

Loyalty & Rewards That Drive Repeat Business

Discover proven loyalty and rewards strategies that increase customer retention, boost repeat purchases, and turn satisfied customers into long-term brand advocates.



Do Loyalty Programs Really Work? A Skeptic's Guide to Getting it Right



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Let's be honest: we've all signed up for a loyalty program, used it once or twice, and then completely forgotten about it. With the average consumer enrolled in 16 different programs, it's easy to become skeptical. Do these programs actually build loyalty, or are they just a waste of marketing dollars?

The truth is, many of them don't work. But it's not because the concept is flawed. It's because the execution is poor.

When Loyalty Programs Fail

The evidence shows that simply having a loyalty card is not enough.

- A critical analysis from Tremendous.com's blog concluded that programs often fail to drive retention if they don't build **emotional ties**. When the program is purely transactional, customers will leave for a better deal without a second thought.
- A Harvard Business Review post on X found that **71% of consumers** believe that loyalty programs don't actually make them more loyal. This suggests a massive disconnect between what businesses are offering and what customers actually value.
- Further research indicated that in some contexts, loyalty cards have **no significant impact on store loyalty** at all, especially when customers prioritize other factors like convenience over the rewards being offered.

So, if you're a skeptic, you have good reason to be. A poorly designed program is worse than no program at all.

The Difference Between a Failed Program and a Successful One

The research also provides a clear roadmap for what separates the winners from the losers. The key is moving from a transactional model to a relational one.

Failing Strategy

Generic, one-size-fits-all discounts.

Making rewards difficult to earn or redeem.

Treating all customers the same.

A purely transactional "spend-and-get" model.

Winning Strategy

Personalized offers that reflect individual purchase history and preferences.

A **clear and attainable path to valuable rewards**, creating a sense of progress.

Tiered programs that make your best customers feel recognized and special.

Building a community and rewarding engagement, advocacy, and social sharing.

A study on the effectiveness of loyalty programs confirmed this, finding that they positively impact retention (with a beta coefficient of 0.45), but only when that effect is mediated by satisfaction and trust. Without those two ingredients, the program is just an expense.

How NextBee Builds Programs That Actually Work

At NextBee, we build loyalty programs for the skeptics. We know that results are what matter, and our platform is designed to deliver them by focusing on the strategies that are proven to work.

- **We Build Emotional Connections:** Our tools for personalization, gamification, and community-building are designed to foster the emotional loyalty that outlasts any competitor's discount.
- **We Drive Satisfaction and Trust:** With transparent tracking, valuable rewards, and personalized communication, we help you build the trust that is essential for long-term retention.
- **We Focus on Your Goals:** Whether your goal is to increase purchase frequency, boost average order value, or generate more referrals, our platform is flexible enough to build a program that aligns with your specific business objectives.

Don't invest in a loyalty program that's destined to fail. [Talk to a NextBee strategist](#) and learn how to build a program that delivers real, measurable results.

Citations Used in This Post:

Source Title	Citation Link
Do loyalty programs really work? What the research says	https://www.tremendous.com/blog/how-loyalty-programs-work/
Harvard Business Review on loyalty incentives	https://x.com/HarvardBiz/status/977814274922962944
Effectiveness of Loyalty Programs in Customer Retention: A Multiple Mediation Analysis	https://journals.sagepub.com/doi/10.1177/22786821211000182

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