Closed-Loop Loyalty — ROI Benchmarks

The unit-economics levers behind closed-loop gift card and prepaid loyalty programs — with the benchmarks Ogloba has published across its platform material, and a framework for modelling program-level ROI.

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EXECUTIVE SUMMARY

Closed-loop gift card and prepaid programs sit at the intersection of three of the highest-leverage levers in retail: customer acquisition, customer retention, and working-capital efficiency. Done well, they pay for themselves several times over in their first year — but they require the right architecture and the right operating model.

This paper assembles the benchmarks Ogloba has published across its enterprise customer base and research: closed-loop cards converting at 2–4× the rate of paid-media-driven first purchases; cardholders returning up to 3× more often in the 90 days after issuance; gift-card baskets measuring 2.15× larger than the same customers' usual card spend (via Ogloba's ALO methodology); omni-channel shoppers spending 15–30% more; and a 22% twelve-month lift in regional gift card sales at Carrefour after moving to analytics-driven program management. It closes with the KPI set worth tracking and a practical approach to modelling ROI before committing budget.

1. The three ROI levers

Acquisition

Closed-loop cards convert at 2–4× the rate of equivalent paid-media-driven first purchases. A gifted card arrives with social context and intent attached — the recipient walks in planning to spend, which no display ad replicates.

Retention

Cardholders return up to 3× more often than baseline shoppers in the 90 days after issuance. Cards are an emotional product: gifted by someone with context, redeemed in a planned shopping moment. Programs that lean into that intent — personalised gifting moments, occasion-based templates, digital-native UX — see retention numbers that outpace generic loyalty programs.

Working capital

Prepaid value is cash received before goods are delivered. Typical breakage and float economics fund a meaningful share of program operating cost — float on outstanding balances, breakage on unredeemed value (where legally retained), and reduced reliance on paid-media acquisition all compound quietly, provided the program is sized and operated correctly.

2. Benchmarks from published material

2–4×
Conversion rate of closed-loop cards vs. equivalent paid-media-driven first purchases

3×
Return-frequency lift of cardholders vs. baseline shoppers in the 90 days after issuance (up to)

2.15×
Average basket size with a gift card in the payment vs. the same customer's usual card spend — measured by Ogloba's ALO

15–30%
Additional spend by omni-channel shoppers vs. multi-channel shoppers

Two findings deserve unpacking:

- **Self-use is not leakage — it is the upside.** Ogloba's ALO (Account Link Offer) links payment accounts with consumer consent and compares normal card spending against behaviour when a gift card enters the basket. Baskets using gift cards — especially cards obtained through cashback or incentive programs — average 2.15× the customer's usual purchase at the same merchant: an incremental, measurable increase in spend, not substitution.
- **Redemption over-spend is structural.** Cardholders consistently spend above the card face value at redemption, and programs run well lift average basket value. The effect is uneven by category — apparel, beauty, and prepared food typically see the strongest uplift, staples the least — which is why sizing must be category-specific (section 4).

Field results

Carrefour grew regional gift card sales 22% over the first twelve months after putting real-time dashboards and a custom-report builder in front of its category teams — the clearest published example that measurement itself is an ROI lever. And the market's north star remains instructive: Starbucks' prepaid loyalty program generated $1.3 billion of prepaid card payments in a single quarter (Q4 2014), built on reward structures simple enough for customers to track without a calculator.

3. The KPI set worth tracking

KPI	DEFINITION	WHY IT MATTERS
Activation rate	Share of issued cards redeemed within 90 days	The earliest signal of program health; unredeemed cards create liability, not loyalty

Repeat rate	Share of cardholders returning within 12 months of first redemption	Where the retention lever actually shows up
Reload rate	Share of reloadable cards reloaded at least once	The prepaid-loyalty commitment signal — value loaded before rewards are earned
Incremental spend	Basket lift vs. the customer's own baseline (ALO methodology)	Separates genuinely incremental revenue from substitution
Promotional spend control	Promotion cost vs. caps (frequency limits per card/day/week/month, maximum discount caps)	Keeps the ROI model honest as campaigns scale

4. Modelling program-level ROI

The lift from a program is meaningful but uneven across categories, so credible ROI models are built category by category, not top-down:

1. **Size the revenue side per category** — expected issuance, activation rate, redemption over-spend, and incremental frequency, using the benchmarks above as starting assumptions to be replaced by your own data.
2. **Add the quiet margin levers** — float on outstanding balances, breakage where legally retained, and reduced paid-media dependence.
3. **Cost the operating commitment honestly.** A program is a small business unit, not a marketing campaign: issuance, distribution, fraud, partner reconciliation, regulatory compliance, and customer support each need ownership — ideally a single accountable program owner with P&L responsibility.
4. **Pilot before committing.** The shortest path to value is a 90-day pilot in 1–2 markets with a tightly scoped feature set and clear KPIs; expand on channel and geography once the KPIs are stable.

> Ogloba's team can model your category mix and propose a pilot scope on request — the same worked-example approach used in the Gift Card Benefits Guide.

5. Design levers that move the benchmarks

- **Make the card the payment instrument.** Prepaid loyalty cards create habitual usage and stronger engagement than point-accumulation schemes, where customers are often unclear how many points they have earned or when they can redeem. Reward structures should be trackable without explanation — the "buy 15 coffees, get the next free" clarity behind Starbucks' results.
- **Reward the top-up, not just the purchase.** Rewarding customers for loading value creates upfront financial commitment to the retailer before any redemption — the loyalty mechanic unique to prepaid.
- **Personalise from profile and behaviour.** Birthday credits and discounts on favourite items outperform generic points; digital cards can carry video, photo, and audio for personalised gifting moments.

- **Use partner-funded promotions.** BIN-triggered mechanics (Ogloba's Loyalty Pass) activate promotions only for cards issued by sponsoring banks — customers get rewards, retailers get frequency, banks get card usage — with priority rules, frequency limits, and discount caps keeping spend controlled.
- **Measure incrementality, not activity.** ALO-style account-linked measurement turns "the program feels like it works" into a number a CFO will accept.

Model your program's ROI

Bring your category mix and current program numbers — Ogloba's team will map them against these benchmarks and propose a pilot scope with clear KPIs.

Talk to the Ogloba team → ogloba.com/contact

This working draft consolidates material previously published on ogloba.com — the gift card benefits guide, the ALO and prepaid-loyalty articles, Loyalty Pass documentation, and case studies. All figures are as published there and remain subject to final business review.