.	Recognition of their advocacy, not just their spend. spend.

Currency → Instrument → Benefit

Currency

Points, stamps, miles. The habit engine that gives customers a reason to return.

Instrument

Vouchers, store credit, codes. codes. Converts stored value value into something usable. usable.

Benefit

Discount, access, service, recognition. What they care about. Design starts here.

Design from the benefit backward.

Benefits are what customers fall in love with.

Points are what make them come back for them.

Technology carries the memory

A VIP customer should feel recognised at any store, on any channel, by any associate associate — not because every associate is exceptional, but because the system system equips them to be. Only 16% of corporations have achieved hyper-personalisation. The primary blocker is not intent, but operational readiness. readiness.

Loyalty as a System, Not a Moment.

Recognition that arrives inconsistently isn't recognition. The programmes that hold up are designed to run every day, everywhere, without anyone having to remember.

Portfolio discipline

One objective per campaign. One segment. One constraint.

Channel contracts

A programme that works on the app but fails at the POS is not a loyalty programme.

Governance

Governance is the programme's immune system. Its job is to prevent failures that compound quietly.

Channel contracts: Loyalty has to work everywhere.

Touchpoint	Must see	Must do	Must never happen happen
Point of sale	Tier status, benefits, points balance	Redeem value at checkout	Customer has to explain explain who they are.
Website / app	Full account overview, offer wallet	Browse member-only pricing	Points visible but unredeemable.
Email / push	Personalised offer, tier reminders	One-click access to act	Generic offers sent to VIPs.
In-store clienteling	Purchase history, tier, household context	Surface recommendations	Associate knows less than the email algorithm.

Governance: the programme's immune system

Risk	Signal	Prevention
Leaked universal code	Redemption spikes overnight. Code appears on social media.	Unique per-customer codes. Monitor velocity daily.
Winback trap	Reactivation rate looks healthy. Re- Re-lapse within 60 days is also high. high.	Cap winback discount depth. Measure reactivation quality, not just rate.
VIP discount spiral	Top-tier retention holding, but gross margin declining.	Design top tier around access and service. Set economic value ceiling. ceiling.
Redemption failure	Redemption rate falling. CS tickets rising.	Track success rate weekly. Below 95% = 95% = product incident.

"Redemption success rate — tracked weekly by channel — is the single most important operational metric. operational metric. Below 95% means the programme is leaking trust at the moment it matters most." matters most."

Proving
It Works.

Executives don't distrust loyalty because they dislike loyalty. They distrust it because loyalty teams report *the wrong metrics.*

Causality

Did incentives cause incremental revenue and retention, or merely correlate with it?

Profitability

Was the programme net-positive after all incentive and operational costs?

Repeatability

Can it run again without margin decay or damage to customer trust?

Incrementality — the measurement that matters to finance

The gold standard: a small holdout group receives no incentive. Compare their outcomes to the treatment group. Even a 5–10% holdout makes reporting defensible.

Treatment group		Holdout group		Incremental lift
18%	vs	**15%**	=	**3pp**
Received incentive		No incentive		Programme's contribution

Net Margin After Incentives

Incremental Revenue − COGS − Incentive Cost − Operational Cost

14 days

Time-to-First-Value window. No value moment moment in 14 days = typically already disengaged.

95%

Redemption success rate minimum. Track weekly by by channel. Below this, the the programme is leaking trust.

The executive scorecard

Six metrics. The first two are financial signals. The last four are operational health. health.

Metric	What it answers	Target
Incremental revenue (holdout-based)	Did the programme cause growth?	Positive vs holdout baseline
Incremental net margin after incentives	Was it profitable?	Positive within programme period
Payback period	How long to recoup the investment	Defined at launch; reviewed quarterly
Repeat rate lift vs holdout	Is it building retention?	+20–30pp at 12 months months
Redemption success rate	Is the programme operationally reliable?	≥95% at all times
Trust signals: complaints, unsubs, CS	Is customer trust intact?	Flat or declining QoQ

The Same Framework, Framework, Two Expressions.

The logic is identical. The mechanics are different. That is the point. point.

B2C EXPRESSION

Luxury Retail B2C

"I am not a VIP. I am just not a stranger anymore."

B2B EXPRESSION

Professional B2B

"This is not something I log into. This is part of how I run my practice." practice."

B2C — Luxury Retail

The challenge

A premium retailer in Southeast Asia whose loyalty lives in the memory of individual sales associates rather than in any system the business can scale. The question is not whether to build loyalty — it is how to make the loyalty that already exists visible, measurable, and portable across borders.

The design

Tier entry through recognition of existing behaviour, not enrolment campaigns. campaigns. Service entitlements replace discounts at every tier — alterations, priority alterations, priority delivery, early access. Household accounts recognise the family the family relationship. A single member record that works across countries and countries and channels.

What the customer feels:

"I am not a VIP.
I am just not a stranger anymore."

B2B — Professional B2B

The challenge

A brand whose products are specified by architects and interior designers across Southeast Asia — before the end customer makes any decision. Their definition of value is not a discount. It is time saved, work made easier, and recognition that elevates their standing in a competitive regional market.

The design

Productivity tools embedded in the portal — proposal generators, specification libraries, BIM assets — making the platform indispensable before points are relevant. Attribution closed-loop from specification through to confirmed order. Tier progression at firm level. Co-branded project case studies, CPD event access.

What the customer feels:

"This is not something I log into. This is part of how I run my practice."

vertis.

What It Actually
Takes.

What makes it real is the organisational conditions that allow a programme to programme to be built and sustained.

1 **One champion**

A single person who owns the programme — not a committee. Someone with the Someone with the authority to make decisions and the proximity to carry the the brand's intent.

2 **Honest alignment**

Every service entitlement has a real cost. The conversation about what the brand is genuinely willing to deliver at each tier has to happen before the build.

3 **Start in one place**

Launch in a single store or market, with a defined group of existing customers, and customers, and learn before scaling. Each phase earns the next.

Vertis holds both the strategy and the system — the team that knows what the programme should feel like and how to make it run that way every day, across every channel, without anyone having to remember.

Strategy and systems, together.

Vertis is a customer experience and loyalty consultancy headquartered in headquartered in Singapore. We work with brands across Asia to design, build, design, build, and run programmes that earn genuine customer relationships relationships — not just transactions.

Strategy

We define what loyalty should mean for your brand — what it should cost, what it should earn, and what it should feel like at every tier.

Design

We design the mechanics, the value exchange, and the service model that turns strategy into something customers notice.

Systems

We build and run the technology, governance, and measurement infrastructure that makes the programme work every day.

Want to talk about your loyalty programme?

Scan the QR code or visit us at

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info@vertis.digital

Sources & References

All benchmarks cited as they appear in referenced sources. Market sizing figures reflect most recent published estimates at estimates at time of writing.

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