



Customer Loyalty and Engagement Software Market Overview

June 2025

I. GLOBAL MACROECONOMIC OUTLOOK

According to the IMF’s long-term projections, global growth is expected to remain moderate in the coming years, with **APAC continuing to account for the largest share of global GDP**. However, North America is projected to outpace EMEA and APAC in growth, with a CAGR of 5.2% from 2024 to 2029, compared to 4.5% for APAC and 4% for EMEA.

Technological advancements, especially in cloud adoption, artificial intelligence, and digital transformation, will reshape the global economic landscape. While these innovations will drive the emergence of new industries, they may also disrupt traditional sectors, necessitating significant adaptations in workforce skills and economic policies. These shifts will also redefine consumption patterns, with rising demand for personalized tech-enabled services in developed markets and scalable, affordable digital solutions in emerging economies.

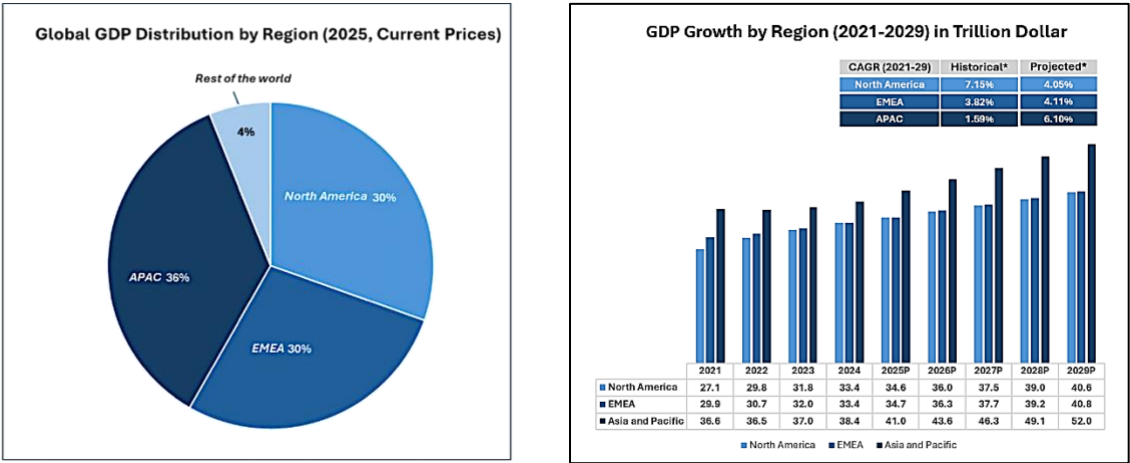


Fig 1: Global GDP distribution by regions in current prices

Fig 2: Overall GDP growth by regions for the period 2024-2029

Source : IMF

GLOBAL DRIVERS OF CHANGE

With digital acceleration, evolving trade dynamics, and SaaS-led disruption redefining GDP trajectories, businesses are capitalizing on new consumption patterns, rising disposable incomes, rapid technology adoption, and cross-border digital expansion

A. Global Consumption Growth

- a. Increasing Disposable Income Across the Globe** - Over the past decade, global disposable income levels have been rising, particularly in emerging markets like India, China, and Southeast Asia. (Source : OECD, World Bank, Zinnov Analysis)

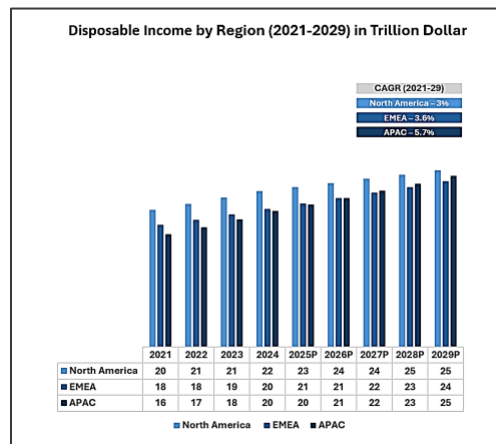


Fig 3: Disposable Income of North America, APAC and EMEA for the period 2021-2029

This rise is fueled by –

- **Economic Expansion through Job Creation & Increased Wages:** Global unemployment remained steady in 2024 at a historical low of 5%, which is set to stay in 2025, as reported by International Labor Organization.
- **Increasing Urbanization and Middle-Class Expansion:** More than half of the world's population, almost 4.4 Bn people lived in urban areas in 2023. This shift is set to continue, with the urban population expected to more than double by 2050. [World Bank Group](#)
- **Increase in Low Dependency Population:** According to the United Nations, nearly 50% of the global population falls within the 25–65 age bracket—a low-dependency, economically active group whose rising incomes and lifestyle aspirations are set to drive sustained demand across sectors like housing, mobility, healthcare, and digital services. [United Nations](#)

b. Growth in consumption enabling the boost in the consumer-driven industries -

- **Increase in final consumption expenditure:** According to the World Bank, final consumption expenditure has recorded a cumulative increase of 10% over the past two years, indicating a sustained recovery in household demand. [World Bank](#).
- **Growing economic influence of middle class:** According to a report by the Bureau of Labor Statistics, individuals falling in the third and fourth income quintile which represents middle class experienced ~ 6.5% increase in expenditures, notably higher than the global average increase of around 5%.

c. High Growth in Internet and Smartphone Adoption and E-commerce - From seamless mobile transactions to AI-driven personalization, e-commerce is becoming a dominant force in the global economy, reshaping how businesses engage with customers and driving new levels of digital consumption. The graphs below represent the growth of internet and smartphone users, the e-Commerce market, and the growth of drivers across the three regions.

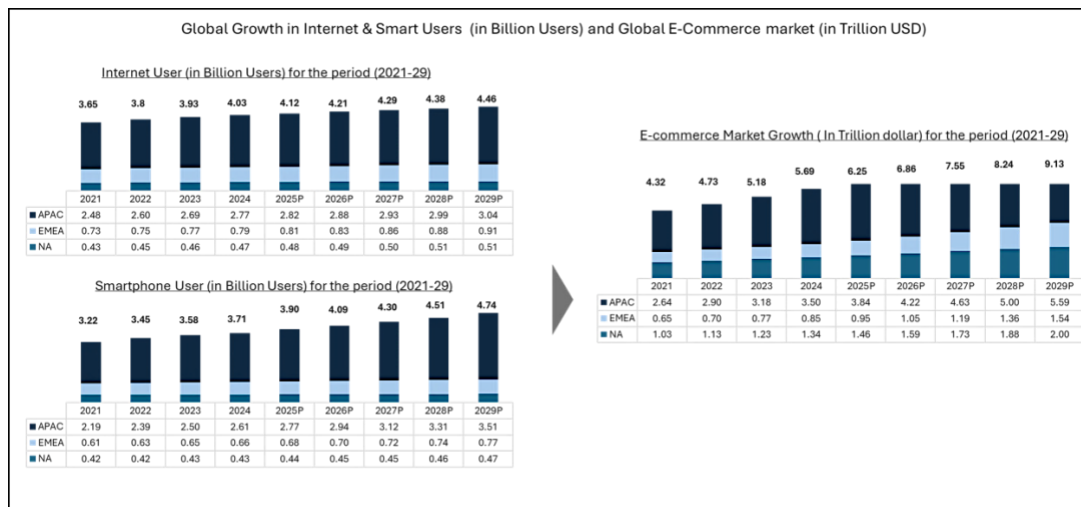


Fig 4: Global Internet & Smartphone penetration (Users)(in Million Users) and E-commerce market (in Trillion dollar) for the period 2021-2029

Global internet user growth is expected to steadily rise from **3.7 bn** users in 2021 to **4.5 bn** users by 2029. The year-over-year growth in internet users is relatively consistent, with a gradual increase of approximately **0.1 bn users annually**. Growth is strong in smartphone adoption, especially in emerging markets, as the number of smartphone users continues to increase yearly. Asia-Pacific (APAC) remains the largest market for e-commerce, showing the highest growth, expected to rise from **\$2.6 Tn in 2021 to \$5.6 Tn by 2029**.

B. Large Scale Digitization

- a. **Rising Digital Economies-** A growing digital foundation is reshaping economies, with around 3/4th of the world population owning a mobile phone ([ITU](#)). The number of connected devices on the Internet is projected to reach 50 billion as early as 2025, underscoring the expansion of always-on digital infrastructure, enabling seamless consumer experiences, smart environments, and real-time data ecosystems. [International Telecommunication Union](#).
- b. **Accelerated Digital & Technology Adoption Globally** - [The World Economic Forum](#) says rapid adoption of digital technologies is reshaping industries and driving economic growth, with **70% of global GDP growth over the next five years** fueled by digitalization. 170+ countries are implementing national digital transformation strategies.
 - o **Policy & Ecosystem** – [The European Union](#) has advanced its digital transformation agenda through the Digital Decade Policy Programme 2030. Similarly, the [U.S. CHIPS and Science Act](#) invested \$280 Bn on bolstering semiconductor and digital innovation, [China's 14th Five-Year Plan](#) emphasizes digital economy development, and [India's Digital India](#) initiative is accelerating digital infrastructure, inclusion, and e-governance

II. GLOBAL CONSUMER INDUSTRY OVERVIEW

The global consumer landscape is evolving rapidly, shaped by shifting demographics, digital adoption, and the growing importance of customer engagement.

This section provides an overview of the scale and dynamics of **seven key consumer-driven industries**—**Retail, Quick Service Restaurants (QSR), Energy, Travel & Hospitality, BFSI, Healthcare, and Consumer Packaged Goods (CPG)** and long-term growth potential.








Industry Vertical	Definition	Sub-Verticals
 Retail Goods and Services	Retail goods sold in-store, online, and via catalogs, covering both durable (long-lasting) and non-durable (frequently purchased) goods	Fashion & Apparel, Department Stores, Convenience Stores, Consumer Electronics, Furniture, Luxury Goods, Pharmacy & Wellness, etc.
 Healthcare	Businesses offering medical and wellness services, including hospitals, and digital health solutions.	Hospitals & Clinics, Telemedicine, Health Insurance, Wellness & Fitness.
 Travel & Hospitality	Industry focused on providing accommodation, transportation, and food services for business and leisure travelers.	Hotels & Lodging, Airlines & Railways, Cruises, Car Rentals, Food Services, OTAs.
 Consumer Packaged Goods (CPG)	Fast-moving consumer goods (FMCG) that are frequently purchased, including food, beverages, household, and personal care products.	Food & Beverages, Beauty & Personal Care, Household Goods, Health & Hygiene Products.
 Quick Service Restaurants (QSR)	Food service outlets providing meals with minimal preparation time and quick delivery through counter service or drive-thru.	Fast-food chains, Cafeterias, Small Table Services, Takeaway & Delivery-focused Brands, Cloud Kitchens.
 BFSI (Banking, Financial Services & Insurance)	Sector covering retail banking, insurance, and financial products such as credit cards catering to both individuals and businesses.	Retail Banking, Digital Payments, Credit Cards, InsurTech.
 Energy	Energy, including oil, natural gas, and electric charging, consumed for both domestic and commercial vehicle use.	Retail Fuel Gas Stations, Fleet Fuel Solutions, Home LPG & CNG Fuel, EV Charging Networks.

Fig 5: Definition and Overview of consumer facing industry verticals

Growth Drivers Across Consumer-Facing Industries

- 1. Urbanization and Demographic Shifts** - According to the [World Bank](#), **56% of the global population**—around **4.4 billion people**—now live in urban areas, a figure expected to more than double by 2050. This urban shift, coupled with the rise of a young, fast-paced working population, is fueling demand for quick, on-the-go products.
- 2. Increased Personalization** – Companies are increasingly focusing on **personalized customer experiences** and are moving away from more traditional methods. Companies that have implemented these technologies have reported higher conversion rates emphasizing the importance of this switch.
- 3. Increased Consumer Spending** - With consumers allocating more of their **discretionary income** to non-essential goods and services, there has been a noticeable boost in demand across sectors like **retail, dining, and entertainment**, contributing to overall growth in the consumer-facing industry

4. **Rise of Smaller Households** - As family sizes shrink, there is a growing demand for **personalized, convenient solutions** in sectors like personal technology, home appliances, and on-demand services, leading to increased spending across consumer-facing industries.
5. **Accelerated Digital Transformation** – AI, automation, and data analytics are optimizing supply chains, and driving hyper-personalized marketing strategies. **In Retail**, for instance, [Eurocis-Tradefair](#) has forecasted that over 10,000 autonomous checkout stores globally will streamline operations and improve customer satisfaction. Tools like electronic health records, telemedicine, and mobile health apps are transforming how healthcare is delivered.
6. **Digital Payments across Segments** – In recent years, the rise in cashless transactions has grown by [~10% in advanced economies and ~18% in emerging markets](#), is revolutionizing the consumer landscape. This increase in digital payments is fueling growth for consumer-facing industries by enhancing convenience, speeding up transactions, and enabling seamless interactions for consumers, ultimately driving higher spending and engagement.
7. **Omnichannel Experience & Quick Commerce** – Omnichannel enablement is a key growth driver, enhancing customer experiences by seamlessly integrating online and offline touchpoints. The rise of quick commerce- offering delivery within minutes- is amplifying this trend, driving engagement and conversions through unprecedented convenience across consumer-facing industries .
8. **Embedded Ecosystem Partnerships** - Cross-industry partnerships are enabling growth in consumer-facing industries by integrating services and creating new touchpoints and revenue streams across sectors like e-commerce, technology, finance and retail.

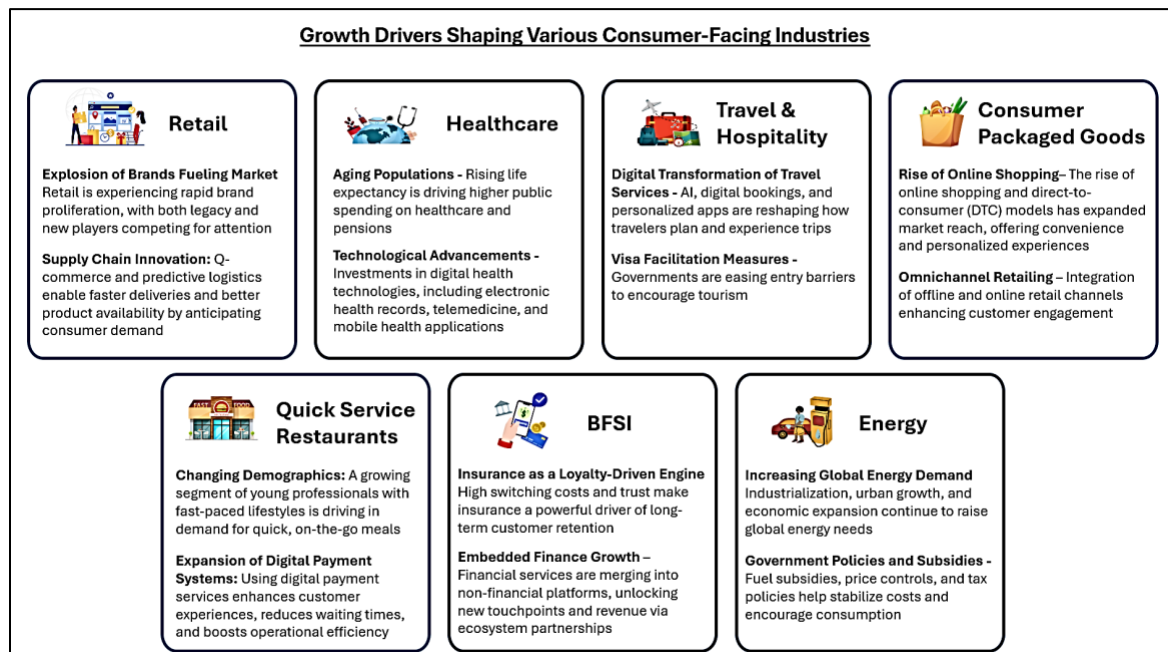


Fig 6: Key growth drivers shaping various consumer facing industries

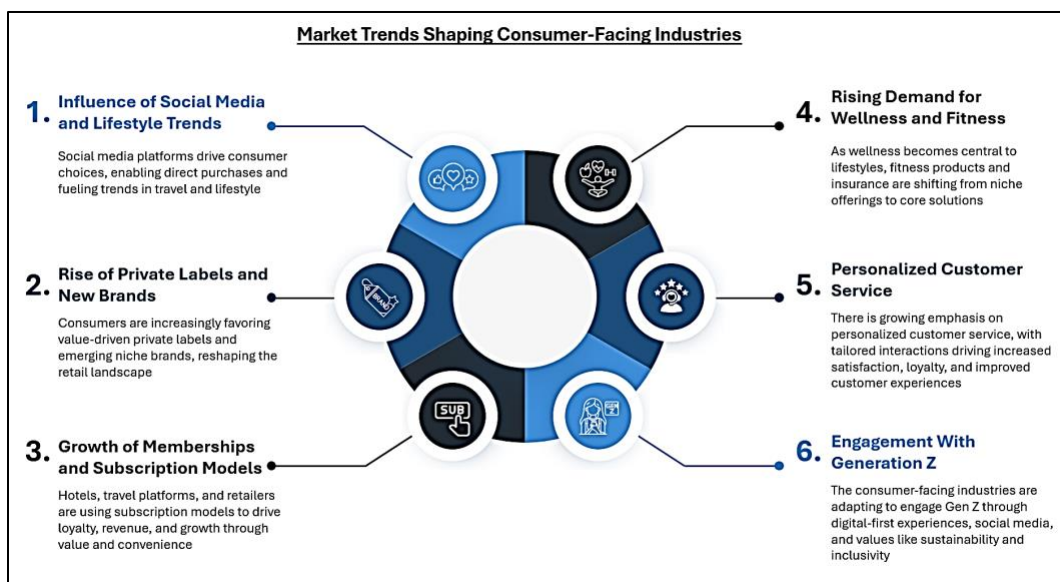


Fig 7: Market trends shaping consumer facing industry verticals

Growth in Market Size of Consumer Facing Industries

Driven by the key trends and growth drivers outlined earlier, consumer-facing industries have experienced notable expansion in market size. The ongoing shifts in urbanization, digital transformation, and consumer behavior have contributed to the growth of sectors like retail, healthcare, travel, and more. This chart illustrates the evolution of multiple industries within the consumer-facing space, highlighting their growth over time.

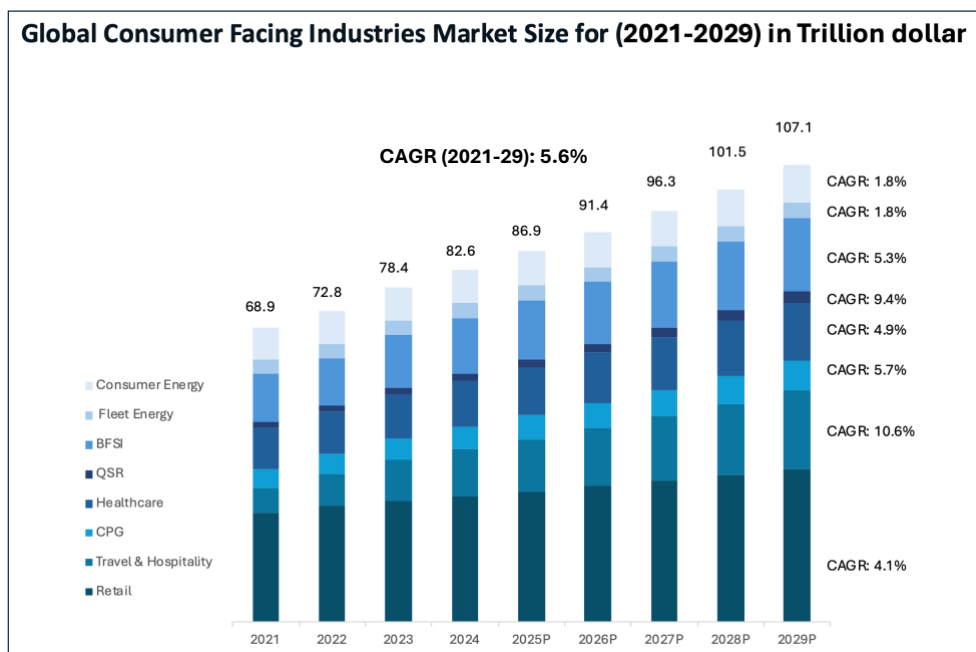


Fig 8: Split of Consumer Facing Industries - Market Size

*Note: The Travel and Hospitality CAGR has been calculated using pre-pandemic growth rates assuming a post pandemic normalization. The BFSI market size only includes retail banking, digital payments, InsurTech, and credit cards

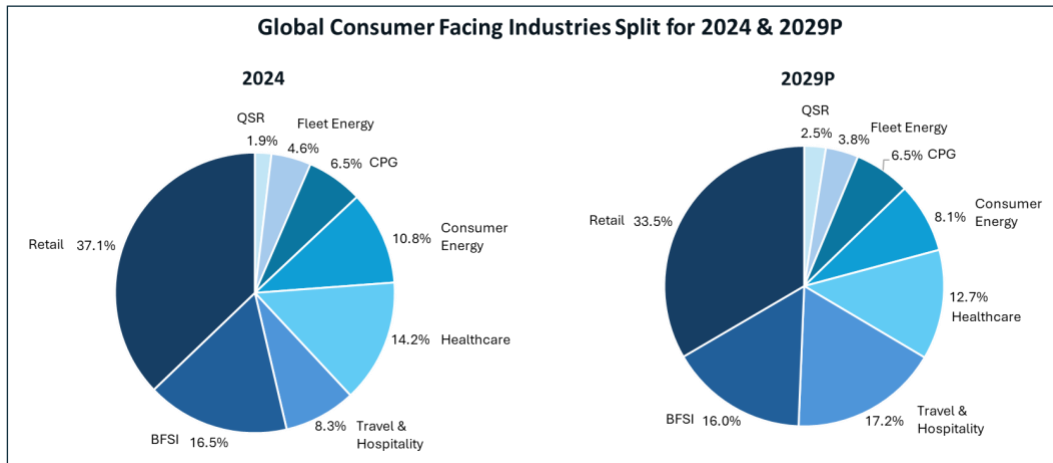


Fig 9: 2024 and 2029P Split of Consumer Facing Industries

III. CUSTOMER ENGAGEMENT AND LOYALTY

In today's competitive landscape, consumer industries are grappling with several challenges related to acquiring and retaining customers while trying to maximize the returns on their investments. As traditional methods no longer guarantee long-term success, businesses must rethink their approaches to customer engagement, focusing on improving Lifetime Value (LTV) and optimizing retention to offset rising costs.

Challenges Faced by Consumer Industries in Maximizing Customer Returns: A Focus on Acquisition and Retention

- a. **Higher Customer Acquisition Cost (CAC)** - With CAC steadily increasing, businesses are shifting focus from pure acquisition to customer-centric metrics like NPS, retention, and lifetime value. In 2025, [Forbes](#) reported that e-commerce brands were losing **USD 29 per new customer**, reflecting a decade-long CAC surge. It is now significantly more expensive to acquire a new customer than to retain an existing one, with loyalty program members demonstrating **15% to 40% higher Customer Lifetime Value (CLTV)** compared to non-members. As customer acquisition costs steadily rise, businesses are shifting their focus from pure acquisition strategies to customer-centric metrics such as Net Promoter Score (NPS), retention, and LTV.

A study by [Optimove](#) indicates that acquiring a new customer can be **five times more expensive** than retaining an existing one. A study by [Shopify Inbeat](#) suggests that costs vary by sector—**USD 127 in Health & Beauty, USD 377 in Electronics**, and reaching up to **USD 784 in Financial Services**- making retention strategies more critical than ever for sustainable growth.

- b. **Limitations of Organic Growth** - Another challenge is the inherent limitations of organic growth in customer acquisition. While organic growth relies heavily on factors like word-of-mouth, SEO, and social media presence, it becomes difficult to scale without heavy investment in marketing. Companies may struggle to achieve meaningful customer acquisition, upselling, or engagement without consistently spending on new initiatives to capture attention. This highlights the growing need for personalized, data-driven engagement to foster long-term loyalty and maximize customer returns.

Industry	Organic Growth Limitation	Impact
Retail	Heavy reliance on paid advertising for customer acquisition instead of repeat purchases	Brands spending more on acquisition rather than retention and repeat
CPG	Struggles to increase purchase frequency or expand product adoption	Limited cross-selling of new products to existing customers
QSR	Inability to drive repeat visits beyond promotions	Dependency on discounts rather than habit formation
Energy	Few ways to retain customers without pricing incentives	Customers switching based on price differences
Travel & Hospitality	Over-reliance on seasonal spikes rather than year-round engagement	Hotels dependent on peak seasons instead of loyalty programs
BFSI	Struggles to deepen wallet share of existing customers	Low cross-selling of wealth management or credit card upgrades
Healthcare	Low patient retention beyond episodic care	Patients not engaging in preventive care programs

Fig 10 : List of organic growth limitations by industries

c. Changing Consumer Behavior –

- **Economical Pressure** – Few economic challenges indirectly have led consumers to seek value through loyalty programs. For example, in Australia, households have increasingly used the **Flybuys** loyalty scheme to offset grocery costs amid rising living expenses, leading to a 5.3% growth in membership.
- **Personalization** - Customers demand **personalized tailored rewards** based on their buying behavior. For example, **Starbucks Rewards** leverages AI to offer hyper-personalized discounts based on past orders.
- **Instant Gratification** - Waiting months to redeem points is outdated. Instant cashback or tier-based perks increase engagement.
- **Emotional Connection & Brand Values** - Many consumers now prefer programs that align with sustainability, social responsibility, or personal interests.

d. Industry Wide Customer Retention Challenges - Customer retention continues to be a pressing challenge across industries, with each sector experiencing unique pain points that hinder sustained engagement. Retention isn't just about reducing churn—it's about building enduring, personalized relationships at scale.

- **Retail & CPG** – Fragmented offline-online engagement and limited D2C touchpoints hinder consistent brand experiences.
- **QSR** – Intense price wars and evolving tastes render traditional loyalty models ineffective. Dynamic, gamified, and personalized engagement is needed to drive repeat visits and relevance.
- **Energy** – With pricing regulation and commoditized offerings, differentiation is tough. Loyalty must extend beyond fuel—through C-store tie-ins, cross-category engagement, and personalized offers.

- **Travel & Hospitality** – Seasonal demand swings and external shocks strain loyalty. Emotional loyalty built on hyper-personalization, lifecycle communication, and seamless omnichannel engagement is essential.
 - **BFSI** – Legacy players face churn amid digital-first competition, trust gaps, and commoditized products.
 - **Healthcare** – Fragmented care journeys, complex insurance, and rising expectations challenge loyalty.
- e. **Omnichannel Integration Gaps** - Fragmented customer experiences across digital (web/app), physical (in-store), and support touchpoints are a growing concern. Inconsistent branding, disconnected promotions, and lack of seamless transitions between channels can frustrate users and lead to churn. According to [Shopify](#), 73% of customers use multiple channels during their shopping journey, and any disconnect can increase acquisition costs undermining customer trust. This highlights the urgency of unified omnichannel strategies to maintain loyalty and acquisition efficiency

Role of Customer Engagement in Maximizing LTV

Considering these challenges, the importance of customer engagement becomes clear. By focusing on improving customer retention and maximizing LTV, businesses can **offset high CACs and reduce the need for expensive customer re-acquisition efforts**. Engaging customers through loyalty programs, personalized offers, and meaningful brand experiences can enhance customer lifetime value, reducing the pressure to constantly acquire new customers.

To navigate these **engagement challenges**, consumer-facing industries are increasingly turning to **marketing and technology as strategic levers**. Whether it's unlocking real-time personalization, orchestrating omnichannel experiences, or building trust through data-driven storytelling, the fusion of modern marketing and digital innovation has become mission-critical.

This shift is reflected in rising marketing investments **across sectors across regions**, as brands double down on customer-centric growth. The following chart illustrates how marketing spend has steadily increased across industries in response to evolving engagement demands.

Global Trend of Marketing Spend across Consumer Industries from 2021-2024

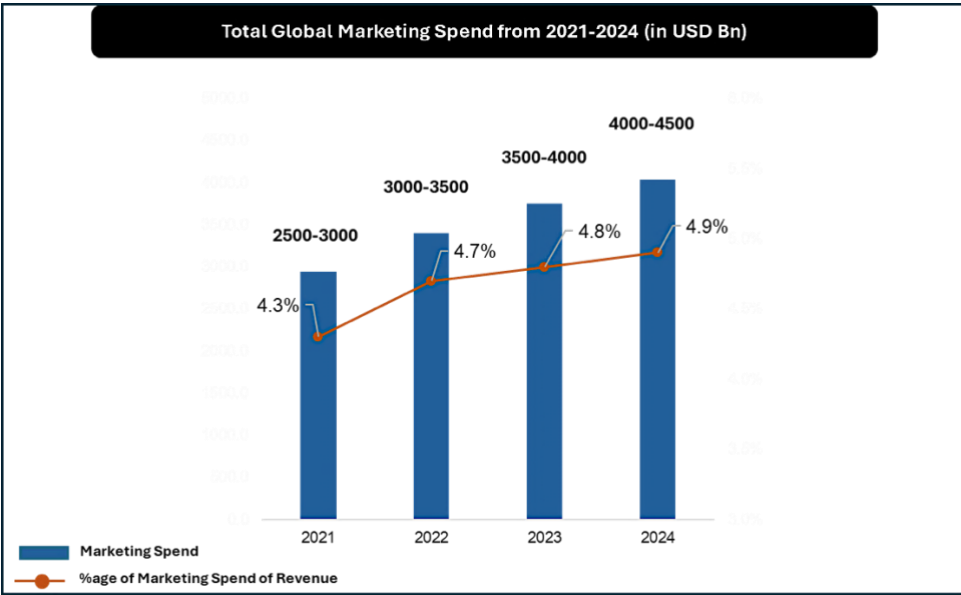


Fig 11: Global Marketing Spend from 2021-2024

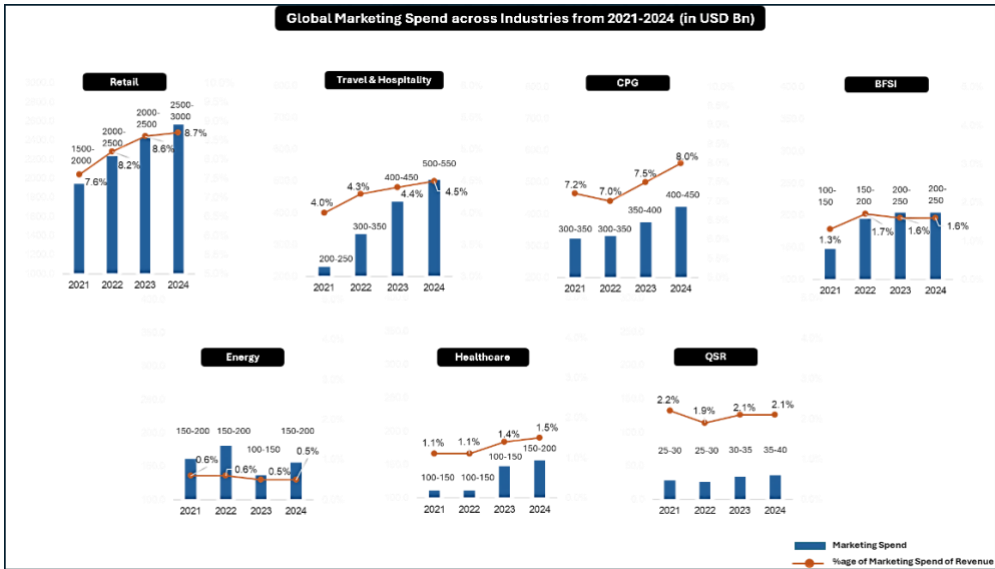


Fig 12: Global Marketing Spend across Industries from 2021-2024

As marketing investments continue to climb, organizations are realizing that traditional approaches alone can't deliver the speed, scale, or precision required in today's dynamic landscape. This is where **MarTech**—the convergence of **marketing and technology**—steps in as a game-changer. From automation and

personalization engines to customer data platforms and AI-driven insights, MarTech enables brands to move beyond mass messaging to truly intelligent engagement.

According to the [CMO Council's Loyalty That Lasts](#) report, **emotional loyalty**—characterized by trust, affinity, and attachment - has emerged as a key growth driver. The study highlights those fostering emotional connections, rather than relying solely on transactional loyalty programs, significantly boosting **customer retention** and **lifetime value (LTV)**

Marketing Technology (MARTECH) as a cornerstone for Customer Engagement

The MarTech stack illustrated here maps out the key tools supporting customer engagement across the entire funnel—from acquisition to retention. At the top, tools like SEO, CMS, and social media platforms drive awareness and traffic. In the consideration stage, automation and email tools nurture leads toward conversion. Post-purchase, loyalty programs, feedback mechanisms, and support tools strengthen retention. Underpinning all of this are foundational systems like CDPs, CRMs, and analytics platforms that unify data and power intelligent, personalized engagement at every step.

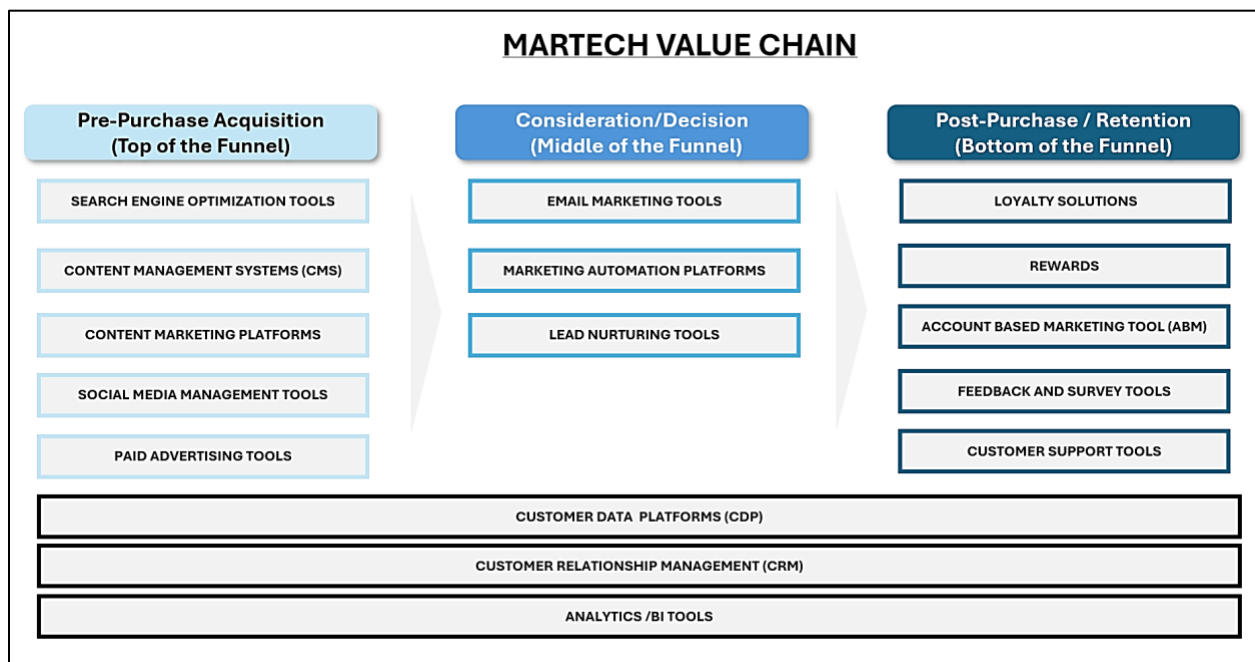


Fig 13: MarTech tools at 3 key stages of customer journey

Through tools like marketing automation, journey orchestration, push notifications, and dynamic content delivery, **brands are now able to speak directly to their customers**—at the right time, on the right channel, with the right message. The real power of this layer is in its ability to foster lasting relationships, and that's where **Loyalty Solutions come in.**

Understanding Loyalty

Consumer loyalty refers to both a conscious and subconscious preference that a customer holds toward a brand, its products, or services. The most successful loyalty programs today go beyond transactional rewards—they focus on nurturing the overall customer relationship by building trust, driving sustained engagement, and cultivating brand advocacy. Loyalty is fundamentally about engaging consumers across their entire journey and consistently prioritizing their needs.

Loyal consumers typically exhibit the following characteristics:

- Default to certain “go-to” brands across key categories
- Trust that the brand will consistently act in their best interest
- Recognize tangible value in remaining loyal to the brand
- Are not easily swayed by competing prices or availability
- Rarely explore alternative brands or options
- Are more likely to refer the brand to friends and family
- Show openness to purchasing other goods or services from the same brand
- Exhibit patience during service failures and trust the brand to resolve them
- Provide constructive feedback to help improve offerings
- Demonstrate an ongoing intention to repurchase when needs arise

Loyalty Solutions

While loyalty is rooted in customer behavior and brand affinity, **loyalty solutions represent the strategic and technological enablers** that translate that loyalty into measurable business value. Moving beyond traditional rewards like points and discounts, modern solutions aim to deepen customer relationships through personalized experiences, emotional engagement, and exclusivity—turning transactional buyers into long-term brand advocates.

In the modern MarTech stack, loyalty solutions are essential, not just as an add-on but as a **core component of a broader engagement strategy**. Integrated with other marketing technologies like CRM platforms and AI analytics, they deliver personalized, real-time interactions that drive deeper customer loyalty and contribute to sustainable business growth.

Loyalty programs have proven to be a key driver of customer engagement and brand preference, with 70% of consumers considering such programs a major factor in brand selection and 72% likely to join before their first purchase.

The strategic significance of loyalty solutions is underscored by substantial investments and measurable returns across industries. For instance, Optum leverage Capillary's solution to enhance its loyalty programs, aiming to improve patient engagement and satisfaction. Similarly, Azerbaijan Airlines partnered with Comarch to upgrade its Azal Miles loyalty program, demonstrating a commitment to enhancing customer engagement through advanced loyalty platforms.

According to the [Association of National Advertisers \(ANA\)](#), **~60% of U.S client-side marketers** (refers to professionals employed directly by brands or organizations to manage and execute marketing strategies) indicated that loyalty marketing would be more important to them in 2025. Nearly every [Fortune 500 company](#)

has implemented some form of loyalty marketing program, underscoring the widespread adoption of loyalty initiatives among leading enterprises.

Changing end-user demographics, growing expenditure on loyalty programs, rapid growth in the applications of AI and analytics, and appreciation for online reward management solutions are adding to the loyalty market growth.

Evolution of Loyalty Solutions

Loyalty programs have been around for decades, evolving through multiple phases to keep pace with changing consumer behavior. What began as simple transactional reward systems has now transformed—driven by rising customer expectations, digital acceleration, and data-led strategies—into sophisticated engagement ecosystems.

A major shift in this evolution is the decline **of traditional agency-led loyalty models and the rise of SaaS-based technology platforms** that automate, scale, and optimize loyalty management.

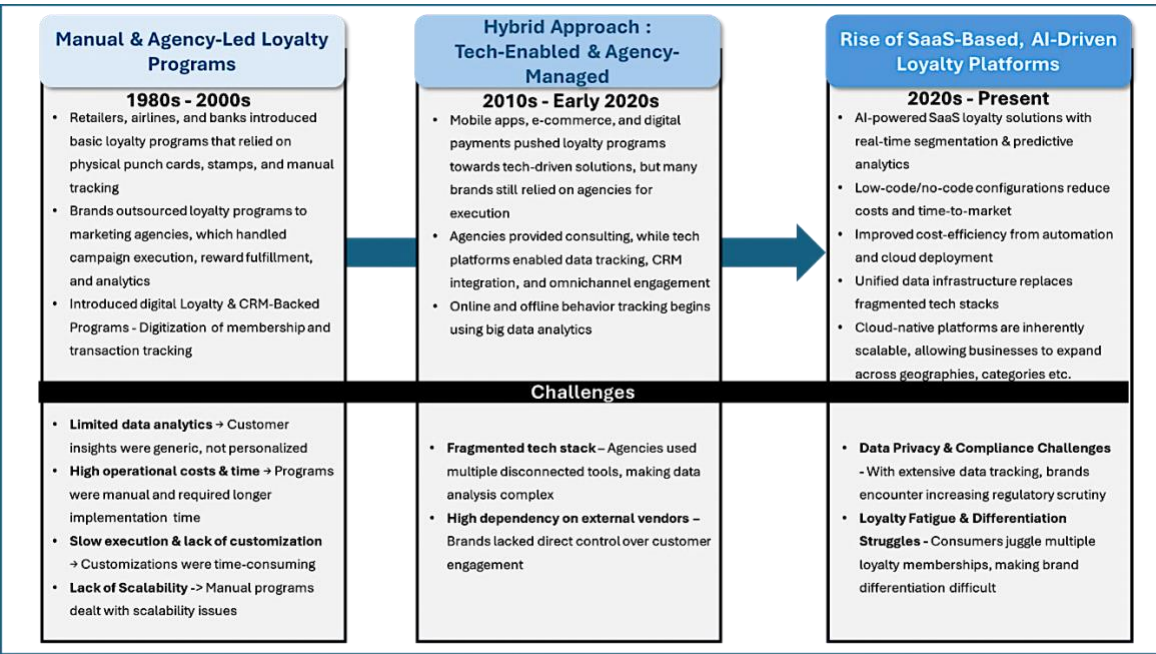


Fig 14: Evolution of Loyalty programs over decades

1. Foundational Era (Pre-1990s to Early 2000s): Manual, Agency-Led Loyalty

This phase was defined by **rudimentary, paper-based systems like punch cards, stamps, and plastic loyalty cards**. Customer data tracking was virtually non-existent, and programs were largely execution-driven, handled by **external marketing agencies**. These programs were successful in initiating loyalty thinking but lacked scalability and real personalization. Loyalty was treated as a promotional add-on rather than a strategic lever.

Technology involvement was minimal. Brands relied heavily on offline engagement, and loyalty initiatives were siloed, with little or no integration into customer journey strategies. CRM systems were just emerging but were not widely integrated into loyalty frameworks.

2. Transitional Era (Mid-2000s to Early 2020s): Tech-Enabled, Agency-Managed Hybrid Models

With the rise of digital platforms, mobile commerce, and CRM systems, loyalty programs began embracing technology—but often in a fragmented way. Brands started to **digitize their rewards, integrate CRM platforms, and track consumer behavior** both online and offline using early-stage analytics tools.

While technology allowed for greater data capture, most brands continued to depend on external agencies for strategy and campaign execution, leading to siloed tech stacks and limited agility. Big Data and early omnichannel systems enabled behavior-based targeting, but execution complexity remained a bottleneck.

3. Modern Era (2020s – Present): AI-Driven SaaS Loyalty Platforms

The current wave is defined by the **rise of cloud-native SaaS platforms and AI-powered loyalty engines**. These platforms are **deeply embedded in enterprise MarTech stacks** and are designed to deliver real-time segmentation, predictive analytics, and omnichannel orchestration.

Loyalty today is not just about retention—it is a **growth enabler**. Leading platforms leverage technologies like AI, blockchain, gamification engines, and APIs to create hyper-personalized, emotionally resonant engagement journeys. Programs can now dynamically tailor rewards based on behavioral data, predict churn, and integrate seamlessly with mobile apps, e-commerce, and CDPs.

This shift also reflects a move from external dependency to in-house orchestration, with brands gaining strategic control over customer experience.

How Technology is Powering Modern Loyalty Programs Today

With the help of advanced technologies available today, loyalty programs have evolved into sophisticated, **technology-driven engagement ecosystems**, leveraging **AI, Blockchain, IoT, and Gamification** to maximize customer retention and brand loyalty.



Fig 15: Flowchart for a technology enabled loyalty program

The journey begins with **AI-powered onboarding**, ensuring seamless enrollment and personalized customer experiences. As customers engage with brands, **AI and IoT track their transactions and behaviors**, offering dynamic, **real-time rewards and personalized offers** based on past interactions. **Blockchain secures loyalty points**, preventing fraud and enabling **interoperable rewards across multiple brands**. Gamification further enhances engagement through **challenges, tiered incentives, and streak-based rewards**, fostering **repeat interactions and deeper emotional connections with the brand**.

Type of Loyalty Program	How It Works	Example
Points-based	Customers earn points per purchase, redeemable for discounts or products	Tesco Clubcard (UK) – Shoppers accumulate points that translate into savings
Tiered System	Customers unlock better rewards as they reach higher tiers	Emirates Skywards (UAE) – Higher tiers grant exclusive airport perks
Cashback-based	Customers receive a percentage of their spending as cashback	Commonwealth Bank (Australia) – Cashback rewards on card purchases
Subscription/Membership Based	Customers pay a fee for premium benefits	Amazon Prime (Global) – Paid membership offers exclusive deals and free shipping
Coalition/Partner-based	A network of brands offering shared loyalty benefits	Nectar (UK) – Earn and redeem points across Sainsbury's, Esso, and Argos
Gamified System	Uses challenges, streaks, and milestones to drive engagement	McDonald's Monopoly (Global) – Players collect digital game pieces for prizes
Value-based	Rewards tied to customer values, such as sustainability or charity	Patagonia Common Threads (Global) – Encourages eco-friendly product use

Fig 16: Different types of loyalty programs existing in the market

Loyalty programs have evolved into powerful tools for building lasting customer relationships. Their success lies in **key characteristics that drive engagement, incentivize repeat behavior, and deepen brand affinity** across channels.

Characteristics of Modern Loyalty Programs -

- Omnichannel Engagement for Real-Time Customer Interaction** - Modern loyalty programs leverage omnichannel engagement, enabling brands to interact with customers seamlessly across multiple touchpoints in real time.
- High Scalability, Speed and Customization** – Modern SaaS powered loyalty programs are lot easier to scale based on the business needs, can be quick due to its digital nature and offers flexibility to customize or modify it real time.
- AI-Driven Personalization** - Loyalty programs leverage AI and data analytics to offer personalized rewards, recommendations, and promotions based on customer behavior and preferences.

- d. **Ecosystem & Cross-Brand Integration** - Loyalty programs are evolving beyond single-brand use cases to accommodate broader ecosystems and cross-brand networks. Platforms like Tata Neu exemplify this shift, offering a unified loyalty experience across multiple brands within a conglomerate. This approach not only deepens customer engagement but also amplifies value by connecting rewards across diverse purchase categories.
- e. **Decline of Traditional Managed Service Models:** The advent of AI agents has led to a shift from traditional, high-touch managed service models to more autonomous, AI-driven customer interactions. These agents can handle complex tasks with minimal human intervention, providing instant assistance and streamlining customer service processes. [Forbes](#) AI agents will not only recommend actions, but execute real-time campaigns, optimize reward value, and adjust journeys based on live behavior—making loyalty orchestration intelligent and self-learning.
- f. **Adoption of No-Code/Low-Code Platforms to Drive Automation:** The emergence of low-code and no-code development platforms empowers business users, or "citizen developers," to create and modify applications without extensive coding knowledge. This democratization of application development accelerates the deployment of customer engagement solutions, allowing for rapid adaptation to market changes and customer needs. [Forbes](#)
- g. **Modern Loyalty Programs Adapting to Data Privacy and Trust Demands** – As data privacy regulations tighten and third-party cookies phase out, modern loyalty programs are evolving to prioritize trust, transparency, and direct data relationships with customers.
- **Emphasis on First-, Second-, and Zero-Party Data** – Loyalty programs are increasingly crucial for collecting first-party data, providing valuable behavioral and transactional insights from members. Additionally, some programs leverage second-party data through strategic partnerships and incentivize customers to share zero-party data, like preferences and intent, by offering personalized rewards and experiences.
 - **Responding to Ad-Tech & Privacy Pressures** - To maintain consumer trust, loyalty ecosystems are moving away from opaque third-party tracking, focusing instead on building direct, consent-based relationships. Transparency around how AI and algorithms drive personalized offers is becoming essential.
- h. **Growing Adoption of Vertical SaaS-Enabled Loyalty Programs** - Modern loyalty strategies are increasingly leveraging Vertical SaaS platforms tailored to specific industries - such as retail, healthcare, or QSR. These solutions offer pre-built workflows, domain-specific integrations, and loyalty features aligned with unique sector needs. By aligning closely with industry-specific requirements, Vertical SaaS loyalty programs enable faster deployment, improved customer insights, and higher ROI compared to one-size-fits-all platforms.

The Potential Impact and Benefits of Loyalty Programs on Business

Loyalty programs have evolved into strategic assets for businesses, driving higher customer lifetime value (CLTV), increased spending, deeper engagement, and strong ROI. Well-designed programs go beyond transactional discounts, fostering long-term relationships that translate into sustained revenue growth and brand loyalty.

- a) **Increased Customer Spending & Engagement** - Loyal customers will spend more per visit and engage with brands more frequently. According to a [Snappy's](#) 70% of consumers consider loyalty program offerings a key factor when choosing which companies and brands to engage with. Furthermore, 72% of customers are likely to join a loyalty program before making their first purchase.
- b) **ROI of Loyalty Investment** - Loyalty programs drive measurable returns through higher retention, repeat purchases, and reduced acquisition costs. According to a [Queue.it](#), a significant majority (90%) of loyalty program owners report a positive ROI, with an average return of 4.8 times their initial investment. **For example,** [Sephora's Beauty Insider loyalty program](#) contributes to 80% of its annual revenue, proving its high ROI on engagement investments.
- c) **Increased Average Order Value (AOV) & Upselling Opportunities** – Loyalty programs that offer immediate rewards or tiered benefits can significantly boost customer spending. For example, a study showed that customers in an "Instant Cash" rewards program increased their spending by 68% over two weeks. Similarly, tiered loyalty programs motivate customers to spend more to unlock higher-tier benefits, encouraging continued purchases to access more valuable perks.
- d) **Higher Customer Lifetime Value (CLTV) & Brand Loyalty Growth** – Loyalty programs directly enhance CLTV by increasing purchase frequency, retention, and basket size. Study by [Umbrex](#) indicates that customers enrolled in loyalty programs exhibit a 15% to 40% higher CLTV compared to non-members.

Thus, loyalty programs have emerged as strategic assets for businesses, driving higher customer lifetime value ("CLTV"), increased spending, deeper engagement, and strong return on investment ("ROI"). Well-designed programs go beyond transactional discounts, fostering long-term relationships that translate into sustained revenue growth and brand loyalty.

As loyalty programs evolve, brands that continuously innovate their value propositions and adopt modern engagement levers increasingly position themselves as trusted product authorities in the eyes of their customers.

Challenges of Traditional Loyalty Programs

In a hyper-competitive world, brands and enterprises find it increasingly difficult to build and maintain loyalty of consumers. The loyalty management space is undergoing significant changes, with brands facing several challenges:

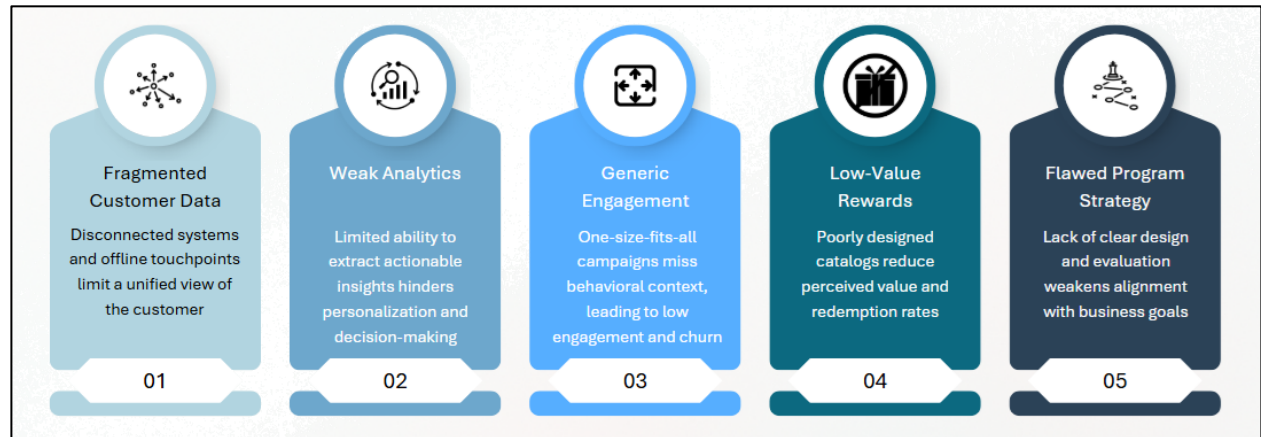


Fig 17: Challenges faced by brands and enterprises within the loyalty space

These challenges highlight the need for robust information technology infrastructure, digitalization, and innovative solutions to meet evolving consumer expectations and company preferences.

Trends Driving Transformation of Loyalty Programs

- a) Incumbents' Adoption of Loyalty Programs** - Traditional retailers and service providers across sectors are rapidly adopting or revamping loyalty programs to stay competitive with digital-first and D2C brands. Retailers like **Walmart (Walmart+)**, **Target (Target Circle)**, and **CVS (ExtraCare)** continue to invest heavily in loyalty platforms. Airlines such as **Delta (SkyMiles)**, **United (MileagePlus)**, and **American Airlines (AAdvantage)**, hotel giants like **Marriott (Bonvoy)** and **Hilton (Honors)**, and QSR brands including **Starbucks Rewards** and **McDonald's MyMcDonald's Rewards** have built some of the most successful loyalty programs in the world.
- b) Shift towards Vertical-Focused Solutions** - The loyalty landscape is undergoing a marked shift from generic, one-size-fits-all approaches to vertical-specific loyalty solutions. By tailoring program design, rewards, and engagement mechanics to the unique operational realities and consumer behaviors within sectors such as retail, quick-service restaurants (QSR), healthcare, and travel, brands can drive greater resonance and long-term loyalty. This vertical focus enables brands to address nuanced challenges—such as regulatory compliance in healthcare, high-frequency repeat behavior in QSR, or tiered privilege in travel—thereby increasing program effectiveness and stickiness.
- c) Role of Technology in Loyalty Modernization** - Loyalty programs have transformed from transactional reward systems into strategic, technology-led enablers of customer lifetime value. The modern loyalty stack is powered by cloud-native architectures, AI-driven personalization engines, and real-time analytics platforms that deliver dynamic, context-aware engagement across channels. Technologies like predictive

AI enable real-time analytics such as identifying which consumers are most likely to make a purchase within a defined time period-allowing marketers to proactively shape engagement and drive conversion.

Role of System Integrators

System Integrators play a critical role in ensuring seamless implementation, integration, and scalability. Unlike standalone MarTech platforms, loyalty programs must function within a brand's existing CRM, e-commerce, marketing automation, and data infrastructure. SIs enable this by bridging technology gaps, standardizing deployments, and ensuring interoperability across systems.

Why SIs Are Crucial for Loyalty Management

- **Technical Expertise -**
 - **Domain Expertise in Seamless Integration with Enterprise Systems** - Loyalty platforms need to connect with **CRM, ERP, e-commerce, and customer data platforms (CDPs)** to ensure unified experience.
 - **Fraud Prevention & Security** - System integrators bring expertise in seamless blockchain implementation, multi-system authentication, and real-time fraud monitoring, ensuring tamper-proof, secure loyalty transactions. Their ability to integrate blockchain with existing CRM, POS, and payment systems strengthens fraud prevention and enhances trust in loyalty ecosystems.
- **Cross-Brand & Multi-Region Implementation** - For global brands, SIs standardize loyalty program deployments across multiple markets while ensuring compliance with regulations (GDPR, CCPA)

Loyalty Market Consolidation accelerated through M&A

The loyalty industry is undergoing a marked phase of consolidation, driven by its highly fragmented structure and an urgent need for technological modernization. The smaller vendors often lack the necessary scale, capital, and talent to transition to modern, cloud-native architectures, leaving them ill-equipped to address the growing complexity and personalization demands of enterprise customers. Key factors influencing this trend include:

- **Fragmented Market with Niche Players:** Numerous small to mid-sized companies have cultivated dedicated customer bases within the loyalty sector. However, their limited resources often hinder their ability to invest in modernizing platforms.
- **Technological Obsolescence and Investment Constraints:** Many of these smaller firms operate on outdated systems and lack the capital necessary for essential technological upgrades, making them prime candidates for acquisition by larger entities seeking to enhance their service offerings.
- **Mutual Benefits of Consolidation:** Acquisitions enable smaller companies to access advanced technologies and broader networks, while larger corporations expand their client portfolios and market presence, fostering rapid inorganic growth.

Notable Industry Acquisitions –

- In February 2025, **Enigmatic Smile**, a rewards and loyalty software company, **acquired Lux Rewards**, a UK-based loyalty platform enabling businesses to offer card-linked rewards, at an “eight-figure valuation”. This acquisition is part of Enigmatic Smile's strategy to consolidate the payments-linked rewards industry.
- In 2023, **Capillary Technologies**, a global customer loyalty and engagement SaaS platform, acquired Texas-headquartered **Brierley+Partners**, a globally recognized leader in loyalty technology, strategy, and execution. Post-acquisition, Capillary reported a 3.5x growth in the U.S. market over three years, attributing this surge to both organic growth and strategic acquisitions.
- In June 2023, **Capillary Technologies** acquired **Tenerity's Digital Connect**, enhancing its intelligent loyalty platform with a powerful rewards network. This acquisition further propelled Capillary Technologies' foothold in the U.S. and European markets and enhanced the brand's recognition as a global leader in loyalty and engagement technology solutions
- In 2019, **Oracle** **acquired CrowdTwist**, the leading cloud-native customer loyalty solution to empower brands to offer personalized customer experiences. The solution offers over 100 out-of-the-box engagement paths, providing rapid time-to-value for marketers to develop a more complete view of the customer.
- **Bond**, a major global loyalty and customer experience firm, acquired **rDialogue** in 2021, a U.S.-based loyalty strategy consultancy. This acquisition bolstered Bond's expertise in strategic advisory services to help brands strengthen relationships and optimize the customer journey across all human and digital touchpoints.
- In 2021, Customer relationship management company **Merkle** **acquired LiveArea**, a global commerce services provider, to expand its experience-led commerce capabilities. This acquisition enriched Merkle's end-to-end personalization and loyalty offerings, allowing for more integrated and seamless customer experiences

Case Studies of Loyalty Programs across Industries and Regions

North America

Industry	Company	Type of Loyalty Program	Challenges	Description	Benefits Realized by Companies
Retail Goods	Target	Points-Based	<ul style="list-style-type: none"> • Rising customer churn • Need for deeper engagement and brand affinity • Competitive retail market 	Target Circle offers members 1% cashback on purchases, personalized deals, and early access to promotions. Customers can also vote on Target's community giving initiatives	<ul style="list-style-type: none"> • Target Circle has over 100 million members. • Increasing customer engagement and brand loyalty while driving repeat purchases
Quick Service Restaurant	Starbucks	Points-Based	<ul style="list-style-type: none"> • Need to retain frequent buyers • Drive digital app usage and direct purchases 	Starbucks Rewards offers customers " stars " for purchases, redeemable for free drinks and food items	<ul style="list-style-type: none"> • Starbucks Rewards contributes to 40%+ of total sales • Boost in frequency of purchases
Energy	Shell	Points-Based	<ul style="list-style-type: none"> • High competition in fuel retail • Low differentiation in pricing 	Fuel Rewards® Program allows members to earn points on fuel purchases and in-store items, redeemable for discounts	<ul style="list-style-type: none"> • Connects 25M+ consumers • Top loyalty program in category • Enhanced retention

Fig 18: List of loyalty programs in North America

EMEA

Industry	Company	Type of Loyalty Program	Challenges	Description	Benefits Realized by Companies
Retail Goods	Tesco	Points-Based	<ul style="list-style-type: none"> To drive repeat purchases and increase wallet share among regular customers 	Tesco Clubcard allows customers to earn points on purchases, redeemable for discounts and exclusive offers.	<ul style="list-style-type: none"> 20M+ regular users Market dominance through customer loyalty
Travel & Hospitality	Rotana	Tiered Points-Based	<ul style="list-style-type: none"> Compete with OTAs and aggregator platforms To boost direct bookings and cross-property loyalty 	Starbucks Rewards offers customers "stars" for purchases, redeemable for free drinks and food items	<ul style="list-style-type: none"> Generated 21.3% of the company's revenue through member spending, indicating strong customer loyalty
Energy	BP	Points-Based	<ul style="list-style-type: none"> Need to build regular customer behavior in a commoditized category 	BPme Rewards enables customers to earn points on fuel and in-store purchases, redeemable for discounts on future purchases	<ul style="list-style-type: none"> Increased customer retention and repeat sales through reward incentives

Fig 19: List of loyalty programs in EMEA

APAC

Industry	Company	Type of Loyalty Program	Challenges	Description	Benefits Realized by Companies
Consumer Packaged Goods	Tata Group	Multi-Brand Point based	<ul style="list-style-type: none"> Low customer stickiness Low average transaction value 	Tata Neu integrates rewards across Tata brands, allowing customers to earn and redeem points universally	<ul style="list-style-type: none"> Improved retention Increased average transaction value through personalized services and previews
Banking, Financial Services, and Insurance	Axis Bank	Points-Based	<ul style="list-style-type: none"> Limited differentiation in digital banking Low product adoption and transaction frequency 	Edge Rewards allows customers to earn points on banking transactions, redeemable for a variety of rewards	<ul style="list-style-type: none"> Encouraged increased banking usage Enhanced customer retention
Travel & Hospitality	Singapore Airlines	Tiered Points-Based	<ul style="list-style-type: none"> High customer acquisition costs Need to reward frequent travelers 	KrisFlyer allows members to earn miles on flights and everyday spending, redeemable for flights and upgrades.	<ul style="list-style-type: none"> Increased repeat bookings and customer retention through mileage-based tier rewards

Fig 20: List of loyalty programs in APAC

Top Loyalty Programs across Industries and Regions

Industry	Company	Loyalty Program Name	Members	Description/Benefits
Retail Goods	Adidas	AdiClub	• 240 Million+	Access to adidas member's week, a week full of product drops, exclusive experiences, and rewards Products signed by some of the world's biggest athletes
Retail Goods	H&M	H&M Membership	• 200+ million	Early access, member discounts, and free shipping
Travel & Hospitality	Marriott International	Marriott Bonvoy	• 173 Million+	Hotel loyalty program offering points for stays, elite status benefits, and partnerships with airlines
Travel & Hospitality	Hilton Hotels	Hilton Honors	• 158 Million+	Hotel loyalty program offering points for stays, elite status benefits, and partnerships with airlines and car rental companies
Consumer Packaged Goods	Costco	Costco Membership	• 120 Million+	Paid membership offering access to wholesale pricing, exclusive deals, and services.
Retail Goods	Target	Target Circle	• 100 Million+	Free loyalty program offering personalized deals, birthday gifts, and community support voting
Retail Goods	My Bath & Body	My Bath & Body Works Rewards	• 38 Million+	Free products for purchases
Retail Goods	Ulta Beauty	Ultamate Rewards	• 37 Million+	Points-based program offering rewards for purchases, birthday gifts, and exclusive offers
Retail Goods	Starbucks	Starbucks Rewards	• 34 Million+	Points-based program offering free drinks, personalized offers, and app-based ordering
Retail Goods	Sephora	Beauty Insider	• 25 million+	Tiered program providing rewards, birthday gifts, and exclusive events

Fig 21: List of top loyalty programs across industries and regions

Overview of Loyalty Market across Industries

In Retail

Loyal consumers play a pivotal role in driving revenue within the retail goods and services. Some of the unique trends are shaping the whole customer experience as well as loyalty market in retail industry.

- Hyper-Personalization through Data Analytics** — Retailers are increasingly turning to advanced analytics and AI to personalize loyalty experiences at scale. By tailoring offers and experiences to individual behaviors, retailers are seeing higher engagement and repeat purchases. According to an Accenture study, over 91% of consumers prefer personalized interactions, making it a key driver of loyalty effectiveness.
- Seamless Omnichannel Experience** – Consumers expect seamless loyalty experiences across online, offline, and mobile touchpoints. As per a [Wall Street Journal](#) study, omnichannel shoppers are spending **1.5 times** more. This has led to brands integrating loyalty systems that unify customer journeys and ensure consistent recognition across channels.
- Gamification enhancing engagement** - Game mechanics like milestones, badges, and spin-the-wheel rewards are boosting program participation and emotional loyalty. With [Starbucks Rewards](#) loyalty program attributing 40% of revenue to gamified loyalty, brands are tapping into these tactics to drive frequency and cross-category adoption.

- d. **Sustainability-Linked Loyalty Initiatives Gaining Popularity** - As environmental concerns grow, consumers are favoring brands that demonstrate a commitment to sustainability. Retailers are integrating eco-friendly practices into their loyalty programs, rewarding customers for sustainable behaviors and purchases.
- e. **Corporate Reward Programs Fueling Retail Spend Growth**: An emerging trend is the rise of corporate-driven rewards and prepaid card solutions which are actively encouraging employees to spend across retail categories. Platforms like Pineperks, Enkash, and Zaggle are driving new retail spend, prompting the need for modular, high-ROI loyalty systems.

In Healthcare

Loyalty programs in healthcare cultivate long-term relationships between providers and patients by offering rewards such as discounts on services, free health screenings, or access to exclusive events. These incentives encourage patients to remain engaged with their healthcare providers, leading to improved retention rates and overall satisfaction.

- a. **Personalized Health Incentives** - Healthcare loyalty programs are shifting toward individualized rewards that align with patient health goals and behaviors. From personalized coupons to condition-specific milestones, these programs encourage adherence to care plans and healthier lifestyle choices. **CVS's ExtraCare Rewards** and **Aetna's Health Rewards** exemplify how personalization drives sustained engagement and long-term patient loyalty.
- b. **Implementation of Diverse Program Structures** - Healthcare organizations are adopting flexible loyalty models—from VIP programs offering priority scheduling and exclusive discounts to point-based systems that reward preventive behaviors. These structures increase patient retention and satisfaction, with VIP schemes shown to lift revenue by **15-25% annually**. Co-branded initiatives with wellness and retail partners further expand reward ecosystems, enhancing patient stickiness through community-based value.
- c. **Loyalty Program's Emphasis on Preventive Care and Wellness** - Loyalty strategies now prioritize proactive care. Programs reward patients for participating in screenings, wellness activities, and condition management. **Blue365 by Blue Cross** and **Optum's Engage Platform** are leading examples as they offer tailored wellness incentives, lifestyle discounts, and integrated care navigation tools that reduce long-term costs while improving health outcomes.

In Travel & Hospitality

As travelers seek greater flexibility and richer rewards, the industry is responding with powerful cross-sector collaborations that amplify value and deepen engagement. From eco-conscious adventures to curated luxury getaways, these evolving loyalty ecosystems are redefining how brands connect with their customers.

- a. **Lifestyle-Centric Loyalty Models** - Traditional earn-and-burn systems tied to flights or stays are being replaced by programs offering year-round benefits. Subscription-based models like **eDreams ODIGEO's Prime**, with **7 Mn+ members**, reflect this shift—offering always-on discounts that remain valuable even outside travel periods.
- b. **Tiered & Personalized Engagement** - Programs are embracing AI and data to tailor experiences and introduce personalized tier structures. **Air India's** post-merger loyalty revamp into Maharaja Club, with four

tiers and **over 10 Mn members**, shows how data-driven personalization boosts reward redemption and customer retention.

- c. **Integration of Non-Travel & Co-Branded Rewards** - Loyalty is becoming more relevant to daily life through co-branded credit cards and non-travel reward linkages. IndiGo's [6E Rewards](#) program allows members to earn points on groceries, dining, and fuel, expanding utility and frequency of engagement well beyond flights.
- d. **Expanding Value through Strategic Partnerships** – Hospitality loyalty programs are partnering with **Retail, F&B, and fintech** brands to drive engagement and cross-brand stickiness. For example, IndiGo and Swiggy have partnered to integrate **Swiggy's services with IndiGo's BluChip loyalty program**. IndiGo BluChip members can earn 1 BluChip point for every ₹100 spent on Swiggy's platforms, including food delivery, Instamart, and Dineout. IAG Loyalty's **Avios program** lets customers earn points via shopping, credit cards, and dining, redeemable for flights, retail vouchers, etc. This drove a **17% rise** in profits to **USD 352.8 million** and added **4.9 million new members**.

In CPG

With limited access to end-consumer data, CPG brands are using loyalty to gather insights, encourage habitual buying, and foster emotional connections through gamification, marketing, and smart retail partnerships.

- a. **Zero-Party Data Collection via Loyalty Touchpoints** - Loyalty programs are a critical gateway to consumer insights that retailers typically don't share—such as usage behavior, preferences, and lifestyle choices. **P&G's "Good Everyday"** program, for example, incentivizes surveys, receipt scans, and content interaction across **60+ product lines** to build rich first-party data at scale.
- b. **Subscription-Based Loyalty Models** - Subscription-based loyalty, especially in personal care and nutrition, drives recurring revenue and retention. These programs offer tiered perks like early access, custom bundles, and replenishment discounts. A report by [Queue.it](#) said **37% of consumers** will spend more money with brands with which they have a retail subscription, as will **28% of consumers belonging to membership** programs, and **27% of loyalty program** members.
- c. **Retailer-Integrated, Brand-Driven Loyalty Hybrid Programs** - CPG loyalty is evolving from being retailer-dependent to brand-owned with strategic retailer collaboration. Programs are increasingly integrated across physical and digital retail networks while keeping the brand front and center in the engagement loop. **Nestlé's Purina** integrates with Walmart and PetSmart to let customers earn rewards while keeping the brand at the forefront. **Pidilite** drives dealer engagement through its gamified Genie app, **Polycab** targets electricians with its 'Bandhan' loyalty program.

In QSR

In the QSR industry, where customer frequency and brand preference drive revenue, loyalty programs have evolved into powerful engines of engagement and growth.

- a. **Strong focus on frictionless digital experiences** - QSRs are prioritizing seamless digital experiences—integrating rewards directly into apps, kiosks, and drive-thru systems. Whether it’s instant redemption via a code at Dairy Queen or flexible earn-and-redeem options like McDonald’s and Domino’s, the goal is to reduce friction and boost satisfaction across all touchpoints.
- b. **Zeroing in on Community Building and Emotional Engagement** – Modern QSR loyalty strategies go beyond discounts—focusing on building emotional bonds through brand-aligned values and community-driven experiences. Whether through surprise-and-delight moments, birthday treats, or experiential rewards, programs are becoming platforms for emotional resonance, not just rational benefits.
- c. **The Rise of Gamification & Engagement Strategies** - Loyalty programs are moving beyond transactions to become interactive. Weekly challenges, streak bonuses, and surprise rewards are encouraging higher engagement. Campaigns like **Chick-fil-A’s “Code Moo”** and tier missions add playfulness and make loyalty fun, driving stronger behavioral loyalty.
- d. **Inclusive Omnichannel Flexibility** - While digital is the future, loyalty must be inclusive. Successful programs, like Carrabba’s, offer hybrid options—allowing customers to engage using their preferred method, even offline. Flexibility to engage via mobile, web, or in-store without barriers is essential to sustaining broad-based participation.

In BFSI

Customer loyalty management in the Banking, Financial Services, and Insurance (BFSI) sector is crucial for fostering long-term relationships and maintaining a competitive edge. Effective loyalty strategies not only enhance customer retention but also drive growth by encouraging repeat business and increasing lifetime customer value.

- a. **Modernization of Legacy Loyalty Infrastructure** - With digital transformation accelerating, legacy loyalty platforms are being replaced with modular, cloud-native solutions. These new platforms offer phased rollouts, agile integrations, and real-time engagement—enabling BFSI firms to evolve without disrupting regulatory or operational frameworks.
- b. **Rise of Secure, Compliant, and Scalable Architecture** - Operating under strict regulatory regimes like GDPR, BFSI firms require loyalty platforms that ensure full compliance, consent management, and secure data handling. Modern systems provide audit-ready data flows, privacy control, and seamless integration with fraud detection and payment systems.
- c. **Expansion of reward and redemption option** - Financial institutions are expanding reward catalogs to include travel, wellness, fitness, and daily-use benefits—responding to **77% of banking customers** who expect loyalty recognition. From credit card perks to insurer-linked discounts, rewards are now designed to complement everyday life, not just financial services.
- d. **Emphasis on Hyper-Personalization in Banking and Insurance** - Banks and insurers are leveraging advanced analytics to deliver **tailored offers, personalized messaging, and behavior-based benefits**. Hyper-personalized journeys not only boost relevance but also deepen emotional loyalty in a market where products are otherwise commoditized.
- e. **Insurance as a Loyalty-Driven Growth Engine** - The insurance sector, with high switching costs and embedded trust factors, is doubling down on loyalty. **Digital policy issuance, flexible coverage, and reward-linked behavior** (like fitness-based premium discounts) are helping insurers drive long-term

engagement and renewal intent. Insurance is inherently sticky—once a customer signs up, switching costs and trust factors drive long-term loyalty.

In Energy

As consumer expectations evolve, fuel retailers are adopting innovative strategies to differentiate themselves and provide added value.

- a. **Shift towards Experience-Based rewards** - Fuel brands are shifting from product-based rewards to experiential benefits that elevate brand perception—like priority access, exclusive deals, or digital service subscriptions. For example, [BP's loyalty program rewards](#) customers per liter and per in-store purchase, allowing redemption on fuel or brand vouchers (e.g., Amazon, M&S). Onboarded over **1 million members** in the UK within a year of launch.
- b. **Strategic Partnerships for Cross-Redemption** - Fuel retailers are extending loyalty benefits via partnerships with lifestyle brands, QSRs, and banks. UAE's [ADNOC Rewards](#) allows redemption across fuel, car washes, and retail partners—turning fuel brands into ecosystem hubs and increasing wallet share across categories. This has in turn become one of the **largest integrated fuel loyalty ecosystems in the Middle East**.
- c. **Sustainability and Behaviour-First Incentives** - Eco-conscious rewards like EV charging credits and carbon offset points are becoming mainstream. Programs from **Shell** and **Chevron** highlight this shift, as energy brands align loyalty with responsible usage and behavior nudges, creating brand affinity beyond price or convenience.
- d. **Mobile-First Omnichannel Loyalty Infrastructure** - Fuel loyalty programs are built on seamless mobile-first platforms integrated with POS systems, fleet cards, and digital payment interfaces. These unified ecosystems support both retail and commercial users, enabling real-time point tracking, in-app transactions, and differentiated rewards based on customer type and interaction channel—ensuring a frictionless, high-utility experience across fuel and non-fuel touchpoints.

In Conglomerate/Multi-Brands

Conglomerates are increasingly adopting unified loyalty platforms that span multiple brands, enabling customers to earn and redeem rewards across various products and services. This approach not only enhances customer convenience but also fosters deeper brand engagement

- a. **Unified Programs to Drive Cross-Spend** - Group-wide loyalty platforms enable customers to earn and redeem rewards across categories like fashion, groceries, and electronics—driving frequency, higher spend, and deeper engagement. Programs like Starbucks Rewards, where members contribute **60% of sales**, illustrate this impact. At the same time, shared infrastructure lowers entry barriers for smaller brands within the group, allowing them to participate in a broader rewards ecosystem, gain visibility, and attract new consumers without the cost of running standalone programs.
- b. **Strategic Partnerships and Coalition Programs** - Conglomerates are forming coalitions with third-party brands to broaden the loyalty footprint. An example is the partnership between Hilton Honors and various resorts, increasing the number of participating locations from 584 to 5,900, thereby offering members more opportunities to earn and redeem points.

IV. ADDRESSABLE MARKET FOR LOYALTY MANAGEMENT PROGRAMS

Methodology and approach for Total Addressable Market (TAM) and Serviceable Addressable Market (SAM)

The estimated TAM for loyalty management is derived using the following methodology.

Market size for target industries in NA, APAC, and EMEA

Assessment of market size of industry verticals from 2022-2026.

- Retail – Food & Beverages, Home Furniture, e-Commerce, Grocery, Consumer Electronics, Fashion & Apparel, Pharmacy & Wellness, Luxury & Jewellery, Convenience Stores.
- Quick Service Restaurants (QSR).
- Travel & Hospitality – Travel & Tourism and Hospitality.
- Consumer Packaged Goods (CPG)
- Energy
- Banking and Financial Services
- Healthcare

TAM Estimation

- **Step 1: Determining Global Market Size for the Industry** - The first step involved identifying the Global Market Size for each of the 7 industries (e.g., Retail, Travel & Hospitality, QSR, etc.).
- **Step 2: Segmenting the Market by Region** - The global market size was then broken down into regional markets based on the share of each region (NA, EMEA, and APAC)
- **Step 3: Applying the Penetration Rate for the Organized Market** - The Penetration Rate for the organized market was applied, which reflected the proportion of the market that was organized and formalized (where loyalty management systems are relevant)
- **Step 4: Calculating Spend on Loyalty** - We derived the annual loyalty spend as a percentage of revenue based on survey responses, where participants indicated the proportion of their revenue allocated to loyalty programs
- **Step 5: Aggregating Across Regions** - The spend on loyalty management for each region (APAC, NA, and EMEA) was aggregated to arrive at the Global Spend on Loyalty Management for each industry
- **Step 6: Applying Growth Rate (CAGR) for Future Years** - To estimate the future TAM for loyalty management, the CAGR (Compound Annual Growth Rate) was applied to the Global Spend on Loyalty Management for each region, projecting the TAM for subsequent years (2025, 2026, etc.)

TAM = Summation of TAM for different industry verticals, calculated as **(Market Size of the industry X Current Penetration * % of Revenue spent on Loyalty Management)**

North America TAM = US TAM + Canada TAM + Mexico TAM

APAC TAM = Asia Pacific TAM

EMEA TAM = Europe TAM + Middle East TAM + Africa TAM

The overall global market is projected to grow at 9.9% in the next five years and North America holds the largest market share, followed by Asia-Pacific and Europe

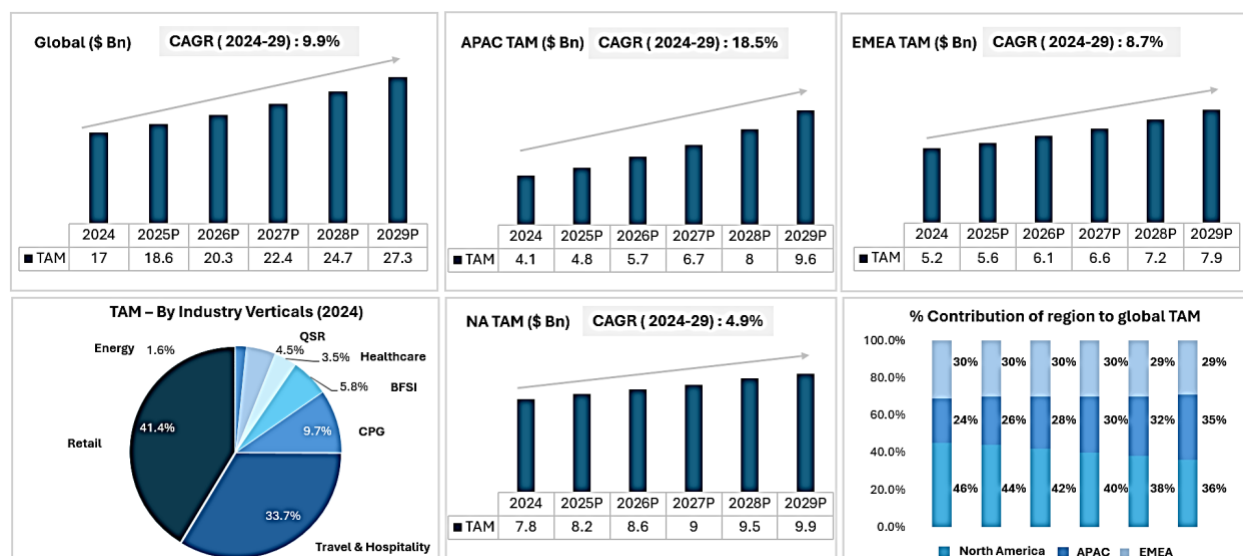


Fig 22: Global Saas TAM by Geography for the period 2024-29

The total addressable market size for loyalty management is estimated to be **USD 17 Bn** in **Fiscal 2024** and is expected to reach **USD 27.3 Bn** by **Fiscal 2029**, projecting a growth rate of **9.9%**, with all the regions across the globe registering a growth rate of **more than 5%** from years **2024-2029**, with **Asia-Pacific region** projecting a significant growth rate of **18.5%** from years 2024-2029. North America holds the largest market share, followed by Europe and Asia-Pacific

The nature of the loyalty market is characterized by its vast and diverse consumer base, with India and Asia alone constituting a 4 billion consumer market. In contrast, the US, despite having a smaller number of consumers, has a highly mature and well-recognized loyalty market. Given the global nature of loyalty, companies aiming to address these markets must establish a global physical presence to effectively manage and deliver loyalty programs. The total addressable market ("TAM") for loyalty management for industry segments such as retail, travel and hospitality and CPG is estimated at 41.4%. 33.7% and 9.7%, respectively, in Fiscal 2024

Capillary Technologies has an addressable opportunity of more than \$ 7.8 Bn in the North America region

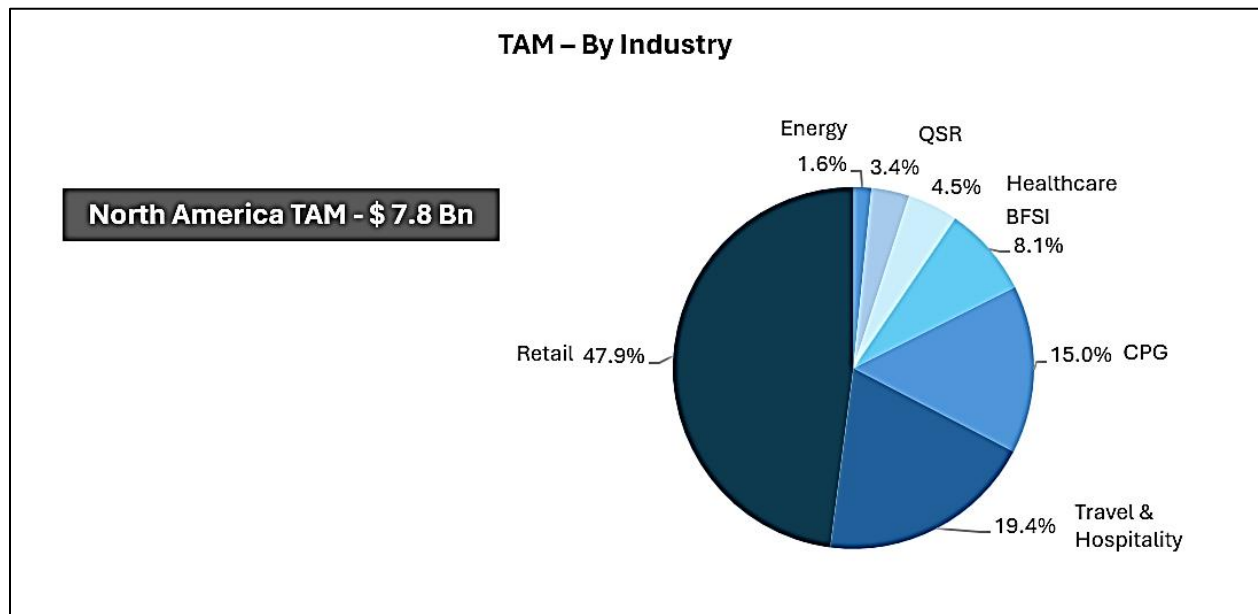


Fig 23: Capillary's addressable opportunity in North America by Industry

The total addressable market size for loyalty management in **North America is estimated to be USD 7.8 Bn in 2024 and is expected to reach USD 9.9 Bn by 2029 projecting growth rate of 4.9%. North America accounts for the largest share of the market in 2024.** North America is home to developed economies such as the US and Canada, which are known for aggressive adoption of the latest and advanced technologies, such as AI, cloud computing, and data analytics.

Capillary Technologies has an addressable opportunity of USD 4.1 Bn in the APAC region

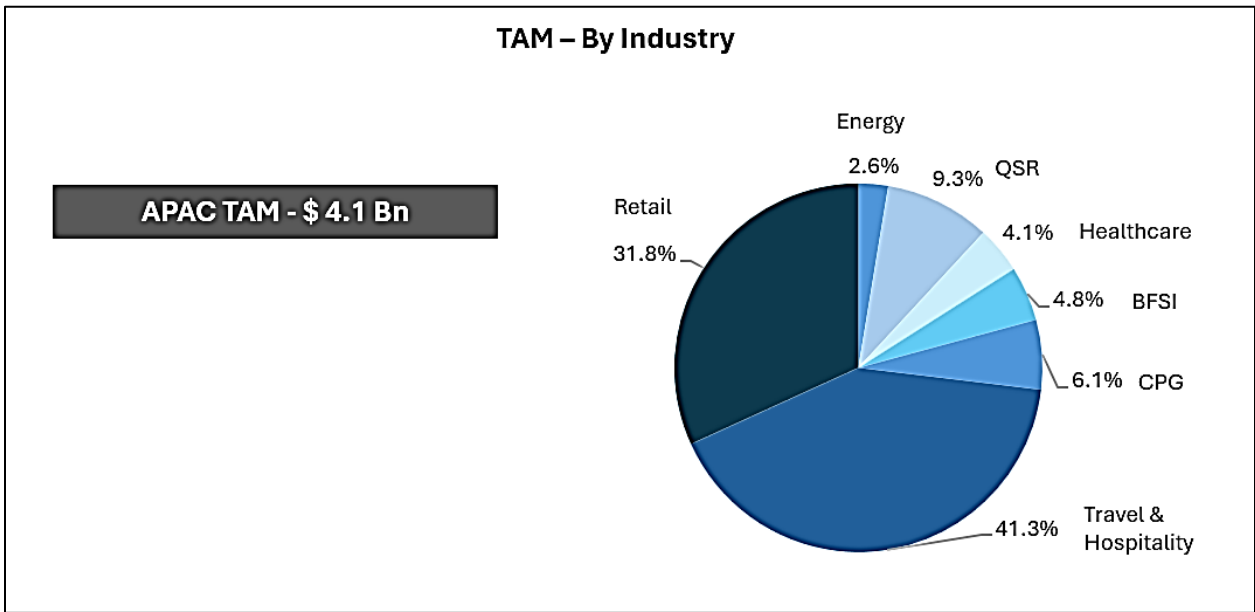


Fig 24: Capillary’s addressable opportunity in APAC by Industry

The total addressable market size for loyalty management in **APAC is estimated to be USD 4.1 Bn in 2024 and is expected to reach USD 9.6 Bn by 2029, projecting a significant growth rate of 18.5% during 2024-2029.** Growing social media usage, increasing internet penetration, and the expanding e-Commerce industry are some of the major factors driving the adoption of loyalty programs in South-east Asia. Retailers in the region are extensively adopting loyalty management software and embarking on various efforts to improve brand loyalty and encouraging repeat purchases. Capillary Technologies intends to leverage the significant opportunity in the region, as mid-market brands face challenges building and scaling their own businesses.

Capillary Technologies has an addressable opportunity of more than USD 5.2 Bn in the EMEA region

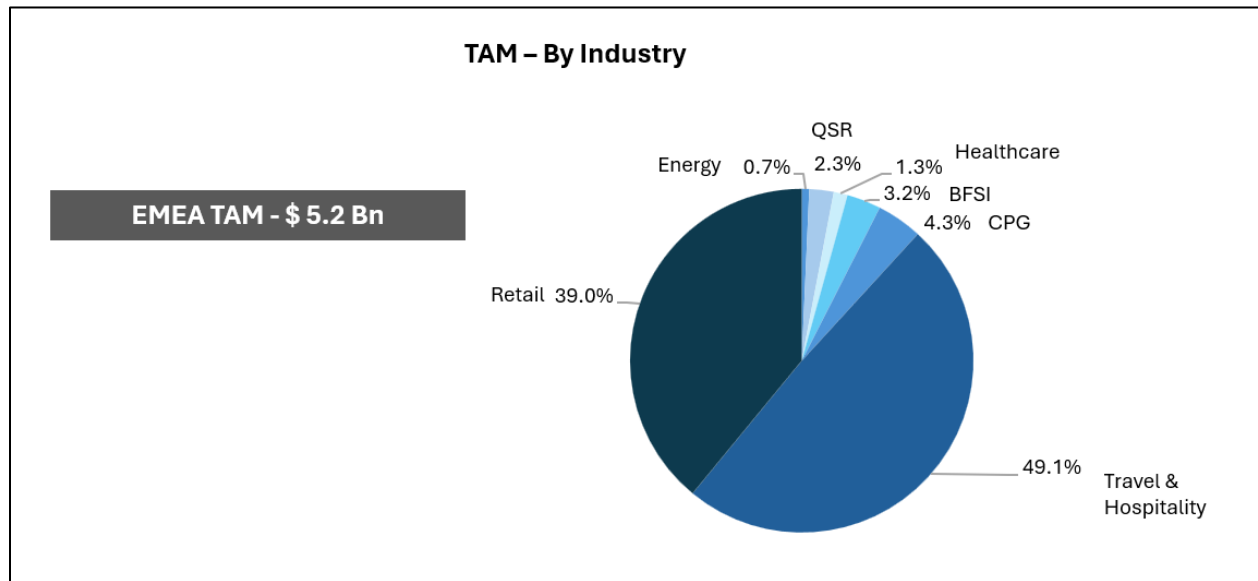


Fig 25: Capillary's addressable opportunity in EMEA by Industry

The total addressable market size for loyalty management in **EMEA is estimated to be USD 5.2 Bn in 2024 and is expected to reach USD 7.9 Bn by 2029, projecting a growth rate of 8.7%**. Changing end-user demographics, growing expenditure on loyalty programs, rapid growth in the applications of AI and analytics, and appreciation for online reward management solutions are adding to the loyalty market growth.

There is an untapped potential in the enterprise market in **Asia-Pacific, EMEA** and the **North American** regions, projecting a significant growth rate of **18.5%, 8.7%** and **4.9%**, respectively from years 2024 to 2029.

V. UNDERSTANDING THE EVOLVING SAAS LANDSCAPE

Software as a Service (SaaS) is a **cloud-based delivery model** that allows enterprises to access applications over the internet without requiring on-premises installations. Instead of purchasing and maintaining software on local servers, businesses subscribe to SaaS platforms, which are hosted and managed by third-party providers.

Key Drivers of SaaS Adoption

Drivers for Global SaaS adoption

Over the past decade, SaaS has become the default model for enterprise software across industries. The appeal is straightforward — **lower upfront investment, faster deployment, regular updates, enhanced security, and minimal IT overhead**. Businesses increasingly demand solutions that support distributed workforces, automate workflows, and scale with business growth.

- **Cost Efficiency and Predictable Spending:** SaaS eliminates the need for significant upfront investments in hardware and software. Its subscription-based model allows businesses to manage budgets effectively, making it especially attractive for startups and SMEs seeking to optimize their IT expenditures.
- **Rapid Deployment and Seamless Updates:** Unlike traditional software that requires extensive setup, SaaS solutions can be quickly implemented. Providers handle maintenance and updates, ensuring that businesses always operate with the latest features without additional downtime or IT intervention.
- **Scalability and Flexibility:** SaaS platforms offer the ability to scale services up or down based on demand. This flexibility supports business growth and seasonal fluctuations without the need for significant infrastructure changes.
- **Enhanced Accessibility and Collaboration:** Being cloud-based, SaaS applications can be accessed from anywhere with an internet connection. This facilitates remote work and real-time collaboration among distributed teams, aligning with the modern workforce's needs.

Characteristics of SaaS Platforms

SaaS platforms are defined by a set of structural advantages that drive scalability, customer retention, and capital efficiency. While some metrics remain under-reported in the Indian context, key characteristics are consistently observed across global and domestic players:

- **Recurring revenue streams** ensure predictable cash flows and long-term financial visibility.
- **High customer stickiness**, driven by upsell and cross-sell motions, contributes to strong Net Revenue Retention (NRR).
- **Rapid growth trajectories** are supported by rising digital adoption and global market access.
- **Efficient payback cycles** help optimize customer acquisition spend and reinvestment velocity.

- **Sustained R&D investments** fuel continuous product innovation and competitive differentiation.

R&D is critical for SaaS companies because it drives innovation, improves product quality, enhances user experience, and ultimately helps achieve competitive advantage and sustainable growth, hence making R&D a necessary on-going and strategic activity. By investing in R&D, SaaS companies develop new features, explore emerging technologies, address industry specific challenges and constantly evolving market needs. This activity involves developing new products, integrating new technologies and building advanced functionalities.

It is crucial to maintain high **cost-efficiency** levels, especially around product development and R&D. Leading global SaaS companies like **Adobe (18.3%)**, **Salesforce (14.5%)**, and **Microsoft (11.7%)** invest a considerable portion of their revenue in R&D to maintain product leadership. The **weighted average R&D spend across top global SaaS companies**, namely Adobe, Salesforce, Microsoft, Oracle, ServiceNow, Intuit, SAP, Workday, and Atlassian is **~14.7% of revenue**, underlining the scale of investment required for sustained innovation.

There has also been a notable increase of **7.1% YoY** in the aforementioned top global SaaS companies' engineering costs from FY2023 to FY2024. This uptick signals a strong commitment to enhancing product capabilities, accelerating innovation cycles, and staying ahead in an increasingly competitive market. The focus on R&D underscores the industry's shift toward building more intelligent, scalable, and customer-centric solutions.

India's Rising SaaS Advantage

India has evolved from being a global delivery center to a **hub for SaaS product innovation**. What sets India apart is a combination of factors: a deep and affordable engineering talent pool, strong founder ambition, and increasing maturity in product design and global GTM strategies. Indian SaaS companies are **building high-quality products at significantly lower operating costs**, allowing them to serve global markets at competitive price points without compromising on quality and functionality.

India-to-the-World: Built for Global, Delivered from India

The current wave of Indian SaaS companies is built for global markets, not just local relevance. These startups are solving deep pain points across horizontals like ERP and workflow management, as well as verticals like travel, logistics, and fintech. The success stories are compelling:

- **Freshworks** – IT and customer support SaaS provider
- **Postman** – API lifecycle management, now a global DevTool of choice
- **MapMyIndia** – Geospatial platform powering digital maps, navigation, and IoT solutions for enterprises and governments
- **Zoho** – Full-suite enterprise SaaS with global user base
- **RateGain** – Travel-tech SaaS serving global airlines and hotel chains
- **Chargebee** – Subscription billing and revenue ops platform

Indian SaaS players are increasingly adopting a **“Built-for-the-World” approach**, designing products from day one to serve global users across industries and geographies. These companies are prioritizing **multi-tenant, API-first platforms**, building for **scale, localization, and compliance** from the outset. With **lean, digital-first**

sales engines, they are able to acquire and support customers remotely, often without a large on-ground presence.

Global SaaS Market Size

From 2024 to 2029, the SaaS market is projected to grow nearly 2.5X, highlighting the sector's sustained momentum. With a CAGR of 20% from 2019 to 2023, the market expansion underscores the increasing reliance on SaaS for operational agility, scalability, and digital transformation.

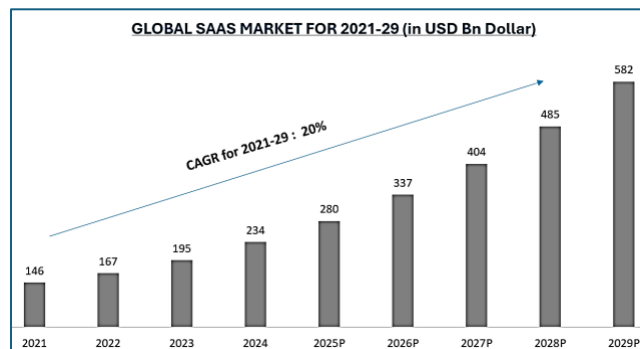


Fig 26: Global Saas Market Size for the period 2021-2029

Source : Zinnov Chiratae report on '**India SaaSonomics: Navigating Growth and Efficiency**'; The total market size is represented as the total Indian SaaS revenues.

Evolution of SaaS

From being seen primarily as a cost-efficient alternative to on-premise software, SaaS has evolved into a powerful enabler of business transformation. What began as a shift to **subscription-based models** has now matured into a diverse ecosystem of platforms driving **automation, personalization, and agility** across every industry.

Today's SaaS is no longer monolithic — it's modular, API-driven, and deeply embedded into core workflows. A standout trend in this evolution has been the rise of **India-to-the-world SaaS players** like **MapMyIndia, Zoho, and Postman**, who have built globally competitive products rooted in cost advantage, engineering depth, and GTM innovation.

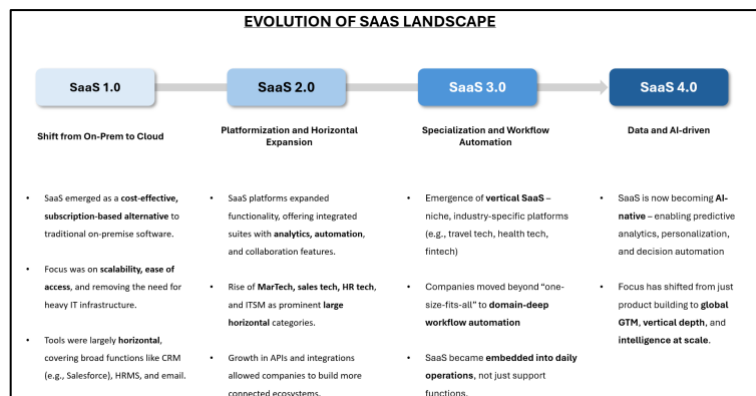


Fig 27: Evolution of SaaS maturity; The SaaS evolution illustrated above is indicative and highlights broad industry trends over time. Timelines and phases may overlap depending on regional maturity and sector-specific dynamics.

A notable trend in the SaaS landscape is the increasing adoption of **vertical-focused, niche platforms** that address specific marketing functions. In the MarTech space, this shift is reflected in the evolution from broad, integrated suites to specialized solutions such as **loyalty management systems, customer data platforms (CDPs), engagement automation tools, and personalization engines**. These offerings are gaining momentum as organizations seek to **automate marketing workflows**, minimize manual intervention, and deliver **data-driven, personalized customer experiences**.

This transition is further supported by the growing preference for **modular, API-first architectures** that integrate seamlessly with existing enterprise systems. These solutions enable faster deployment, targeted functionality, and improved adaptability to business needs. As marketing teams prioritize **measurable outcomes, operational efficiency, and scalable engagement strategies**, niche platforms are emerging as viable alternatives to traditional, all-encompassing MarTech suites.

The SaaS-Led Transformation of Customer Engagement & Loyalty

The evolution of CRM and loyalty solutions has transitioned from traditional, heavily customized, agency-led models to modern, automated, scalable, and data-driven SaaS approaches.

- a. **Expansion of Omnichannel Engagement Strategies** - SaaS platforms are facilitating seamless interactions across physical stores, mobile apps, websites, and social media, ensuring consistent and personalized engagement that meets customers where they are.
- b. **Adoption of Subscription-Based Loyalty Models** - Subscription-based loyalty programs are gaining traction as businesses seek to provide continuous value and foster deeper customer relationships. These models offer predictable revenue streams and enhance customer lifetime value by delivering personalized, ongoing benefits.

Rise of hybrid SaaS models as the best of both vertical and horizontal worlds

As the customer engagement and loyalty landscape matures, **SaaS players are evolving beyond traditional models**, embracing **hybrid strategies** that combine the scale of horizontal solutions with the depth of vertical specialization. This dual approach allows platforms to serve **cross-industry loyalty needs** while still offering **deep, domain-specific capabilities**.

Salesforce, Atlassian, Slack, Comarch, and Capillary Technologies are strong examples of hybrid SaaS companies that combine the broad applicability of horizontal platforms with the depth of vertical solutions—offering **core functionalities** that scale across industries, while also providing **tailored features** and **integrations** to meet the specific needs of sectors like retail, healthcare, finance, and travel

Why is Hybrid SaaS the Future?

- **Horizontal Scalability for Broad Reach:** Hybrid SaaS platforms offer core functionalities—such as campaign management, analytics, and omnichannel execution—that are applicable across various industries. This horizontal scalability allows businesses to deploy solutions rapidly and cost-effectively.
- **Vertical Specialization for Contextual Relevance:** Beyond core features, hybrid SaaS platforms provide industry-specific modules tailored to the unique requirements of sectors like retail,

healthcare, finance, and travel. For instance, Salesforce's specialized healthcare offering via Agentforce comes pre-built with industry specific roles built on healthcare industry data.

Hybrid SaaS platforms are well-positioned to succeed in the loyalty-tech domain:

- **Modular, API-First Deployment:** Hybrid SaaS platforms are designed with modular architectures and API-first approaches, facilitating seamless integration with existing systems. This design enables quick, low-code implementations across diverse industries, reducing onboarding time and opening up cross-vertical monetization opportunities.
- **Expanded TAM with Customization at Scale:** By supporting diverse use cases—such as rewards in retail or wallets in fintech—through a shared core, hybrid SaaS platforms allow for tailored front-end features. This flexibility enhances relevance and market reach, enabling businesses to cater to a broader audience without compromising on specificity.
- **Superior Customer Experience & Engagement:** Leveraging real-time insights and omnichannel orchestration, hybrid SaaS platforms deliver personalized loyalty journeys. This personalization drives deeper customer connections and higher program ROI.
- **Faster Go-to-Market with Reusable Components:** Shared backend capabilities, such as rewards engines and analytics, reduce development time and accelerate rollout. This efficiency ensures flexibility and allows businesses to respond swiftly to market demands.
- **High Stickiness & Retention:** Deep integrations into customer touchpoints—like apps, POS systems, and CRMs—increase switching costs and foster long-term loyalty through continuous value delivery.

VI. OVERVIEW OF CAPILLARY TECHNOLOGIES

About the Company

Capillary Technologies, established in 2012 and headquartered in Bengaluru, India, is a software product company offering artificial intelligence (“AI”)-based cloud-native Software-as-a-Service (“SaaS”) products and solutions to large enterprise customers globally to develop loyalty of their consumers and channel partners. They are a differentiated Hybrid SaaS platform that combines vertical depth through industry-specific solutions with horizontal scalability across sectors, enabling it to deliver tailored loyalty and engagement offerings. They provide a comprehensive set of AI-led SaaS products for customer relationship management (“CRM”) and the loyalty management industry. With a decade-long track record, they have established themselves as a leader in the global loyalty solutions industry in terms of email marketing tools, marketing automation platforms, loyalty solutions, rewards programs, account-based marketing tool (“ABM”), customer support tools, CDP, CRM and analytics / business intelligence tools in Fiscal 2025.

The company’s end-to-end **horizontal loyalty solutions**, include a loyalty management platform (Loyalty+), an engagement platform (Engage+), an analytics platform (Insights+), a rewards management platform (Rewards+), and a Customer Data Platform. Their platform offers competitive implementation speed, which serves as a key differentiator and adds value for customers. They also provide a 360° consumer view, and personalized omni-channel experiences that drive engagement and conversions. They also offer **vertical-specific solutions** tailored to sectors including various Retail segments, Consumer Packaged Goods (CPG), Airlines, Hospitality, BFSI, and Fuel Retail. These industry-specific modules, built on a modern technology stack with AI and machine learning (ML), help businesses leverage existing infrastructure to identify and engage consumers across multiple channels.

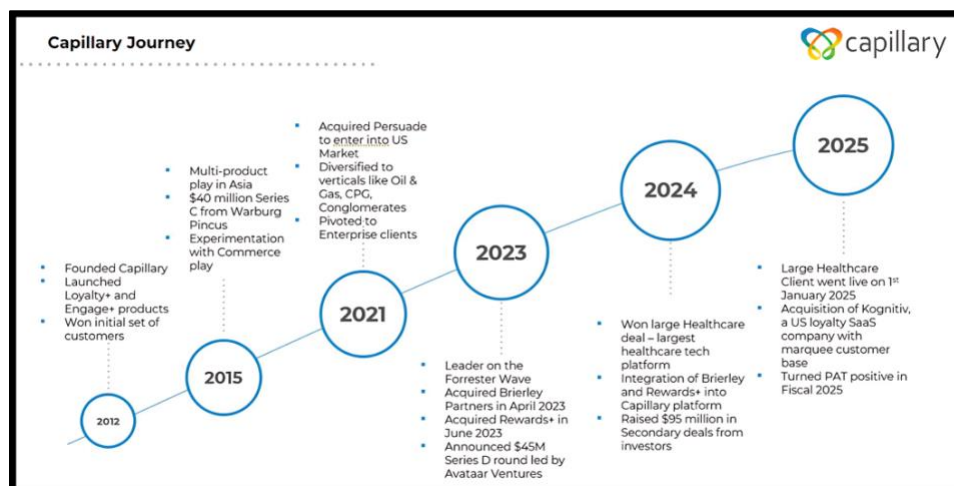


Fig 28: Journey of Capillary Business Strategies and Initiatives; Source : Capillary Investor Report

Capillary Technologies serves over 390+ brands including a rising base of Fortune 500 clients and engages with more than 1.2 billion consumers through its platform, powering **500+ loyalty programs** and enabling 124,000 customer touchpoints. Their platform is proven to handle a large volume of transactions and dynamic swings in usage thus garnering a significant client base including Fortune 500 companies. The company employs over 650 professionals globally, with 13 offices worldwide. Notable clients include Aditya Birla Fashion and Retail Limited (“ABFRL”), Abbott Laboratories (Singapore) Private Limited (“Abbott”), Tata Digital Private Limited (“Tata Digital”), Frontier Communications etc. Their expertise, advanced technology, and ability to deliver measurable business impact have enabled a significant client base including Fortune 500 companies across industries. Unlike traditional solutions that focus on isolated aspects of loyalty, the Capillary platform provides an integrated approach that combines customer data, advanced analytics, and AI-driven engagement. They have built an ecosystem that drives consumer loyalty and satisfaction. The scale of their operations, coupled with brand trust, have contributed to their positioning as a loyalty partner for enterprises globally.

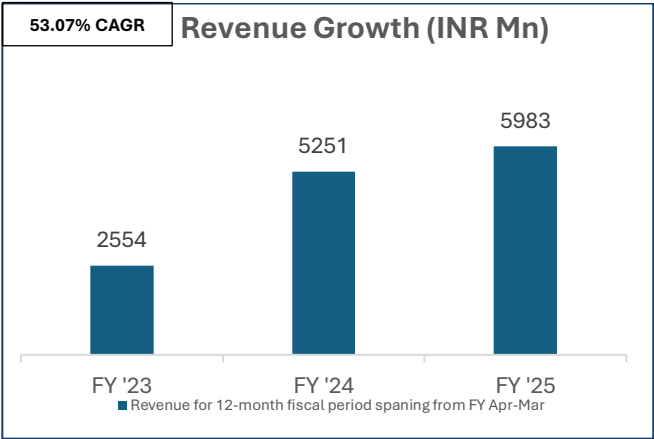


Fig 29: Revenue Growth from FY’23 to FY’25; Source: Capillary Website, annual reports, press releases

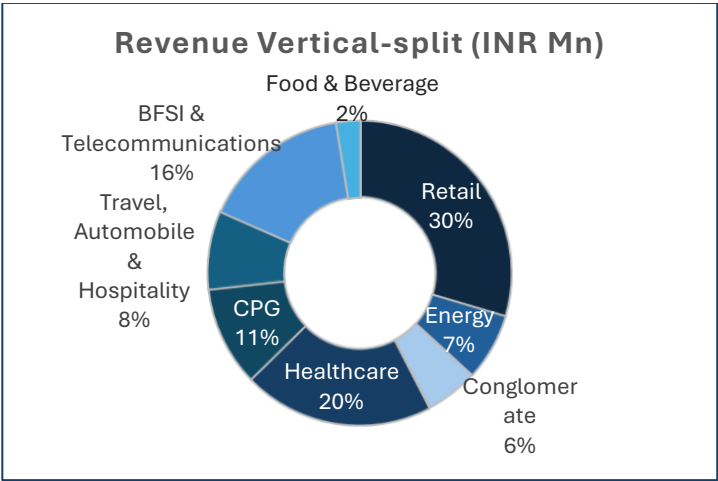


Fig 30: Split of Revenue by vertical of Capillary Technologies; Source: Capillary Website, annual reports, press releases

Product And Service Offerings

Capillary Technologies offers solutions for customer engagement, loyalty management, and data analytics. These products help businesses improve customer interactions, personalize experiences, and enhance retention across multiple channels.

Product Offerings:

- a) **Capillary Loyalty+:** An AI-powered loyalty program management platform that enables brands to drive customer advocacy through personalized loyalty programs. It includes capabilities such as Loyalty Nudges, an Incentives Manager for customizable rewards, a Program Manager for personalized customer journeys, and advanced templates for various loyalty models. Additionally, it supports gamification features to drive customer engagement and retention.
- b) **Capillary Engage+:** an AI-powered omnichannel marketing automation platform that helps businesses enhance marketing effectiveness and customer engagement through end-to-end campaign management. It offers capabilities such as AI-driven personalization to optimize channel selection and messaging, personalized omnichannel promotions, and lifecycle journey management to build customer relationships through tailored, communications across digital channels.
- c) **Capillary Insights+:** A retail analytics platform that provides customer insights through data analytics, enabling businesses to understand the impact of loyalty and optimize marketing strategies. It offers capabilities such as advanced customer segmentation, propensity modeling for refined targeting, and AI-driven recommendations for the next best actions to improve engagement and marketing outcomes
- d) **Capillary Rewards+:** A rewards management and engagement platform that offers a wide range of curated rewards and redemption options, powered by AI and machine learning to deliver personalized experiences. The platform provides seamless omnichannel engagement, advanced analytics, behavioral targeting, and 24/7 support
- e) **Capillary CDP+:** Their Customer Data Platform (CDP) unifies and enriches customer data, enabling secure integration with other systems and ensuring privacy compliance. It provides a single-view of every customer, AI-driven insights, and supports real-time data updates to enhance engagement through solutions like Loyalty+ and Engage+.

Service Offerings:

- a) **Loyalty Program Design and Strategy:** Capillary, through Brierley, helps businesses design and optimize customer-centric loyalty programs with program assessment, strategic planning, and implementation support, including rapid evaluations and actionable insights to align with business objectives.
- b) **Loyalty Program Assessment:** Using the Brierley Loyalty Quotient (BLQ), Capillary evaluates loyalty programs and provides data-driven insights, alongside quick assessments and implementation support to enhance engagement and customer retention

Partnerships & Alliances

Capillary Technologies collaborates with leading technology and solution providers to enhance its customer engagement and loyalty solutions, ensuring seamless integration and expanded capabilities

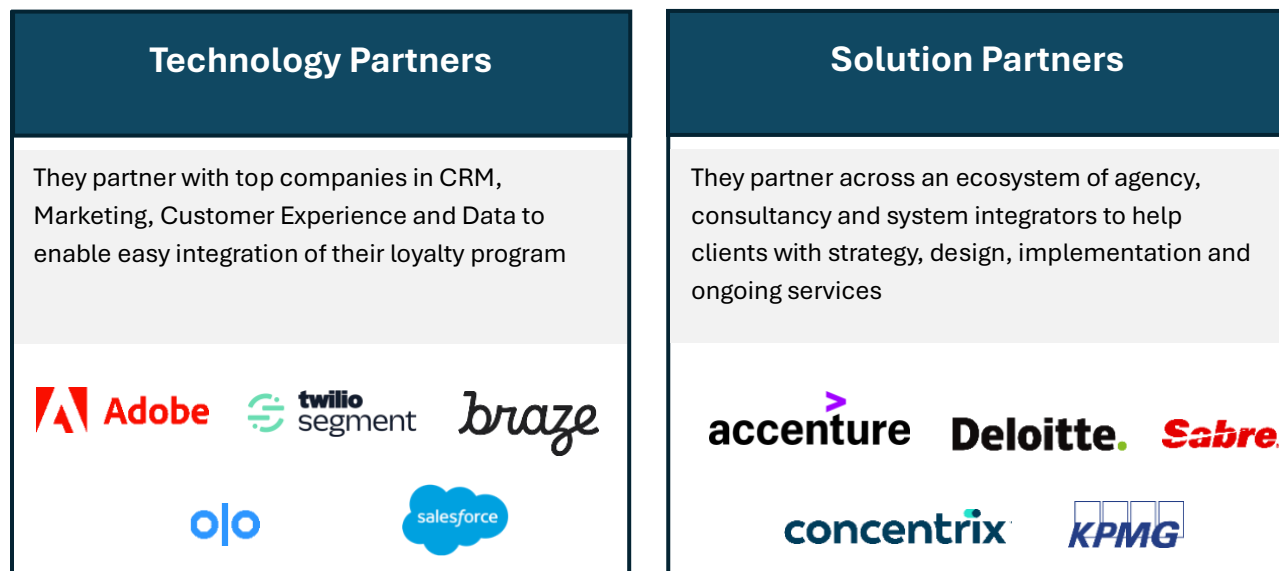


Fig 31: Partnership details of Capillary Technologies; Source: Capillary Website, reports, press releases

Acquisitions

Capillary Technologies has strategically expanded its global presence and loyalty solution capabilities through targeted acquisitions aligned with a **CAC substitution model**—focusing on acquiring enterprise customer relationships rather than building them solely through traditional sales and marketing. This approach has allowed Capillary to onboard long-standing, high-value clients at a faster and more capital-efficient pace.

Zinnov analysis indicates that **customers acquired through Capillary's acquisitions of Brierley and Kognitiv exhibit average engagement durations of 8 to 11 years**. This finding reinforces the **inherent stickiness of loyalty solution providers**, where deep technical integration, the operational complexity of switching, and the need for continuity in program design and data analytics make vendor transitions rare.

In a fragmented loyalty landscape, where many smaller players deliver short-term value but lack the scale or infrastructure for sustained growth, Capillary's acquisition-led model has positioned it as a long-term partner of choice—backed by durable, enterprise-grade client relationships.





Company	Acquisition Date	Benefits for Acquirer	Benefits for Target
	April-2025	Access to target's omnichannel expertise, strengthening position in North America; enhances AI-powered loyalty platform	Platform modernization, sustained commercial continuity, and global market expansion
Acquired the Digital Connect Assets of 	June-2023	Broadened rewards and engagement ecosystem; deeper penetration into U.S. and EU markets.	Platform modernization, tech investment, and sustained commercial continuity
	April-2023	Deepened presence in the U.S. with strong loyalty strategy and execution capabilities	Operational scale, technology infusion, and entry into emerging markets
	September-2021	Entry into the U.S. loyalty market and expanded loyalty tech stack	Access to global resources, technology stack, and expanded clientele

Fig 32: List of acquisitions made by Capillary Technologies

VII. COMPETITIVE ANALYSIS

While Zinnov identified several industry peers, there are no Indian or Global listed SaaS companies comparable to Capillary Technologies within the loyalty management-focused line of business. Given that there are no standalone SaaS firms globally offering loyalty management solutions—and since loyalty is a subsegment of the broader customer engagement landscape—we have considered listed CRM and customer engagement SaaS companies as proxies. As there are no such firms listed in India, the peer set comprises global players. To provide a comprehensive view of the landscape, players in the space have been segmented into two strategic buckets based on geography, market presence, and focus on loyalty and marketing technology.

- The first bucket comprises leading **Global CRM and Customer Engagement SaaS platforms**. Major players in the space include mid-market independent software vendors such as HubSpot, and technology giants such as Salesforce.
- The second bucket consists of **Global Loyalty SaaS providers** such as Kobie, Comarch, Loyalty Juggernaut, Bond Brand Loyalty, Annex Cloud, Epsilon, and Merkle who are unlisted players focused on loyalty solutions.

Global Marketing SaaS with Loyalty Offerings






Metrics							
Revenue & Growth Metrics	Founding Year		2012	1999	1982	2011	2006
	Headcount		650+	70,000+	30,000+	1,500+	8,000+
	Latest Financials As Of		31/03/2025	31/01/2025	30/11/2024	31/1/2025	31/12/2024
	Revenue (Overall)		USD 0.07 Bn	USD 37.89 Bn	USD 21.51 Bn	USD 0.59 Bn	USD 2.63 Bn
	Net Worth		USD 0.06 Bn	USD 61.17 Bn	USD 14.11 Bn	USD 0.48 Bn	USD 1.91 Bn
	Revenue Segments	Subscription and support	USD 0.06 Bn	USD 35.68 Bn	USD 20.52 Bn	USD 0.57 Bn	USD 2.57 Bn
		Professional Services & Other	USD 0.01 Bn	USD 2.22 Bn	USD 0.98 Bn	USD 0.02 Bn	USD 0.06
	Geographies	North America	56.59%	66.35%	60.00%	-	60.47%
		EMEA	19.24%	23.46%	26.00%	-	31.42%
		APAC	24.17%	10.19%	14.00%	-	8.11%
Profitability & Margin Metrics	Gross Margin - Subscription		66.36%	83%	91%	-	87%
	Profit/(loss) before tax ("PBT")		USD 0.0013 Bn	USD 7.44 Bn	USD 6.93 Bn	USD (0.10) Bn	USD 0.03 Bn
	Profit/(Loss) after Tax from Continuing Operations ("PAT")		USD 0.0017 Bn	USD 6.20 Bn	USD 5.56 Bn	USD (0.10) Bn	USD (0.01) Bn
	Earnings Per Share ("EPS")		USD 0.02	USD 6.44	USD 12.43	USD (1.02)	USD 0.09
Efficiency & Returns Metrics	Return On Equity / Return on Net Worth ("ROE"/"RONW")		2.85%	10.26%	36.74%	(22.58)%	0.29%

Fig 33: Analysis of the global marketing SaaS players based on selected KPIs*; Source: Company annual reports, websites, reports, press releases









Note: The conversion rate used is 1 USD = 85 INR as per 31st March 2025.

Salesforce reports **higher revenue levels** relative to HubSpot, indicating differences in **organizational maturity** and **market presence**. Salesforce reflects a combination of revenue growth and positive profitability, suggesting **operational scalability**. HubSpot shows **early-stage characteristics**, including limited revenue and negative profitability, consistent with firms prioritizing investment and growth over short-term returns.

All three companies derive the **majority of their revenue from subscription-based services**, consistent with standard SaaS operating models. Salesforce, Adobe, and HubSpot generate a larger share of revenue from North America. Braze reports the majority of revenue from USA. Salesforce records higher efficiency across margin and return metrics, showcasing positive EBITDA and earnings.

Global Loyalty SaaS Providers

Solutions Analysis:

Customer Journey	List of Martech Tools at 3 key stages of the customer journey								
	Founding Year	2012	1990	1993	2015	1989	2010	1969	1971
	Headcount	-	250+	6,500+	200+	800+	250+	8,000+	16,000+
Pre-Purchase Acquisition (Top of the Funnel)	Content Management Systems								
	Content Marketing Platforms								
	Paid Advertising Tools								
Consideration/Decision (Middle of the Funnel)	Email Marketing Tools								
	Marketing Automation Platforms								
Post-Purchase/Retention (Bottom of the Funnel)	Loyalty Solutions								
	Account Based Marketing Tool (ABM)								
	Rewards Programs								
	Feedback and Survey Tools								
	Customer Support Tools								
Horizontal	Customer Data Platforms (CDP)								
	Customer Relationship Management (CRM)								
	Analytics/BI Tools								
Additional	Consulting								

Legend High Focus Limited Focus

Fig 35: Analysis of the solutions offered by the selected loyalty management companies; Source: Company websites, reports, press releases

Note: Analysis of the solutions was done based on the descriptions of all the loyalty management offerings present in the company's websites, reports and press releases.

The loyalty management market is characterized by a strong presence of players focusing on **Post-Purchase/Retention (Bottom of the Funnel)** and **Horizontal** offerings, with specialized emphasis on **Marketing Automation Platforms**, **Loyalty Solutions**, **Personalized Marketing**, and **Customer Data Analysis**.

Key players like **Epsilon**, **Comarch**, and **Merkle** offer comprehensive suites that integrate loyalty management with broader marketing and data analytics tools. While their loyalty solutions are robust, they are often part of larger, multi-faceted platforms, which may limit the depth and vertical specialization compared to dedicated loyalty management providers.

Capillary Technologies, in contrast, focuses almost exclusively on loyalty management. They are one of the few players in the loyalty management space that offer end-to-end loyalty solutions. They are recognized as a global market leader in loyalty and engagement management in terms of the number of product offerings in Fiscal 2025. While larger players integrate loyalty management into a wider array of services, **Capillary's specialized approach enables a more focused and tailored solution for businesses aiming to optimize their customer loyalty.**

Partnership Analysis:

Customer Journey	List of Martech Tools at 3 key stages of the customer journey								
Pre-Purchase Acquisition (Top of the Funnel)	Search Engine Optimization Tool	-	-	-	-	-	-	-	-
	Content Management Systems	-	-	-	-	-	-	Sitecore, Crownpeak, Opentext	Sprinklr, Optimizely
	Content Marketing Platforms	-	-	-	-	-	Ellipsis	-	Optimizely
	Social Media Management Tools	-	-	-	-	-	Constant Contact	-	Sprinklr, Story Stream
	Paid Advertising Tools	-	-	-	-	-	-	-	Mirakl
Consideration/Decision (Middle of the Funnel)	Email Marketing Tools	Braze	-	Redlink, Braze	-	-	CM Group, Constant Contact	-	Braze, Story Stream
	Marketing Automation Platforms	Braze, Adobe	Pega	Braze, Hubspot, Salesforce	-	-	Acoustic, Hubspot	-	Braze, Pega, Sellignet
Post-Purchase/Retention (Bottom of the Funnel)	Loyalty Solutions	Cataboom, Sabre Hospitality	Blackhawk, cloyalty, Hinda, FIS	Motisha, Bank2Loyalty	-	-	Ansira, RLS	-	-
	Account Based Marketing Tool (ABM)	-	-	-	-	-	-	-	-
	Feedback and Survey Tools	-	Survey Monkey, Jebbit	-	-	Qualtrics	-	-	Qualtrics
	Customer Support Tools	Sabre Hospitality	Five9	Redlink, Sinch, Whatsapp	-	-	Zendesk, Gorgias	Rulai	Sprinklr
Horizontal	Customer Data Platforms (CDP)	Adobe, Twilio Segment	Acxiom, Adobe, Experian, Alterian, Oracle, Snowflake	-	-	Redpoint Global	Redpoint Global, SAP	SAP	Adobe, Tealium, Optimizely
	Customer Relationship Management (CRM)	Salesforce	Salesforce	Salesforce, SAP, Microsoft dynamics	-	Salesforce	Microsoft Dynamics, Salesforce, Ometria, Zoho, Klaviyo	-	Salesforce
	Analytics/BI Tools	Sabre Hospitality	Power BI, Python, Google Analytics, Experian, Snowflake	-	-	Qualtrics	Acoustic	acoustic, sitecore, dataiku, sas, oracle	Tableau, Sitecore, Snowflake
Additional	System Integrators/Resellers	Accenture, KPMG, Deloitte	-	-	-	Buljan & Partners	Accenture	veeva	-
	Consulting	KPMG, Deloitte	-	-	-	-	Ascendant Loyalty, Deloitte, Cyrca Strategy	HCL	-

Fig 36: Analysis of the partnerships of the selected loyalty management companies; Source: Company websites, reports, press releases

Note: Analysis and tagging of the partnerships was done based on an analysis of the core offerings of the partner companies as well as the details of the partnerships available on the company websites, reports and press releases

As the loyalty management landscape continues to evolve, platforms are increasingly recognizing the importance of strategic partnerships. These collaborations enable them to provide more comprehensive, integrated solutions that enhance the customer journey and drive long-term loyalty.

A key trend emerging in this space is the focus on **integration/connector partnerships**, wherein **loyalty management platforms collaborate with a wide range of partner companies** to provide more holistic solutions. These partnerships span across the entire value chain, enabling companies to offer seamless, end-to-end solutions that cover every aspect of the customer journey.

From customer acquisition and engagement to retention and loyalty, **the ability to integrate various functionalities into a single platform has become essential for delivering a cohesive and personalized customer experience**. The collaborative nature of these partnerships ensures that loyalty programs are not isolated but are part of a broader ecosystem that drives deeper customer engagement and long-term retention.

Several major players in the loyalty management space have forged strong value chain-spanning partnerships, solidifying their position as market leaders. **Capillary Technologies, Epsilon, Annex Cloud, and Merkle** are standout companies that have successfully integrated their loyalty management platforms with a variety of complementary tools and services.

These companies have established partnerships that **enhance their existing offerings, whether through integrations with CRM systems, customer engagement platforms, or loyalty management solutions**. By leveraging such collaborations, these players can deliver more comprehensive, customizable solutions that address the evolving needs of their clients.

Acquisitions Analysis:








Customer Journey	List of Martech Tools at 3 key stages of the customer journey								
Pre-Purchase Acquisition (Top of the Funnel)	Search Engine Optimization Tool	-	-	-	-	-	-	-	Impact
	Content Management Systems	-	-	-	-	-	-	-	LiveArea
	Content Marketing Platforms	Kognitiv	-	-	-	-	-	Conversant	Water Cooler Group, New Control
	Paid Advertising Tools	-	-	-	-	-	-	-	Sokrati, Impact
Consideration/Decision (Middle of the Funnel)	Email Marketing Tools	Kognitiv	-	-	-	-	-	-	-
	Marketing Automation Platforms	Kognitiv	-	-	-	-	-	-	-
Post-Purchase/Retention (Bottom of the Funnel)	Loyalty Solutions	Kognitiv, Tenacity (Digital Connects), Persuade, Brierley	-	-	-	-	-	-	500Friends
	Account Based Marketing Tool (ABM)	-	-	-	-	-	-	-	-
	Feedback and Survey Tools	-	-	-	-	-	-	-	-
	Customer Support Tools	-	-	-	-	-	-	-	-
Horizontal	Customer Data Platforms (CDP)	-	-	-	-	-	-	Retargetly, CPC Associates	dbg
	Customer Relationship Management (CRM)	-	-	-	-	-	-	-	Filter, Amicus Digital, Brilig
	Analytics/BI Tools	Persuade, Brierley	-	-	-	rDialogue	-	Conversant, CPC Associates	Aquila Insight, DMISADERO, Periscopix, pointmark, cognitivedata
Additional	System Integrators/Resellers	-	-	SoftM Software	-	-	-	-	-
	Consulting	Brierley	-	-	-	Buljan & Partners Consulting, rDialogue	-	-	DMISADERO, Comet Global Consulting

Fig 37: Analysis of the acquisitions of the selected loyalty management companies; Source: Company websites, reports, press releases

Note: Analysis and tagging of the acquisitions was done based on an analysis of the core offerings of the acquired companies as well as the details of the acquisitions available on the company websites, reports and press releases

The loyalty management space has seen limited acquisitions, particularly among the top players. However, the acquisitions that have occurred have been concentrated in **Post-Purchase/Retention (Bottom of the Funnel)**, **Horizontal** functions, and **Consulting** areas.

These acquisitions are focused on **expanding capabilities in customer retention, data analytics, and providing consulting services to enhance the overall loyalty management offering**. The acquisitions reflect the growing demand for more integrated, data-driven solutions that can manage and optimize the entire customer journey.

Merkle, in particular, has followed an inorganic route, making several strategic acquisitions aimed at strengthening its analytics and data management capabilities. These acquisitions have enabled Merkle to expand its personalized, data-driven solutions for customer engagement and loyalty programs.

Similarly, **Capillary Technologies**, **Epsilon**, and **Bond Brand Loyalty** have made a few strategic acquisitions to enhance their loyalty solutions and broaden their service offerings. These acquisitions help these companies to grow their capabilities in customer engagement, loyalty management, and consulting, positioning them to provide more comprehensive, integrated solutions to their clients.

Geo Presence Analysis:

Countries	capillary	KOBIE EXPERIENCE LOYALTY	COMARCH	LOYALTY JUGGERNAUT ECOSYSTEM REIMAGINED	bond BRAND LOYALTY	ANNEX CLOUD	Epsilon	MERKLE
NA								
United States of America								
Canada								
EMEA								
UK & Western Europe								
Middle East								
APAC								
Australia & New Zealand								
South-East Asia								
South Asia								
China								
India								

High Penetration
 Limited Penetration

Fig 38: Analysis of the geographical presence of the selected loyalty management companies; Source: Company websites, reports, press releases

Note: Analysis of the geographic presence was done based on the selected company's office locations and other mentions of geographic presence available on the company websites, reports, press releases and customer success stories.

In the loyalty management space, **North America** is a key market where all major players have a significant presence, driven by high digital adoption and demand for personalized customer experiences. Additionally, **APAC** (Asia-Pacific) stands out, with almost all key players establishing a presence in the region, driven by the expanding digital landscape and growing middle class.

Merkle, Capillary Technologies, Comarch, and Epsilon have expanded their reach across **North America, EMEA** (Europe, the Middle East, and Africa), and **APAC**. In terms of loyalty management capabilities, Capillary Technologies have surpassed regional players. They are the market leader in the loyalty management in terms of the geographies in which they operate in 2024 and include customer loyalty. Loyalty management capabilities are determined based on parameters such as functionalities, CDP offering, analyst mentions, supported integrations and partnerships, investments/acquisitions, and non-transactional engagements. Their acquisition of Tenerity's Digital Connect Assets was part of their strategic move to expand their presence in the European Union ("EU") market, a region with significant growth potential for loyalty and customer engagement solutions. The EU market represents a substantial opportunity for the company to expand their customer base and drive revenue growth.

VIII. RECENT IPOs IN INDIA of SaaS Companies

In the past 2–4 years, several SaaS firms have gone public in India's secondary markets. Among them, MapMyIndia and Unicommerce were analyzed for comparison. These companies, operating in distinct sectors—MapMyIndia in travel and hospitality and Unicommerce in e-commerce and supply chain management—showed limited overlap with Capillary's offerings.

This highlights Capillary's unique positioning in the market. Capillary is focused specifically on loyalty, customer experience (CX) and Customer Relationship Management (CRM), utilizing AI-powered platforms to enhance customer experiences and retention. This reinforces Capillary's specialized value proposition and its ability to deliver AI-driven solutions that set it apart in the marketplace.



RECENT LISTINGS IN THE SAAS SPACE – INDIA		
		
Headquarters	New Delhi, India	Gurugram, India
Estimated Employee Count	700+	400+
Key Customer Base	Automotive OEMs, Government, Logistics, BFSI, and E-commerce	Retail, Supply Chain
Service Offerings	Offer SaaS-based solutions across mapping, geospatial intelligence, IoT, fleet tracking, location analytics, and smart mobility	Provides a SaaS platform for e-commerce enablement, focusing on inventory and order management
Overlap with Capillary Technologies	Low	Low

Fig 39: Recent IPO Listings in the Indian SaaS Space

IX. THREATS AND CHALLENGES TO CAPILLARY PRODUCTS AND SERVICES

As Capillary continues to scale its operations and expand its global footprint, it operates within a dynamic and competitive environment that presents certain business, operational, and market-related risks. These challenges are inherent to the rapidly evolving SaaS landscape and the company's positioning in the loyalty-tech and customer engagement domains. Identifying and proactively managing these risks is essential to sustaining growth, protecting stakeholder interests, and maintaining long-term strategic advantage.

A. Intense Competition in the Loyalty-Tech and Martech Space

The market for platform loyalty-tech and Martech solutions is highly competitive, rapidly evolving and fragmented, and subject to changing technology, shifting customer needs, and rapid cycles of product and service innovation. Capillary faces competition from global SaaS providers (such as Salesforce) as well as niche players like Annex Cloud, Epsilon, Merkle, and newer startups offering modular or AI-native solutions. This competition is further exacerbated by traditional loyalty agencies adopting AI and automation, thus intensifying market pressure. Capillary must continue to invest in differentiated capabilities, strengthen its innovation pipeline, and sharpen its value proposition across target segments.

B. Rapid Technology Disruption and Changing Customer Expectations

As enterprises increasingly adopt AI-powered personalization and real-time engagement tools, Capillary must consistently evolve its offerings to match these expectations. Failure to keep pace with advancements in AI, automation, and data privacy may reduce the relevance of existing solutions. Capillary should continuously modernize its tech stack, embed AI-driven features, and maintain strong product-market alignment.

C. Customer Retention Challenges

A significant portion of revenue for players in this ecosystem is derived from long-term enterprise contracts. Any inability to retain key customers, delays in contract renewals, or reduced customer spending due to macroeconomic pressures could adversely affect financial performance. Capillary should continue to enhance its customer success motion, invest in analytics-led renewal forecasting, and offer value-linked pricing models.

D. Reliance on Global Expansion and Cross-Border Operations

Operating across multiple markets exposes the company to legal, regulatory, and geopolitical risks, including data sovereignty and forex volatility. Capillary should continue building local compliance expertise, diversify revenue across regions, and implement robust cross-border risk management practices.

E. Talent Acquisition and Retention in a Competitive SaaS Market

Capillary's ability to scale depends on attracting and retaining skilled talent across engineering, product, and customer success functions. Increasing competition for SaaS talent — especially in India

and Singapore — may lead to rising employee costs and execution bottlenecks. They should continue investing in talent retention strategies to drive employee loyalty.

F. Security, Privacy, and Data Governance Risks

Capillary handles sensitive customer and consumer data across sectors like retail, F&B, and lifestyle. Any breach or failure in safeguarding this data, whether due to internal lapses or external cyberattacks, could lead to reputational damage, legal liabilities, and regulatory scrutiny. Capillary should reinforce its information security framework and maintain rigorous data governance protocols.

G. Risk of Missed Opportunities from Inorganic Growth

Failure to integrate and extract synergies from acquisitions can limit revenue growth, dilute strategic focus, and reduce overall ROI. Capillary should continue institutionalizing a robust post-merger integration framework to align offerings, streamline operations, and accelerate value capture.

Despite the evolving risks inherent to the SaaS and loyalty-tech landscape, Capillary is well-positioned to navigate these challenges and capitalize on emerging opportunities. Its proven track record across global markets, deep specialization in customer loyalty and engagement, and ability to blend horizontal scale with vertical depth provide a strong foundation for sustained growth. With continued focus on innovation, customer success, and operational resilience, Capillary is poised to strengthen its leadership in the loyalty-tech space and drive long-term value for all stakeholders.