

THE UNTAPPED “THANK YOU” THAT TRANSFORMS **TELCO LOYALTY**

**Rethinking retention strategies to control CAC,
boost ARPU, and maximize CLTV**

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FOREWORD

In this world, nothing is certain except death, taxes, and one simple fact: Keeping an existing customer costs far less than acquiring a new one.

It's a truth that holds across markets and industries – but it's especially relevant in telecoms, where even the strongest brands continue to fight rising customer acquisition costs (CAC).

The financial upside of strong retention strategies goes even further. A 2025 EY study shows that telcos leading on loyalty also outperform on payment behavior, especially average revenue per user (ARPU) and customer lifetime value (CLTV).

This guide highlights the core principles behind emotionally resonant loyalty programs that may be centered around a simple “thank you,” but consistently deliver measurable ROI for forward-thinking carriers.



Jay Cary
CEO, TLC Worldwide
North America



MAKING SENSE OF CHURN

There was a time when customers switched from one telco to another because of network quality; this prioritization of speed and reliability was apparent in both the mobile and broadband markets.

But technological advancements have leveled the playing field, with ubiquitous 5G and ultrafast fiber removing carriers' ability to differentiate on something that's become commoditized in many parts of the world.

This isn't the only reason customers decide to leave – far from it. People now expect effortless, Amazon-adjacent digital experiences when it comes to their interactions with brands. Aggressive pricing and bundling have also posed a significant threat for years, although with margins only stretching so far, this is a hard tactic for telcos to sustain.

Churn can and does happen for multiple reasons. But data shows that **post-pandemic loyalty to telcos has fallen by 22%**. So how can telcos buck this trend?

Telco-specific research links strategic loyalty programs – as well as structured cross-sell and upsell strategies – to reduced churn and higher ARPU, especially when combined with fixed mobile convergence (FMC) bundles and non-monetary perks like premium support.

With attention shifting to the loyalty landscape, the time to default to lookalike offers is long gone.

22%

**OF POST-PANDEMIC LOYALTY
TO TELCOS HAS FALLEN**

Loyalty is no longer built on network reliability alone - that's yesterday's battleground.

DID YOU KNOW?



Most consumers already participate in at least three loyalty programs and expect their telco to offer something comparable. The absence of an impactful loyalty program means another reason to move carriers.

Gen Z customers are opportunity seekers, typically considered to be more "switch happy" unless there's a compelling reason to stay.

A global monetization study found that mobile CLTV averages about six years of tenure, but tenure-based rewards and differentiated service tiers are critical for reducing churn in "opportunity seeker" segments that would otherwise leave after approximately three years.



THE CHALLENGE

SHIFTING FROM UTILITY TO LIFESTYLE



In stark contrast to the network-centric messaging that has dominated the telco conversation for years, carriers now need to reframe loyalty around emotional experience, not network performance.

Many brands will believe they already have all bases covered; big experiential giveaways

and marquee customer promotions are nothing new. But when personalization matters more to people than ever before, a “one size fits all” approach to rewards isn’t going to cut it.

Customers pay attention to brands who:

- Show they understand and care about them as individuals
- Stand out in a sea of sameness
- Make them feel rewarded in the moments already part of their daily lives

Engagement strategies don’t need to shout anymore. But they need to show up, consistently, to turn everyday interactions into rewarding loyalty moments.



Every coffee, every dinner, every trip quietly reminds a customer why they chose a carrier, and more importantly, why they stay

DID YOU KNOW?



Telco operators are currently only capturing 60% of their CLTV potential. Loyalty levers like rewards, service, and convergence are key to closing this gap.

YOU MIGHT ALSO LIKE

Blog: How can telcos stand out in a sea of sameness?

[Read the blog](#)

LEARNING FROM THE HISTORICAL GOLD STANDARD — T-MOBILE

Creating a robust loyalty program with habitual scale, everyday value, and consistent moments of positive engagement achieves stickiness with subscribers.

SOUNDS SIMPLE — BUT WHERE DO TELCOS START?

With more than 30 years' experience in this sector, our industry analysis shows a clear pattern: loyalty starts with saying "thank you". And there's no better historical example of this in telco than T-Mobile Tuesdays.

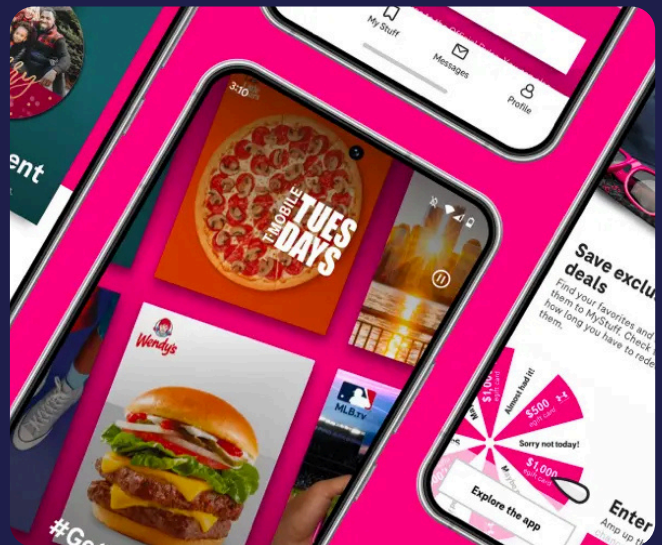
This globally acclaimed program has stood out because T-Mobile showed loyalty to their customers, rather than expecting it in return.

THEY DELIVERED OVER \$1.5 BILLION IN CONSISTENT PERKS THAT HABITUALLY ENGAGED CUSTOMERS WITH THE APP.

Providing instant weekly gratification through **free food, coffee, and entertainment** meant:

- there was no need to hoard points;
- T-Mobile didn't erode the value of its brand; and
- they created emotional connections that transcended price considerations.

Importantly, they showed up every single week, providing customers with consistent thank you gifts when others didn't. That predictability and reliability built a habit that fundamentally shifted the value exchange between T-Mobile and their customers.



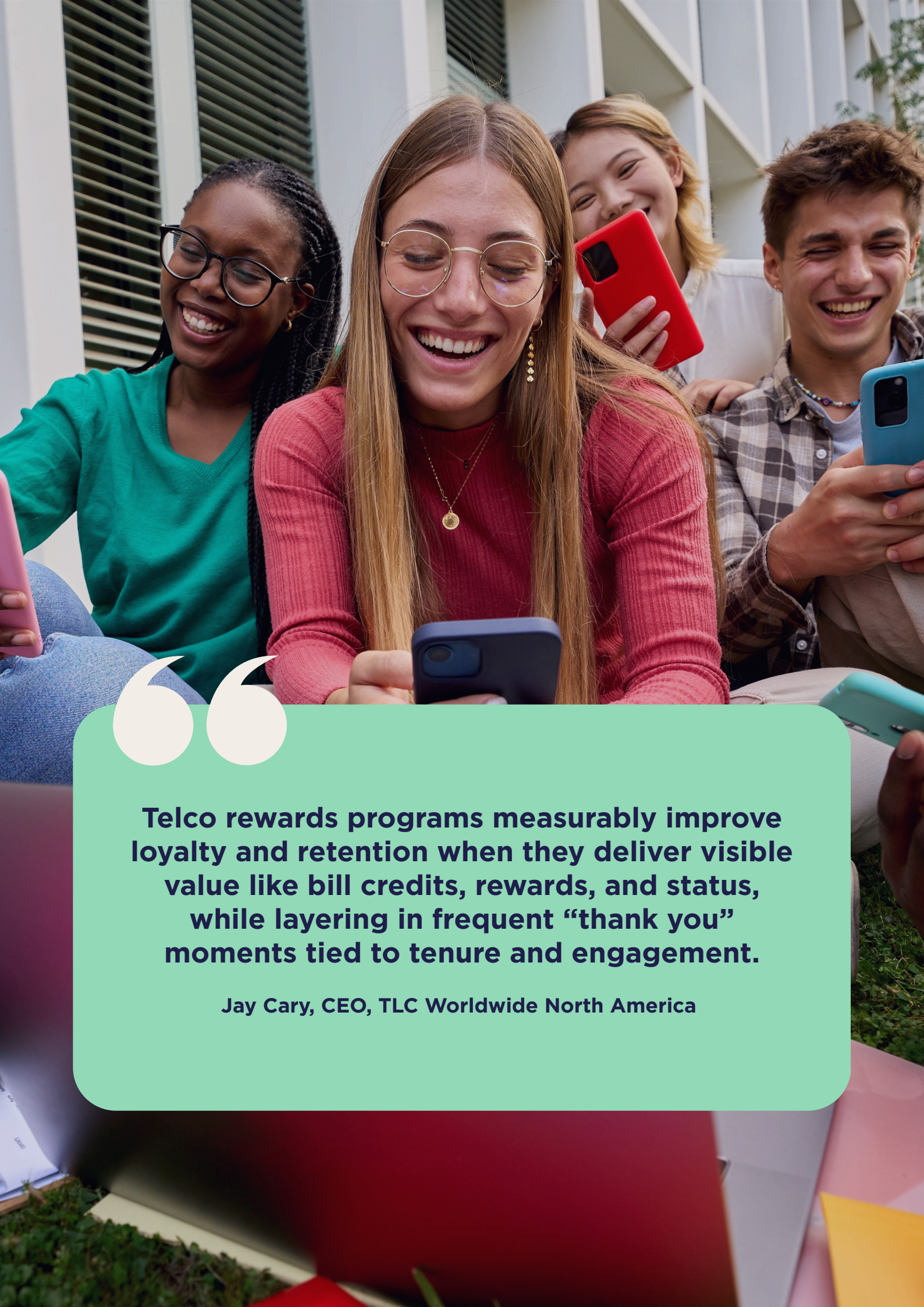
Unlike many carriers that center everything around their network,

T-MOBILE HAS OPERATED LIKE A MARKETING COMPANY

that just happens to have a network at its heart.

This is the key behind a crucial difference: T-Mobile provides a service, but that isn't what their world revolves around. Their entire model orbits around the customer.

With postpaid churn generally staying under 1%, these industry-leading results speak for themselves. Interestingly, postpaid churn has ticked up more recently only when the goodwill built up through programs like T-Mobile Tuesdays has been diluted with a lack of transparency. This reinforces the importance of showing up consistently in every way to both build and keep customer trust.



Telco rewards programs measurably improve loyalty and retention when they deliver visible value like bill credits, rewards, and status, while layering in frequent “thank you” moments tied to tenure and engagement.

Jay Cary, CEO, TLC Worldwide North America



WIDER INSPIRATION



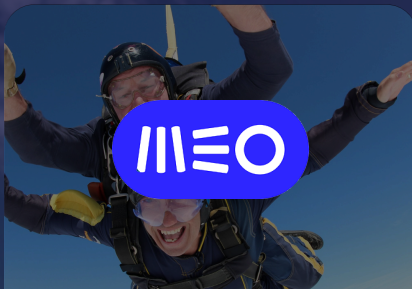
£1 COFFEE PERKS

VodafoneThree has proven the value of its high frequency, low-cost/high-value touchpoint in the UK.

[Read the case study](#)

1-FOR-1 FOOD AND BEVERAGE

Singtel curates new deals on the first day of every month to encourage engagement with customers in Singapore.

[Read the case study](#)

LOYALTY ECO-SYSTEM

In Portugal, MEO's customers could convert the full value of their monthly bill into a branded digital currency redeemable across products and experiences.

[Read the case study](#)

DATA-DRIVEN PROGRAM FOR 2 MILLION MEMBERS

Fastweb's hyper-personalized LiveFAST initiative achieved "Best European Loyalty Program" at the IMC European Awards.

[Read the case study](#)



WHAT ABOUT

CONTENT BUNDLING?



Despite initial promise, content bundling – offering free Netflix or Disney+ subscriptions within a contract – has struggled to deliver the loyalty benefits carriers hoped for.

ECONOMIC BURDEN

At a cost of \$5-\$10 per user per month, these bundles significantly erode telcos' margins. And, as streaming prices rise, operators must either absorb the costs or pass them to consumers, risking dissatisfaction – or worse, backlash.

LACK OF DIFFERENTIATION

Streaming bundles are now table stakes, rather than differentiators. Customers also tend to attribute the value to Netflix (or equivalent), not the telco that actually pays for the service.

HEDONIC ADAPTATION

Humans quickly return to a relatively stable level of happiness after a positive event; similarly, customers quickly view static benefits like free content subscriptions as an entitlement, rather than a gift. Once the subscription is active, the “delight” soon fades.

NOBODY BRAGS ABOUT THEIR FREE NETFLIX PLAN.

But when a customer can treat a friend to a concert using their loyalty credit, they'll actively advocate for the brand that made it happen.

IMPACT COMPARISON: STREAMING BUNDLES VS. EXPERIENCE-LED REWARDS

Feature	Streaming bundle	Curated lifestyle reward/experience
Primary psychological Driver	Utility/savings (passive, forgotten)	Memory creation (novelty, joy)
Brand association	<i>"X carrier is just the pipe for HBO Max."</i>	<i>"X carrier helped me take this trip/see this show."</i>
Differentiation	Low. Competitors offer comparable apps.	High. Unique inventory of experiences.
Breakage/cost	Low efficiency. Telco pays per active/sub regardless of usage.	High efficiency. Credits often partially funded by partners.



REIMAGINING

YOUR LOYALTY PROGRAM

Proactive customer engagement is about creating consistent value that strengthens relationships, drives retention, and unlocks new revenue opportunities. While there's no silver bullet, the most successful carriers are taking a structured, data-driven approach to ensure every touchpoint matters. Here's what that looks like:

1. ANCHORING STRATEGY IN BEHAVIORAL INSIGHT

You have to start with a deep understanding of customer behavior and triggers. Understand what your segments value beyond connectivity and shape tailored offerings around those interests.

Predicting when a customer might hit a data cap or exhibit early warnings signs of switching carriers enables timely, personalized interventions. The objective isn't simply to pre-empt challenges but to surface value and relevance exactly when the customer will appreciate it most.



2. PERSONALIZING EVERYDAY EXPERIENCES

Personalization is the primary differentiator in the industry's sea of sameness. Leading telcos are moving beyond generic campaigns to behavior- and preference-driven rewards that feel like a natural extension of customers' lifestyles.

Try to align rewards with demographic criteria like age, income, and interests. Ultimately, the goal is to provide high-value, low-cost, and lifestyle-aligned experiential engagement at scale.

3. USING GAMIFICATION TO BUILD EMOTIONAL CONNECTION

By incorporating game-like elements such as challenges, badges, and leaderboards into everyday services, telcos transform routine interactions and monthly admin into engaging, interactive journeys.

This approach ensures that loyalty is consistent rather than episodic by leveraging elements that surprise, delight, and build emotional connections over time.





REIMAGINING

YOUR LOYALTY PROGRAM



4. STRATEGICALLY LAYERING REWARDS

Corporate assets and sponsorships can enhance engagement, but they rarely carry a program on their own. High-impact experiences with a “wow” factor (like VIP access to a major sporting event) are iconic, but if they only happen once or twice a year, they may need to be paired with everyday rewards. What builds brand affinity and reduces churn over time is routines created through habitual interactions and frequent, smaller wins..

5. EMBRACING DIFFERENTIATION

Telcos face increasing pressure from nimble MVNOs targeting customer niches. Adopting a “one size fits all” approach and offering the same benefits to all customers leaves operators vulnerable to disruptors that tailor offerings to precise segments and make bold moves with their positioning. In short, if the big telcos don’t do it, someone else will – so it pays to build in different benefits for different customers.



6. LEVERAGING CROSS-INDUSTRY LEARNINGS

Like the telco sector, in financial services, differentiation isn’t always about the product itself.

Take American Express. It’s arguably outperformed by brands like Visa and Mastercard, when it comes to functional measures like acceptance and cost efficiency. Yet, a premium AMEX card remains highly desirable because it offers prestige, exclusivity, and lifestyle compatibility. Ownership signals status and achievement, creating a strong emotional connection that surpasses the product and the act of payment.

The same lesson can be applied to the telco sector: more than connectivity, customers are buying what a brand represents. Programs that align with lifestyle, values, and aspirational experiences can make a network feel indispensable.

REMEMBER



Every extra year of loyalty-driven tenure represents additional ARPU and CLTV potential.



REMARKABLE BRANDS DESERVE REWARDING RESULTS. WHAT ELSE COULD YOU ACHIEVE?

To develop an acquisition, engagement, and/or retention strategy that blends strategic focus with data-driven insights, customer centricity, and unrivaled creativity, start by talking to us.

We've spent the last three decades working with leading telcos across multiple continents, so we understand exactly what it takes to build meaningful interactions with measurable ROI across your customer lifecycle.

[Get in touch](#)

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