

Grocery Loyalty in 2025:

Lessons learned,
insights ahead

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Lessons for grocers in the year ahead



Retailers must constantly **“relearn” and adapt** their strategies to stay relevant in the eyes and wallets of their customers and competitive in the marketplace.

Grocers face a constant ebb and flow of challenges and opportunities, with each year presenting new ones. From operational struggles like supply chain interruptions to the increased costs and consumer price sensitivity that have persisted for years to yo-yo-ing customer preferences and behaviors, little stays constant for long in this dynamic industry.

The fact that grocery retail is anything but predictable forces a continual rethink of what it takes to succeed; retailers must constantly “relearn” and adapt their strategies to stay relevant in the eyes and wallets of their customers and competitive in the marketplace. It also means that with the right perspective and a long enough view, **several lessons from 2024 can be drawn to guide what grocery retailers do in the coming year and even the next.**

On the surface, grocery loyalty might appear to be a relatively unchanged proposition since the era of punch cards; incentivize shoppers to spend in your store by offering them discounts or value in return. Yet, today’s programs operate on an entirely different level. The core principles endure, but **the execution has become a sophisticated interplay of data, personalization, and strategy**—yielding stark differences in outcomes between programs that lead and those that lag.

What sets the highest-performing grocery loyalty programs apart—and what lessons can we learn from them? They master the fundamentals of loyalty with forward-thinking approaches and advanced, purpose-built technology. **None of the underlying concepts like personalization, gamification, and omnichannel engagement are new, but the best grocery programs refine and apply them in ways that consistently deliver exceptional results.**

They understand that personalization is no longer a nice-to-have feature but an engine of bottom-line results. They know that gamification as an end to itself has diminishing returns, but when executed with a purpose, it can be an incredibly valuable and ROI-delivering tool. They recognize that **the impact of any omnichannel loyalty initiative is directly proportionate to the volume of customers that participate in its digital channels (read: more eyeballs, more engagement, bigger baskets and bigger media opportunity).**

These insights aren’t exclusive; any grocery retailer can apply them to improve the overall performance of its loyalty programs and **build deeper and more profitable relationships with its customers.**

LESSON ①

Personalized does indeed drive profits

Personalization is a perennial goal for grocers, and for good reason. It's a path to delighting customers, encouraging engagement, and driving financial performance. **Personalization also allows grocers to allocate their marketing and promotional spending more efficiently**—only presenting discounts on certain items to those customers most likely to be motivated by that discount—a precision that mass marketing can't achieve.

Grocery retailers have a unique advantage here, given the vast amount of data generated by the extensive volume of SKUs in their inventory and the frequency of customer visits. And if they have a loyalty program, they have all the data they need—and the data that other businesses vie for—to tailor offers to customers at the individual level.

[Boston Consulting Group](#) (BCG) estimates that personalization leaders will experience \$570 billion in global growth by 2030. However, the impact of personalization is not limited to projections: **several well-recognized grocers are seeing significant financial returns from advanced personalization strategies.**



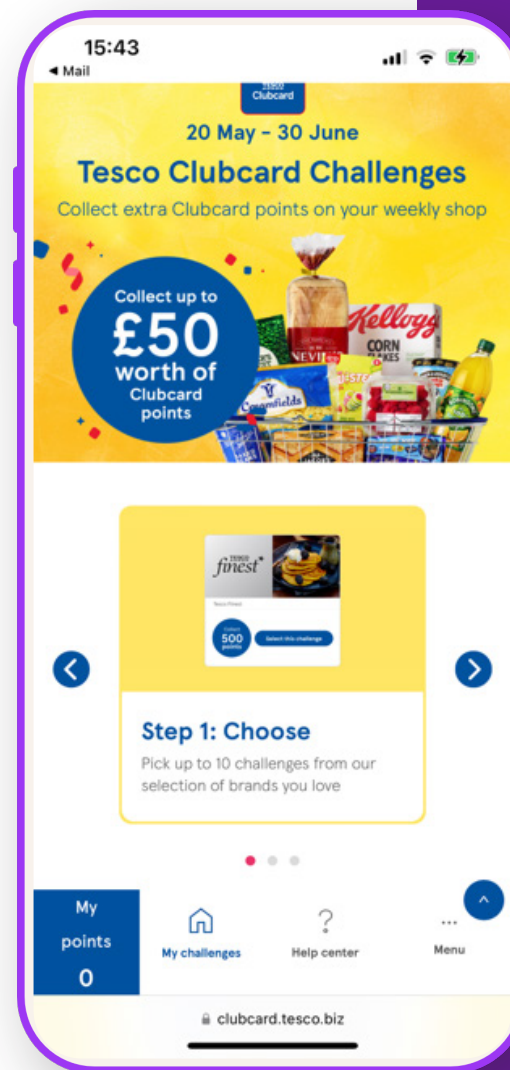


UK supermarket chain Tesco delivers personalized customer experiences through its massively popular Clubcard program.

The Clubcard program is huge: Tesco's latest trading statement reports over 23 million Clubcard households in the UK and that Clubcard sales penetration was 82% in the UK and 87% in Central Europe. There are also 16.3 million Tesco app users, with visits to the app increasing year-over-year.

This volume of digitally connected customers allowed Tesco to launch a high-performing, high-engagement personalization initiative driven by gamification: Clubcard Challenges. Tesco launched Clubcard Challenges in May 2024 with a series of four separate 6-week campaigns, progressively increasing the number of customers being included in each campaign. The initiative's proposition was straightforward: customers who participated were given the opportunity to collect up to £50 worth of Clubcard Points by completing a set of personalized challenges.

Built on the principle that individuals tend to increase their effort and motivation as they get closer to achieving their goals, Clubcard Challenges also leveraged delayed gratification, as participants would only receive their total accumulated rewards at the end of each 6-week campaign. Challenges campaigns were staged around marketable events, including the Olympics and Christmas, the campaign contributed to what Tesco described as their "biggest ever Christmas performance."



In 2024, 10 million Tesco customers received entirely personalized Clubcard Challenges

Clubcard Challenges Mechanics – and Results

Clubcard Challenges uses AI to create bespoke thresholds for each participant, drawn from insights into that customer's past purchase history and preferences, which are then analyzed and processed by predictive AI algorithms. **Those algorithmic models take +190 intelligent decisions to assign a personalized Challenge to each Clubcard member, ensuring that the products or categories they are presented with and the spend and reward thresholds are unique to each participant.** The AI also ensures that only incremental spending is rewarded on favorites and new products/categories, resulting in a win for customers, Tesco and participating suppliers. Tesco successfully incorporated both own-label and branded challenges into their campaigns, unlocking new revenue, strengthening supplier relationships, and offsetting some costs.

Altogether, the Clubcard Challenges campaign created truly personalized, customized and profitable engagement with participants, achieved at a previously impossible scale.

The campaign's performance results are equally striking. During the final, Christmas-themed Challenges campaign of 2024, **10 million customers received their own personalized set of Clubcard Challenges.** Of all customers who visited the Clubcard Challenges site or pages, 76% converted into players. Sixty-two percent of all players reached the first reward threshold, becoming winners. Those winners collected over half a billion extra Clubcard points over the campaign period.

During 2024, Tesco's H1 24/25 overall adjusted operating profit increased 15.6% over 2023 to £1.649 billion.

"We introduced personalisation and gamification through Clubcard challenges to over 10 million customers, and that had a great effect. There was a really, really strong response to that, and that was just another example or iteration of our continuous move towards greater personalization through the Clubcard."

- Ken Murphy, Tesco CEO, Jan 2025

LESSON ②

Get some skin in the game with purposeful gamification

If personalization is finally becoming recognized as a serious financial performance driver, gamification is still often misunderstood as a quick fix for engagement and incremental sales. That's why nearly 70% of respondents in a [2023 Euromonitor International survey](#) identified it as a top loyalty tactic, citing its ability to add challenging and competitive elements that significantly boost customer engagement and retention. Gamification also taps into consumers' appetite for interactive and goal-driven experiences.

But not ALL gamification is created equally or equally effective.

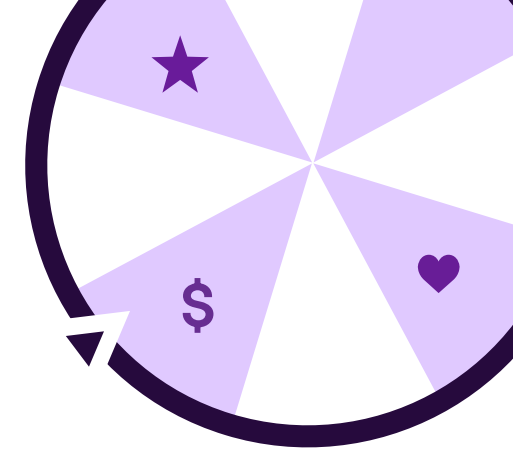
Using it superficially and without a clear strategy, it will fail to boost engagement or generate any clear returns for a grocery retailer. And simply deploying "me too" tactics won't work either. Emulating the badges-and-goals model popularized by other industries (think Peloton) typically doesn't resonate with grocery shoppers.

The grocery shopping experience is unique among retail experiences and differs significantly from consumers' interactions with brands in other industries.

Any gamification initiative implemented by a grocery retailer should highlight these distinctions, specifically visit frequency and the immediately identifiable value to consumers of saving on per-trip spending.

When done right, gamification can add a sense of novelty to the shopping experience, keeping customers engaged and driving incremental sales. **The keys to effective gamification strategies are getting (and keeping) customers behaviorally invested and rewarding them with real value.** The Tesco Clubcard Challenges initiative discussed earlier, and a [similar program](#) from French grocery retailer Carrefour are excellent examples.

These gamified challenges ask customers to modify their behavior to earn their reward by exploring a different product category or achieving buying targets rather than simply waiting for their loyalty points to accrue for their anticipated discounts. **This active participation deepens engagement, not just with the loyalty program but with the grocery brand itself.**



LESSON ③

Build a bridge to digital and drive digital adoption through analog methods. Seriously.

For customers to engage with a gamified initiative, they must be digitally connected to the grocery brand—most often through the loyalty program's mobile app, as seen with Tesco.

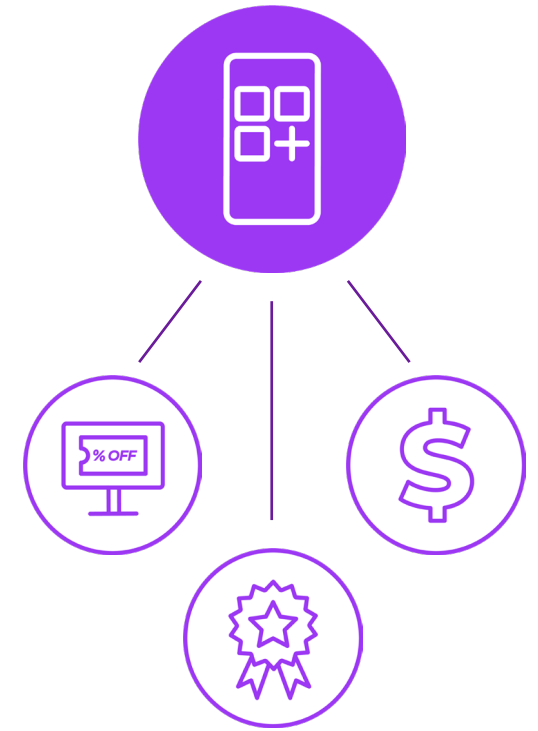
"Phone-out" shopping has become integral to the grocery experience, and loyalty apps now serve as essential tools. Beyond gamified initiatives, these apps offer personalized offers and advanced features like store navigation and proximity notifications, solidifying their role as invaluable assets for shoppers and retailers alike.

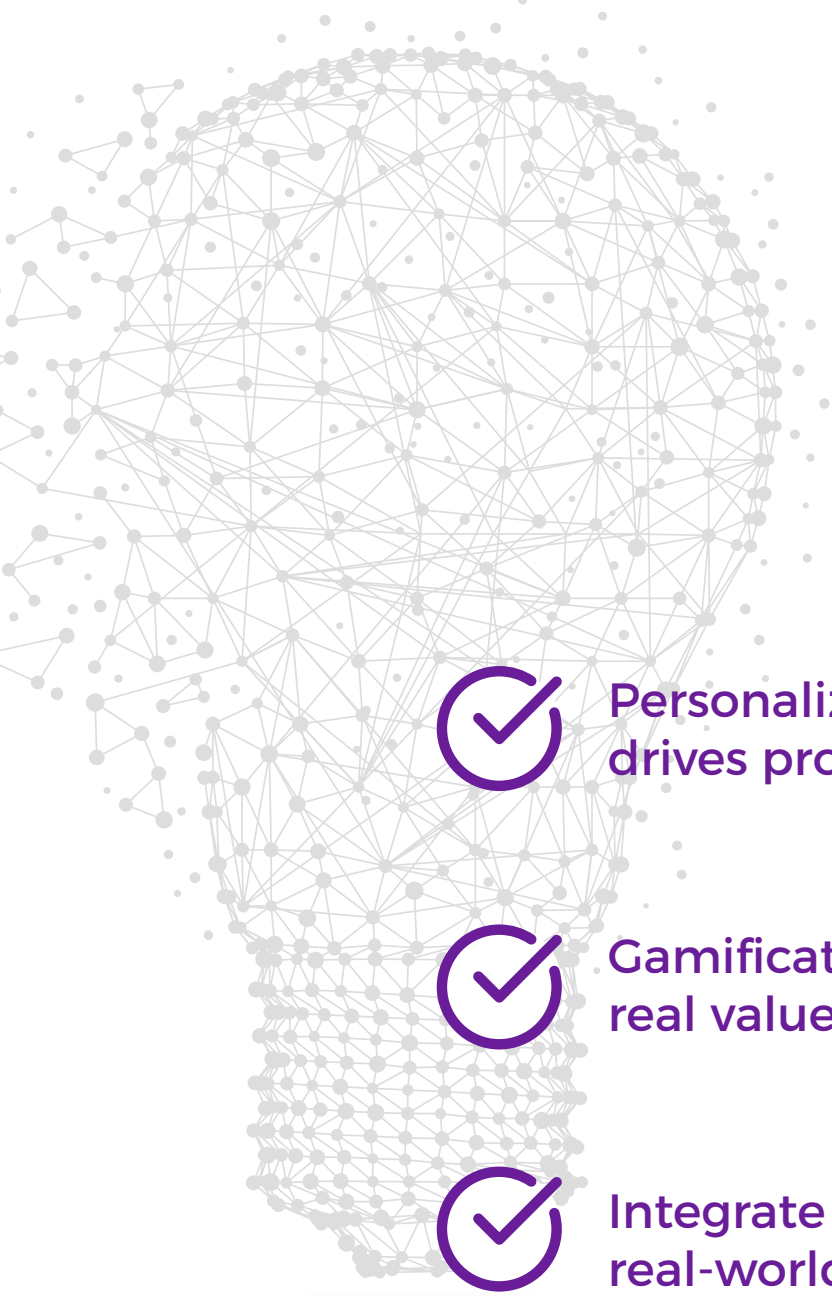
The goal, of course, is omnichannel engagement—connecting the in-store and online experience. Grocers' biggest single roadblock to this is converting a significant portion of their overall customer base into digital users.

Why does this matter? Simply improving digital touchpoints means preaching to the choir. The most advanced digital capabilities are only relevant to the customers who can

access them and, critically, use them. **If a grocer has 20 million customers but only 1 million have downloaded and used their grocery or loyalty app, that leaves 19 million shoppers who are unaware of the highly personalized offers they could receive through the retailer's app.** This is one of the reasons forward-thinking retailers strive for close integration between their loyalty program apps, ecommerce marketplaces and omnichannel retail media services ...to avoid the echo chamber effect that a digital-only approach can produce.

Grocers can turn their physical locations into effective shopper recruitment hubs to attract new users. Staff incentives for new sign-ups or downloads, exclusive offers for new digital users, and well-placed in-store reminders are the blueprints for a well-trafficked bridge to digital engagement.





**Personalization
drives profitability**



**Gamification must deliver
real value and engagement**



**Integrate digital and
real-world engagement**

Turning knowledge and data into action

Personalization, gamification, and omnichannel engagement are not new ideas, but they remain fundamental to grocery loyalty success. The difference lies in how these strategies are implemented. Leading retailers have shown that with the right tools, technology, and focus, these concepts can evolve into engines of measurable performance and growth.

The key lessons are clear: personalization drives profitability when backed by robust data and smart execution; gamification must go beyond superficial tactics to deliver real value and engagement; and bridging the gap between digital and physical experiences is essential for achieving true omnichannel success. **When applied with purpose, these strategies enhance loyalty programs and strengthen overall customer relationships.**

Grocers face an important challenge in 2025: how to apply these lessons in ways that make a real difference. **Success will come from focusing on what matters most to customers—delivering loyalty programs that are practical, engaging, and effective at building stronger customer relationships and driving results.**



Eagle Eye is a leading SaaS and AI technology company enabling retail, travel and, hospitality brands to earn the loyalty of their end customers by powering their real-time, omnichannel and personalised consumer marketing activities, at scale.

Eagle Eye AIR is a cloud-based platform, which provides the most flexible and scalable loyalty and promotions capability in the world. More than 850 million personalised offers are executed via the platform every week, and it currently hosts over 500 million loyalty member wallets for businesses all over the world. Eagle Eye is a certified member of the MACH Alliance and is trusted to deliver a secure service at hundreds of thousands of physical POS destinations worldwide, enabling the real-time issuance and redemption of promotional coupons, loyalty offers, gift cards, subscription benefits, and more.

The Eagle Eye AIR platform is currently powering loyalty and customer engagement solutions for enterprise businesses all over the world, including Asda, Tesco, Morrisons, Waitrose and John Lewis & Partners, JD Sports, Pret a Manger, Loblaws, Southeastern Grocers, Giant Eagle, and the Woolworths Group. In January 2024, Eagle Eye launched EagleAI, a next-generation data science solution for personalisation, already being used by leading retailers worldwide including Carrefour, Auchan, and Pattison Food Group.

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