Loyalty programs struggle to balance deals and margins as inflation lingers
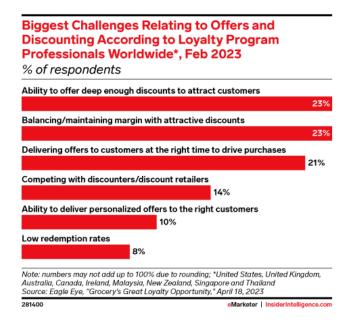
Article

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Biggest Challenges Relating to Offers and Discounting According to Loyalty Program Professionals Worldwide*, Feb 2023

% of respondents

Ability to offer deep enough discounts to attract customers	23%
Balancing/maintaining margin with attractive discounts	23%
Delivering offers to customers at the right time to drive purchases	21%
Competing with discounters/discount retailers	14%
Ability to deliver personalized offers to the right customers	10%
Low redemption rates	8%

Note: numbers may not add up to 100% due to rounding; *United States, United Kingdom, Australia, Ireland, Malaysia, New Zealand, Singapore and Thailand
Source: Eagle Eye, "Grocery's Great Loyalty Opportunity," April 18, 2023

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Key stat: Nearly a quarter (23%) of loyalty program professionals, across industries, say their biggest challenge is offering deep enough discounts to attract customers, per a global survey by Eagle Eye. Another 23% have a hard time balancing margins with attractive discounts, and 21% find it difficult to deliver offers to customers at the right time.

Beyond the chart:

- While inflation is easing, operating and supply costs remain high for retailers, forcing shelf prices to stay high.

- Customers continue to feel the pressure, trading down where they can and hunting for the best prices where they can't.

- Retailers may consider turning to AI to help with pricing and discount strategies. By analyzing customers' past purchases and using machine learning to predict future behaviors, these solutions can identify which items retailers should discount, when, and for which customers.

Use this chart:

- Evaluate strategies for loyalty during inflationary times.

- Determine the best way to offer discounts.

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Methodology: Data is from the April 2023 Eagle Eye report titled "Grocery's Great Loyalty Opportunity." 198 loyalty program professionals in 7 countries were surveyed online during January 7-February 6, 2023. Respondents were from United States, United Kingdom, Australia, Canada, Ireland, Malaysia, New Zealand, Singapore, and Thailand