

ANNUAL  
EDITION

VOL.  
06



# 2026 CHANNEL LOYALTY REPORT

 Almonds<sup>.ai</sup>

[channelloyaltyreport.com](https://channelloyaltyreport.com)

## FROM THE CEO...

# India's retail market is expected to reach **USD 8 trillion** by 2035 and your channel partners are at the heart of this expansion

India's channel-led economy is entering a decisive phase. Across industries, growth is no longer constrained by reach or participation, but by performance, trust, and execution at the last mile. Channel loyalty in 2026 stands at a clear inflection point. For years, programs were designed to drive enrolment and redemptions. Today, those metrics are table stakes. What truly matters now is whether loyalty can deliver measurable business outcomes.

Channel partners now expect clarity in earnings, assurance for timely rewards, and relevance in his everyday engagement. They want programs that respect their time, effort, and realities on the ground.

At the same time, trust has become non-negotiable. As loyalty programs collect more first-party data, compliance with data protection and tax regulations is no longer a backend function but a core driver of partner confidence. Sustainability too is evolving from intent to impact, where loyalty rewards everyday behaviours that create measurable value.

The Channel Loyalty Report 2026 reflects this shift - from programs to outcomes, from incentives to trust, and from engagement metrics to real business impact. The question is no longer whether loyalty matters, but whether it is designed to scale trust, retain partners, and deliver measurable growth.



**Abhinav Jain**

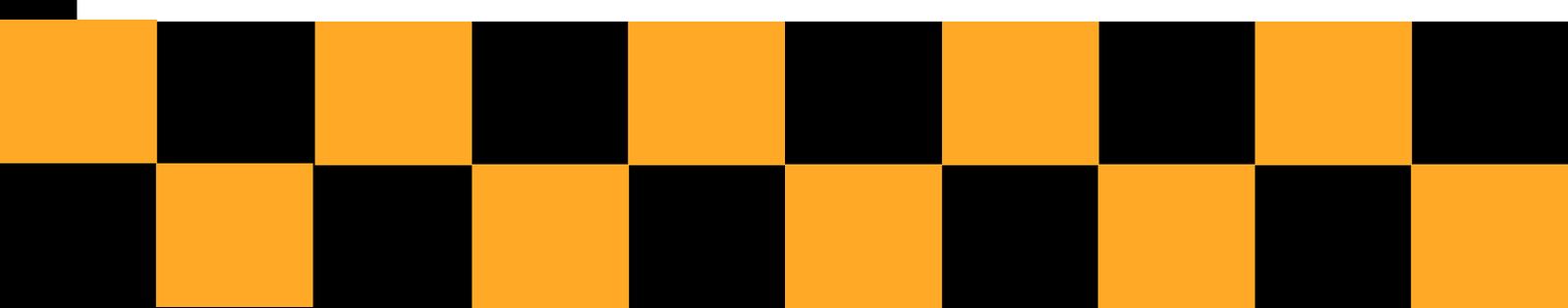
Co-founder & CEO

abhinav@almonds.ai

 **Almonds**<sup>ai</sup>



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# OVERVIEW

The Indian channel loyalty market size is **INR 26,800 crore**, growing at a CAGR of 15% annually, driven by distributor, retailer, and last mile influencers across industries. As loyalty programs have expanded rapidly, brands now face a pivotal shift.

Participation is no longer the challenge; **Performance** is.

The “**Channel Loyalty Report 2026**” is curated to help decision-makers navigate this transition. It provides practical insights to redesign loyalty programs that move beyond schemes and incentives toward outcome-driven engagement.

The report is recommended for all brands, no matter whether they currently offer a loyalty program, are planning to launch one, or are in the process of a revamp.

Our goal is clear: To guide businesses in building impactful loyalty programs that drive measurable outcomes, foster deeper engagement, and enable long-term growth.



## Gaurav Malhotra

Group Advisor (Jaquar Group)  
Artize Business Lead  
Jaquar & Company Pvt Ltd

*“Channel partners don’t want to be managed; they want to be enabled. Loyalty platforms must respect autonomy while guiding behaviour through relevance and recognition.”*

## Key Takeaways

# 82%

of channel partners prefer mobile-first redemption methods, signaling a decisive shift away from traditional people-led platforms.

# 65%

of the barriers are spread across technical, financial, and legal categories, showing that while engagement is the top issue, it is not the majority issue.

# 94%

of channel partners views training and digital adoption as “fair” benchmarks for rewards, providing a clear mandate to move away from purely sales-driven models.

# 58%

of brand representatives are actively shifting toward eco-friendly rewards and loyalty schemes.

The report highlights how channel partners today expect **clarity, predictability, and relevance** from loyalty programs. Personalized structures, milestone-based incentives, and transparent earnings visibility have become essential to sustaining trust and engagement.

This report features the outcomes of a **survey conducted to gauge the satisfaction of channel partners** regarding the gifts they receive as brand rewards.

**Sustainability** is another defining theme in 2026. Brands are increasingly integrating **green and purpose-driven rewards** to align loyalty programs with broader ESG goals, reinforcing engagement through everyday actions rather than symbolic gestures.

At the same time, the report addresses ongoing challenges in loyalty management, including scheme fatigue, regulatory compliance, data protection, and partner trust. As regulations such as Section 194R and the Digital Personal Data Protection Act reshape the landscape, loyalty programs are being redesigned for transparency and audit readiness.

*Brands that embrace sustainability, technology, and partner-first strategies in their loyalty programs today will lead the market tomorrow. This report is your guide to staying ahead.*



**Loyalty programs no longer compete on generosity. They compete on clarity, trust, and outcomes.**

*Loyalty programs in the automotive sector will need to focus on enhancing partner and customer experiences with real-time, relevant rewards. The focus will shift from rewards as incentives to rewards as part of a broader, seamless experience.*

### **Rama Shankar Pandey**

Chairman SMEC - ACMA India | Co-founder Autoverse Mobility





# INDIA

## B2B & CHANNEL

### LOYALTY LANDSCAPE

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Transforming Transactions to Real Relationships

The Indian channel loyalty market is witnessing unprecedented growth, currently valued at an estimated **₹26,800 crore** and expanding at a CAGR of 12%.

Channel loyalty in India has moved beyond experimentation. It is now embedded deeply into how brands influence distributors, retailers, and influencers like contractors, mechanics, and trade partners across the country.

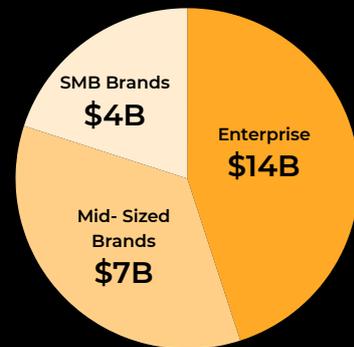
What began as incentive-led schemes has evolved into a **multi-thousand-crore ecosystem** spanning trade promotion, partner engagement, technology platforms, and regulatory governance. Today, channel loyalty sits at the intersection of four interconnected components:



Most Indian brands operate across all four layers often without managing them as a single system. This fragmentation defines the current state of the market.



## GLOBAL LOYALTY MARKET SEGMENTATION



**Ayush Gupta**

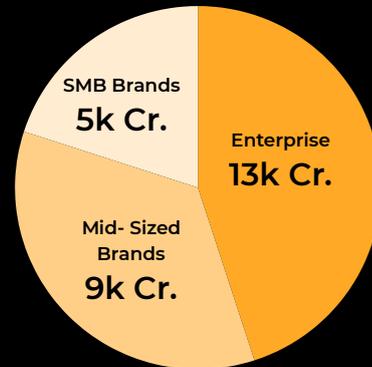
Head Domestic Division | KRBL Limited | India Gate Basmati Rice



*“The most successful loyalty programs are those that do more than reward. They educate, empower, and give channel partners the tools they need to succeed. Training and development are just as important as the rewards themselves.”*



## INDIAN B2B LOYALTY MARKET SEGMENTATION



Loyalty spend remains largely embedded within trade promotion budgets rather than owned as a distinct P&L function, limiting outcome visibility. By 2024–25, the limits of scale-first loyalty became evident. **Our survey data confirms this inflection**

51% of channel partners are enrolled in six or more loyalty programs, yet actively engage with only a few.

On the brand side, only ~30% view loyalty as a strategic growth lever.

*The result is a market where participation is easy but relevance is hard-earned.*

## PRESSURE POINTS RESHAPING THE INDUSTRY

Following pressure on loyalty programs is structural, not cyclical.

### BUDGET OWNERSHIP IS SHIFTING

CFOs and finance teams are now questioning loyalty spend as part of trade efficiency, not marketing experimentation. This forces outcome justification.

### COMPLIANCE IS NO LONGER OPTIONAL

Section 194R and DPDP have introduced real financial and legal risk. Loyalty programs now require auditability, transparency, and consent governance by design.

### PARTNER TRUST IS FRAGILE

Delayed rewards, unclear deductions, and opaque earnings directly reduce engagement. Trust has become a measurable loyalty variable.

### TECHNOLOGY EXPECTATIONS HAVE MATURED

The market has moved past feature-heavy platforms. Brands now demand systems that reduce friction, automate compliance, and integrate with existing stacks.

The practices gaining traction across Indian channel loyalty programs are not innovations for novelty's sake. These are **corrections**, direct responses to the structural pressures reshaping the market.

### 1. Behaviour-Led Loyalty

Programs are shifting away from broad scheme mechanics toward clearly defined behaviours like sales actions, training completion, digital adoption, compliance, and consistency. Loyalty is increasingly designed around what partners do, not just what they redeem.

### 2. Predictability-First Rewards

Large, annual jackpots are being replaced by smaller, more frequent, and visible rewards. Partners prefer knowing what they will earn and when, rather than waiting for uncertain windfalls.

### 3. Always-On Engagement

Annual or seasonal schemes are giving way to continuous engagement models. This reduces fatigue, improves recall, and aligns loyalty with daily business behaviour rather than episodic excitement.



## PRACTICES EMERGING IN RESPONSE

### 4. Mobile & Messaging-Led Interfaces

Heavy apps and portals are losing relevance. WhatsApp and mobile-first interfaces dominate engagement, reflecting how partners actually operate on the ground.

### 5. Purpose-Driven Rewards

Green, lifestyle, and recognition-led rewards are being used to sustain engagement between performance milestones without escalating costs. These rewards reinforce values and identity, not just transactions.

### 6. Centralised Compliance & Reporting

Brands are consolidating rewards, tax, consent, and communication into unified systems. Auditability, dashboards, and single sources of truth are becoming non-negotiable.

These practices are converging across sectors because they solve real operational and trust problems, not because they are fashionable.



# KEY FINDINGS

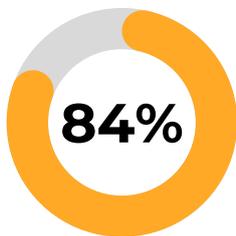
## CHANNEL PARTNER SURVEY 2025

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Are Your Channel Partners   
with your Rewards and Gifts?

# KEY INSIGHTS

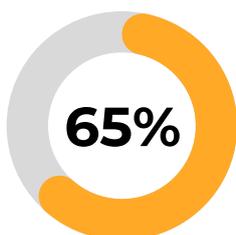
from the survey 2025



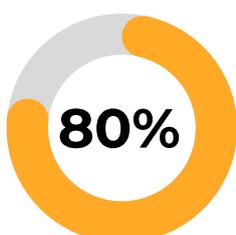
of brands prioritize B2B loyalty as a strategic growth engine, narrowly leading the 29% who view it as a retention tool.



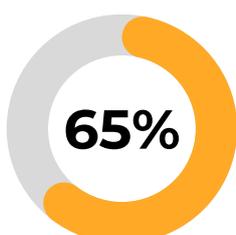
of brands focus their channel partner incentives exclusively on transactional metrics, specifically billing and referrals.



of brands prefer using a mobile app as their primary platform for loyalty engagement.



of channel partners are looking for mobile-first options (including WhatsApp), creating a clear mandate for mobile-centric loyalty strategies.



of channel partners find meaning in sustainable rewards either through the status they provide or the practical solution they offer.



*"Loyalty thrives when it creates genuine emotional connection, and Almonds team truly understands how to make that happen. Their thoughtfully curated gift catalogue adds real meaning to every reward, turning simple gestures into memorable experiences. Almond Ai plays a key role in helping brands strengthen relationships and celebrate their customers in a meaningful way."*

**Amit Yadav**

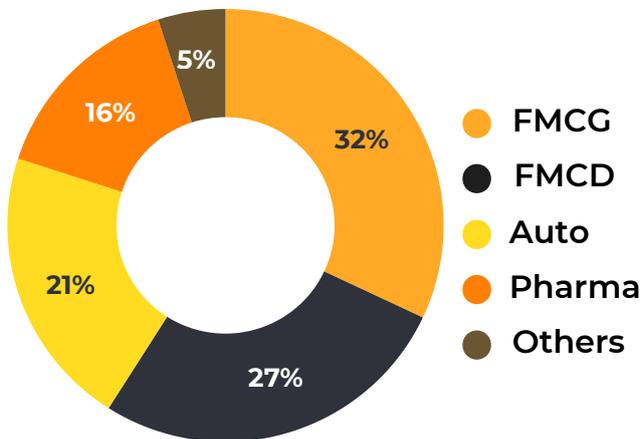
Chief Business Officer  
Jubilant Agri and Consumers Products

**86%** of channel partners are currently suffocating from "loyalty fatigue," identifying confusing rules and repetitive rewards as the primary drivers of their disengagement.

# SURVEY OVERVIEW

We surveyed **1000+ brand leaders** across marketing, sales, CX, and loyalty roles, and **8k+ channel partners** across retailer, distributor, and partner ecosystems. What emerged is not a loyalty crisis but a **loyalty misalignment**.

The survey included participants from various industries, with the following distribution

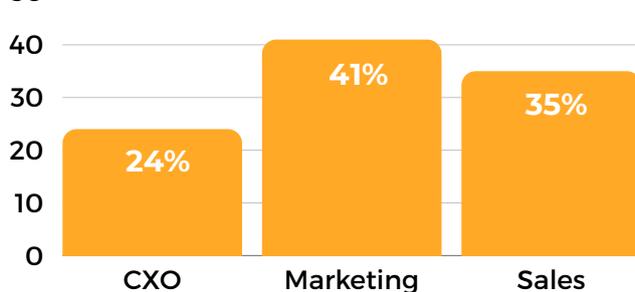


*“New-age loyalty systems succeed when technology disappears into the background. Partners should feel progress and value, not platforms and processes.”*

**Ajay Aggarwal**

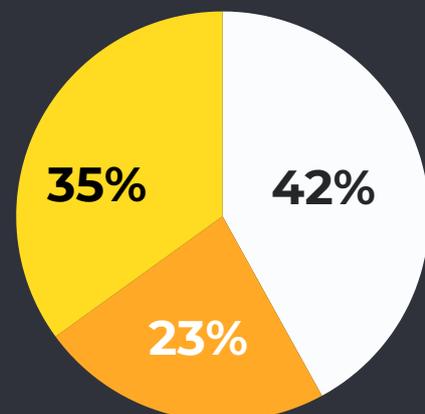
Managing Director  
Action TESA

## Roles



**Channel Partners  
We heard from are**

- Retailer / Shop owner
- Distributor / Dealer
- Last mile Influencers

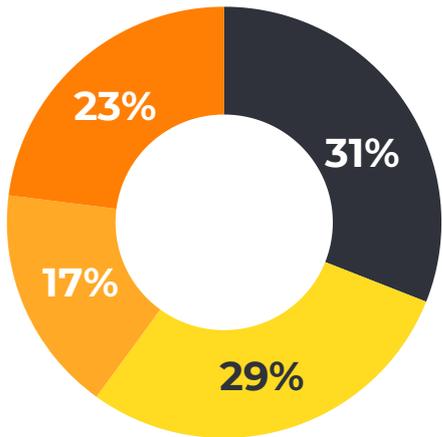


# BRANDS POV ON LOYALTY

## Loyalty Is Expected to Perform But Not Yet Governed

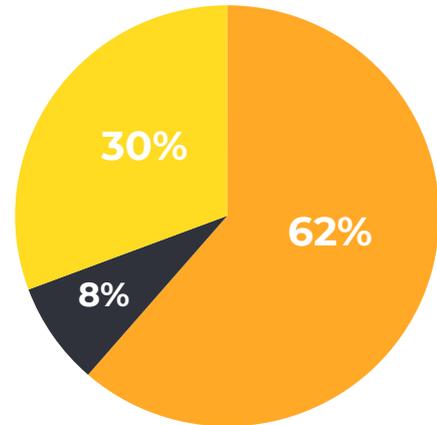
When asked how loyalty is currently viewed inside organizations, brand managers responses were divided.

### Loyalty Programs are



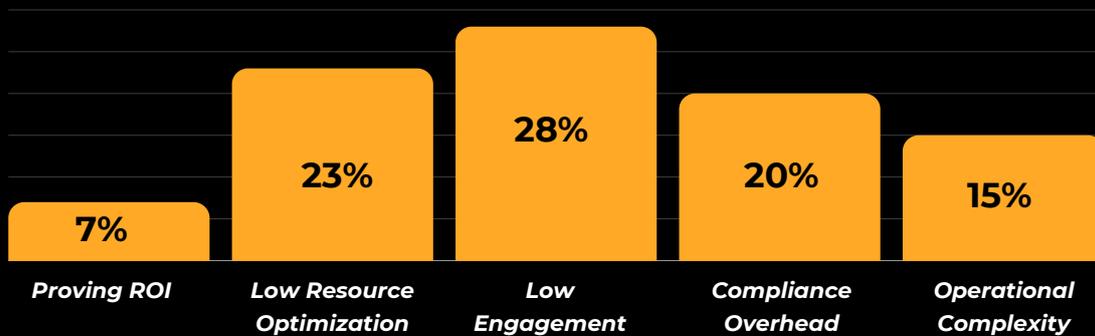
- Strategic Growth Lever
- Defensive Retention Tool
- Cost Center
- Necessity

### In 2026, loyalty programs budget likely



- Will Increase
- Will Reduce
- Remain Stable

### Primary barrier to defend loyalty spend within organization



*"B2B loyalty becomes scalable only when it moves beyond points and begins shaping habits and integrates culture - how partners learn, sell, recommend, and represent the brand over time."*

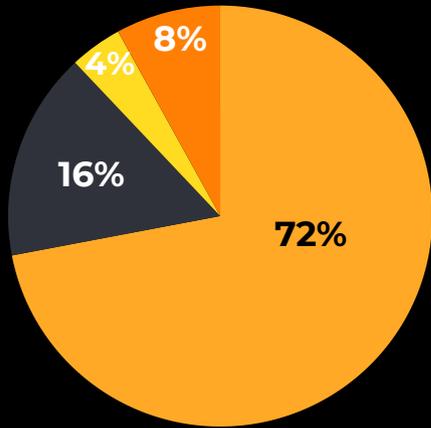
**Prashant Chiranjive Jain**

Head - Corporate Centre Larsen & Toubro

The survey meticulously examined key aspects of channel partner engagement and satisfaction. Let's explore...

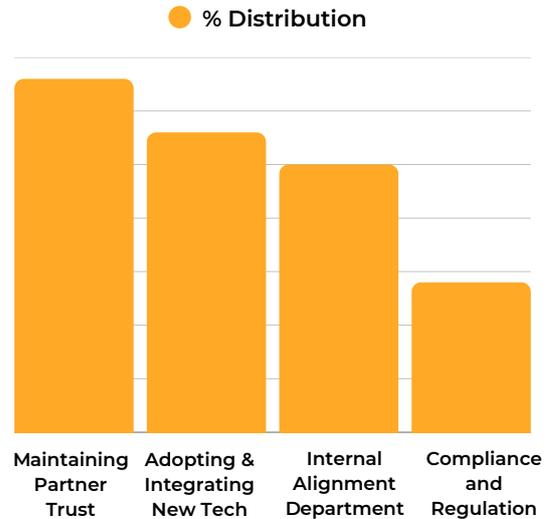
# REWARD EXPERIENCE

## Rewarding Activities

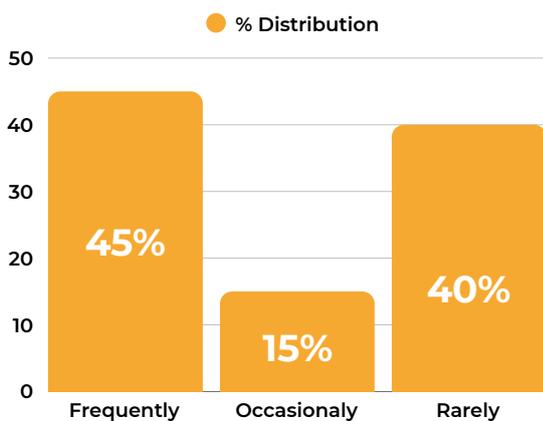


- Purchase
- Training / Events
- Others
- Referral

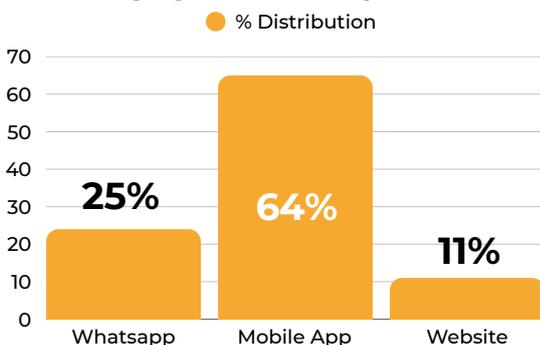
## What is the greatest challenge in executing a loyalty strategy?



## How often do different internal schemes compete for the same partner's attention?



## The primary interface used to engage channel partners



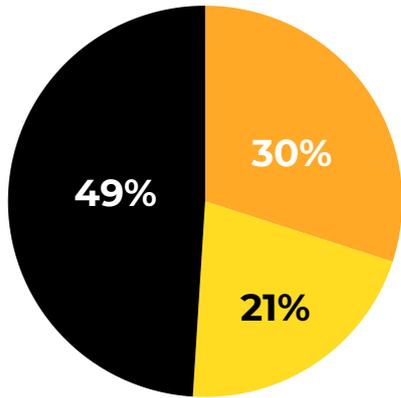
## What describes your brands current "Green" or Sustainable reward offerings?



*"Prioritizing seasonal, milestone-based rewards boosts partner engagement significantly."*

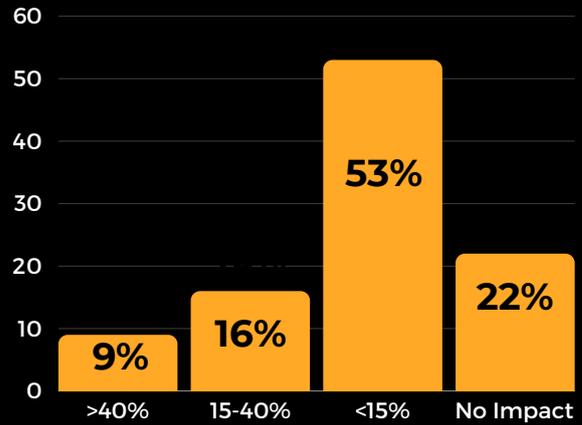
# TECHNOLOGY & COMPLAINTS

How is AI currently utilized in your loyalty ecosystem?

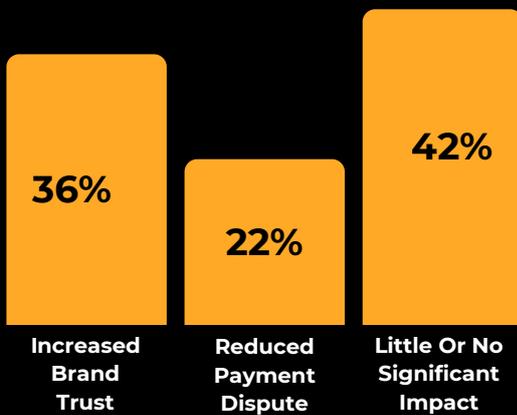


- Don't use a lot
- Personalization
- Analysis Reports

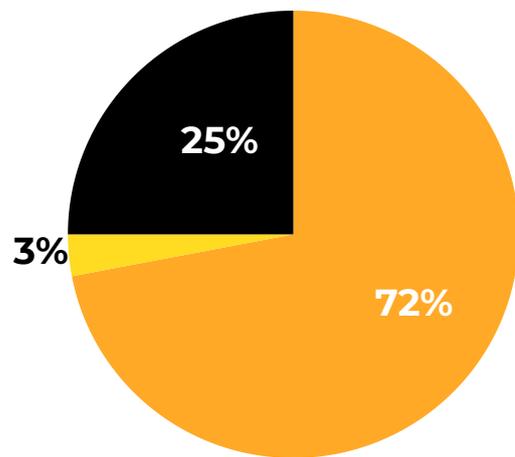
How much automation has reduced operational workload?



Would showing "Net Earnings" upfront improve partner experience?



How has Section 194R affected loyalty operations?



- Increased Administrative Complexity
- No Changes
- Improved Transparency

Only **3 / 10**

brands have fully elevated loyalty into a growth-driving Activity. The majority still govern it operationally while expecting it to get measurable business outcomes.

**Loyalty** = *Infrastructure or Just Campaign*

This tension explains why loyalty budgets are being questioned in 2026. Programs expected to drive revenue are still funded and measured like marketing initiatives.

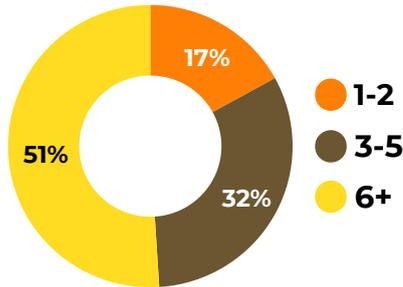


# CHANNEL PARTNER REALITY

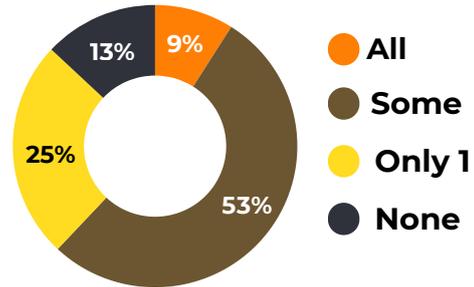
**Enrollment Is High. Engagement Is Not.**

Channel partners are not disengaged from loyalty. They are overexposed to it. When asked how many loyalty programs they are currently enrolled in:

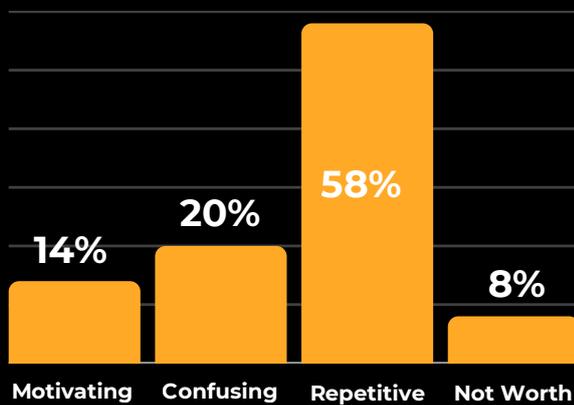
Number of Loyalty programs you are enrolled in



How many do you actively engage with every month?



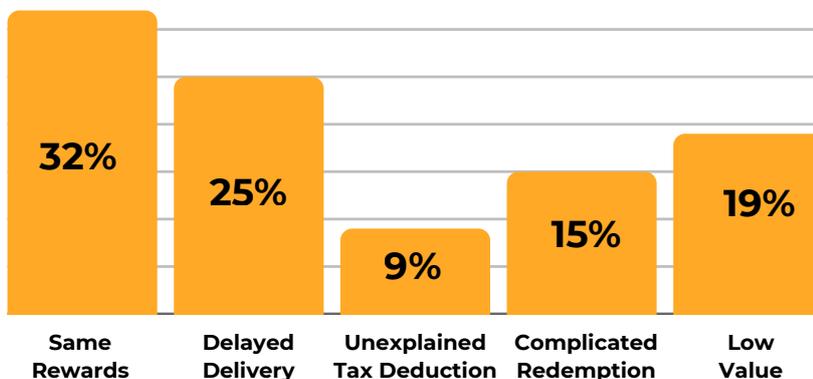
How do most loyalty programs feel today?



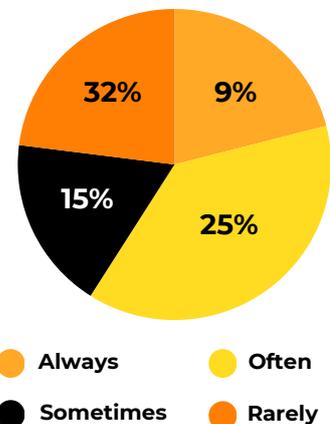
What matters more to you?



What frustrates you most about rewards?

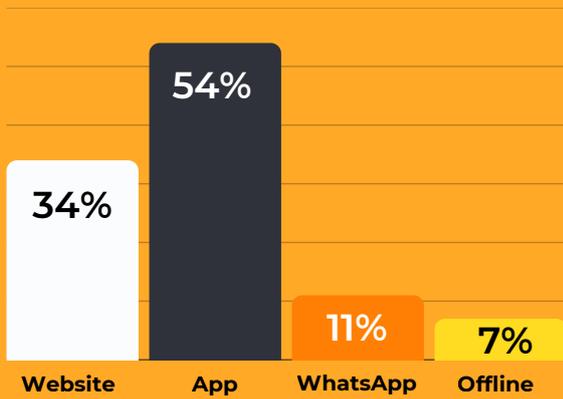


How often do rewards arrive within the promised timeline?

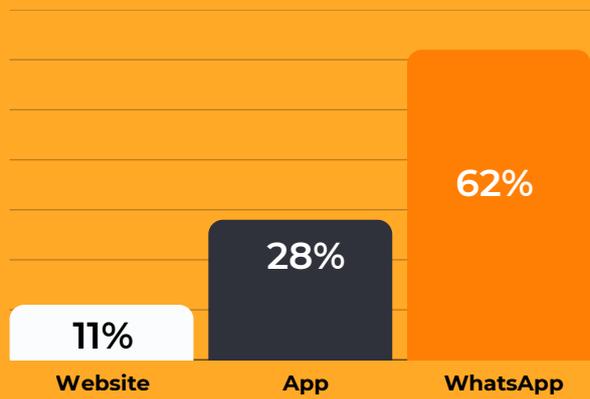


# REDEMPTION INSIGHTS

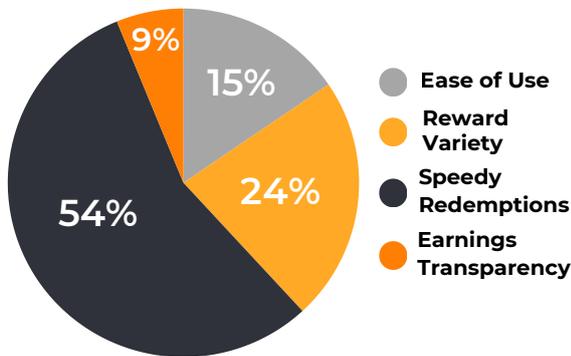
How do you redeem your rewards?



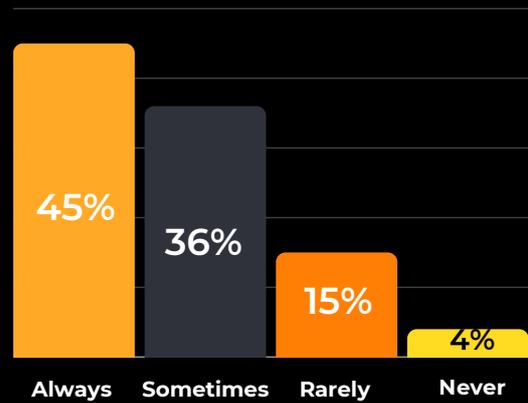
How do you want to redeem your rewards?



What matters more in a loyalty platform?

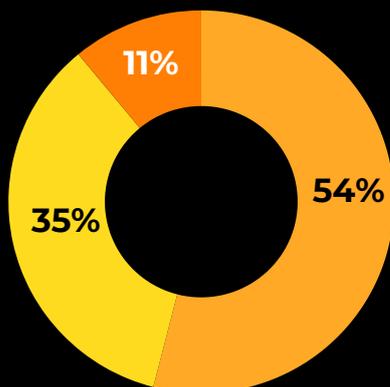


Do brands clearly communicate how much tax is deducted?



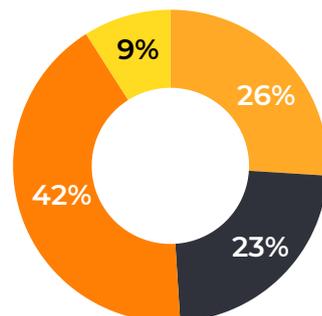
Would you choose Sustainable/green rewards if value is clear?

Yes No Maybe



Sustainability-linked rewards feel meaningful when

Reduce Cost Build Reputation  
Reliable Replacement Impacts Earnings



# The Brand-Partner Gap

When brand and channel partner responses are read together, a clear misalignment becomes visible.

## What Brands Assume

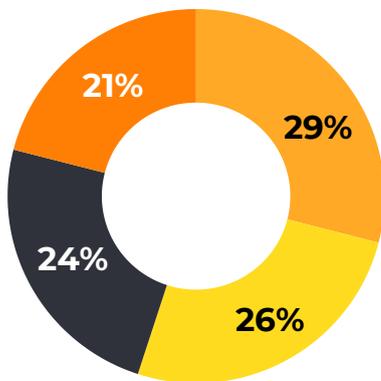
- More programs increase loyalty
- Bigger rewards drive engagement
- Technology fixes engagement
- Enrollment indicates success

## What Partners Experience

- Too many programs create fatigue
- Rewards sustain engagement
- Simplicity fixes engagement
- Usage indicates success

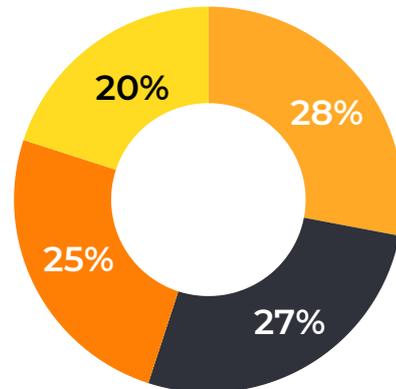
### Partners disengage when

- Rewards are unclear or delayed
- Earnings are unpredictable
- Redemption processes are complex
- Programs feel episodic rather than continuous



### Channel partners remain engaged when programs offer:

- Predictable rewards
- Simple participation
- Clear earnings visibility
- Everyday relevance



*“We have to stop thinking of loyalty as a ‘program’ we launch and start seeing it as an integral part of our business strategy. If you’re just buying the next transaction with a discount, that’s not loyalty it’s a bribe. Real loyalty is when the experience is so dialed in that the customer doesn’t even bother looking at the competition.”*

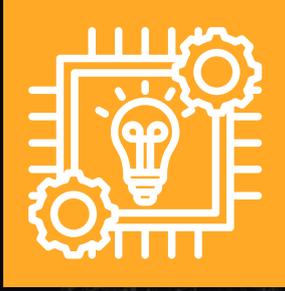
### Nilesh Malani

Ex. Group CMO  
Waaree Group



*The problem is not that partners don’t want loyalty. It’s that they have too much of it.*

Mobile-first redemption is the future, with **80%** preferring platforms like WhatsApp for instant reward access.



# TECHNOLOGY IN LOYALTY

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What 2025 Taught Us About And What Really Works



## WHAT 2025 TAUGHT US ABOUT AND WHAT REALLY WORKS

2025 began with unusually high expectations from technology in loyalty. AI promised self-optimising programs. Gamification was expected to solve engagement fatigue. New platforms claimed faster launches, deeper insights, and automated growth.

By the end of the year, the industry had learned something far more valuable than optimism.

What emerged was a clearer, more disciplined understanding of where technology genuinely adds value and where it merely amplifies existing problems.

Technology did not fail loyalty programs in 2025. **Misplaced expectations did.**



*“Loyalty programs that evolve with customer needs drive deeper relationships, driving incremental revenue and lasting relevance.”*

**Peeyush Bachlaus**

Ex. Chief Marketing Officer  
BIRLA HIL Limited

# FROM INNOVATION TO INFRASTRUCTURE

The most important shift in 2025 was conceptual. Technology stopped being treated as a differentiator and started being treated as infrastructure.

When budgets tightened and scrutiny increased, brands were no longer interested in experimental features. They wanted systems that worked quietly, reliably, and at scale. Loyalty technology had to reduce friction, improve predictability, and survive compliance pressure.



## API INTEGRATION AND CLOUD

APIs and cloud infrastructure were the most consequential. As loyalty programs grew more complex (spanning rewards, tax, consent, communication, and finance) legacy, rigid systems struggled. Manual reconciliation slowed execution. Data inconsistencies created audit risk. Scaling became painful.

API-led, cloud-native architectures changed this quietly. It allowed loyalty platforms to connect cleanly with:

- ERP systems for billing and tax
- CRM systems for partner data
- Finance systems for reporting
- Communication layers like WhatsApp and SMS

*This shift didn't make loyalty more exciting. It made it operationally credible.*

## AI & PERSONALISATION

Artificial intelligence entered loyalty conversations with ambitious claims like to design schemes, predict behaviour perfectly, and automate engagement end-to-end. That vision did not materialise. Where AI succeeded in 2025 was far more pragmatic.

It performed best when used as a decision-support layer, not a decision-maker. AI helped loyalty teams answer practical questions:

- Which rewards resonate with specific partner segments?
- Which participants are disengaging early?
- Which nudges are working and which are ignored?

When applied at this level, AI improved engagement and reduced guesswork. Where brands struggled was in attempting autonomous loyalty logic without clean data, behavioural context, or human oversight.



*The lesson was consistent across industries: AI scales good design. It does not fix bad design.*



### G.D. Bhatnagar

Former Group CIO  
Spark Minda

*"AI is redefining loyalty from points to partnerships using predictive intelligence to deliver deeply personal experiences that turn customers into advocates."*



## Abhinav Sharan

VP - Head of Retail Operations  
Bata India Limited

*“Tech without loyalty is noise. Loyalty without tech is blind. The future belongs to brands that integrate both seamlessly.”*



## GAMIFICATION

Gamification did not disappear in 2025 but it matured.

Earlier models relied heavily on visual elements: badges, leaderboards, and contest mechanics. These generated initial interest but struggled to sustain engagement once novelty faded.

What worked was **behaviour-linked gamification**. Programs started including tied missions to real actions training completion, digital adoption, process adherence, product advocacy. It led to stronger and more durable participation. Small, frequent rewards proved more effective than one-time contests.



*Gamification failed when it tried to entertain. It succeeded when it reinforced habits.*



## Avaneesh Sinha

Vice President & Head IT | Skipper Limited

*“AI is the engine that powers the next generation of loyalty. Programs that intelligently personalize, predict, and optimize engagement will lead the charge in 2026.”*



## OMNICHANNEL EXPERIENCE

In 2025, loyalty performance depended on consistency across touchpoints, not the dominance of a single channel. Channel partners move fluidly between field interactions, portals, apps, invoices, and messaging platforms. Effective omnichannel programs ensured:

- Real-time reward synchronisation
- Unified earnings visibility
- Consistent communication
- Seamless offline-to-digital transitions

Omnichannel success was not about reach. It was about eliminating friction and building trust through coherence.

# WHAT CLEARLY WORKED AND WHAT DIDN'T

By the end of 2025, the separation was visible.

Consistently Working Technologies	Struggling Technologies to Scale
AI used for recommendations and insights	AI without data discipline
API-led, cloud-based loyalty platforms	Feature-heavy platforms with low adoption
Behaviour-linked gamification	Cosmetic gamification
Mobile-first, low-friction engagement journeys	App-only loyalty ecosystems

## HOW TECHNOLOGY IS RESHAPING LOYALTY DESIGN

Technology is no longer changing loyalty by adding features. It is changing loyalty by enforcing discipline.

Old Stack	Future Ready Stack
Feature-led platforms	Outcome-led systems
AI as automation	AI as assistance
App-centric journeys	Mobile-first engagement
Manual reconciliation	Real-time integration
Isolated loyalty tools	Embedded enterprise systems

The result is loyalty that is simpler, more predictable, and easier to govern.

As loyalty moves deeper into revenue, compliance, and partner trust conversations, technology choices will increasingly be judged by one question:

***Does this make loyalty easier to run and easier to trust?***

Tools that reduce friction, improve clarity, and scale reliably will remain. Tools that promise transformation without discipline will not.



# LOYALTY IN THE AGE OF COMPLIANCE

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Law → Compliance → Trust

# DPDP ACT

## The Redesign of Channel Loyalty

The Digital Personal Data Protection (DPDP) Act establishes clear rules for how personal data is collected, processed, stored, and erased in India. For channel loyalty programs, this is critical because these platforms collect KYC details, bank information, tax data, behavioral insights, and transaction history at scale. Loyalty is no longer just an engagement engine; it is a regulated data environment that must operate with accountability and purpose clarity.

### WHAT CHANGED IN 2025

While the DPDP Act was notified earlier, 2025 marked the operational phase where enforcement mechanisms, grievance redressal structures, and penalties begin shaping corporate behavior. The Act introduces:

- Purpose limitation on data use
- Data minimization principles
- Defined data retention timelines
- Financial penalties for non-compliance
- Explicit and informed consent requirements
- Rights of access, correction, and erasure for data principals

Loyalty programs that previously relied on bundled consent or indefinite data storage will need structural corrections. Compliance is no longer optional; it directly impacts program continuity and credibility.

#### CA Deepak Kumar Agrawal

Head of Finance | Almonds Ai



*“With data privacy regulations like DPDP Act now in full swing, loyalty programs must prioritize transparency and consent. Loyalty cannot thrive without trust, and trust begins with how brands manage and protect customer data.”*

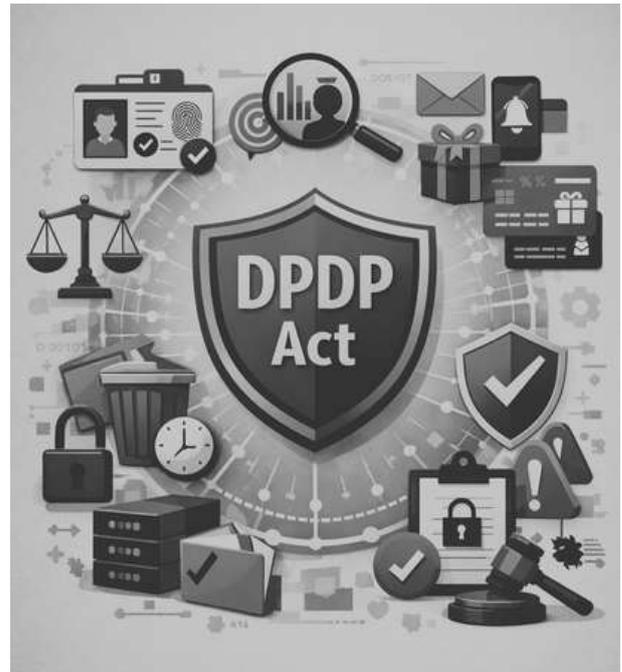
## IMPACT ON THE LOYALTY MODEL

DPDP introduces a new variable into loyalty economics: **TRUST RISK**

Channel partners are increasingly aware of how their financial and identity data is used. Excessive KYC requirements, unclear consent journeys, or opaque data sharing practices reduce participation and slow adoption.

The result is a structural divide emerging in the market:

- Programs architected with compliance at the core are seeing stronger long-term engagement.
- Programs retrofitting compliance into legacy systems are facing friction, cost escalation, and operational delays.



## STRATEGIC DESIGN IMPLICATIONS

DPDP-ready loyalty requires architectural redesign, not legal disclaimers. Brands must align loyalty strategy with:

- Purpose-bound data flows
- Vendor accountability across reward logistics and payout partners
- Clear audit trails across enrollment, earning, and redemption
- Defined retention and data deletion frameworks



The implication is clear: compliance must sit within the loyalty stack, not outside it.

The financial consequences of non-compliance are severe and unambiguous. Maximum penalties under DPDP can reach:

- **₹250 crore** for failure to implement reasonable security safeguards
- **₹200 crore** for failure to notify data breaches
- **₹200 crore** for processing personal data without valid consent
- **₹200 crore** for failure to honour data principal rights

These penalties apply per category of violation, not as an annual cap, making repeated or systemic non-compliance especially risky.

## WHY 2026 IS THE TURNING POINT

Although some enforcement timelines extend into 2027, regulatory and judicial signals are already clear. By 2026, brands are expected to show that compliance is not theoretical.

At a minimum, organisations must be able to demonstrate that:

- Consent journeys have been redesigned or are actively underway
- Data minimisation audits have been conducted
- Retention and deletion policies are defined and operational
- Breach response mechanisms exist and are tested.



**Nitin Kalra**

Founder & CBO  
Tripare AI

*“Loyalty is trust capital compounded by consistency. In the age of AI, the metric for loyalty has shifted from Points to Utility, where the ultimate value is Anticipation—meeting a need before it is even expressed.”*

## WHAT BRANDS MUST DO THIS YEAR

To remain competitive and avoid risk, brands need to treat 2026 as a compliance completion window, not an experimentation phase. The priorities are clear:

### Re-architect Consent Journeys (DPDP Act)

- Purpose-specific opt-ins, easy withdrawal, legacy consent audit.

### Minimize and Govern Data

- Remove non-essential fields, define retention, automate deletion.

### Show Net Earnings Clearly (194R)

- Gross value, TDS deduction, net receivable, explained upfront.

### Centralize Rewards and Compliance Data

- Single source of truth for rewards, tax, consent, communication.

### Redesign Reward Structures

- Avoid annual threshold shocks, track cumulative value.

### Enable Rights & Grievance Handling

- Clear contact point, access/correction/erasure workflows, SLAs.

***These are no longer optional improvements.  
They are table stakes.***

# SECTION 194R



## FROM TAX PROVISION TO TRUST CRISIS

Section 194R was introduced as a tax compliance measure, but its real impact on loyalty programs has been behavioural.

At its core, the law requires brands to deduct 10% TDS on benefits or perquisites provided to a channel partner when the aggregate annual value exceeds

₹20,000. Crucially, the responsibility for deduction and reporting rests with the brand.

### COVERED BENEFITS

- Gifts and vouchers
- Incentive trips
- Non-cash rewards
- Mixed cash + kind benefits

*This is not a documentation exercise. It is a design challenge.*

## PENALTY & BUSINESS EXPOSURE UNDER 194R



Interest of 1%–1.5% per month on delayed or short TDS.



Penalties equal to the TDS amount for non-deduction.



Disallowance of loyalty expenses during tax assessments.



Increased scrutiny during audits.



Escalation of partner disputes and disengagement.

The strategic shift is clear. For CFOs, loyalty is no longer a low-risk discretionary spend. It now sits squarely within financial governance, audit exposure, and partner trust.

# UPI-BASED REWARDS

Speed, Scale and Structural Discipline



Instant UPI payouts have reshaped channel loyalty. Real-time gratification increases participation, shortens redemption cycles, and strengthens behavioural triggers. However, as UPI-led rewards scale, regulatory and tax architecture becomes inseparable from program design.

## PAYMENT GOVERNANCE AND PLATFORM COMPLIANCE

Several loyalty programs attempt to simplify redemptions by collecting mobile numbers, auto-fetching UPI handles, and storing them for future payouts. While operationally efficient, such practices risk breaching NPCI's procedural framework if not executed within a consent-driven, transaction-bound session.



### Dipak Sanghavi

Managing Director and  
CEO | Nilon's Enterprises  
Private Limited

*"In a hyper-digital economy, loyalty will belong to the brand that understands behaviour better than competitors understand pricing."*

## TAXATION IMPLICATIONS UNDER SECTION 56(2)(X)

Beyond payment compliance, taxation presents another structural challenge. Direct UPI transfers may qualify as "income from other sources" if aggregate receipts exceed ₹50,000 annually per recipient. In such cases, partners falling into higher tax slabs may face significant liabilities, potentially exceeding 30 percent.



*"AI is transforming loyalty from a reactive system of rewards into a predictive engine of engagement. Instead of responding after a customer takes action, intelligent systems now anticipate needs, preferences, and intent before they are even expressed. This shift enables brands to move from transactional relationships to meaningful, data-driven connections - where loyalty is not earned by points alone, but by foresight, relevance, and seamless experiences."*

### Rajat Jain

VP - F&A | Smart World Developers

*“In competitive markets, loyalty programs turn occasional buyers into repeat customers, and repeat customers are the real drivers of stable revenue.”*

### **Sambhav Jain**

Sales Strategy Director - Foods Vietnam | PepsiCo



This creates a perception gap. What appears to be immediate gratification at the program level may translate into tax friction at the partner level. As payout volumes increase across channel ecosystems, both reporting obligations and financial exposure intensify for brands and participants alike.



*In 2026, instant cash rewards require careful calibration, not just operational efficiency.*

## **STRATEGIC DESIGN IMPERATIVE**

Forward-looking programs are adopting structured safeguards:

- Ensuring all UPI transactions are customer-initiated and session-bound
- Avoiding unauthorized VPA storage outside transactional workflows
- Capping monetary transfers below taxable aggregation thresholds where applicable
- Deploying hybrid models that blend UPI payouts with non-monetary redemption options
- Embedding tax visibility mechanisms for partners to prevent surprises

UPI remains a powerful engagement tool. The differentiator will not be speed alone, but structured compliance embedded into reward architecture.



*“In the realm of channel loyalty, robust compliances and taxation frameworks are not mere checkboxes, they are the bedrock of trust and sustainability. Seamless adherence to GST, TDS, and income tax regulations ensures equitable rewards, mitigates risks, and fortifies partner relationships, turning compliance into a competitive edge.”*

### **Mohit Jain**

Associate Partner | Corp Ninja Advisors Pvt. Ltd.

# SECTION 206AB

## The Hidden Multiplier in Incentive Design

While Section 194R introduced clarity around taxation on benefits and perquisites, Section 206AB has added a secondary layer of complexity to channel incentive programs. The provision mandates higher TDS rates for specified persons who have not filed income tax returns for prior assessment years despite crossing defined TDS or TCS thresholds.



### What Changes for Channel Programs

If a partner qualifies under 206AB:

- TDS applies at twice the normal rate or 5%, whichever is higher
- Net reward value declines significantly
- High performers may receive lower take-home incentives

Loyalty perception shifts when deductions increase.



### Compliance as a Program Variable

Brands must now validate PAN records and filing status before disbursing qualifying rewards. This extends tax diligence into the operational core of loyalty execution.

The administrative layer introduced by 206AB, alongside 194R, signals a broader shift: **incentive distribution is now a compliance-sensitive function.**

## STRATEGIC OUTLOOK FOR 2026

The response from mature loyalty programs is not withdrawal, but redesign. Compliance checks are being automated within payout workflows. Partner education around tax filing is being integrated into engagement strategies. Incentive structures are being recalibrated to balance monetary and experiential benefits more intelligently.

In 2026, tax awareness will not be an afterthought in channel loyalty. It will be embedded into program architecture from inception. Programs that anticipate regulatory shifts will outperform those that react to them.



# LOYALTY AND REWARD MARKETPLACE

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Kounter™ By Almonds<sup>ai</sup>

For years, loyalty programs were treated as a milestone - something businesses adopted after they had grown large enough. Small and mid-sized businesses (SMBs), especially those operating through distributors, dealers, retailers, or influencers, were advised to wait until scale justified the effort.

**2025**

**challenged that thinking.**

As SMBs expanded faster through fragmented channels, many discovered that growth without loyalty created fragile relationships. Volumes increased, but predictability didn't. Partners shifted brands easily, incentives became transactional, and engagement had to be rebuilt repeatedly.

What SMBs lacked was not belief in loyalty.

It was **access to loyalty infrastructure that made sense at their stage of growth.**



## WHY LOYALTY HAS BEEN HARD FOR SMBs TO START

Historically, loyalty platforms assumed enterprise conditions: upfront setup costs, long implementation cycles, dedicated teams, and delayed returns. For SMBs, this made loyalty feel like a risk rather than an enabler.

Industry research consistently shows that SMBs delay structured partner programs not because they don't value them, but because of cost, complexity, and uncertainty of outcomes.



*"The loyalty market is entering its most disciplined phase yet. For years, growth was driven by participation and redemption. Today, the ecosystem demands accountability - measurable revenue impact, compliance readiness, and technology that connects behaviour to business outcomes."*

**Apurv Modi**

MD & Co-founder | Almonds Ai

# WHAT CHANGED IN 2025

Two structural shifts reshaped the loyalty landscape.

First, SMBs began scaling through wider channel ecosystems often faster than their internal processes could mature. Second, cloud-based, modular software models finally made it possible to **start loyalty without treating it as a project.**

## ZERO-COST SETUP: MORE THAN A PRICING DECISION

For SMBs, zero-cost setup is not just a commercial benefit. It changes behaviour.

When there is no upfront investment to justify, loyalty moves from being a debated initiative to an operational decision. SMBs can start small, test reward logic, and build engagement habits early without waiting for perfect scale or certainty.

“

*“Lowering the entry barrier allows smaller firms to adopt systems earlier and grow into them rather than retrofit later.”*



## LOYALTY AS A FOUNDATION, NOT A REACTION

The most resilient SMBs observed in 2025 did not introduce loyalty to fix churn. They embedded it while relationships were still forming.

With a ready-to-use platform like Kounter, SMBs can:

- Onboard new channel partners with loyalty built in
- Reward consistency, participation, and learning, not just sales spikes
- Create clarity around earnings early in the relationship
- Build predictability before competition intensifies

*“In the digital economy, loyalty is not optional; it is a key pillar of sustainable growth.”*

**Arushi Goel** Sr Brand Manager (7UP and Mirinda) | PepsiCo



*“In B2B ecosystems, early engagement sets behavioural norms that persist long after incentives change.”*

## BUILT FOR HOW SMBs ACTUALLY OPERATE

Kounter reflects how SMBs function on the ground.

There are no assumptions of large teams or technical depth. Interfaces are simple, setup is fast, and engagement is mobile-first. Loyalty does not live in complex dashboards; it lives where partners already spend their time.



**Over 70% of B2B users now prefer digital self-serve interactions**, even in relationship-driven environments. Loyalty platforms that demand separate apps, logins, or training often see lower adoption as a result.

(Source: McKinsey)

## A BETTER STARTING POINT GOING INTO FY 2026-27

As loyalty programs come under greater scrutiny, from CFOs, regulators, and channel partners alike, SMBs face a unique challenge. They are expected to behave like enterprises, without enterprise resources.

Kounter offers a practical starting point:

- No upfront cost to delay adoption
- A structured system that grows with the business
- A loyalty foundation that is simple, predictable, and scalable.

Instead of retrofitting loyalty later, SMBs can now build it alongside growth.



*“Modern loyalty programs are growth systems, not reward catalogs. They influence behaviour across purchase, frequency, and advocacy.”*

### Dinesh Hariharan

Ex. Chief Executive Officer  
Devyani International Limited



### Amit Mathur

President - Sales and Mrkt  
Finolex

*“Loyalty is no longer just about what you give, but about what you enable. The most successful programs will be those that empower their partners with the tools, resources, and knowledge to unlock their own success.”*

# QUICK SNAPSHOT

## Traditional Loyalty

## Kounter™ by Almonds Ai

High Setup  
Cost



Zero-Setup  
Cost

Long  
Onboarding



Ready-to-use  
From Day One

Different App for  
Different Program



One Loyalty App  
for Everyone

Reactive  
Incentives



Behaviour-led  
Engagements



*“Loyalty is no longer a marketing program; it is a data strategy. Brands leveraging behavioural intelligence consistently outperform competitors.”*

**Amit Sahai** Chief Executive Officer Somany Ceramics Ltd

Loyalty no longer needs to be something SMBs graduate into. With zero-cost setup and ready-to-use design, it becomes something they can start with - quietly, safely, and early.

*Kounter doesn't help SMBs catch up on loyalty.  
It helps them build the foundation before it starts to crack.*



# AI POWERED REWARDS LOGISTICS ECOSYSTEM

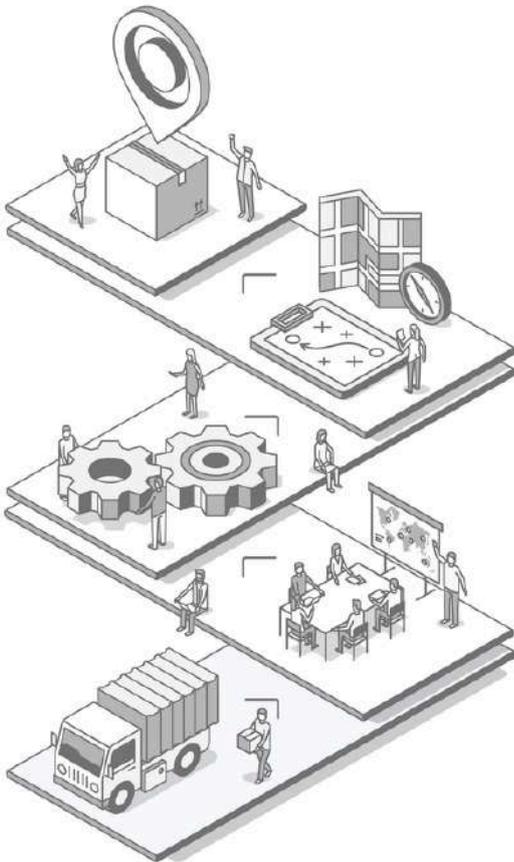
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VAiLOCITY™ By  Almonds<sup>ai</sup>

# VAiLOCITY

A WORLD FIRST IN LOYALTY MANAGEMENT

VAiLOCITY™ is a smart delivery and logistics platform designed to make your loyalty program reward deliveries faster, easier, and more reliable. It uses AI and advanced technology to manage everything from packing rewards to reaching your customers on time, while keeping you informed at every step.



## Address Confirmation

AI powered multi-step verification

## Real-Time Transit Updates

Continuous tracking with AWB

## Proof of Delivery

Realtime E-POD Availability

## Smart 3PL Selection

AI-driven optimal routing

## Verified Last Mile Delivery

With OTP, 3 retry attempts

## RTO & Damage Support

Proactive Realtime Processing

Seamless order to delivery management powered by end-to-end intelligent logistics ecosystem.



*“Reward strategy does not fail at design; it fails at delivery. A loyalty program is only as strong as its reward logistics ecosystem - inventory visibility, fulfillment reliability, compliance integration, and real-time tracking.”*

**Arindam Kar** Head - Loyalty & Rewards | Almonds Ai

# HOW **VaiLOCITY** HELPS IN LOYALTY PROGRAMS



## Accurate Address Verification

Every order is verified through multiple steps to ensure rewards reach the right person without delay. AI-powered multi-step verification ensuring accurate delivery addresses before dispatch.



## Smart Delivery Partner Selection

AI-driven routing chooses the optimal delivery partner based on pin code coverage, network strength, and speed to guarantee quick deliveries.



## Automated Dispatch & Pickup Coordination

Auto-generated dispatch labels and delivery partner scheduling within agreed timeframes.



## Real-Time Tracking

Continuous tracking at every processing node keeps clients and customers informed. You and your customers get updates throughout the delivery journey, so everyone knows where the reward is at all times.



## Customer Notifications

Automated sharing of AWB numbers and delivery updates via app, WhatsApp, and SMS for full transparency.



## Verified Last Mile Delivery

OTP verification at delivery to ensure the right recipient gets the reward; 3 retry attempts followed by RTO management.



## Returns & RTO Handling

If delivery is unsuccessful, the item is returned with clear steps taken to try again or resolve the issue, keeping your program running smoothly.



## Damage & Dispute Management

If any issue arises, like damaged rewards or delivery problems, VAILOCITY uses smart tools to quickly solve it and keep customers happy. Customers can raise incidents from the app, helpdesk or even WhatsApp.



## Realtime Proof of Delivery

Detailed electronic records are available on app, WhatsApp and dashboards anytime to show exactly when and where rewards were delivered. Bulk data available to download filtered by date, location, customer, or order details giving your customers full control and confidence.



### Dev Arora

Chief Solutions &  
Commercial Officer -  
SmartQ | Ex - Hindustan  
CocaCola | Ex - Chai Point

*“Personalized loyalty is not about offering more. It’s about offering what matters. Successful programs will be those that understand customer and partner needs before they have to ask.”*

# HOW AI POWERS VAILOCITY

VAILOCITY uses AI at every step to make deliveries faster, safer, and more reliable.

AI helps verify addresses by checking and confirming details multiple times to avoid mistakes.

AI driven auto voice calls in local languages confirms the address before dispatch processing.

For any damage or disputes, it quickly detects issues and speeds up resolution. It also manages returns efficiently, keeping your loyalty program smooth and trustworthy.

AI automatically selects the best delivery partner for each order based on location and speed. AI tracks every shipment in real time, giving updates to both you and your customers.

AI makes VAILOCITY smart, responsive, and trustworthy, improving your customer experience and loyalty success.

With VAILOCITY, loyalty program becomes more trustworthy, efficient, and transparent. It reduces mistakes, saves time, builds customer confidence, and ultimately helps your brand grow.



100k sq. ft. Warehouse Space

30k+ Daily Shipment Capacity

PAN India Dispatch Network





# LOYALTY MEETS SUSTAINABILITY

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Green Loyalty Programs™



*“To encourage environment-friendly actions, we also launched the Green Credits Initiative.”*

**- PM Narendra Modi**  
At BRICS Brasil Summit 2025

The launch of **PM Surya Ghar: Muft Bijli Yojana** marks more than a renewable energy milestone. It signals a behavioral shift at scale. By incentivizing households to adopt rooftop solar and generate up to 300 units of electricity per month, the government has effectively designed one of the largest real-world **“green reward”** programs in the country.

For green loyalty programs, the message is clear. Environmental intent alone does not drive participation. Measurable rewards do. When eco-friendly actions translate into real earnings, cost reduction, or tangible value, engagement becomes natural.



For brands building green loyalty programs in 2026, the lesson is evident. Reward sustainable behavior with tangible returns. When impact becomes financially meaningful, adoption follows and loyalty strengthens.

*“The smartest brands don’t ask customers to be loyal; they earn it through consistent value exchange powered by data. ”*

**Gaurav Agarwal** Co-founder | NAT HABIT



# FROM INTENT TO INCENTIVISED ACTION

For much of the last decade, sustainability in loyalty programs lived in a familiar space. Brands talked about responsibility, ran symbolic initiatives, and highlighted their intent to **“GO GREEN.”**

Loyalty programs reflected this mindset often through one-off campaigns or symbolic rewards that looked good in presentations but rarely changed behaviour on the ground.



In 2025, it became evident that this approach had reached its limit. Awareness was no longer the problem. Participation was.

*“In the future of finance, loyalty won’t be measured by points or perks, but by how deeply institutions and customers commit to building a sustainable world together.”*

## Mandeep M Singh

Investor & Advisor  
Almonds Ai



What brands began to realise was simple but uncomfortable: sustainability does not scale on intent alone. It scales only when it is **embedded into everyday behaviour and reinforced through incentives.**

***This marked a clear turning point for green loyalty programs.***



## Ajay Grover

NSM & Category Head  
Ozone Group

*“Loyalty deepens when brands recognise that partners are putting their personal credibility on the line with every recommendation. Respecting that risk changes how engagement should be designed.”*

# WHY GREEN LOYALTY PROGRAMS HAD TO EVOLVE

Sustainability expectations have moved decisively from messaging to measurement.



Loyalty has always been designed to influence behaviour - what partners sell, promote, learn, or prioritise. Sustainability, when treated as a parallel initiative, struggled to gain traction. When treated as a rewarded behaviour, it began to perform like any other successful loyalty mechanic.

Independent research from Nielsen and IBM shows that nearly **two-thirds of consumers prefer brands that actively demonstrate sustainable practices**, not just communicate them.

More importantly, BCG and Accenture studies indicate that **programs which reward sustainable actions see 20–30% higher participation** than those that rely on awareness or voluntary adoption.



“Sustainability programs fail when they ask people to care. They succeed when they give people a reason to act.”

- Sustainability & Incentives Lead, Accenture (B2B Transformation Study)

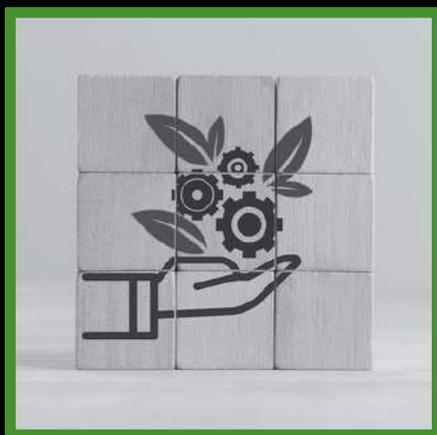


*“True results lies in the details. Let's champion ESG, CSR, and Sustainability initiatives that inspire and deliver. Whether it's a thoughtful CSR project or eco-friendly rewards, we need ongoing measures to study the meaningful impact it brings.”*

**Preethi Nair**

Founder, Coach & Consultant | Vazhikatti Consultancy  
Ex. Sr. Sales Manager- India Services | Dell India Pvt Ltd

# WHAT DIDN'T WORK AND WHY



The evolution of green loyalty was driven as much by failure as by success. Across industries, brands observed limited impact from:

- Symbolic green rewards with no clear behavioural link
- One-time initiatives such as tree plantations or donation drives
- Sustainability messaging that sat outside core incentive structures

These efforts often generated short-term visibility but failed to sustain engagement. Partners viewed them as optional or something to acknowledge, not act upon consistently. The core issue was lack of alignment between effort and reward.

When sustainable actions required additional effort but offered no tangible benefit, adoption plateaued.

## WHAT ACTUALLY WORKED IN 2025

The most effective green loyalty programs in 2025 shared a common design philosophy: **reward the action, not the intention.**

Brands began linking incentives directly to measurable, everyday behaviours such as:

- Completing sustainability or compliance training
- Adopting paperless or digital processes
- Reducing waste or improving operational efficiency
- Participating in recycling, returns, or responsible sourcing initiatives

*When these actions were rewarded, rather than merely encouraged, participation improved materially.*

Accenture's sustainability research shows that **behaviour-linked incentives deliver up to twice the completion rates** compared to opt-in sustainability initiatives. The difference lay not in the message, but in the mechanism.

“

Incentives are not at odds with sustainability. They are often the only way sustainability moves beyond policy.

# ESG MEETS CHANNEL LOYALTY

As ESG reporting matures, brands are facing a new reality: sustainability goals cannot be achieved in isolation. Distributors, dealers, retailers, and service partners play a direct role in how products are sold, delivered, serviced, and disposed of.



“You cannot meet ESG targets if your ecosystem is not incentivised to participate.”

Channel loyalty programs are emerging as a practical bridge between ESG ambition and execution.

By embedding sustainability-linked actions into loyalty frameworks, brands gain:

- Measurable participation across distributed networks
- Clear audit trails for ESG reporting
- A way to align partner behaviour with long-term sustainability goals

## THE SHIFT FROM GREEN MESSAGING TO GREEN MECHANICS

Perhaps the most important change in 2025 was philosophical. Green loyalty stopped being about **what brands say** and started becoming about what systems reward.

This shift brought sustainability closer to the core of loyalty design:

- From campaigns to always-on mechanics
- From symbolic gestures to actions
- From moral appeal to measurable outcomes



**Nitin Jain**

Co-Founder - 1BUY.AI  
Ex Co-Founder -  
OfBusiness

*"The future of loyalty lies in community - customers stay where they feel they belong."*

# THE 2026 GREEN LOYALTY PLAYBOOK

As brands move into 2026, the next phase of green loyalty is becoming clear.

**Successful programs are guided by a few practical principles:**

- Incentivise actions, not beliefs
- Keep sustainability embedded in everyday workflows
- Measure behaviour, not optics
- Align green outcomes with business efficiency

Sustainability no longer needs a separate loyalty track. It performs best when it is woven into the same structures that already drive engagement, performance, and trust.



## Vinay Maheshwari

MD & CEO  
SucStrat Consultants  
Pvt Ltd

*“Rewards reinforce behaviour, but sustainable loyalty builds enterprises. When brands design intelligent reward ecosystems with consistent nudges and gamified engagement, they transform occasional buyers into habitual advocates and channel partners into long-term growth allies. Scaling up is not driven by one-time incentives, it is powered by sustained trust, predictable value, and loyalty that compounds over time.”*



*“The future of green loyalty isn’t about doing more campaigns. It’s about designing better systems.”*

Green loyalty programs have finally crossed a critical threshold.

They are no longer about signalling responsibility. They are about shaping behaviour at scale - quietly, consistently, and measurably.

In 2026, the most credible sustainability stories will not be told through statements or symbols, but through **incentives that make sustainable action the easiest choice.**



## Anandarup Basu

Sr. Vice President & CIO  
Usha International

*“The real loyalty metric isn’t logins, it’s how many partners would feel uncomfortable switching away, because discomfort is the most honest indicator of stickiness.”*

# GREEN LOYALTY

## PROGRAM CERTIFICATE

A tiered certification system that serves as a hallmark of trust and environmental responsibility for brand's loyalty program.



## ROLE OF CERTIFICATION

A Green Loyalty Program Certification offers brands a strategic advantage by aligning their loyalty programs with sustainability, which can lead to higher customer engagement, regulatory benefits, and long-term business growth.



### Enhanced Brand Reputation

Builds trust and loyalty by showcasing a commitment to sustainability.



### Consumer Demand for Sustainability

Aligns with eco-conscious customers' values, attracting their preference.



### Competitive Advantage

Differentiates the brand in the market, attracting like-minded partners.



### Environmental Impact Reduction

Reflects a brand's active efforts in reducing its carbon footprint and waste, contributing to a healthier planet



### Improved Stakeholder Relations

Stakeholders view as a mark of corporate integrity, improving relations and fostering loyalty.

*"The future of loyalty is not points; it is personalization delivered at scale through machine intelligence."*

**Manish Dabkara**

Managing Director | EKI Energy Services Ltd





# REWARD FOR THE FUTURE

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The Shift from Compensation to Meaning

# PURPOSE-DRIVEN REWARDS



Till now, reward catalogues were built on a simple assumption:

**HIGHER REWARD VALUE =  
HIGHER MOTIVATION**

## The Shift from Compensation to Meaning

In 2025, brands began noticing a shift in how partners responded to rewards. Participation was no longer driven purely by price or points. What mattered increasingly was what the reward represented, not just what it cost. And this led to the rise of purpose-driven rewards.

Purpose-driven rewards are not about replacing traditional incentives. They are about adding a layer of meaning to them. They are increasingly used to:

Reflect brand values

Acknowledge identity and lifestyle

Reinforce social or environmental intent

Make recognition feel personal rather than transactional

*This is not idealism. It is behavioural reality.*

Research across loyalty and engagement programs shows that relevance and emotional connection often outperform raw monetary value in driving repeat participation.

# WHY **PURPOSE** MATTERS MORE IN CHANNEL LOYALTY

Channel partners do not interact with brands casually. Their engagement is tied to work, reputation, and long-term relationships. In this context, rewards act as signals.

A reward catalogue quietly communicates:

**BRAND** Identity  
Alliance  
Principles

“

Generic rewards flatten that message. Purpose-driven rewards sharpen it.

This is why many channel programs in 2025 moved away from “everything for everyone” catalogs and toward curated reward worlds.

## PURPOSE-DRIVEN REWARD CATALOGUES BY **almonds**<sup>ai</sup>

Two clear purpose-led categories began standing out across loyalty catalogs: Green Rewards and Pink Rewards. They serve different purposes, but both respond to the same shift — the need for rewards to feel human, relevant, and aligned with values.



**GREEN REWARDS**



**PINK REWARDS**



*“Over 70% of consumers say rewards influence repeat purchases. In a discount-driven market, structured loyalty builds predictable revenue beyond seasonal spikes.”*

**Gaurav Sharma**

Chief Marketing Officer  
Campus Activewear Ltd

# GREEN REWARDS

How Everyday Reward Choices Quietly Cut Carbon



For years, sustainability in loyalty was expressed through intent - donations, symbolic gestures, or one-off campaigns. While well-meaning, these approaches struggled to show tangible impact. Partners understood the message, but rarely felt the outcome.

In 2025, this began to change.

Green rewards started working when they stopped trying to inspire belief and started enabling substitution - replacing high-frequency, carbon-intensive habits with lower-impact alternatives that fit naturally into everyday life.

## THE CARBON LOGIC BEHIND GREEN REWARDS

Green rewards do not reduce emissions because they carry a sustainability label. They reduce emissions because they change what gets used, repeatedly.

- A reusable bottle replaces hundreds of single-use plastic bottles.
- A solar power bank offsets grid electricity.
- A recycled home product avoids virgin material extraction.

The impact does not come from one dramatic act. It comes from quiet repetition.

Over time, these substitutions compound into measurable carbon savings without asking partners to consciously **“ACT GREEN”**.

*"Great loyalty programs earn partner commitment by listening actively, rewarding generously, and engaging authentically-all done seamlessly to build lasting relationships."*

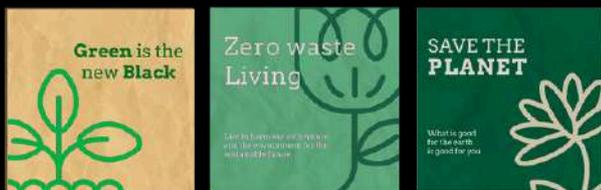


**Shivashish Pandey**

CEO - Yum! Brands  
(KFC & Pizza Hut)  
Devyani International Ltd

## WHAT THE NUMBERS ACTUALLY LOOK LIKE

Green Rewards	Estimated CO <sub>2</sub> Reduction Per Person
Reusable metal water bottle (Single-use plastic bottles)	~25–30 kg CO <sub>2</sub> per year
Solar charger / solar power bank (Grid electricity charging)	~15–25 kg CO <sub>2</sub> per year
Reusable shopping or tote bags(Plastic carry bags)	~10–15 kg CO <sub>2</sub> per year
Bamboo or wooden household items(Plastic equivalents)	~5–8 kg CO <sub>2</sub> per year
Recycled-material home products (Virgin plastic products)	~20–40% lower lifecycle emissions



## WHY THIS MATTERS IN LOYALTY PROGRAMS

Individually, these numbers may seem modest. At scale, they are not.

When thousands of partners redeem green rewards across a loyalty ecosystem, the cumulative reduction becomes significant and importantly, explainable. This allows brands to move sustainability conversations from aspiration to participation.

What makes green rewards especially effective is that they do not rely on persuasion. They work because the reward itself does the work.

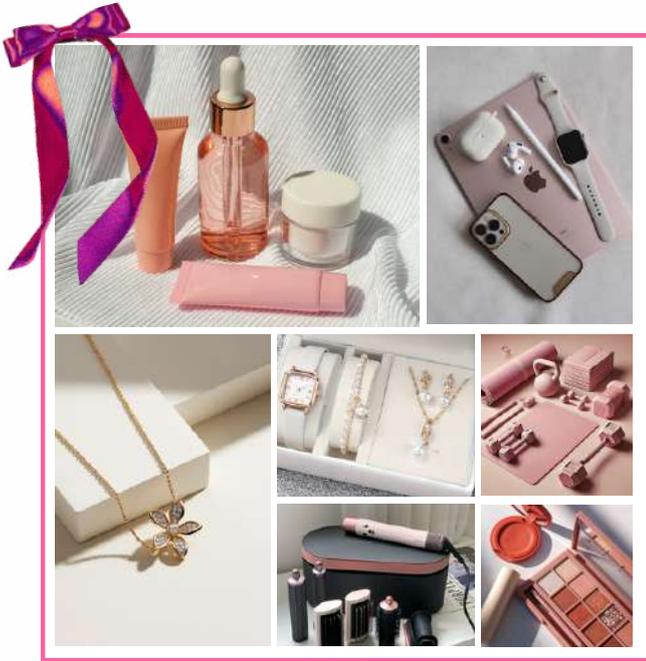


*“Sustainability-linked loyalty programs must move beyond tree-planting optics and embed measurable environmental behaviours into everyday partner engagement.”*

**Prof. Jaskiran Arora**

Dean - BML Munjal University

# PINK REWARDS



## LOYALTY WORKS BETTER WHEN RECOGNITION FEELS PERSONAL

For decades, loyalty rewards were designed around practicality. Fuel vouchers, cash equivalents, and utilities dominated catalogues because they were easy to justify and universally useful.

**But usefulness alone does not build loyalty. Recognition does.**

In 2025, many channel programs began noticing a quiet pattern. Rewards that felt personal, lifestyle-oriented, and emotionally resonant, especially among women participants, were driving longer engagement, stronger recall, and higher repeat participation, even when their monetary value was similar to essential rewards.

This shift marked the rise of what are now called Pink Rewards. Pink Rewards are not:

- Utilities or bill payments
- Cash substitutes
- Functional compensation
- Stereotypes or tokenism



### Sneha Gokarn

Insurance & Risk  
Mgmt Professional  
Ex. Gallagher

*“Loyal Customers create a chain reaction of many more loyal customers, that takes a brand to greatness. Loyalty programs are created to touch the emotional cords that build emotional equity for great brands. But at a broader level loyalty programs can be leveraged for strategic decisions as they provide a plethora of insights into evolving consumer habits, buying patterns, seasonal choices and much more.”*

*“When loyalty is strategic, rewards and gamification don’t just engage; they accelerate performance across the ecosystem.”*

**S Anand** Founder & CEO | PaySprint Pvt. Ltd.



# THE BEHAVIOURAL SCIENCE BEHIND PINK REWARDS

Pink Rewards work because they sit in a powerful psychological space: **they are non-essential, but deeply usable.**



Behavioural research shows that people, especially women, respond more strongly to rewards that feel like chosen indulgences rather than functional compensation. These rewards trigger a stronger emotional response because they signal appreciation, not obligation.

Unlike essentials, Pink Rewards are not consumed and forgotten. They are experienced, revisited, and remembered. This extends the emotional life of the reward far beyond the moment of redemption.

In loyalty systems, that distinction matters. People don't stay loyal because a program paid them back. They stay loyal because a program made them feel recognised.

***People remember how rewards made them feel long after they forget what they cost.***

PINK REWARDS VS ESSENTIAL REWARDS	
Essential Rewards	Pink Rewards
Solve immediate needs	Offer personal recognition
Consumed quickly	Used repeatedly
Low emotional residue	High emotional recall
Forgotten after use	Remembered through daily presence
Transactional	Relational

They are **lifestyle-led, emotionally relevant rewards** designed to recognise effort in a way that feels human rather than mechanical.

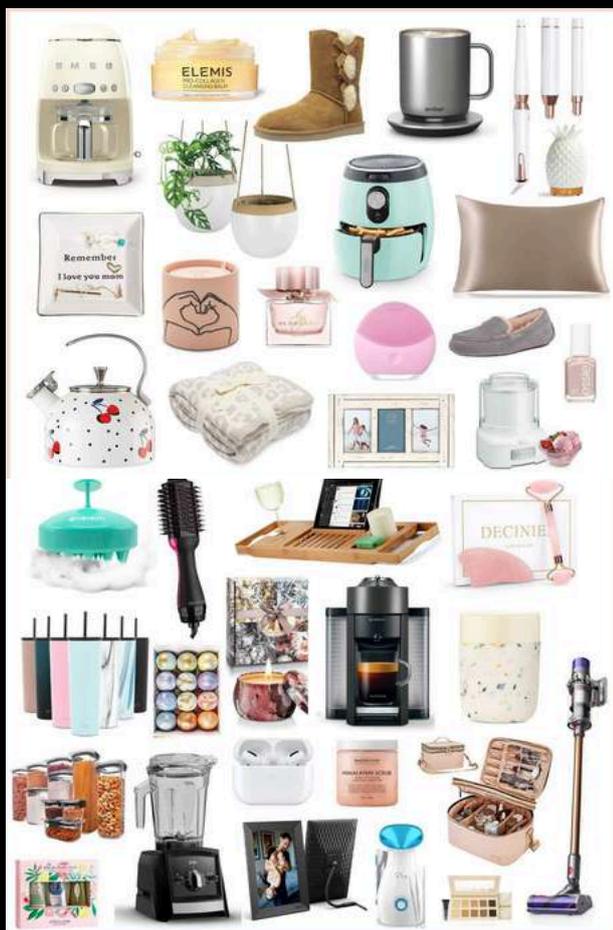
*“The most effective loyalty programs are designed around behaviour first. Rewards are simply the language used to reinforce that behaviour at the right moment.”*

**Sunil Batta**

Chief Business Officer | Almonds Ai



# USAGE FREQUENCY & VISIBILITY



## Why Repetition Builds Stronger Loyalty?

Pink Rewards typically enter daily routines - personal care, wellness, lifestyle, or home use. They sit in spaces that are seen every day: wardrobes, bathrooms, bedrooms, living spaces. This repeated exposure creates ongoing brand recall without requiring any additional engagement.

**Unlike one-time redemptions, these rewards keep working long after points are spent.**

In many channel ecosystems, the impact goes further. Pink Rewards are often noticed, discussed, and shared within households, creating a spillover effect that amplifies perceived value without increasing cost.

*A reward that stays visible keeps the brand visible.*

## WHERE PINK REWARDS PERFORM BEST IN THE LOYALTY JOURNEY

Pink Rewards are not designed to replace performance incentives. They are designed to sustain engagement where financial rewards alone fall short.

They perform best when used for:

- Consistency-based milestones
- Mid-cycle engagement nudges
- Retention and tenure recognition
- Non-sales behaviours such as training, compliance, or participation

These moments require emotional reinforcement rather than economic motivation. Pink Rewards fill that role quietly and effectively.



**Instead of creating spikes, they create continuity.**



# TOP CHANNEL LOYALTY PROGRAMS

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Programs That Set the Benchmark for 2026

# Waaree Prime+



The Waaree Prime+ Program is an exclusive loyalty and rewards initiative created for **Solar Integrators & EPC Firms**. It's designed to recognize and reward those who actively contribute to the company's growth and customer satisfaction. Participants in the program earn points through the purchase of Waaree's solar products. These points can be redeemed for a wide range of rewards from gift items to vouchers.

Vouchers from **80+** Top Brand

Physical Products in **50+** Categories

**Exclusive Experiences**

### Prime+ Rewards

Step into the World of Waaree Prime+

and many more...

### Key Features of the Program

- Earn while You Grow
- Quick Invoice Upload
- Instant Real time Reward Redemption
- Secure & Digital
- Specially Curated for Solar Integrators & EPC Firms
- Seamless Support
- Gamification
- Learning & Development
- Exclusive Rewards

*“The psychology of progress, visible milestones and structured tier upgrades, drives engagement far more effectively than static point systems. When partners can see where they stand, what they are working toward, and how close they are to the next level, motivation becomes continuous rather than transactional.”*



**Yashesh. Ajay Sampat** Independent Insurance Professional CII (UK), FIII

# birlanu Rewards

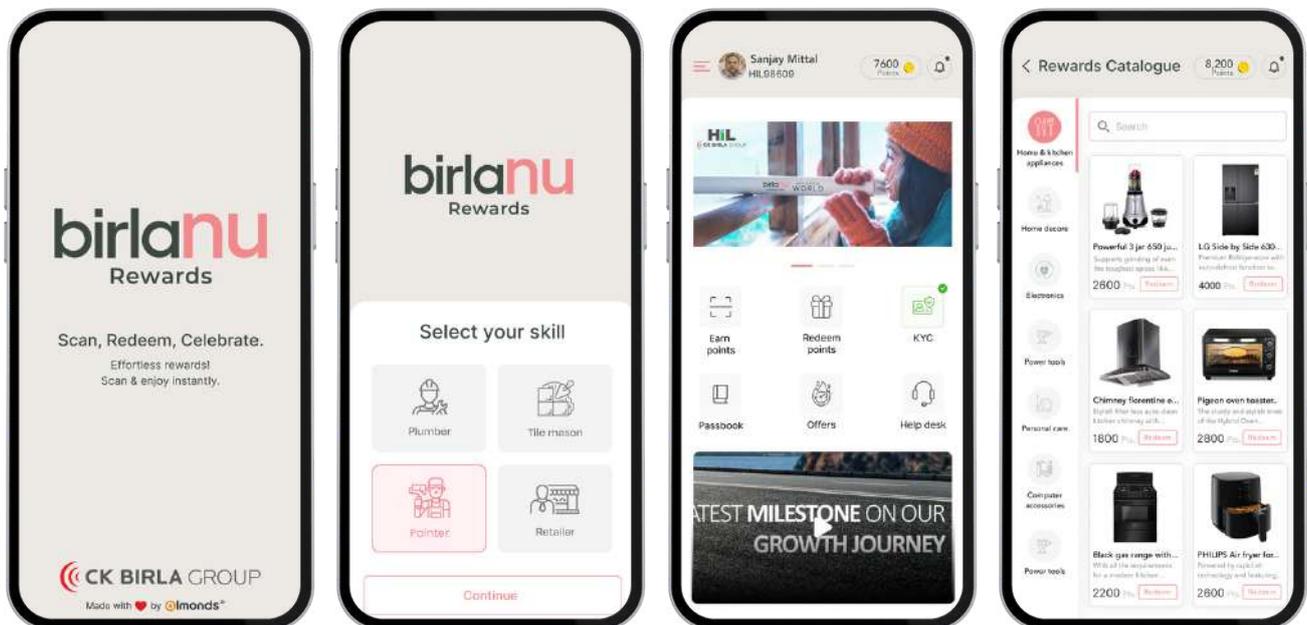
BirlaNu Rewards is a digital-first channel loyalty platform designed to strengthen engagement at the last mile across plumbers, masons, painters, carpenters, and retailers. Recognizing that influencers play a decisive role in product recommendation and secondary sales, the program was built to create transparency, instant gratification, and structured engagement across the value chain.

## How It Works:

- The program enables influencers and retailers to earn points through QR code scans and invoice uploads. Each validated transaction is digitally recorded, ensuring stock verification and complete invoice transparency.
- Participants accumulate loyalty points within a unified app environment, where they can track earnings in real time and redeem rewards seamlessly.

BirlaNu Rewards has engaged over **54,000+ influencers**, generating **980,000+ engagements**, and delivering a reported **3X influence impact** across its network.

*The objective was clear: build trust-driven loyalty while driving measurable retailer throughput.*



### Arpit Agarwal

Chief Customer Officer  
Almonds Ai

*“Sustainability is fast becoming a key driver of loyalty. The next-generation loyalty programs will reward not just sales, but responsible behavior, whether it's through green initiatives, ethical sourcing, or community impact.”*

# SOMANY<sup>®</sup>

## SALES HERO PROGRAM

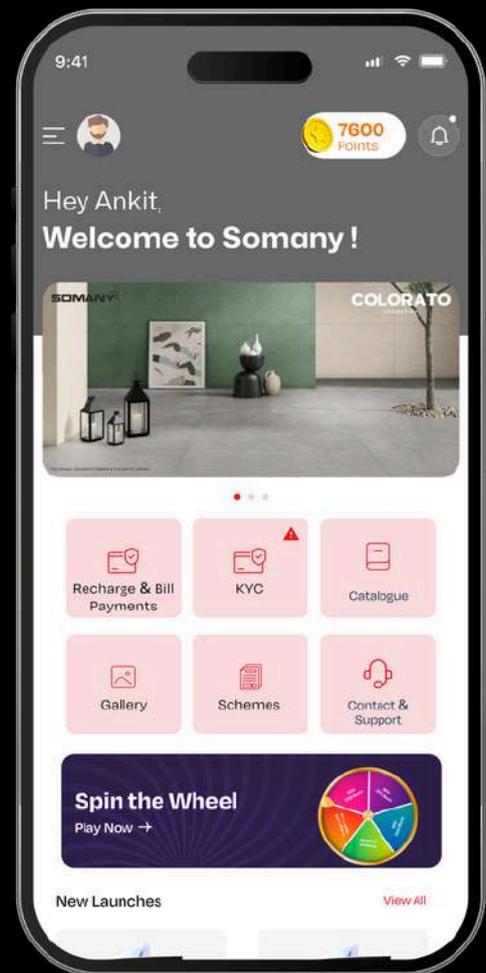
The Somany Sales Hero Program was designed to address a critical gap in multi-brand retail environments - the inability to measure and reward individual store representatives who influence product recommendations. In categories where retail counters stock competing brands, the role of the store rep becomes decisive in driving preference and secondary sales.

The program focuses on motivating front-line sales representatives to actively advocate Somany products within multi-brand outlets.

### How It Works:

- Store representatives enroll in the Sales Hero program and earn rewards by uploading invoices linked to Somany product sales and completing structured product training modules.
- The program integrates merchandise incentives, performance-based recognitions, and engagement nudges to maintain momentum.
- By linking verified sales activity and knowledge enhancement to structured rewards, the platform ensures that advocacy is measurable and performance-led rather than informal.

The program currently engages **12,000+** store representatives across **4,000+** stores, delivering a reported measurable sales impact in participating outlets.



*"In advisory-driven ecosystems, loyalty is shaped by credibility. Partners align with brands that invest in their knowledge, stand by them during difficult customer conversations, and recognise effort beyond immediate outcomes."*

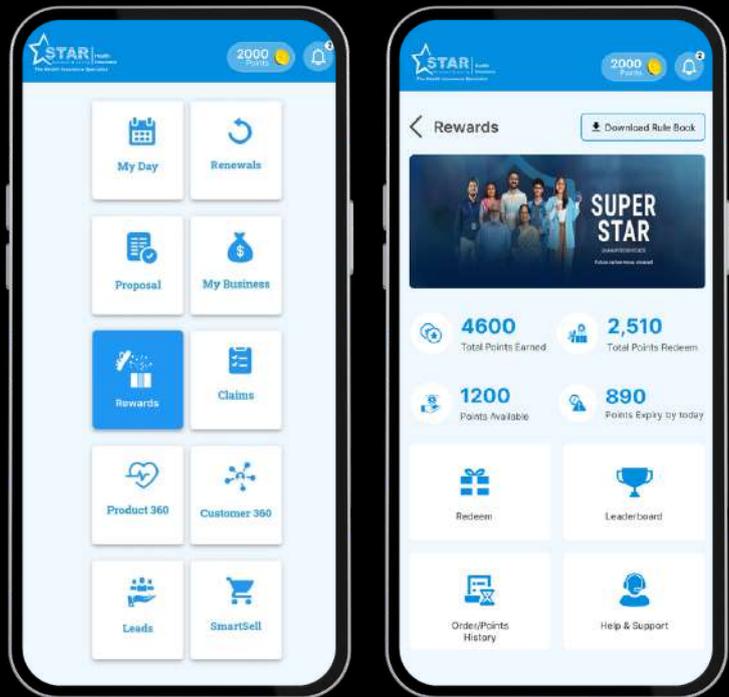
### Madhur Sharma

Assistant Vice President  
Somany Ceramics Ltd

# AGENT LOYALTY PROGRAM BY STAR HEALTH

Agent loyalty program by Star Health centralizes onboarding, performance tracking, reward redemption, and training for insurance agents and brokers.

The program embeds a customized loyalty ecosystem directly within the Agent Super App, enabling automated performance tracking and instant reward distribution. Agent sales metrics, premium targets, and milestone achievements are monitored in real time, providing clear earnings visibility and structured progression.



## Bosch Fleet Shakti BOSCH

Bosch Fleet Shakti is a loyalty and engagement program designed by Bosch Automotive Aftermarket for commercial vehicle fleets and transport operators in India.

### Who it targets:

- Fleet owners
- Transport companies
- Commercial vehicle operators
- Workshop networks connected to fleets



### How it works:

- Members earn benefits based on purchase volumes of Bosch products such as filters, batteries, wipers, and other aftermarket components. Participation is typically linked through Bosch distributors or authorized partners.
- Rewards may include merchandise, service benefits, or structured incentives designed to encourage repeat purchasing and brand preference.

By engaging fleets directly, Bosch strengthens demand pull, improves distributor alignment, and drives long-term parts adoption.



**DOWNLOAD**  
**APLIKASI MASTERSTROKES**  
**DAN JADILAH PEMENANG**

# ASIAN PAINTS MASTERSTROKES

Asian Paints' Contractor Loyalty Program targets painters and applicators who directly influence consumer brand decisions at the last mile.

- Contractors accumulate points through verified product purchases, typically validated via dealer networks or QR-based mechanisms.
- Points are redeemable for tools, household appliances, vouchers, and experiences.
- The program also integrates training workshops and product knowledge sessions.

With a large contractor base across urban and semi-urban markets, the program reinforces brand recommendation behaviour. It strengthens loyalty in a category where influencer trust significantly impacts product selection.

## TATA MOTORS – SAMPOORNA

Tata Motors' channel incentive programs, including Sampoorna, are designed to align dealer performance with retail growth, service excellence, and customer satisfaction benchmarks.



### How it works:

- Dealers and channel partners earn incentives based on vehicle sales targets, spare parts penetration, service KPIs, and finance or insurance cross-sell performance.
- Rewards include performance-linked bonuses, structured catalog redemptions, and recognition awards at regional and national forums.
- Covering a nationwide dealership network, the program influences retail throughput and after-sales revenue.

# INTERESTING READS



## CHANNEL CHAMPIONS INDIA



Secrets to Insanely Lucrative B2B Customer Loyalty Programs and Channel Partner Engagements.



SUBSCRIBE



### The Key to Long-Term B2B Growth Lies with Partners You Already Have



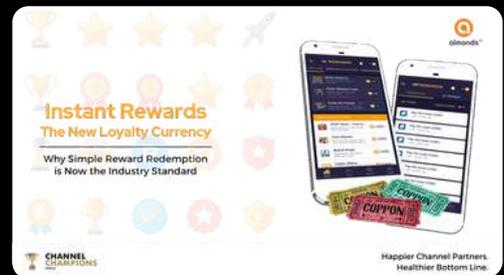
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### Why Instant Rewards and Easy Redemption Are Becoming the New Loyalty Currency



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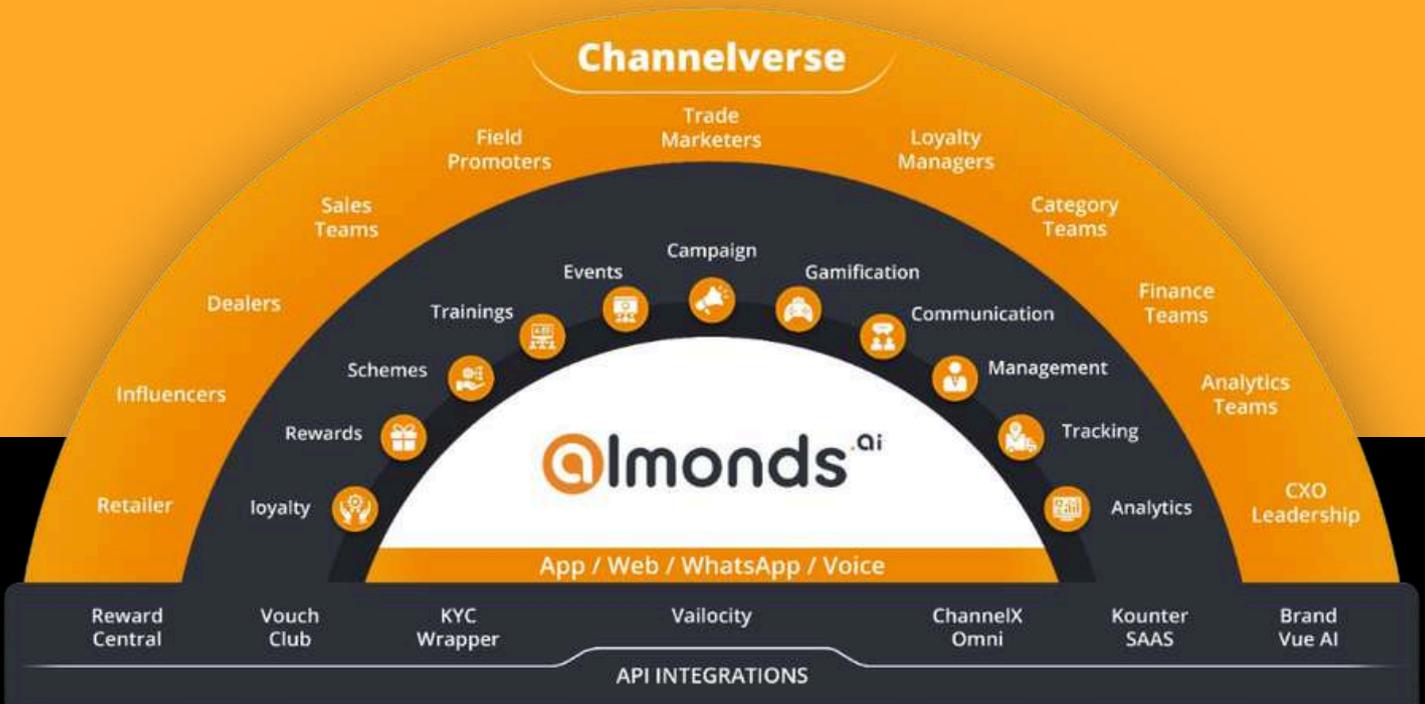


### What Channel Loyalty Programs Must Learn From Consumer Loyalty's Mistakes



READ MORE





## Top 10 Distribution Loyalty Programs in India

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## Why Businesses Should Introduce A Green Loyalty Program

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## How These 4 Crypto Rewards Programs Are Revolutionizing Loyalty and Your Partners' Wallet

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# GREEN LOYALTY INSIGHTS



Inspiring Sustainable Customer Behavior through Actionable Insights



Loyalty That Leaves a Legacy - How You Can Turn Every Point into a Patch of Green

» READ MORE



The True Cost of Sustainability: Can Green Loyalty Programs Lead to Long-Term Profitability?

» READ MORE



Moral Licensing: The “I Did Good, So I Can Pollute” Effect

» READ MORE



ESG 2.0: Designing Resilience & Long-Term Growth Through Sustainable Loyalty

» READ MORE





# WE'RE HUMBLED



Awards and Achievements

# 8 Metals

Almonds Ai bagged 8 awards at the MartechAi Awards 2025 across various categories.



## Award Categories

BEST MARTECH TRANSFORMATION HOME SOLUTION

BEST USE OF MARTECH FOR FIELD SALES ACCELERATION

BEST MARTECH TRANSFORMATION FMCG & F&B

BEST USE OF MARTECH IN LAST MILE INFLUENCER ENGAGEMENT

BEST MARTECH GAMIFICATION

BEST USE OF MARTECH IN CHANNEL PARTNER EMPOWERMENT

BEST MARTECH TRANSFORMATION CONSUMER TECH & DURABLE

BEST MARTECH TRANSFORMATION AUTOMOTIVE



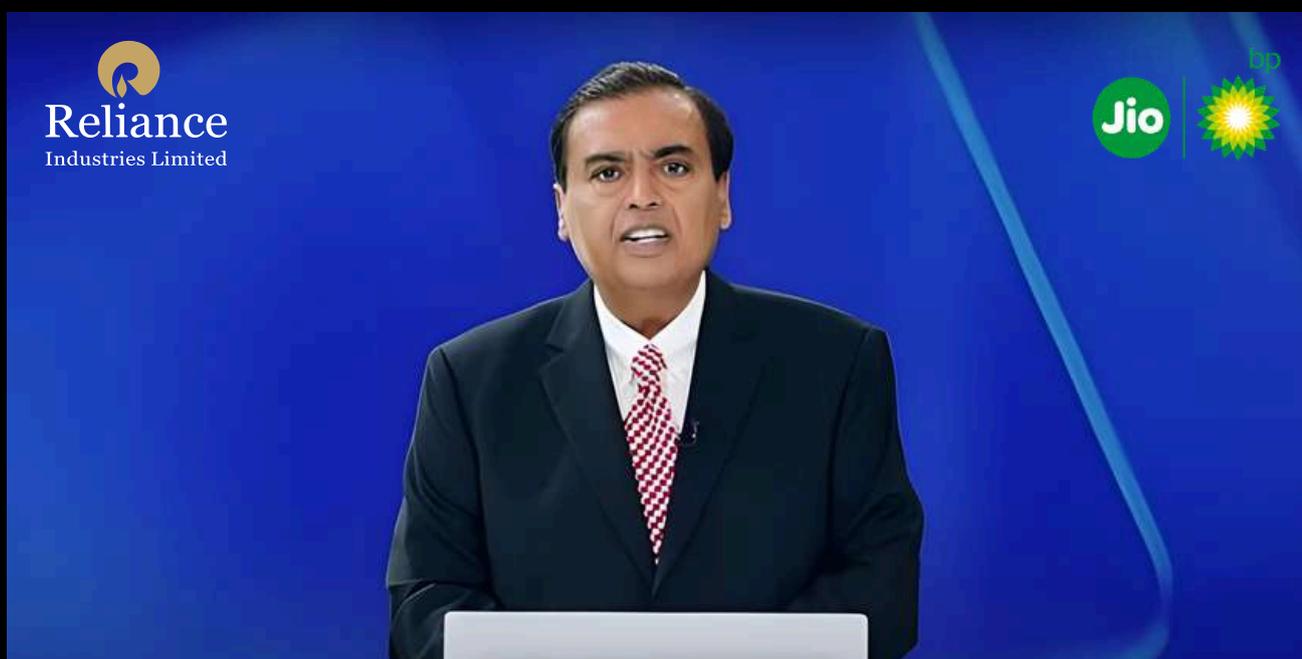
# ET CX+ AWARDS 2025



The innovative Sampark Loyalty Program by Havells has been recognised as a winner at the prestigious ET Brand Equity CX+ Awards 2025 in the 'CX Marketing - B2B & Enterprise Solutions' category.



Star Health Insurance took the top prize at the ET Brand Equity CX+ Awards 2025 in the 'CX for Loyalty & Retention' category.



Shri Mukesh Ambani mentions the **Jio-bp RewardMeter Program** in front of millions of shareholders at Reliance Industries Limited's 47th AGM 2024.

**e4m**  
**RedCarpet**  
 EXPERIENTIAL MARKETING  
 SUMMIT & AWARDS



**BEST CHANNEL  
 ENGAGEMENT  
 PLATFORM**



Almonds Ai bagged the Gold Award for **Havells Sampark program** for 'Best Channel Engagement Platform/Program' at the prestigious E4M RedCarpet Experiential Marketing Awards 2025.



**B2B LOYALTY  
 EXPERIENCE  
 OF THE YEAR**

Almonds Ai received a Bronze Award for **Waaree Prime+ by Waaree** at the E4M RedCarpet Experiential Marketing Awards 2025 in the 'B2B Loyalty Experience of the Year' category.



**GLOBAL LOYALTY  
 CONCLAVE & AWARDS**

**Global Loyalty Conclave & Awards**

Almond Ai received multiple awards for its groundbreaking loyalty programs, leveraging AI, personalization, and sustainability to enhance customer and partner engagement. Their innovative strategies set new standards and delivered exceptional results.



## Thank You ...

The channel loyalty ecosystem in India has reached a decisive inflection point. For years, participation numbers and redemption volumes were seen as indicators of success. In 2026, that narrative has changed. Loyalty is no longer evaluated by activity, it is judged by measurable business outcomes.

As distribution networks become more complex and margins more disciplined, loyalty programs must justify their existence. CFOs are reviewing budgets. Compliance frameworks are tightening. Digital adoption is accelerating. In this environment, loyalty cannot remain promotional, it must become infrastructural.

This year's Channel Loyalty Report reflects that shift. It examines how ROI-linked program design, compliance-ready execution, AI-powered personalization, and structured reward architecture are redefining performance benchmarks. From tax regulations and data protection mandates to green incentives and predictable earning models, loyalty is evolving into a strategic growth lever rather than a tactical expense.

We extend our sincere gratitude to the thousands of channel partners, industry leaders, and research contributors who helped shape this report. Their insights reaffirm a central truth: partners do not seek complexity; they seek clarity, predictability, and trust. Programs that respect this reality will outperform.

The future of channel loyalty belongs to brands that design with discipline, execute with transparency, and measure what truly matters - incremental revenue, partner retention, and sustainable growth. Loyalty is no longer about rewards alone. It is about responsibility, resilience, and results.

**Stronger Channels. Smarter Loyalty. Sustainable Growth.**

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**Apurv Modi**

MD & Co-founder  
apurv@almonds.ai

**Almonds<sup>ai</sup>**

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**3.8M**  
Retailers



**2.4M**  
Drivers



**540K**  
Chemists



**268K**  
Electricians



**246K**  
Painters



**134K**  
Carpenters



**98K**  
Agri-Influencers



**94K**  
Mechanics



**80K+**  
Architects



**32K+**  
Hair Dressers

## An All-in-one Channel Partners Engagement, Education, Loyalty and Rewards Solution

Channelverse™ is a digital universe of experiences and engagement utilities, enabling brands to increase their revenue by engaging, managing and rewarding their channel partners and sales team. Since 2018, we have been helping brands empower and scale their B2B channel engagement.

**8M+**

CHANNEL PARTNERS

**4.8B+**

ENGAGEMENT DELIVERED

**100+**

THIRD PARTY INTEGRATIONS

**5000+**

REWARD OPTIONS

Dive into actionable loyalty insights



GREEN LOYALTY INSIGHTS



CHANNEL CHAMPIONS INDIA



Loyalty Next®



CHANNEL CHAMPIONS INDIA



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