



Loyalty Programme Design and Management

Course: Points Economics, Tiers and Incrementality



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Introduction:

Loyalty programme design and management, covering points economics, tiers, partner coalitions and incrementality, is the subject of this 5-day course for retail marketing teams and loyalty managers, ending with a Loyalty Programme Design and Economics Plan for a case retailer. Many schemes reward purchases that would have happened anyway while unredeemed points grow into an unmeasured cost. Nominees already run promotions or customer data for a retail or consumer brand, and teaching is by modelling build on case data. CoreConcept Training Center delivers this loyalty programme design and management course.

Course Objectives:

- Define scheme objectives and target member behaviours that link loyalty spend to retail margin and customer value
- Design earn rates, reward catalogues and tier thresholds that steer spend without giving away margin
- Calculate points liability, cost per point and breakage from redemption data and report them to finance
- Structure partner coalition and funding arrangements and plan app and mobile wallet journeys with consent capture
- Test incrementality with matched control and holdout groups and separate true uplift from cannibalised sales
- Build a Loyalty Programme Design and Economics Plan with scenarios, controls and decision rules for a case retailer

Target Audience:

- Retail and consumer marketing managers responsible for the design and results of a customer rewards scheme
 - Loyalty and membership managers accountable for enrolment, activity and redemption performance
 - Customer data and insight managers who supply member data and measure scheme results
 - Digital and app product managers who own mobile wallet, digital card and member account journeys
 - Finance business partners who review points liability, scheme costs and partner settlements
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Course Outline:

Day 1: Loyalty Scheme Foundations, Objectives and Current-State Assessment

- Single-Brand, Coalition and Shopping Centre Scheme Types Compared
- Earn, Burn and Status Mechanics Mapped on a Scheme Anatomy Canvas
- Member Base Health Audit with Active Rate and Enrolment Funnel
- Loyalty Objective Hierarchy Linking Scheme Goals to Retail Margin
- Existing Scheme Benchmark Scorecard Against Customer Value Drivers

Day 2: Scheme Architecture, Rewards and Tier Design

- Earn Rate Grid Design by Category Margin and Spend Band
- Reward Catalogue Selection Using Perceived Value and Cost Ratio
- Tier Threshold Setting with Spend Distribution and Status Retention Rules
- Goal Gradient, Endowed Progress and Loss Aversion Behavioural Levers
- Paid Membership and Subscription Tier Break-Even Model

Day 3: Points Liability, Breakage and Scheme Economics

- Points Liability Ledger and Deferred Revenue Treatment Under International Revenue Recognition Standards
- Breakage Rate Estimation from Redemption Curves and Expiry Rules
- Cost per Point Calculation with Reward Fulfilment and Funding Margins
- Liability Sensitivity Table for Earn Rate and Redemption Shocks
- Expiry, Dormancy and Point Devaluation Policy Impact Review

Day 4: Partners, Digital Channels and Incrementality Measurement

- Coalition Partner Economics with Point Purchase and Settlement Rules
- App, Mobile Wallet and Digital Card Integration Journey Map
- Identity Resolution and Consent Capture at Till and App
- Matched Control Group and Holdout Test Design for Incrementality
- Cannibalisation, Fraud and Abuse Controls with Threshold Alert Rules

Day 5: Modelling Build of the Loyalty Design and Economics Plan

- Case Retailer Member Dataset Preparation and Baseline Spend Calculation
 - Earn Rate and Tier Threshold Scenario Model Build
 - Liability and Breakage Forecast with Sensitivity Check
 - Incrementality Test Plan with Success Measures and Decision Rules
 - Loyalty Programme Design and Economics Plan Completion and Peer Challenge
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Skills You Will Gain:

- Loyalty Scheme Architecture
- Earn Rate and Tier Design
- Points Liability Estimation
- Breakage Forecasting
- Coalition Partner Structuring
- Wallet and App Journey Design
- Control Group Test Design
- Scheme Scenario Modelling

Why Attend This Course:

- Deliver a Loyalty Programme Design and Economics Plan to the marketing director, finance lead and digital product owner
- Decide whether a tier, reward or partner offer earns its cost, using breakage and incrementality figures rather than redemption counts
- Avoid an unrecorded points liability, margin lost to rewards for purchases that would happen anyway and costly redesigns after launch
- Coach colleagues and agencies on reading control group results and liability reports with consistent definitions

Conclusion:

Back at work, the participant presents the Loyalty Programme Design and Economics Plan to the marketing director, finance lead and digital product owner, who use it to approve earn rates, tier thresholds, partner terms and the liability provision. Marketing and insight teams run its holdout design on the next campaign cycle. After the first two reporting periods, the unit should review actual breakage, redemption cost and measured uplift against the plan, then adjust earn rates, expiry rules and partner funding accordingly.

Frequently Asked Questions FAQ:

What should participants know before a loyalty programme design and management course?

Participants should already work on promotions, customer data or retail marketing and be comfortable with spreadsheets, margins and averages. Bringing a description of their own scheme rules, earn rates and redemption data makes the modelling exercises more relevant.

How does loyalty programme design and management differ from a general customer relationship course?

It concentrates on the scheme itself: earn and reward rules, tiers, points liability, breakage, partners and incrementality testing. A general customer relationship course covers strategy, data and service processes and treats loyalty schemes as one topic among many.

Why does points liability matter in loyalty programme design and management?

Issued points are a future cost to the retailer and are normally treated as deferred revenue. If earn and redemption rules are set without modelling the liability and expected breakage, finance results and margins can move unexpectedly.

What do participants take back from the loyalty programme design and management course?

Participants take back a Loyalty Programme Design and Economics Plan, plus an earn rate and tier model, a liability and breakage forecast, a partner term checklist and a control group test design adaptable to their own scheme.
