INDUSTRY GUIDE · CHANNEL

Channel loyalty programs: how to activate the other 80% of your partners

A practical guide for channel sales, trade marketing, and loyalty leaders at brands that sell through distributors, dealers, retailers, and influencers.

80 / 20 of channel revenue comes from 20% of partners	**78%** of channel partners are not engaged with their brands	**49%** stay with a brand while dissatisfied with it	**~10%** of channel incentive spend is over-claimed or misdirected

01 · THE LONG TAIL

Why most channel loyalty programs activate only the top 20% of partners

In most channel loyalty programs, about 80% of channel-sourced revenue comes from just 20% of partners. The rest of the network, the long tail of smaller dealers, retailers, and influencers, signs up, claims once or twice, and goes quiet.

Independent research shows how widespread the problem is:

- **Most trade runs through partners.** Forrester estimates that about 75% of world trade flows through indirect channels, so partner engagement directly shapes revenue for most manufacturers.
- **Most partners aren't engaged.** A 2023 BI WORLDWIDE and Kantar study of 700+ channel partners across six Indian industries found that 78% were not engaged with the brands they work with. Nearly half (49%) stayed with a brand while being dissatisfied with it, which makes them easy for a competitor to win over.
- **Incentive budgets are large and often leak.** Consumer products manufacturers spend about 22% of annual revenue on trade spending, according to Nielsen. Forrester has estimated that about a third of trade promotion spend generates negative returns.

That gap is rarely a reward budget problem. It usually comes from how the program is designed and run. Partners don't understand how to start, the rewards don't feel relevant, communication stops after the first claim, and every partner gets the same scheme regardless of role, region, or behavior.

The long tail matters because it is where most of the untapped growth sits. Moving even a small share of inactive partners into regular participation adds sell-out volume without adding new distribution.

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02 · WHY PARTNERS DROP OFF

Five reasons partners ignore or abandon your loyalty program

When a channel program underperforms, the cause usually falls into one of five patterns. Most struggling programs show at least two of them at once.

- **1. The program doesn't hold partner mindshare.** A typical dealer or retailer sells products from several competing brands and is enrolled in more than one loyalty scheme. If your program isn't visible in their daily workflow and the value isn't obvious within the first few minutes, it gets ignored in favor of the one that is.
- **2. Reward options are too narrow.** Strong accrual doesn't help if partners can't spend points on something they want. A mechanic, a distributor's owner, and a retail counter salesperson value different things. A catalog built for one of them leaves the others with no reason to keep earning.
- **3. Personalization is weak and partners have no visibility.** Many programs run one scheme for every partner, with no segmentation by role, region, or performance. Partners often lack a dashboard showing what they've earned, what's pending, and what to do next. Program managers lack the data to see what's working.
- **4. Surprise-and-delight moments are missing or feel random.** Without unexpected rewards tied to meaningful behavior, the program has no emotional pull. Partners see it as another transactional scheme rather than a relationship with the brand.
- **5. Engagement isn't designed as an ongoing journey.** Gamification, referrals, and training are often launched as one-off campaigns. Once the campaign ends, so does participation. Engagement needs to be built as a continuous loop that gives partners a reason to return every week.

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03 · PARTNER PERSONAS

What each persona in your channel needs from the program

Loyalty in the channel isn't built only through rewards. It's built in the moments between transactions: how quickly a claim gets approved, whether a partner feels recognized for a strong month, and whether the brand remembers a business anniversary.

Each layer of a multi-tier channel responds to a different mix of motivators. Designing one experience for all of them is one of the main reasons programs underperform.

Persona	What they need most	What this looks like in the program
Brand sales team	Recognition	Leaderboards, visibility into partner performance in their territory, and credit for channel wins
Distributors	Relationship	Account-level dashboards, priority approvals, co-branded milestone rewards, and personal outreach from the brand
Dealers and retailers	Incentives and recognition	Clear earn rules on sell-in and sell-out, tier progression, fast payouts, and public recognition for top performers
Influencers (mechanics, electricians, plumbers, carpenters, contractors)	Rewards, incentives, and recognition	Scan-to-earn on every purchase, instant payouts via UPI or bank transfer, training that unlocks points, and badges or certifications

The practical takeaway: segment your program by persona before you design schemes. Earn rules, reward catalogs, communication, and recognition should all differ by layer.

Engagement depends on more than rewards

The BI WORLDWIDE and Kantar research identified eight drivers of partner engagement: operational excellence, rewards and incentives, recognition, learning, brand affinity, communication, well-being, and events. Recognition and learning mattered across every industry studied, and partners were most satisfied with travel rewards (68%), luxury rewards (66%), and business infrastructure rewards such as tools (64%). A catalog that offers only cash and vouchers is easy to compare against competing schemes. Mixing in functional and aspirational rewards makes your program harder to copy.

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04 · THE FOUR LEVERS

The four-lever framework mapped to the partner lifecycle

The framework breaks partner engagement into four levers that follow the partner lifecycle: awareness, stickiness, engagement, and personalization. Each lever answers a different question a partner asks, solves one or more of the challenges above, and moves a specific business metric.

Lever	The partner's question	Challenge it addresses	Core mechanics	Metrics it moves
1. Awareness	What do I do, and how fast can I start earning?	Low partner mindshare	Onboarding flows, in-app nudges, omnichannel communication, trust cues	Member purchase value
2. Stickiness	Why should I keep choosing this brand over others?	Limited reward options, weak surprise-and-delight	Tiered rewards, milestone moments, surprise-and-delight triggers, broad redemption catalog	Member lifetime value, member retention
3. Engagement	Why should I come back after my first claim?	Engagement not built as a journey	Push notifications, gamification, referral loops, learning loops	Member satisfaction, member acquisition
4. Personalization	Is this program built for someone like me?	Weak personalization, no dashboards	Segment-based rewards, geo-targeted offers, behavior-driven campaigns, partner dashboards	Overall business impact (sell-out, margin, and program ROI)

The levers build on each other. Personalization doesn't help if partners never activate, and gamification won't hold attention if the catalog has nothing partners want. Most programs should fix the earliest broken lever first, then move down the sequence.

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05 · LEVER 1: AWARENESS

Make the program easy to find, join, and trust

If a partner can't answer "What do I do, and how fast can I start earning?" within the first interaction, they'll ignore the program. Awareness is about removing every reason to hesitate at sign-up and keeping the program visible in the partner's day.

Onboarding flows that get partners earning on day one

Keep sign-up to a mobile number and OTP. Follow it with a short walkthrough, ideally under 30 seconds, that covers three things: how to earn, how to submit a claim, and how to get paid. Then use role-based progressive journeys so a retailer, a distributor, and an electrician each see only the steps relevant to them. Ask for KYC and additional details only when the partner needs them to redeem, not upfront.

In-app nudges timed to moments that matter

Generic reminders get ignored. Nudges work when they're tied to what the partner just did or is about to do. The three highest-value moments are right after a sale, during claim upload, and when the partner is close to a new slab or tier.

Omnichannel communication that reaches partners where they work

Many partners won't open an app daily, but they will check WhatsApp. Reinforce the program across WhatsApp, SMS, email, and field sales reps. Keep the message, SLAs, and next-best action consistent across channels, so a partner hears the same thing from a WhatsApp alert and from their area sales manager.

Half of the partners in the BI WORLDWIDE and Kantar study preferred business communication through messaging apps such as WhatsApp, and India is WhatsApp's largest market, with an estimated 535.8 million users. For mechanics and electricians, a WhatsApp-based program reaches partners who would never install a separate app.

Trust cues that remove doubt before sign-up

Partners who have been burned by delayed payouts are skeptical of new schemes. Publish payout timelines, approval SLAs, and eligibility rules clearly inside the program. When partners know a claim will be approved within 48 hours and paid within a set window, sign-ups and first claims both rise.

Metric to watch: member purchase value, along with activation rate (the share of enrolled partners who submit a first verified claim).

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> **Example in practice:** TVS Eurogrip runs its mechanic program entirely on WhatsApp. Mechanics register through a WhatsApp bot with KYC capture and consent, submit barcode images in chat, and get status updates in the same thread. There is no app to download, which removes the biggest barrier to joining.

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06 · LEVER 2: STICKINESS

Build repeat behavior that keeps partners selling your brand

Partners sell multiple brands, and one-time incentives don't change that. What changes it is habit: a reason to keep choosing your brand every week because the benefits of staying compound over time.

Tiered rewards with progression partners can see

Tiers give partners a long-term goal. Each tier should offer a tangible step up, such as higher earn rates, priority claim approvals, and premium perks. Show partners exactly where they stand and how many points or how much sales volume they need to reach the next tier. Visible progress is what makes tiers motivating.

Milestone moments that reward meaningful actions

Reward the actions that signal a partner is becoming more valuable, not just the transactions. Good milestones include the first verified claim, hitting a monthly target, completing product training, and staying active for consecutive weeks. These moments create early wins for new partners and steady reinforcement for established ones.

Surprise-and-delight triggers tied to standout behavior

Unexpected boosters, bonus points, or exclusive rewards build an emotional connection that scheduled schemes can't. The key is to tie them to specific behavior, such as a record month or a strong push on a priority SKU, so they feel earned rather than random.

A redemption catalog relevant to every role

If partners can't find rewards they want, accrual loses its pull. Offer role-relevant choices across gift vouchers, utility bill payments, travel, tools, merchandise, and direct cash transfers via UPI or bank. A plumber may value tools and instant cash, while a distributor's owner may prefer travel or premium merchandise.

Metrics to watch: member lifetime value and member retention rate.

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> **Example in practice:** Luminous rewards electricians with tier and streak bonuses tied to installation volume and service quality. Redemption runs through UPI, vouchers, and a tools catalog. This links rewards to the behavior the brand wants most: consistent, high-quality installs.

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07 · LEVER 3: ENGAGEMENT

Keep partners active after their first claim

Partners are busy running their businesses. Without timely triggers, the program gets forgotten after the first claim. Engagement mechanics give partners a reason to return regularly and connect that activity to business outcomes the brand cares about.

Push notifications that carry useful information

The most effective notifications tell partners something they need to act on: a claim status update, a missing document, a booster about to expire, or a message that they're close to the next tier. Notifications that only promote the program are the first to be muted.

Gamification tied to business goals

Missions, streaks, leaderboards, and instant-win games such as spin-the-wheel work best when each one maps to a specific sales objective. Examples include selling out a priority SKU, attaching an accessory to a core product, or hitting a monthly target. This turns gamification from a novelty into a tool for steering partner behavior.

Referral loops that grow the network with verified partners

Let existing partners refer sub-dealers, installers, or retailers, and reward both sides once the new partner completes a first verified claim. Tying the reward to a verified claim, not just sign-up, keeps referral quality high and limits fraud.

Learning loops that build product knowledge

Micro-trainings, product quizzes, and certifications give partners a reason to visit between sales. Linking them to points, tier boosts, or mission multipliers drives completion. Better-trained partners also recommend and install your products more confidently.

Metrics to watch: member satisfaction and member acquisition.

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> **Example in practice:**Stanley Black & Decker's PowerPerks program combines contests, tiers, learning, and referrals, all tied to earnings. A UGC module lets end users and influencers upload tool demos and installation videos, which are auto-tagged to SKUs, schemes, and contests.

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08 · LEVER 4: PERSONALIZATION

Personalize incentives so budget goes where it changes behavior

One-size-fits-all incentives waste both budget and partner attention. A top distributor and a newly enrolled retailer need different offers, and paying both the same way overspends on one and under-motivates the other. These mechanics direct spend toward the partners and behaviors most likely to respond:

- **Segment-based rewards:** a reactivation booster for lapsed partners, a fast-track bonus for new joiners, and premium offers for high-volume partners
- **Geo-targeted offers:** regional point multipliers that push harder where you're gaining share or defending against a competitor, without raising costs everywhere
- **Exclusive partner-only tiers:** a premium status available only through your channel, which sets your program apart from competing schemes
- **Behavior-driven campaigns:** automated journeys triggered by a first claim, a drop in sell-out, or inactivity
- **Celebrations and co-branded milestones:** outreach on business anniversaries and festivals such as Diwali, and co-branded recognition for long-standing partners
- **Partner dashboards:** real-time earnings, pending approvals, and target progress, which reduce disputes and support calls

Metric to watch: overall business impact, measured through sell-out growth, incentive cost as a share of channel revenue, and program ROI.

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> **Examples in practice:** Wonder Cement uses a scheme engine with SKU and tier rules and geographic point multipliers. Alkem routes each new scheme through Sales Head approval and publishes it only to eligible retailers.

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09 · CLAIM LEAKAGE AND FRAUD

How to protect your incentive budget from claim leakage and fraud

Every lever above increases claim volume, and more claims also mean more duplicate scans, inflated invoices, and payouts to ineligible partners. In an analysis of high-tech channel sales, Zyme found that about 10% of channel incentive spend was over-claimed or paid to the wrong entity. Five controls reduce leakage without slowing down honest partners:

- **Verify identity before payout, not before sign-up.** Let partners join quickly, but require KYC before they can redeem.
- **Validate at the point of capture.** Run automated duplicate checks on QR codes, barcodes, and invoice numbers, and cross-check OCR-extracted invoice values against claims.
- **Hold points as locked until verified.** Partners see earnings right away, and the brand pays only for verified sales.
- **Set caps and anomaly flags.** Limit scans per partner per day and flag unusual geo, device, or IP patterns for review.
- **Release referral rewards only after a verified claim.** This removes the incentive to create fake accounts.

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10 · MEASURING THE PROGRAM

How to measure whether your program is working

Enrollment numbers say little about program health. A program with 50,000 enrolled partners and 8,000 active ones has a 16% active rate, and that is the number to manage.

Metric	How to calculate it	What it tells you
Activation rate	Partners with at least one verified claim ÷ enrolled partners	Whether onboarding works
Monthly active rate	Partners with a claim, scan, or redemption in the last 30 days ÷ enrolled partners	Whether the program is part of partners' routine
Claim approval time	Average hours from claim submission to approval	Whether operations build or erode trust
Redemption rate	Points redeemed ÷ points issued over the same period	Whether rewards are relevant and easy to claim
Incremental sell-out	Sell-out growth of active partners vs. a comparable inactive group	Whether the program changes buying behavior
Program ROI	(Incremental gross margin − program cost) ÷ program cost	Whether the program pays for itself

Break every metric down by persona and region. An overall active rate can hide a retailer segment doing well and an influencer segment that never activated.

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11 · 30-DAY PLAN

A 30-day plan to put the four levers to work

You don't need to rebuild a program to see movement in 30 days. The plan below applies one lever per week to an existing program, starting with the fixes that affect the most partners.

Week	Focus	Key actions	Output by end of week
Week 1	Diagnose and segment	Pull enrollment, activation, claim, and redemption data. Split partners into active, at-risk, lapsed, and never-activated. Identify which of the five challenges applies most.	A segmented partner base and a ranked list of the levers to fix
Week 2	Awareness	Simplify sign-up to OTP. Add a short earn, claim, and payout walkthrough. Publish approval SLAs and payout timelines. Launch a WhatsApp and field-rep reactivation push to never-activated partners.	Faster onboarding and a reactivation campaign in market
Week 3	Stickiness and engagement	Introduce or reset milestones (first claim, monthly target, training complete). Launch one mission tied to a priority SKU. Turn on claim status and tier-progress notifications. Review the catalog for gaps by persona.	At least one live mission, milestone rewards, and triggered notifications
Week 4	Personalization and measurement	Launch segment-specific offers for lapsed and new partners. Set up one behavior-driven journey, such as an inactivity nudge. Give partners a dashboard view of earnings and pending claims. Compare results against the week 1 baseline.	Targeted offers live and a before-and-after view of key metrics

Thirty days is enough to move activation and participation. Lifetime value and retention take longer to show, so plan a 90-day review to measure them.

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12 · HOW BRANDS APPLY IT

How leading brands applied these levers in their channel programs

The brands below run channel loyalty programs on Loyalife. Each faced a different mix of the five challenges and leaned on different levers to solve them.

Brand	Who the program serves	Main challenge	Levers used most
Stanley Black & Decker	Retailers, end users, and influencers (carpenters, contractors, plumbers)	Fragmented engagement and slow, manual invoice validation	Engagement, stickiness
TVS Eurogrip	Mechanics	No repeat participation and risky barcode claims over chat	Awareness
AAT	Consumers, dealers, and distributors	Slow wallet uploads and limited reporting	Awareness, stickiness
Alkem	Retailers and merchandisers	Manual proof validation and blanket scheme publishing	Personalization
Wonder Cement	Dealers, distributors, retailers, and influencers	Siloed data and poor sell-out visibility	Personalization, stickiness
Luminous	Retailers and electricians	Patchy sell-out capture and off-season dips	Stickiness, engagement
Ace Micromatic	Dealers, installers, and influencers	Long deal cycles and payout disputes	Personalization, engagement

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13 · THE PLATFORM

How Loyalife supports every lever from launch to long-term growth

Loyalife by Xoxoday is a loyalty management platform built for multi-tier channel and influencer programs. It covers sales data capture through QR codes, barcodes, and OCR invoices, a configurable scheme and rule engine, gamification, referrals, omnichannel communication, fraud controls, and partner and admin dashboards.

- **Redemption marketplace:** an AI-assisted marketplace with 10 million+ options across 30+ categories, including e-gift cards from 5,000+ brands, 300,000+ merchandise products, travel, experiences, and instant UPI or bank payouts
- **Enterprise controls:** cloud or on-premise deployment, full white-labeling, 55+ currencies, multiple languages, multi-tenancy, and open-loop or closed-loop redemption
- **Security and compliance:** data residency control, encryption, role-based access, regular VAPT, and certifications including ISO/IEC 27001, SOC 2, and GDPR
- **Implementation and support:** a structured seven-step rollout from scoping to post-launch support, a dedicated 24/7 support team, and a customer success team that runs regular business reviews

Xoxoday works with 5,000+ businesses, including Asian Paints, Stanley Black & Decker, Schneider Electric, Saint-Gobain, Kohler, and Holcim.

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14 · NEXT STEP

Next step: assess where your program stands today

Before changing anything, find out which lever is weakest in your current program. These five questions will point you to the right starting place:

- What share of enrolled partners has submitted a verified claim in the last 30 days?
- How long does it take, on average, to approve a claim and pay a partner?
- Do retailers, distributors, and influencers see different schemes, rewards, and communication?
- Is there a reason for a partner to open the program between sales, such as a mission, training, or progress update?
- Can each partner see their earnings, pending claims, and next best action in real time?

If you answered "no" or "I don't know" to two or more of these, your program likely has room to activate a much larger share of its long tail.

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> To see how Loyalife can support your channel program, schedule a demo with a Xoxoday loyalty expert or write to **hello@xoxoday.com**.
>
> **Schedule a demo ↗**

SOURCES

Sources

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