



Data, Loyalty & CRM:

The Changing Landscape

With the rapid pace of digital transformation, capabilities that once seemed aspirational or impractical are now easily accessible. Advanced analytics, automation, and personalised CRM tools have made it possible for even smaller businesses to implement sophisticated customer strategies at relatively low costs, while delivering disproportionately high returns...

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Customer acquisition costs have increased over 60–80% in the last 5 years and marketers unanimously cite this as the biggest impediment to growth. Further, with continuous market expansion and the entry of new competitors, there is no immediate sign of stabilisation.

In such an environment, brands and retailers can no longer rely solely on acquiring new customers for growth. Instead, it has become critical to shift focus toward existing customers and current retail touchpoints. Engaging and nurturing present customers allows businesses to unlock significantly higher value at a much lower cost compared to pursuing fresh acquisitions. A 10% increase in retention rate can increase the brand's profitability by 20–25%.



This shift in thinking is not new. For decades, Customer Relationship Management (CRM) programs have been highlighted as powerful tools that enable leading retailers to build strong loyalty bases. These loyal customers often account for a disproportionate share of total sales and demonstrate superior performance metrics such as higher repeat purchase rates and larger average transaction values. On the surface, this suggests a successful loyalty ecosystem.

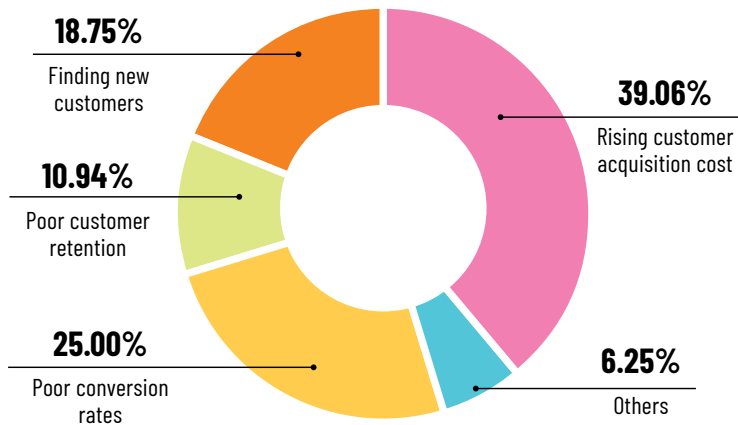
However, the real opportunity lies beyond traditional comparative metrics. When brands begin to evaluate customer data through the lens of total lifetime value and overall category spend, a different reality emerges. Even the most successful retailers and brands typically capture only a small fraction of an individual customer's total spending within a given category. Existing customers thus hold a far greater untapped potential than what current loyalty programs often extract.

While achieving complete share of wallet may be unrealistic, the future of CRM lies in the relentless, data-driven pursuit of getting closer to that ideal. In today's highly competitive and cluttered consumer landscape, brands must move from basic loyalty measurement to deeper consumer understanding. Leveraging advanced data analytics, personalised engagement, and predictive CRM strategies will define how effectively businesses can retain customers and expand their long-term value. Transactional loyalty programs will continue to lose impact and real sway will happen when brands reshape their customer relationships around real data and create dynamic loyalty programs that are responsive, predictive and leverage customer data across their entire lifecycle, covering multiple touchpoints.

Such programs will ensure that interactions add genuine value for the customer, rather than becoming just another source of marketing noise. With the rapid pace of digital transformation, capabilities that once seemed aspirational or impractical are now easily accessible. Advanced analytics, automation, and personalised CRM tools have made it possible for even smaller businesses to implement sophisticated customer strategies at relatively low costs, while delivering disproportionately high returns.

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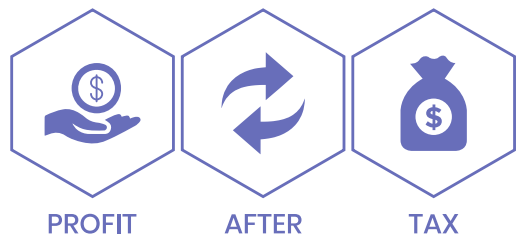
Key Growth Challenges For Brands



Source : ET Brand Equity Marketing Study-2024.

As highlighted in the 2024 ETBrandEquity Marketing Study, the top growth challenges identified by marketers are rising customer acquisition costs (38%), low conversion rates (26%), and difficulty in acquiring new customers (18%).

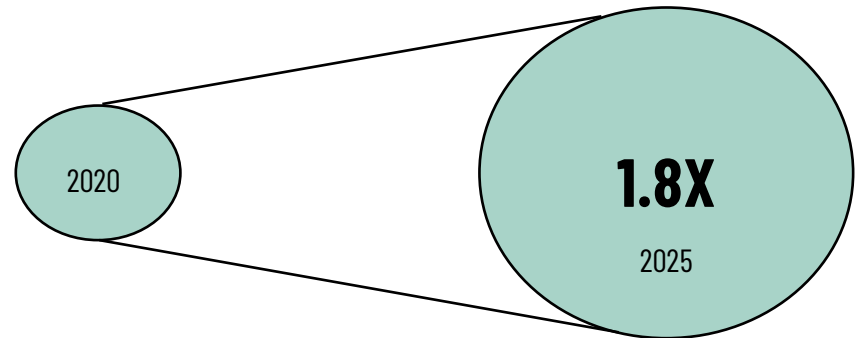
PAT



Retailing in a Margin-Constrained Environment: The Case for Maximising Existing Customer Lifetime Value

Retailing is an inherently challenging business where margins are thin and even small efficiencies can have a meaningful impact on profitability. With the exception of a limited number of global players, most

Online Cost Acquisition Cost over the 5 years



Source: Based on the data for 200+ brands managed online by Upriver.

retailers struggle to deliver consistently high profits. While returns such as ROA (Return on Assets) or ROI (Return on Investment) may appear healthy, actual profitability in terms of PAT (Profit After Tax) typically remains modest, often concentrated in the mid to high single digits depending on the category.

The situation is even more complex in markets such as India. High real estate costs continue to exert pressure on margins and this is expected to rise further due to limited availability of quality retail spaces. At the same time, retail productivity, measured through revenue per square foot, remains relatively low. Unlike Western markets where organised retail had reached maturity before the rise of e-commerce, Indian retail has witnessed the simultaneous growth of multiple channels. This has intensified competition, with brands and retailers aggressively competing for the same consumer share within a compressed time frame.



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Each phase of the customer journey generates rich data signals ranging from browsing behavior and purchase patterns to engagement responses and feedback.

Adding to these challenges is the steep escalation in online and offline media costs, which were traditionally relied upon to build brand awareness and capture consumer attention.

Within this demanding environment, it becomes imperative for brands to extract greater value from their existing assets rather than continually investing in new ones. Maximising the performance of current stores - online and offline, deepening engagement with existing customers, and increasing customer lifetime value are far more sustainable strategies than relentless expansion or constant new customer acquisition. This is where data-driven CRM and loyalty strategies gain renewed importance. Encouragingly, advances in digital technology now offer retailers affordable and scalable tools to better understand consumer behavior, personalise engagement, and drive higher returns from the same customer base, transforming efficiency from a necessity into a competitive advantage.

A Data-Led View of Engagement and Retention Across the Customer Lifecycle

The customer relationship with a brand or retailer can be broadly understood through a structured lifecycle that consists of four key stages.

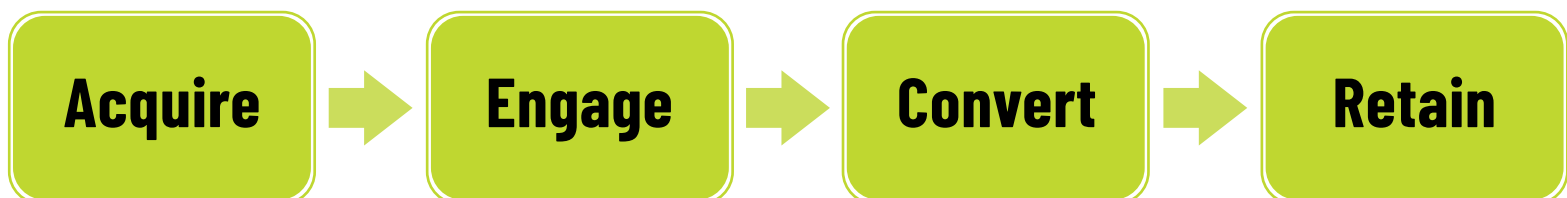
Each of these stages is further divided into multiple sub-stages, reflecting the evolving nature of customer needs, expectations, and interactions over time.

Together, these stages form the foundation of the customer journey and provide critical touchpoints where brands can influence perception, behaviour, and long-term loyalty.



At every stage of this lifecycle, targeted digital interventions can be deployed not only to improve operational efficiency but also to drive superior business outcomes. When approached strategically, these interventions allow brands to move beyond isolated transactions and build sustained, value-driven relationships.

Each phase of the customer journey generates rich data signals ranging from browsing behavior and purchase patterns to engagement responses and feedback. When captured, integrated, and analysed through robust CRM platforms, these signals enable brands to shift from reactive marketing approaches to proactive and even predictive customer engagement models. This evolution marks a significant transition from traditional CRM practices to future-ready, intelligent systems.



STAGE 1

Acquire – The Need for Smarter, Data-Driven Marketing Strategies

The acquisition stage is witnessing a fundamental shift driven by two critical challenges in modern marketing. First is the declining effectiveness of mass media for most brands, and second is the rapidly increasing cost associated with such channels. Together, these factors are forcing brands and retailers to rethink their acquisition strategies and explore more efficient, data-backed alternatives.

Digital convergence has made it possible for brands to combine data from social platforms, digital touchpoints, and Point-of-Sale (POS) systems to develop a deeper understanding of customer behavior. When a brand adopts a truly customer-centric mindset, this integrated data enables micro-segmentation and highly targeted communication. Instead of broadcasting generic messages, brands can engage customers at an individual level, fostering relevance, trust, and long-term engagement.



As a result, reliance on high-budget mass media campaigns can be significantly reduced. Brands are now able to reach consumers where they already spend their time across digital, social, and physical touchpoints using personalised and contextual messaging. An added advantage of this approach is the availability of real-time customer feedback. Likes, dislikes, preferences, and responses provide valuable insights that can continuously inform and refine

marketing strategies, making acquisition not only more efficient but also more meaningful. Deep and continuous engagement with consumers offers exceptional promise for brands and retailers. It enables the creation of stronger, more meaningful relationships than ever before relationships that are not only driven by data, but also shaped by direct consumer feedback and behavior. This marks a critical strategic shift in marketing, moving away from being purely acquisition and sales-led, toward fostering long-term customer engagement and value creation. Equally important is the enrichment and consolidation of customer data. Data intelligence rather than scale is becoming extremely important. By building accurate, comprehensive customer profiles and integrating CRM and social media activities into a unified platform, brands gain a single, holistic view of the consumer. This foundation enables the design of highly relevant, personalised omnichannel campaigns, powered by intelligent customer segmentation.

A lifecycle-led approach also allows brands to optimise marketing spend by targeting the right customer, at the right time, with the right message. Instead of one-size-fits-all campaigns, marketers evolve into lifecycle marketers by defining distinct communication timelines for each customer segment, converting visitors into customers through structured remarketing frameworks, and executing automatically triggered campaigns based on specific customer behaviors. This precision reduces message fatigue, minimises spam, and improves brand credibility by ensuring relevance at every interaction.

This approach represents a fundamental transition from campaign-based acquisition to lifecycle-based acquisition. The objective is no longer limited to acquiring customers, but to initiate a data-informed relationship from the very first interaction. In essence, consumer marketing must evolve into consumer engagement. Smarter, data-driven campaigns designed to reach the right customer at the right time with the right message will deliver superior returns and unlock the full potential of customer relationships.

STAGE 2

Omnichannel Engagement – The Phasing out of the Linear Buying Cycle

The traditional consumer engagement and buying cycle is undergoing a fundamental transformation. In today's connected ecosystem, customer journeys are no longer sequential or predictable. Consumers increasingly compress multiple stages of the buying process, and in some cases, bypass them entirely. The once-linear engagement funnel has evolved into a fluid, non-linear, and highly dynamic journey.

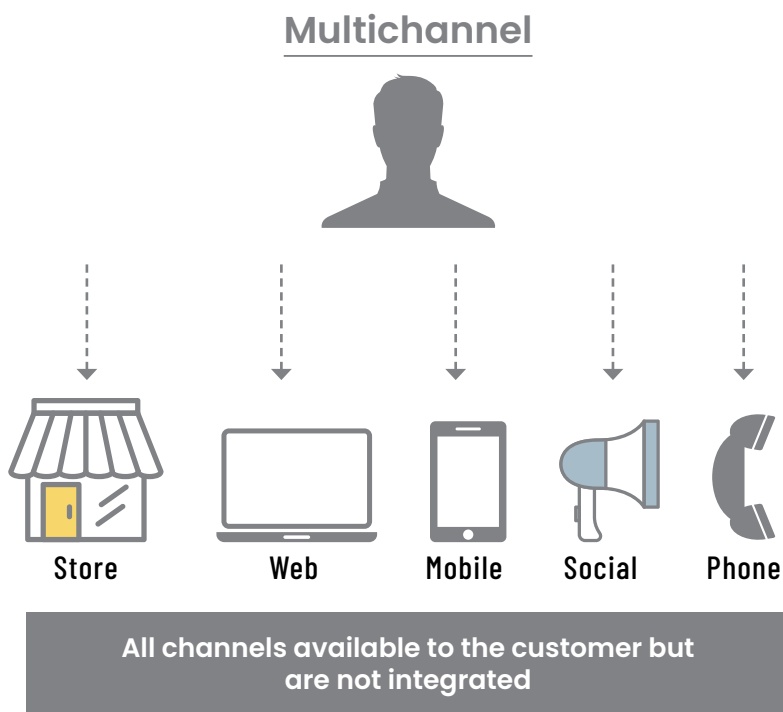
Advancements in digital connectivity has dramatically reduced the time consumers spend in the interest and research phases. What earlier took weeks or months can now occur within minutes. With easy access to information, peer reviews, influencer content and social validation, purchase decisions are made faster and with greater confidence. The traditional stages of awareness, consideration, and research increasingly overlap, occurring simultaneously rather than in a step-by-step progression.

An 'aware' consumer may immediately enter the consideration phase due to a latent need, often

amplified by social content, peer influence, or contextual triggers. In many cases, the research phase is either extremely brief or skipped altogether, leading to impulse-driven purchases. Post-purchase behavior has also evolved significantly. Customers today are likely to share opinions, post reviews, or recommend products across social platforms or on marketplaces even before establishing long-term purchase behavior, amplifying word-of-mouth impact early in the lifecycle.

The omnichannel environment plays a critical role in facilitating this new engagement reality. Social media sharing, messaging platforms, brand apps, physical stores, websites, and marketplaces collectively create a seamless and interactive engagement ecosystem. When messaging and interactions are coordinated across channels and aligned with different phases of the customer journey, brands can create differentiated and deeper engagement experiences. However, this requires significant and active facilitation and orchestration by brands and retailers.

To remain relevant, future-ready businesses must redesign their engagement strategies around these evolving consumer decision journeys. Technology must be leveraged not just to engage



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customers, but to engage them effectively. With consumers interacting across multiple touchpoints simultaneously, real-time data integration becomes essential. Modern CRM platforms now function as engagement engines capturing behavioral signals, integrating data across channels, and enabling instant, context-aware, and personalised responses.

In summary, the once linear journey has become fluid and amorphous, giving rise to a complex omnichannel engagement ecosystem. To unlock the full potential of their customers, brands and retailers must actively facilitate and catalyse this ecosystem through data-driven CRM and intelligent engagement strategies.

STAGE 3 & 4

Convert & Retain – Integrating Analytics, Insights, Engagement, and CRM for Sustainable Growth

In today's multi-channel digital first environment, businesses must adopt a proactive approach to customer engagement across platforms that consumers prefer to use. The objective is no longer limited to facilitate a purchase, but to convert consumer intent into both transaction and advocacy through the shortest and most seamless path possible. This shift has become a strategic necessity in an increasingly customer-centric world.



To remain competitive, organisations must deploy a robust engagement and analytics ecosystem that enables them to engage customers effectively and retain them over time. Customer engagement analytics brings together interaction data, transaction history, feedback, Point-of-Sale (POS) information, and agent-level

data to create an end-to-end view of the customer journey. This unified perspective allows businesses to move beyond fragmented insights and adopt a holistic, data-driven approach to decision-making.

Advanced analytics and big data capabilities provide powerful insights that can directly influence business outcomes. When leveraged effectively, these insights support product innovation, enable real-time evaluation of product launches, and help develop deeper customer understanding. They also inform more precise pricing strategies, merchandising decisions, and inventory optimisation, ultimately contributing to revenue growth and operational efficiency. Customer analytics platforms further enable retailers and brands to segment consumers based on demographics, purchase affinity, and behavioral preferences, allowing them to predict shopping patterns and engagement tendencies with greater accuracy.

Through effective customer data analysis, marketers are able to design and execute targeted campaigns

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at lower costs while achieving stronger results from loyalty initiatives. Data-driven insights help determine the most effective channels for personalised communication, resulting in higher campaign performance. Personalised shopper experiences both in-store and online can be delivered through intelligent recommendations, tailored rewards, and contextual offers, thereby enhancing overall customer satisfaction.

Additionally, analytics-driven engagement helps re-activate inactive or lapsed customers and supports the creation of predictive models that guide critical business decisions such as cross-selling, up-selling, regional expansion, and product launches, while simultaneously reducing operational costs and improving marketing ROI.

The next phase of evolution lies in the deep integration of analytics and insights with customer engagement and CRM systems. Intelligent Customer Engagement platforms bring together the tools required to interact with customers across social, mobile, e-commerce, and physical retail environments. By seamlessly embedding engagement capabilities into online platforms and POS systems ranging from legacy terminals to modern mobile devices, brands gain the flexibility to meet growing and evolving marketing needs.

Modern CRM systems are no longer static databases but dynamic engagement engines. A new-age CRM program should be capable of supporting hassle-

Customer Analytics Lifestyle



Strategic CRM Framework Cycle



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free loyalty enrollment; enabling centralised earning and redemption of rewards across online and offline channels; and tracking customer interactions across owned stores, distribution networks, and digital platforms. It should monitor key customer performance indicators such as registrations, earn-burn ratios, and financial health, while providing a single, unified view of the customer. Empowering store associates with real-time customer insights through smart devices transforms them into informed advisors, enhancing service quality, engagement, and customer satisfaction scores, including Net Promoter Score (NPS).

As CRM systems become more intelligent, loyalty naturally evolves alongside them. Emotional loyalty, built on trust, relevance, and experience, increasingly takes precedence over point-based transactional loyalty. The integration of CRM, analytics, and engagement tools creates a seamless, always-learning ecosystem where every customer interaction strengthens future engagement. This enables brands to personalise experiences in real time, deliver context-aware recommendations, and automate lifecycle-based campaigns with precision.

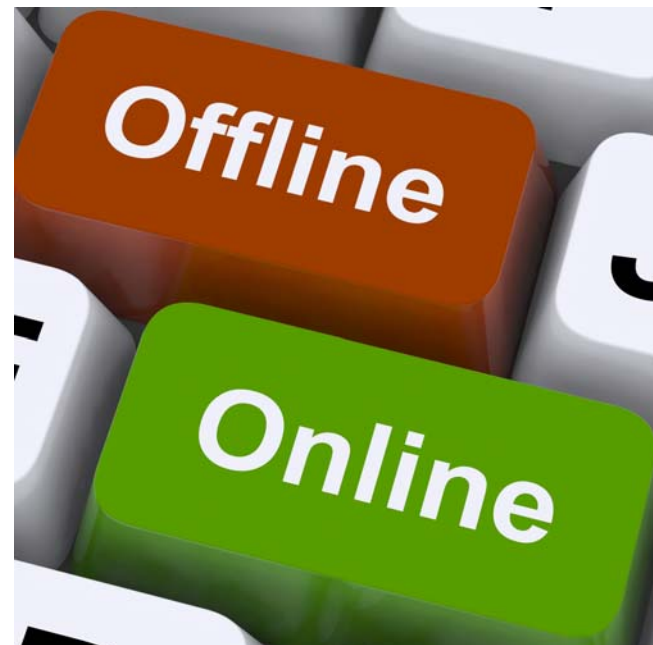
Omni Commerce and Offline-to-Online (O2O) Integration – Creating Seamless Customer Experiences

Modern consumers expect a consistent and seamless brand experience across physical stores, mobile applications, websites, and social platforms. In this context, omnichannel commerce has emerged as a critical enabler of sustainable growth.

Omni-commerce allows brands to engage customers without physical boundaries, supporting interaction and transactions across the entire buying journey. Beyond expanding reach, it significantly lowers customer acquisition costs while offering measurable and trackable returns on investment. Today, a range of enterprise-grade

omnichannel commerce platforms enable retailers to accelerate their digital transformation by seamlessly integrating online and offline operations.

For omnichannel commerce to succeed, the underlying platform must be agile, flexible, and capable of supporting end-to-end retail operations. Core capabilities include master data management, catalog and content management, marketing orchestration, store and location-based commerce, order and customer management, fulfilment data, and robust



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analytics and reporting. Together, these capabilities ensure operational consistency while enabling personalised customer engagement at scale.

The true success of Omni-commerce, however, depends on the creation of a single, unified view of the customer. Integrated CRM and data platforms allow brands to track customer behavior across online and offline touchpoints, ensuring continuity, relevance, and consistency in interactions. For digital-first retailers, a key extension of this approach is the Offline-to-Online (O2O) model, which bridges the gap between physical and digital retail environments. Consumers can now discover and evaluate products online before completing purchases in brick-and-mortar stores, fundamentally reshaping traditional retail journeys.

O2O commerce also empowers offline shoppers to transact through digital channels using concepts such as the “endless aisle,” where in-store kiosks or assisted selling devices enable customers to place orders even when products are not physically available. This model reduces lost sales due to stock-outs and enhances customer satisfaction. Additionally, O2O has fueled the rise of virtual marketplaces and mobile wallets, compelling retailers to align with emerging technologies and gain deeper insights into cross-channel purchasing behavior.

An integrated O2O solution maps buyer behavior across both digital and physical environments, enabling a truly anytime, anywhere shopping experience. For retailers, this translates into a centralised, cross-channel view of inventory, the ability to execute highly targeted promotional campaigns, unified catalog and inventory management across marketplaces, and seamless integration of loyalty programs with POS systems and mobile wallets.

From the consumer’s perspective, O2O delivers frictionless cross-channel shopping, personalised recommendations driven by past behavior and preferences, and access to centralised inventory across stores. When combined with CRM-driven insights and analytics, Omni Commerce and O2O models not only enhance convenience but also strengthen long-term engagement and loyalty. In essence, the convergence of Omni Commerce, O2O, and CRM represents the future of retail—one where data, technology, and customer-

centric design come together to deliver consistent experiences, higher efficiency, and sustained customer value across every touchpoint.

Summarising

In today’s retail and digital landscape, customers move fluidly and unpredictably across online and offline channels, rendering traditional CRM systems and point-based loyalty programs increasingly ineffective. To remain relevant, brands must rely on data-driven insights to understand how consumers think, what influences their decisions, and when they are most likely to convert or disengage. Unified customer data platforms combined with predictive CRM capabilities enable organisations to personalise experiences, proactively prevent churn, and cultivate deeper, more meaningful loyalty.



The emphasis has shifted decisively away from mass marketing toward acquiring the right customers, engaging them with relevance, and retaining them through intelligent, behavior-led, omnichannel experiences. Rather than treating loyalty as an afterthought, modern CRM strategies embed engagement and personalisation across every stage of the customer lifecycle.

Ultimately, the future of customer relationships lies in the transition from reactive programs to predictive, intelligent, and seamlessly connected customer ecosystems. Data emerges as the central force empowering brands to decode customer behavior, deliver personalized experiences at scale, strengthen retention, and unlock the full potential of customer lifetime value in an increasingly competitive market.