

# E-Wallet Loyalty Programs as a Strategic Marketing Tool: A Managerial Viewpoint

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**Abstract.** With an emphasis on managerial viewpoints regarding the planning, execution, and assessment of loyalty program efficacy, this study attempts to examine loyalty program tactics in the digital wallet sector. Due to fierce competition and the sharp rise in digital wallet usage, particularly in Indonesia, businesses find it difficult to retain customers. Semi-structured interviews with marketing managers and loyalty program strategists from top digital wallet businesses were used in this qualitative study. The findings demonstrate that in order to improve long-term customer retention, successful loyalty programs incorporate tiered incentives, gamification, and personalised rewards. Technical difficulties like data consistency across platforms and working with outside partners, however, continue to be major obstacles. The study also outlines new trends that could enhance user experience and integration, like blockchain technology, AI-based predictive modelling, and cross-platform loyalty programs. In an increasingly competitive digital economy, well-designed loyalty programs are anticipated to boost corporate growth and fortify relationships with customers.

**Keywords:** E-Wallet, Loyalty Program, Strategic Marketing, Customer Retention, Data Analytics, Managerial Challenge

## Introduction

The digital revolution in all aspects of life has created various changes in everyday life. Including in individual behavior as consumers, the digital revolution has transformed the way consumers interact with financial services. In recent years, consumers around the world have begun to shift towards digital financial services by using e-wallets or digital wallets. This is supported by statistical data on the use of digital wallets which record that during 2024, there will be 4.3 billion global digital wallet users, or 53% of the world's population. In fact, the number of digital wallet users is predicted to increase in 2029 to 68% of the global population (Barber & Boyle, 2025).

This massive use of digital wallets also occurs in consumer behavior in Indonesia. The results of the 2024 Indonesia Fintech Trends survey from Jakpat found that 96% of respondents admitted to having used digital wallets (Reynaldy, 2024). Another survey conducted by Populix found that digital wallets are very popular in Indonesia, to the point that there are at least five electronic wallets that are very commonly used in Indonesia, namely GoPay, OVO, DANA, ShopeePay, and LinkAja (Khairiyah, 2024). In fact, in 2025 it is predicted that there will be more rapid growth of up to 130 million new digital wallet users in Indonesia (Ashri, 2020). Thus, there is a massive phenomenon and rapid growth of digital wallet users both globally and nationally.

A digital wallet or e-wallet is essentially a type of electronic card used for online transactions via a computer or smartphone that is linked to an individual's bank account to make payments (The Economic Times, 2020 in Undale et al., 2021). This massive growth in the use of digital wallets is based on the various advantages of digital wallets such as convenience, speed, and integration with the digital ecosystem. In addition, digital wallets also excel with various components that offer paperless, well- recorded, and sustainable payment features (Hopali et al., 2022). Digital wallets also allow users to make transactions and various financial services via smartphones so that they do not impose transaction restrictions based on location and time (Gómez-Hurtado et al., 2024).

However, along with the growing number of users, companies providing e-wallets or digital wallets face challenges in maintaining consumer loyalty amidst fierce competition between digital wallets.

Moreover, competition between digital wallets in Indonesia is quite tight between three large companies, namely GoPay, OVO, and Dana. As reported by Populix, of the 1,478 research respondents, namely the younger generation throughout Indonesia, there are 74% GoPay users, 58% OVO users, and 74% Dana users (Farhan, 2025). Thus, it is clear that there is quite tight competition between the three digital wallet providers, so that more attention is needed from companies in maintaining the loyalty of their respective consumers.

Maintaining consumer loyalty in the digital ecosystem tends to be different from conventional consumer loyalty. Loyalty in the digital ecosystem is more susceptible to change due to low switching costs, intense competitor promotions, and the ease with which consumers can switch platforms. On the other hand, loyalty is very important to maintain because it is related to the sense of consumer involvement and is able to encourage consumers to decide whether to continue using the brand or not (Hopali et al., 2022). Therefore, companies need extra work in finding and determining marketing strategies to be able to maintain consumer loyalty. One marketing strategy that is considered suitable for the context of digital wallets and is the focus of this study is a loyalty program. A loyalty program is a form of marketing strategy used to strengthen the relationship between users and brands, or digital wallets in the context of this study. Yi & Jeon (2003) in Katili et al. (2024) defines a loyalty program as a marketing tactic designed to build customer loyalty by providing profitable incentives for customers. Loyalty programs play an important role in encouraging customers to make repeat purchases and retain a large number of existing buyers (Ahsan et al., 2022). The purpose of a loyalty program is to create commitment, meet demand, and provide psychological and economic value. Ultimately, loyalty programs aim to build relationships with customers and increase customer loyalty (Katili et al., 2024).

Loyalty programs generally offer various types of benefits, both monetary such as direct discounts, awards, or prizes, or service benefits such as higher levels of service or the provision of additional information (Krampe et al., 2025). This program can be in the form of a points system, cashback, gamification, to a form of membership that provides exclusive benefits. Loyalty programs in the context of digital wallets not only function as short-term incentives but also as a long-term strategy to increase the frequency of application use, maintain a customer base, and encourage wider business growth (Katili et al., 2024). For digital wallet service providers, loyalty programs will help in forming consumer attachment to digital wallets as well as being a competitive advantage in the relatively tight digital wallet competition. Previous research on loyalty programs as a brand marketing strategy has been conducted by several previous researchers. For example, Ahsan et al. (2022) studied the impact of loyalty programs on consumer retention in Bangladesh. Then, Steinhoff & Zondag (2021) examined the urgency of loyalty programs for travel companies in maximizing their services. Other similar research was found in Timmis et al. (2025) who analyzed the impact and implementation of loyalty programs from air cargo companies. Furthermore, Katili et al. (2024) analyzed the impact of loyalty programs on consumer loyalty behavior in Indonesia.

However, as explained above, previous research on loyalty programs still focuses on the consumer perspective, such as retention, satisfaction, motivation, and consumer purchasing interest. Meanwhile, research on loyalty programs from a managerial perspective, namely how to create a personalized customer experience and an attractive reward structure to maximize long-term customer retention, has not been widely discussed. In addition, the managerial perspective from the perspective of the challenges faced by managers in managing loyalty programs, optimizing consumer segmentation, and solving technical problems related to digital platform integration and innovation, needs to be further studied. Thus, this study intends to explore digital wallet loyalty programs from a managerial perspective, including design strategies, implementation challenges, and evaluation of their effectiveness in the context of digital marketing. This research will not only provide practical contributions to decision makers in the fintech industry, but also broaden academic insights in the field of strategic marketing management based on digital technology.

## Method

This research analyzes how marketing executives design loyalty programs strategies, implement and evaluate their effectiveness in terms of digital marketing. The researchers adopted a qualitative research method in order to elaborate the research. There are some stages done in this research. First, the researchers conducted literature review in the context of loyalty programs in the context of digital

marketing. However, given the lack of managerial perspectives in existing literature, the researchers then conducted semi-structured interviews to uncover key decision making processes, challenges, and best practices. The qualitative method is chosen for its ability to provide rich, contextual insights into complex strategic phenomena (Creswell, 2014).

The semi-structured interviews include marketing managers and loyalty program strategists from e-wallet companies, selected based on their involvement in designing or managing digital loyalty programs. Participants are required to have a minimum of three years of experience in the field to ensure that they have sufficient expertise in the field. Recruitment follows purposive sampling, targeting individuals who can provide rich, relevant insights, supplemented by snowball sampling to identify additional key informants through referrals. The semi-structured interviews utilized an interview guide to explore strategic program design, implementation challenges, and emerging trends. The guide includes open-ended questions such as “How do you balance short-term rewards with long-term customer retention?” and “What role does data analytics play in personalizing loyalty incentives?”. Prior to the interview, participants receive a consent form outlining the study’s purpose, confidentiality measures, and their rights. After the transcription, participants were asked to review their transcripts for member validation, ensuring accuracy and clarity of their responses. Transcripts of the interviews were familiarized through repeated reading in order to identify patterns. The researchers identify recurring concepts, which are then grouped into broader themes. The study adopts triangulation through cross-verifying findings with participants feedback, as well as researcher reflexivity.

## Result and Discussion

Based on semi-structured interviews with marketing leaders and loyalty program experts from top e-wallet companies in Indonesia, several key ideas came up about how loyalty programs are created, carried out, and measured in the digital finance sector.

### Strategic Design of Loyalty Program

Participants stated that an effective loyalty program begins with matching rewards to user behaviour, while also maintaining the program entertaining in the short term and loyal in the long run. Most organisations have a tiered incentive system that combines points, money, and exclusive member benefits.

“We try to gamify the process users feel like they’re unlocking something rather than just collecting points passively”

According to Giggs et al. (2024) engaging customers with enjoyable and personalised loyalty marketing is a growing trend. Many experts discussed categorising people based on how frequently they buy, how much they spend, and which stores they prefer. They stated that personalisation is more than simply a means to stand out; it is also vital for client retention by making them feel understood by the business.

### Managerial Challenges in Implementation

Although loyalty programs are seen as important, their execution in a digital environment poses distinct obstacles. Connecting loyalty features across several technical platforms is a common challenge, especially when working with partners like shops or other apps. One of OVO's managers mentioned this.

“We often struggle with data consistency across platforms, especially when collaborating with external partners. This lead to delay or error in rewards redemption”

Furthermore, determining how much money to spend on promotions vs loyalty incentives is challenging. In a competitive market where many customers value price, organisations must give immediate benefits while still retaining client loyalty over time. This is congruent with the findings of Steinhoff and Zondag (2021), who observed that short-term promotions often take precedence over long-term brand development.

### Role of Data Analytics and Personalization

All of the participants believed that the data analytics are becoming very important to the success of these loyalty programs. The Loyalty strategists explained how the transactional data and the behavioral analytics could reveal the trends, allowing it to be more relevant, timely, and contextualized rewards. For instance, DANA employs clustering algorithms to personalize reward kinds,

guaranteeing that high-frequency users receive premium cashback while infrequent users receive re-engagement benefits.

However, the ethical usage of consumer data and user privacy have arisen as key problems. Several managers agreed that while customisation increases user retention, invasive or excessive targeting might backfire.

### Innovation and Future Trends

Looking ahead, participants saw many trends influencing the future of reward programs. Blockchain-based reward systems are being investigated to increase transparency and prevent fraud. AI-powered predictive modelling is also being used to anticipate user drop-off and proactively launch retention initiatives.

Interestingly, some businesses are experimenting with cross-platform loyalty programs in which incentives from one platform can be utilised on another (for example, collaboration between ride-hailing, e-commerce, and e-wallet apps). This interconnection is thought to create a sticky ecosystem that discourages switching behaviour. Such strategic initiatives are consistent with the concept of ecosystem lock-in outlined by Gómez-Hurtado et al. (2024), in which customer retention is driven not by a single app but by the complete interconnected digital experience.

### Conclusion

In the very competitive digital wallet sector, loyalty programs are crucial to preserving customer loyalty. This study emphasises how crucial it is to create compelling, customised programs that strike a balance between immediate gratification and sustained retention. Program efficacy is increased by data analytics and personalisation, however issues including data consistency, partner collaboration, and ethical data use still exist. The future of loyalty programs is being reshaped by emerging trends like blockchain, AI-powered modelling, and cross-platform loyalty, which present fresh chances to build more customer-focused and integrated digital ecosystems.

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