The future of loyalty must go beyond points and perks

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Loyalty programmes have evolved significantly. What began as simple punch cards has transformed into sophisticated, data-driven ecosystems designed to foster genuine, long-term relationships between brands and consumers.

In a region like the Middle East, where consumer expectations are constantly evolving, leveraging loyalty programmes can be a powerful tool to boost customer loyalty and drive revenue. But the landscape is changing, and simply offering discounts is no longer enough.

Historically, loyalty programmes were transactional – earn points, redeem rewards. Today, consumers are savvier. They seek added value, personalised experiences, and a sense of connection with the brands they choose. In fact, recent research shows that loyalty schemes are no longer a significant factor in repeat sales, with only 7.7 per cent of shoppers citing them as a reason to return. Customers cite positive shopping experience and a quality product as the key drivers of repeat business.

Consumers are increasingly looking for more, especially when it comes to services tailored to their individual needs. This shift demands a fundamental rethinking of how loyalty programmes are designed and implemented.
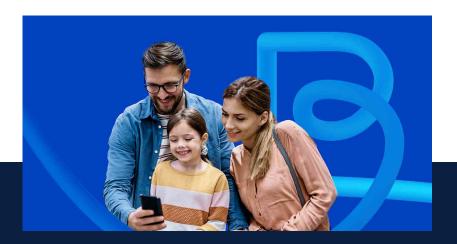
Technology drives personalisation
Technology serves as a powerful tool to move beyond generic rewards and create truly personalised experiences. Integrating solutions such as artificial intelligence (AI) can revolutionise the loyalty landscape, enabling personalisation to go beyond just tailoring content or products for customers.

By harnessing the power of AI, businesses can gain deep insights into customer preferences, purchase history, and even browsing behaviour. This allows for the creation of hyper-focused recommendations that resonate with individual customers on a much deeper level and delivers the right information at the point in time when they need it.

AI-powered personalisation is reshaping loyalty programmes, moving beyond broad outreach to something more precise: delivering the right product or service to the right customer at the right time. Al-Futtaim's recent integration of an AI advisor into its Blue Rewards app reflects this shift. The tool acts as a "smart lifestyle advisor," drawing on a vast ecosystem of data to offer tailored recommendations across the group's brands. Its success will not be measured by scale alone, but by its ability to make personalisation feel less like an algorithm at work — and more like intuition. The opportunities and challenges with AI-backed loyalty programmes
The advantage of a platform like this lies in its integration across a range of diversified lifestyle brands, products and services. This interconnected ecosystem offers a more unified and valuable loyalty experience compared to standalone programmes. Moreover, the data-led approach of the solution allows for a deeper understanding of customer behaviour across various touchpoints, enabling a business to create more relevant offers. This holistic view of the customer journey can potentially lead to increased engagement, higher retention rates, and ultimately, a stronger sense of brand loyalty.

However, the challenge lies in effectively managing and leveraging this data while respecting customer privacy and ensuring data security. The Blue AI platform for instance employs a dedicated data governance and data protection team with stringent protocols in place. For businesses to successfully integrate AI across any facet of their organisation, prioritising data security must precede all else.

The beauty of AI integration is underscored by the simple fact that these platforms are designed to get better with time. The more data the AI algorithms process, the more refined and accurate their predictions and recommendations become. This creates a virtuous cycle where increased usage leads to enhanced suggestions, which in turn drives further engagement and provides an even richer data set for the AI to learn from.

Essentially, these apps become smarter and more attuned to individual needs with every interaction, offering a truly dynamic and evolving user experience.

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