CONCORD

THE LOYALTY GROWTH PLAYBOOK

How Retail CMOs Are Driving Growth Through Customer Loyalty, Experience, and Precision Investment

Introduction

Retail leaders are entering a period of rapid change.

Economic uncertainty, rising customer expectations, and accelerating technology adoption are forcing organizations to rethink how they invest in marketing, customer experience, and digital capabilities. At the same time, competition for customer loyalty has intensified as switching between brands becomes easier than ever.

To better understand how retail organizations are responding to these pressures, Concord conducted a survey of 150 retail and consumer durables industry leaders.

The respondents represent a broad cross-section of the industry, including leaders from specialty retail, grocery, big box, discount retail, and online commerce. Most hold director or senior leadership roles, with organizations typically operating between $101M and $500M in annual revenue and employing 500 to 5,000 people.

The goal of this research was to understand how retail leaders are:

- Adjusting strategy in response to economic conditions
- Prioritizing marketing and technology investments
- Applying AI and automation within their organizations
- Responding to evolving customer expectations and behavior

The findings reveal a clear pattern: retail leaders are not retreating in response to uncertainty. Instead, they are concentrating investments on the areas most likely to drive growth, customer loyalty, and operational efficiency.

Across every insight in this report, one theme consistently emerged:

Retail growth going forward will depend less on acquiring more customers—and more on retaining, engaging, and increasing the value of existing ones.

The following insights highlight where retail leaders are focusing their efforts—and where the greatest opportunities and risks lie for the year ahead.

Agenda

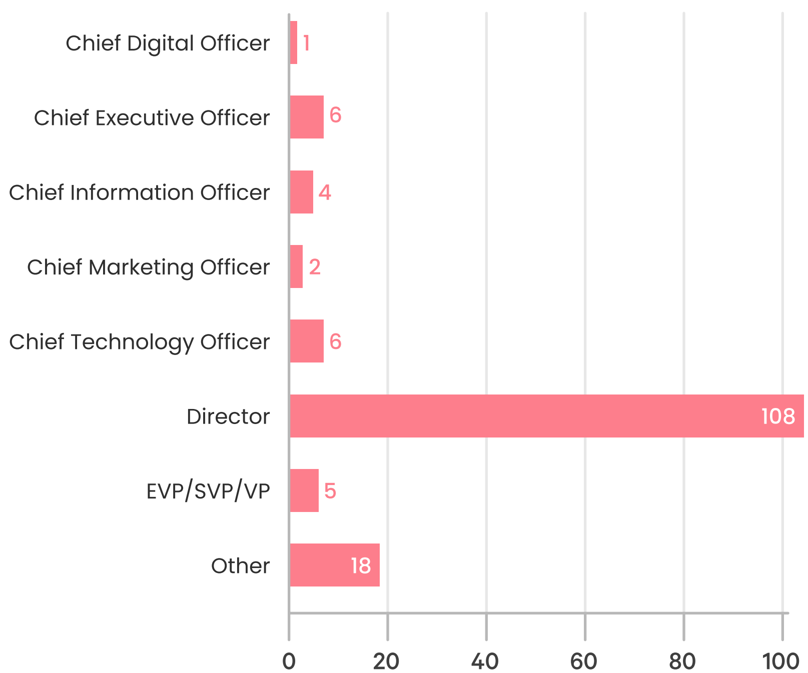
- Demographics
- What is the Growth Challenge?
- Where is Marketing Investment Most Valuable?
- What's Shaping Your Loyalty Strategy?
- How are Customers Changing?
- Is Your Tech Holding You Back?
- Key Takeaways

Demographics *Responses (n=150)*

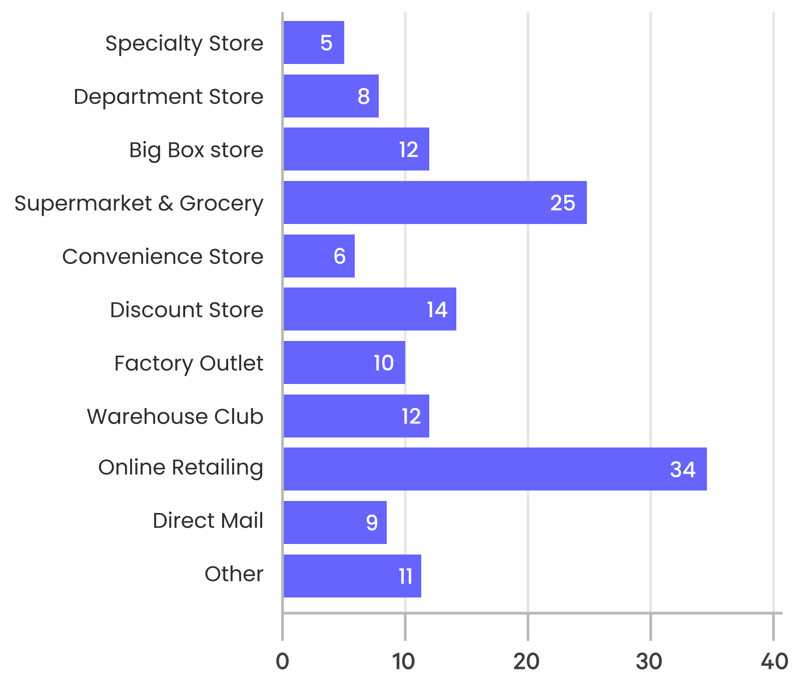
The Retail Leadership Insights Survey collected responses from 150 full-time professionals working in the retail and consumer durables industry across the United States.

The respondents represent a broad cross-section of organizations and leadership roles, providing insight into the priorities shaping retail growth, customer loyalty, and digital transformation.

Leadership Roles

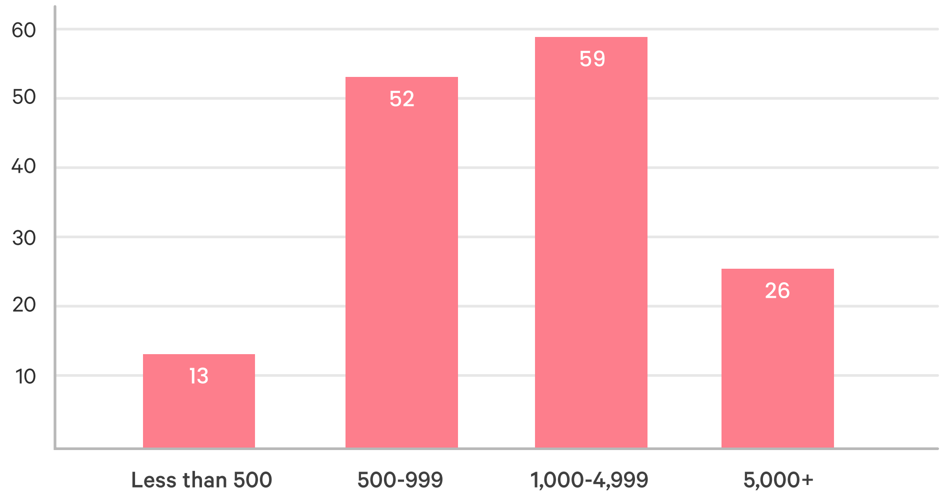


Retail Categories Represented



Demographics *Responses (n=150)*

Company Size



Company Revenue

What is the Growth Challenge?

Growth Is Harder to Earn

Retail leaders widely agree the current environment is more challenging than the previous year. Yet the response across the industry has not been defensive.

Instead of reducing investment, organizations are reallocating budgets toward initiatives that directly impact customer retention, revenue growth, and operational efficiency.

Most companies expect marketing budgets to increase in the next fiscal year, while very few anticipate decreases.

The message from leadership teams is clear:

Growth investments are still happening—but expectations for measurable business impact have increased significantly.

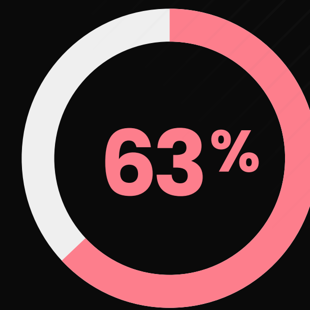
As growth becomes more difficult and customer acquisition costs rise, retail organizations are placing greater emphasis on retaining and growing existing customer relationships.

Implication for leaders —

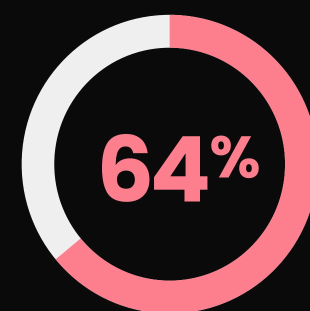
Marketing and digital investments must now demonstrate:

- Clear revenue contribution
- Measurable ROI
- Customer retention impact
- Operational efficiency gains

Organizations that cannot demonstrate impact will struggle to maintain funding.



Believe the economic environment in 2025 is more challenging than in 2024.



Expect marketing budgets to increase in the next fiscal year.

Where is Marketing Investment Most Valuable?

Marketing Investment In High-Impact Areas

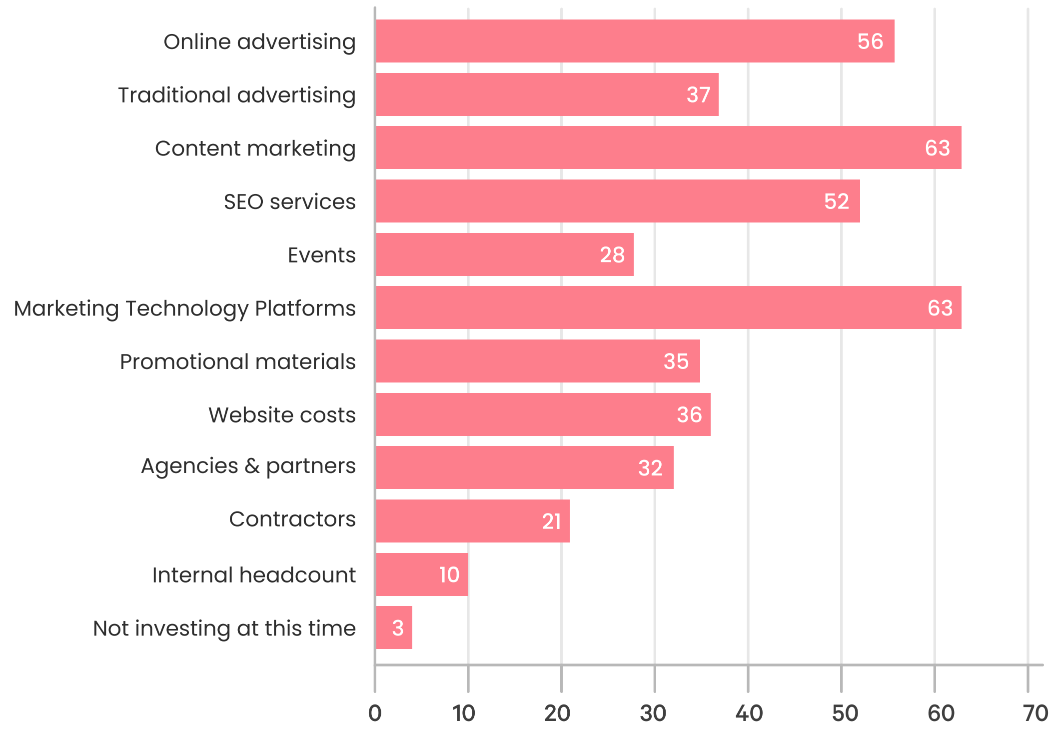
Retail leaders are concentrating marketing investment in a smaller number of strategic growth areas.

The top investment priorities include:

- Content marketing
- Marketing technology platforms
- Digital and online advertising
- SEO and performance marketing

These investments reflect a growing focus on customer engagement, measurable performance, and long-term retention.

Where are you investing most in marketing over the next twelve months?



Where is Marketing Investment Most Valuable?

Marketing Investment In High-Impact Areas *(continued)*

Interestingly, many of these same categories are also under the greatest pressure to justify cost.

This signals a broader shift in executive expectations: marketing organizations are being asked not only to innovate—but to prove that innovation directly supports profitable growth.

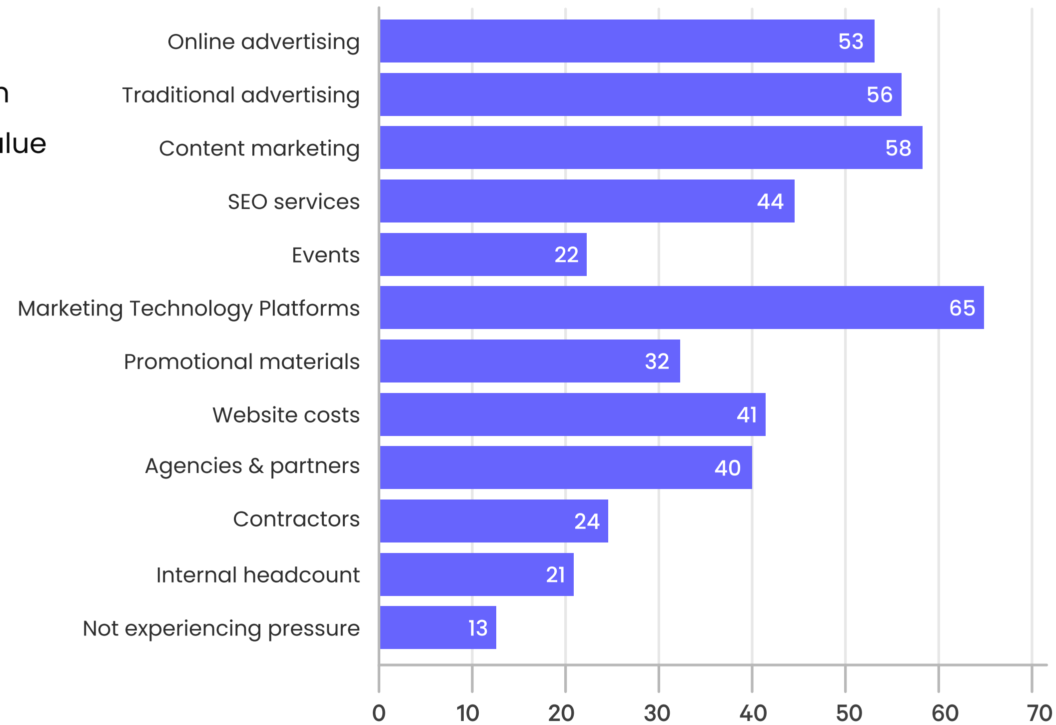
Implication for leaders —

Retail CMOs must prioritize:

- Platforms that unify data and measurement
- Content that drives conversion and loyalty
- Channels that support performance attribution
- Investments that improve customer lifetime value

The era of fragmented marketing technology stacks is coming to an end.

Where are you seeing the greatest pressure to reduce costs within your marketing function?



Where is Marketing Investment Most Valuable?

Relationship-Driven Marketing

Retail leaders report that the highest-performing marketing channels today are the ones that create direct, ongoing customer relationships.

The strongest-performing channels include:

- Social media (paid and organic)
- Email marketing
- Digital advertising
- Influencer marketing

The most notable trend is the rapid rise of influencer marketing, which is now delivering returns comparable to digital advertising.

38% of respondents shared that influencer marketing was generating the strongest ROI for their brand.

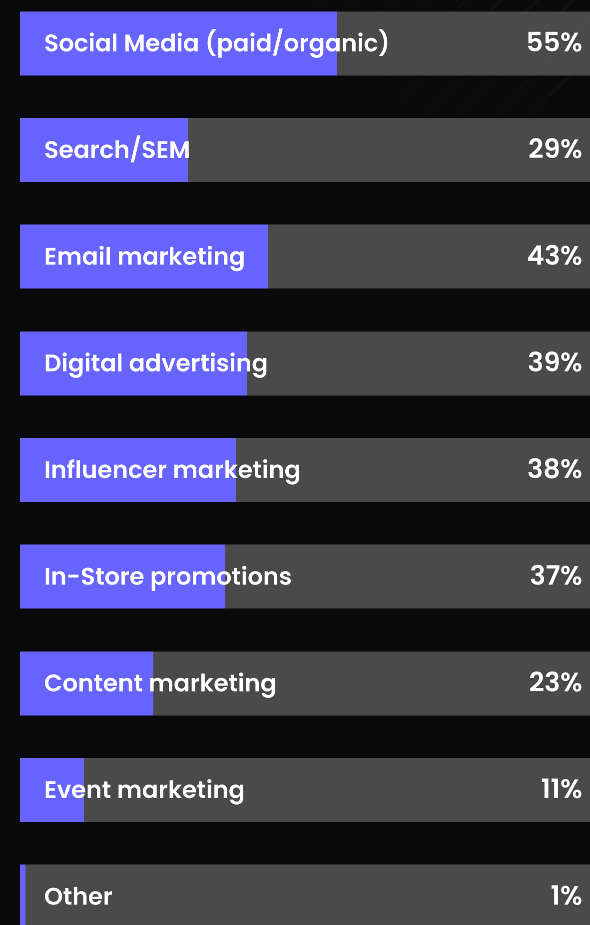
This reflects a broader shift in customer discovery behavior—particularly among younger consumers—where trust, community, and creator relationships increasingly influence purchasing decisions.

The highest-performing channels are no longer just driving awareness. They are strengthening customer engagement and increasing long-term brand affinity.

Implication for leaders —

Retail organizations should begin treating creator partnerships and owned channels as retention and revenue strategies—not simply awareness campaigns.

What marketing channels are generating the **strongest ROI** for your brand right now?



Where is Marketing Investment Most Valuable?

Mobile Commerce Is the Largest Growth Channel—and the Biggest Friction Point

Retail leaders expect mobile commerce to become the primary growth channel over the next year, followed by brand e-commerce sites and marketplace platforms.

However, mobile and online experiences are also identified as the single largest source of friction in the customer journey.

This gap represents one of the clearest opportunities in the report.

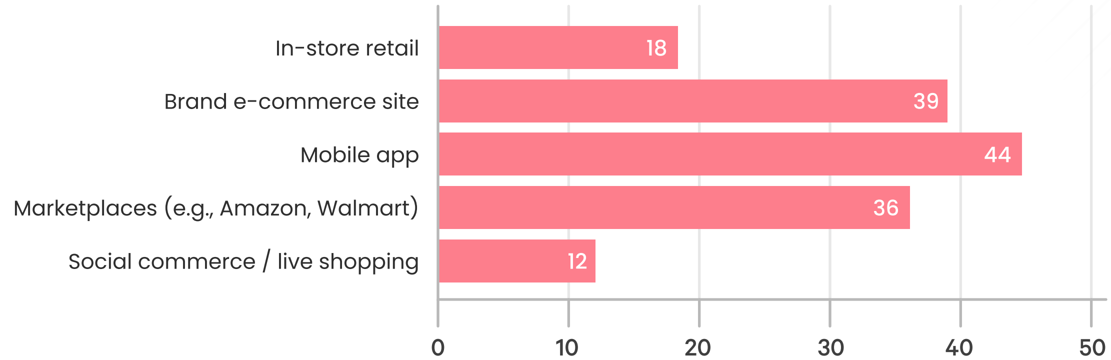
Improving mobile experience—from discovery to checkout—may unlock greater long-term value than expanding acquisition spend alone.

As consumers increasingly expect seamless digital interactions, friction in mobile commerce directly impacts conversion, loyalty, and retention.

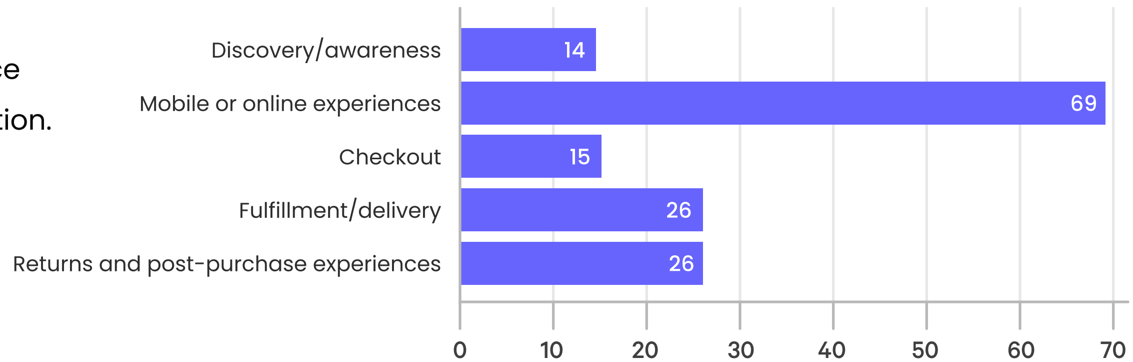
Implication for leaders —

Retail organizations should treat mobile optimization as a customer retention and revenue strategy—not simply a digital design initiative.

How do you expect your customers to shop over the next 12 months?



Where is the biggest friction in your current customer journey?



What's Shaping Your Loyalty Strategy?

AI Drives Personalized Growth

The key to a strong loyalty program remains the same as it always was: knowing your customer. In the past, this meant understanding broad segments and large-scale optimizations. Today it also means individual personalization through recommendation models, AI-generated individualized content, and high-level decision algorithms. Finally, maintaining data accuracy and availability remains the key foundation for these initiatives, and in turn capturing true ROI from customer loyalty."

John Carney

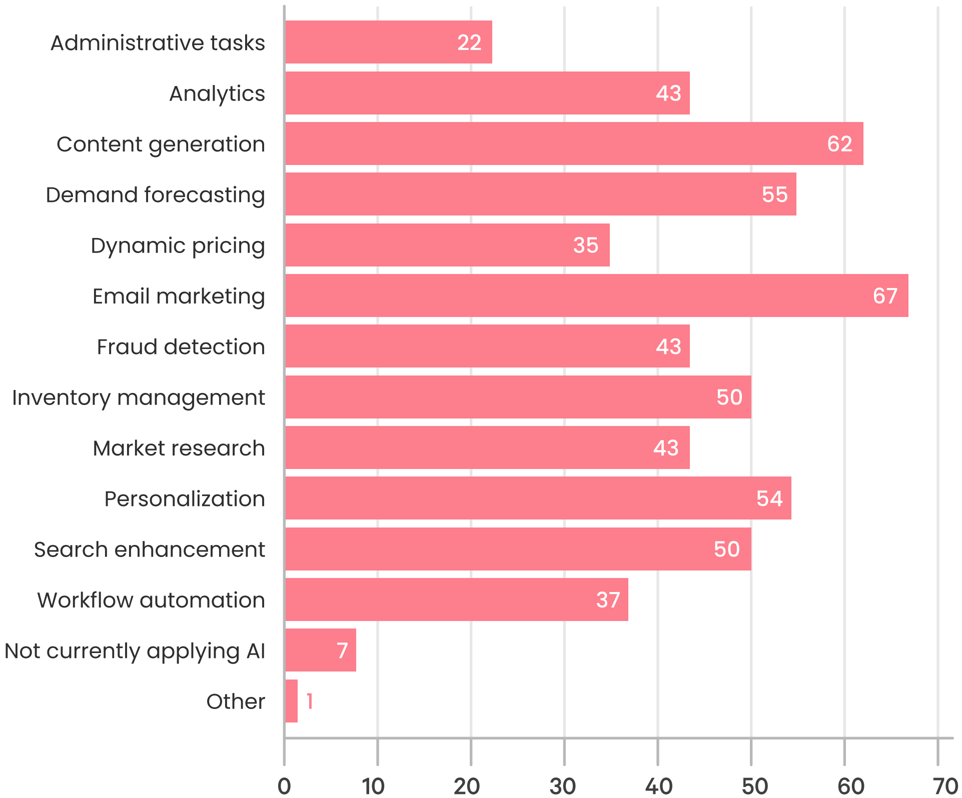
Artificial intelligence has moved beyond experimentation in retail.

The majority of organizations are actively applying AI across core marketing and operational functions that directly support customer engagement and growth.

The most common use cases include:

- Email marketing optimization
- Content generation
- Demand forecasting
- Personalization
- Inventory management

For which of the following purposes is your organization currently applying AI?



What’s Shaping Your Loyalty Strategy?

AI Drives Personalized Growth *(continued)*

Most companies describe their AI initiatives as actively building or scaling, indicating the technology is becoming embedded in day-to-day operations.

44% of respondents shared they have been working on their AI initiatives for over 12 months.

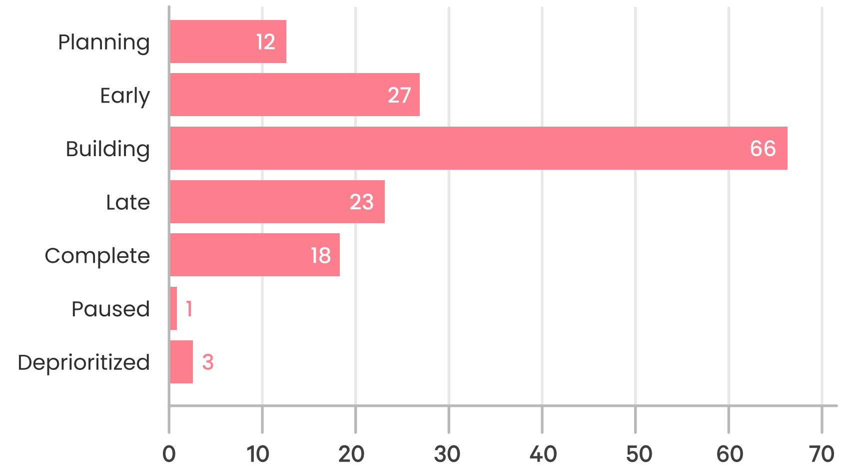
Looking ahead, retail leaders overwhelmingly expect AI to influence customer engagement and revenue growth in meaningful ways.

The next phase of AI adoption will focus less on automation alone—and more on enabling personalized, frictionless customer experiences at scale.

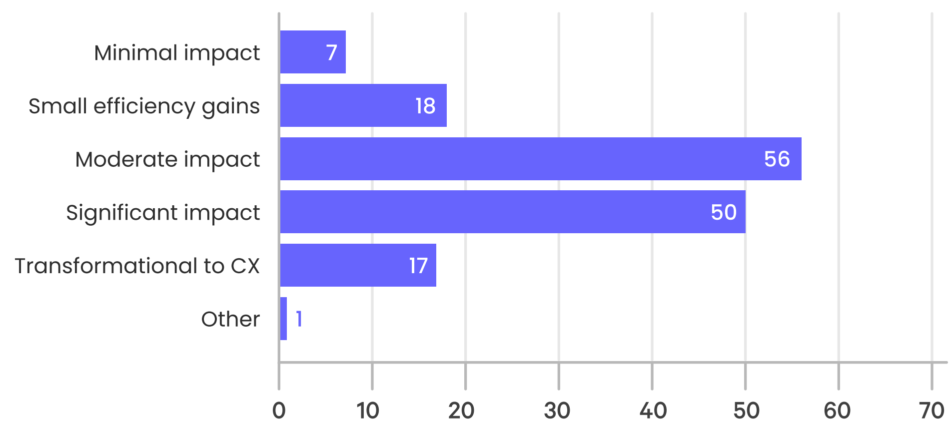
Implication for leaders —

The competitive advantage will not come from simply adopting AI, but from integrating it across the entire customer journey to improve loyalty, personalization, and customer lifetime value.

How would you characterize the role Artificial Intelligence (AI) plays in your organization currently?



How do you expect AI to influence your customer engagement strategy?



Loyalty: Opportunities and Risks

Loyalty programs are evolving from points-and-rewards models into vehicles for delivering personalized customer experiences. As consumers face more choices than ever and switching costs continue to decline, retailers can no longer rely on transactional loyalty alone. The brands seeing the strongest growth are using loyalty data to create relevant, individualized experiences across channels, making customers feel recognized and valued at every interaction."

Anna Trenary

Retail leaders overwhelmingly see customer loyalty and retention as the largest opportunity for revenue growth over the next 12–18 months.

Where do you see the biggest opportunity to increase customer revenue in the next 12–18 months?

- Personalization & targeted offers *(14)*
- Growing loyalty & retention *(57)*
- Cross-sell / upsell to existing customers *(42)*
- Expanding to new customer segments *(31)*
- New channels or markets *(6)*

Loyalty: Opportunities and Risks *(continued)*

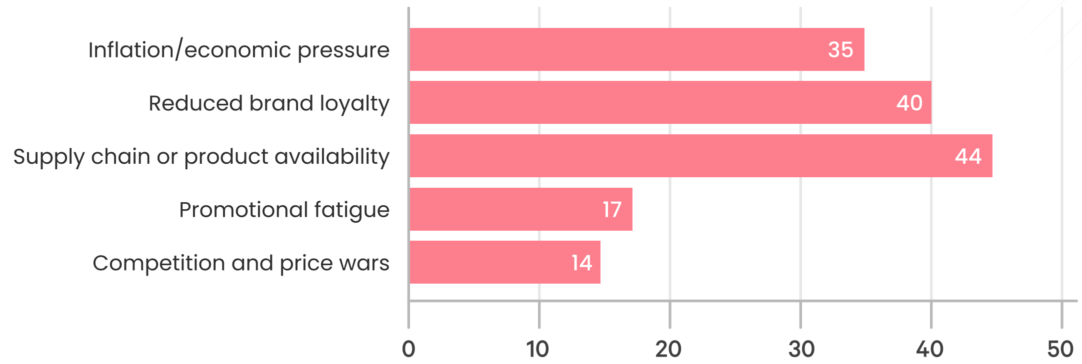
At the same time, many leaders express growing concern about declining brand loyalty and easier switching behavior among consumers.

This tension highlights one of the defining realities of modern retail:

Customers are more valuable than ever — but also easier to lose.

As acquisition costs rise and competition intensifies, loyalty is increasingly becoming the primary driver of sustainable growth.

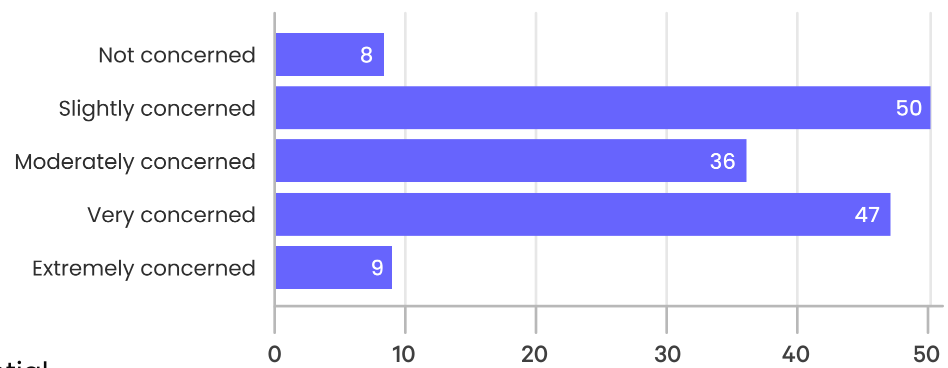
What macro challenge is most likely to limit customer spending through 2026?



Implication for leaders —

Future growth will depend on building loyalty ecosystems, not just loyalty programs.

How concerned are you about declining loyalty or brand switching going into 2026?



These ecosystems combine:

- Personalized offers
- Exclusive experiences
- Membership benefits
- Seamless digital engagement
- Ongoing customer value

The brands that create stronger emotional and experiential connections will be best positioned to retain customers long term.

How are Customers Changing?

Convenience Is Replacing Price as the Primary Customer Driver

As mobile becomes the dominant shopping channel, customer expectations are changing. Loyalty programs that are simple to join, easy to use, and deliver immediate, meaningful value are far more effective than those built around complex rules or delayed rewards. Convenience, not discounts, is becoming the foundation of customer loyalty."

Viral Munshi

Retail leaders report that customers increasingly value convenience, simplicity, and reliability over lowest price alone.

Top customer priorities include:

- Convenience and ease of experience (40%)
- Fast and reliable delivery (35%)
- Personalized recommendations (16%)

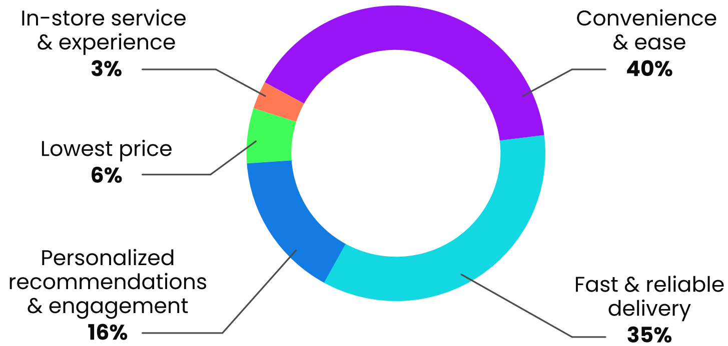
Lowest price ranked significantly lower as a differentiating factor (6%).

This signals an important shift in retail competition.

Consumers are rewarding brands that reduce friction, simplify the shopping experience, and consistently deliver on expectations.

As a result, operational excellence and customer experience are becoming stronger loyalty drivers than discounts alone.

What do your customers value most in their shopping experience today?



Implication for leaders —

The future of retail growth will be defined less by price competition and more by the ability to create convenient, reliable experiences that keep customers coming back.

How are Customers Changing?

Loyalty Innovation Is the Top Customer Experience Investment

When asked where they must invest to remain competitive, retail leaders ranked loyalty program innovation as the top customer experience priority.

36% of respondents identified loyalty program innovation as the most important customer experience investment.

Other leading priorities include:

- Faster fulfillment and delivery (30%)
- Mobile experience improvements (14%)
- Digital and experiential retail (11%)

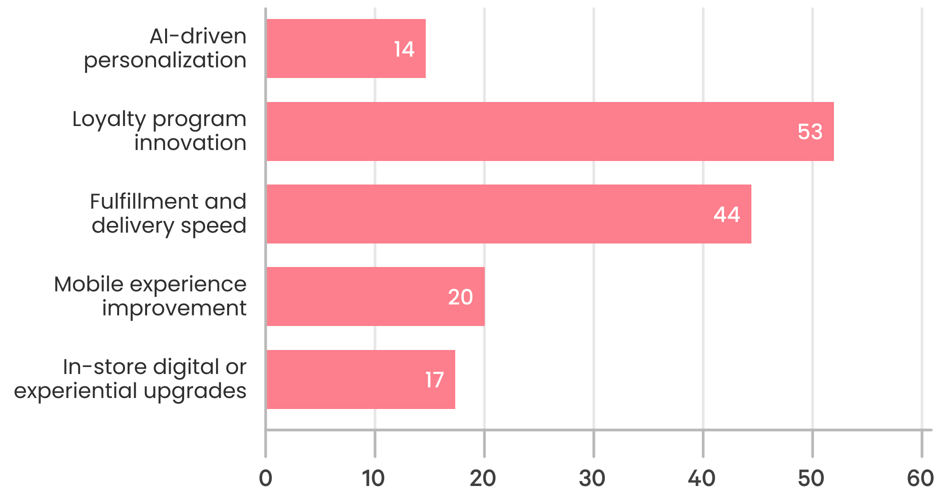
Interestingly, AI-driven personalization ranked lower as a standalone CX initiative (9%), suggesting many organizations have not yet fully connected AI capabilities to customer experience strategy.

This reveals a major opportunity for retail organizations to bridge operational AI investments with customer-facing loyalty experiences.

Implication for leaders —

Retailers that successfully combine AI, personalization, and loyalty strategy may unlock a significant competitive advantage in customer retention and long-term growth.

Which CX investment will be most critical to remain competitive?



How are Customers Changing?

Social Commerce and Sustainability Are Reshaping Retail Strategy

Retail leaders are closely tracking several emerging trends that are reshaping how customers engage with brands.

The leading trends include:

- Sustainability and responsible consumption (30%)
- Social commerce and influencer-driven discovery (24%)
- Subscription and membership models (24%)

These trends share a common theme: customers increasingly want long-term relationships with brands that align with their values, lifestyles, and digital behaviors.

Retailers are responding by shifting promotional strategies toward:

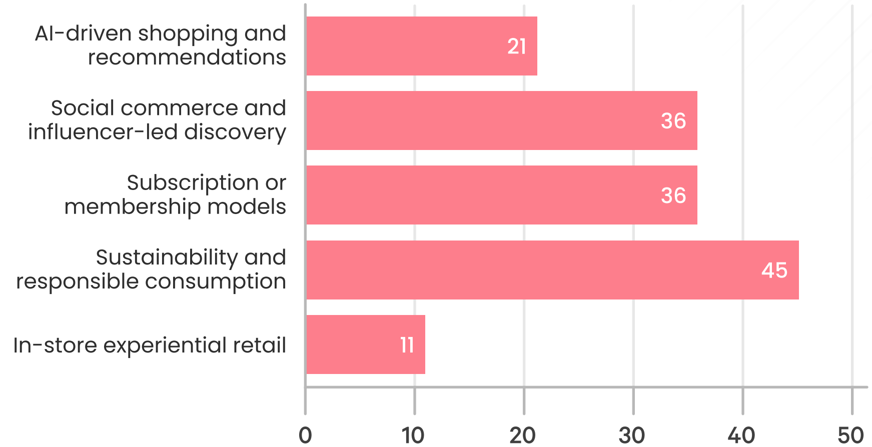
- Loyalty-based offers (60%)
- Value-added perks (49%)
- Dynamic pricing models (42%)

Frequent deep discounting is increasingly viewed as a short-term tactic (41%) rather than a sustainable growth strategy.

Implication for leaders —

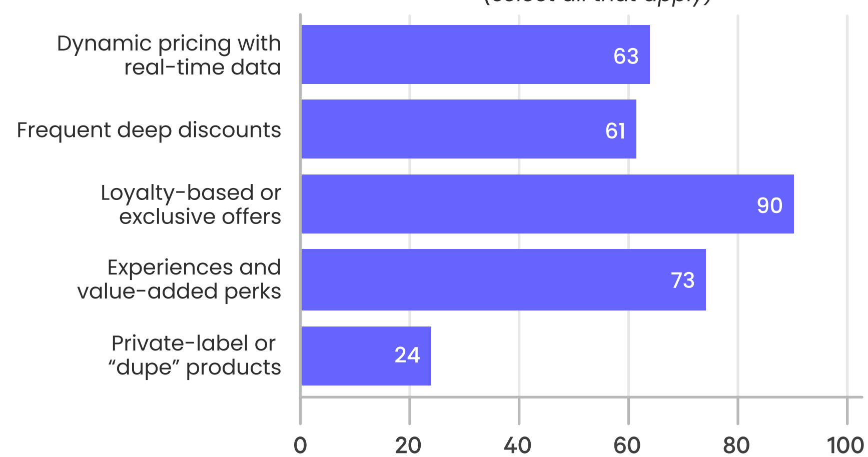
Retail growth strategies are evolving away from transactional promotions and toward relationship-driven engagement models that increase loyalty and customer lifetime value.

Which emerging consumer trend are you watching most closely?



How are you approaching pricing and promotions as shoppers become more value-focused?

(select all that apply)



Is Your Tech Holding You Back?

Tech Stack Complexity Is the Biggest Barrier to Marketing Success

Despite increased investment and strategic focus, many retail organizations continue to struggle with execution.

Retail leaders report that the single biggest obstacle to achieving marketing goals is technology stack complexity (39%), followed by budget constraints (27%) and fragmented data environments (16%).

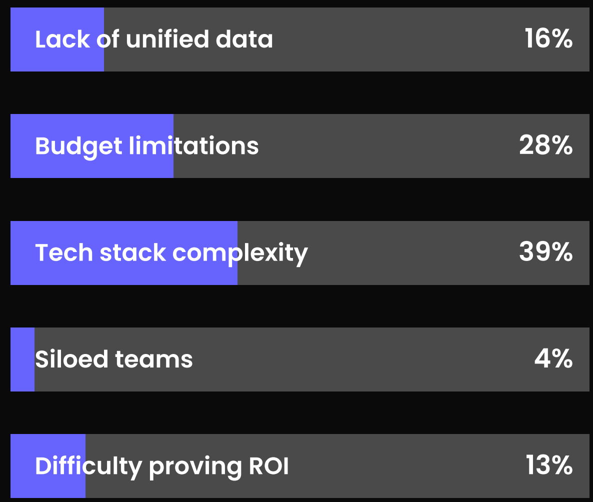
These challenges slow decision-making, limit visibility into customer behavior, and make it more difficult to measure marketing performance effectively.

As organizations continue investing in personalization, AI, and loyalty initiatives, fragmented systems are becoming a major barrier to growth.

Implication for leaders —

The next wave of retail transformation will focus on simplifying technology ecosystems, unifying customer data, and creating a clearer view of the customer journey.

What's the biggest challenge preventing your team from achieving its marketing goals?



Key Takeaways

Several clear themes emerged from this year's Retail Leadership Insights survey. Together, they highlight how retail organizations are redefining growth in a more competitive and customer-centric environment.

Loyalty Is the New Growth Engine

Retail leaders consistently identify loyalty and retention as the greatest opportunity for long-term revenue growth. At the same time, declining loyalty and easier switching behaviors are increasing competitive pressure across the industry.

Growth Investments Are Becoming More Precise

Retail organizations continue to invest in marketing and technology despite economic uncertainty. However, those investments are becoming more focused on measurable performance, customer retention, and operational efficiency.

AI Is Becoming Core to Customer Engagement

Artificial intelligence is transitioning from experimentation to operational infrastructure. Retailers are increasingly using AI to improve personalization, forecasting, content generation, and customer engagement at scale.

Convenience Is Becoming the Competitive Advantage

Consumers increasingly prioritize convenience, seamless digital experiences, and reliable fulfillment over lowest price alone. Brands that reduce friction across the customer journey are best positioned to build loyalty and retention.

Simplification Is the Next Transformation Priority

As organizations invest more heavily in AI, personalization, and loyalty strategies, simplifying technology ecosystems and unifying customer data will become critical to execution and growth.

Conclusion

Retail leaders are navigating perpetual challenges.

Budgets are increasing, but scrutiny is intensifying.

AI adoption is accelerating, but customer experience friction remains high.

Loyalty is the greatest revenue opportunity, but switching between brands has never been easier.

The retailers that outperform in the coming years will focus on three strategic priorities:

- Reducing friction across the customer journey, especially on mobile
- Building loyalty ecosystems that deepen customer relationships
- Simplifying technology and unifying customer data to improve decision-making

Retail growth in the next era will not come from marketing spend alone.

It will come from targeted investments in the experiences that strengthen loyalty, increase customer lifetime value, and build long-term trust.

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