

braze

Stop the drop
**How AI creates
and compounds
customer loyalty**



Table of contents

Introduction	3
Anticipate with AI	5
Personalize with AI	9
Engage with AI	13
Optimize with AI	16
Reward with AI	18
Conclusion	20

Introduction

As competitive and economic pressures increase, earning customer loyalty can be harder than ever for brands. For example, 53% of consumers regularly switch brands despite loyalty program membership, and 64% of US consumers report trading down to lower-priced products.

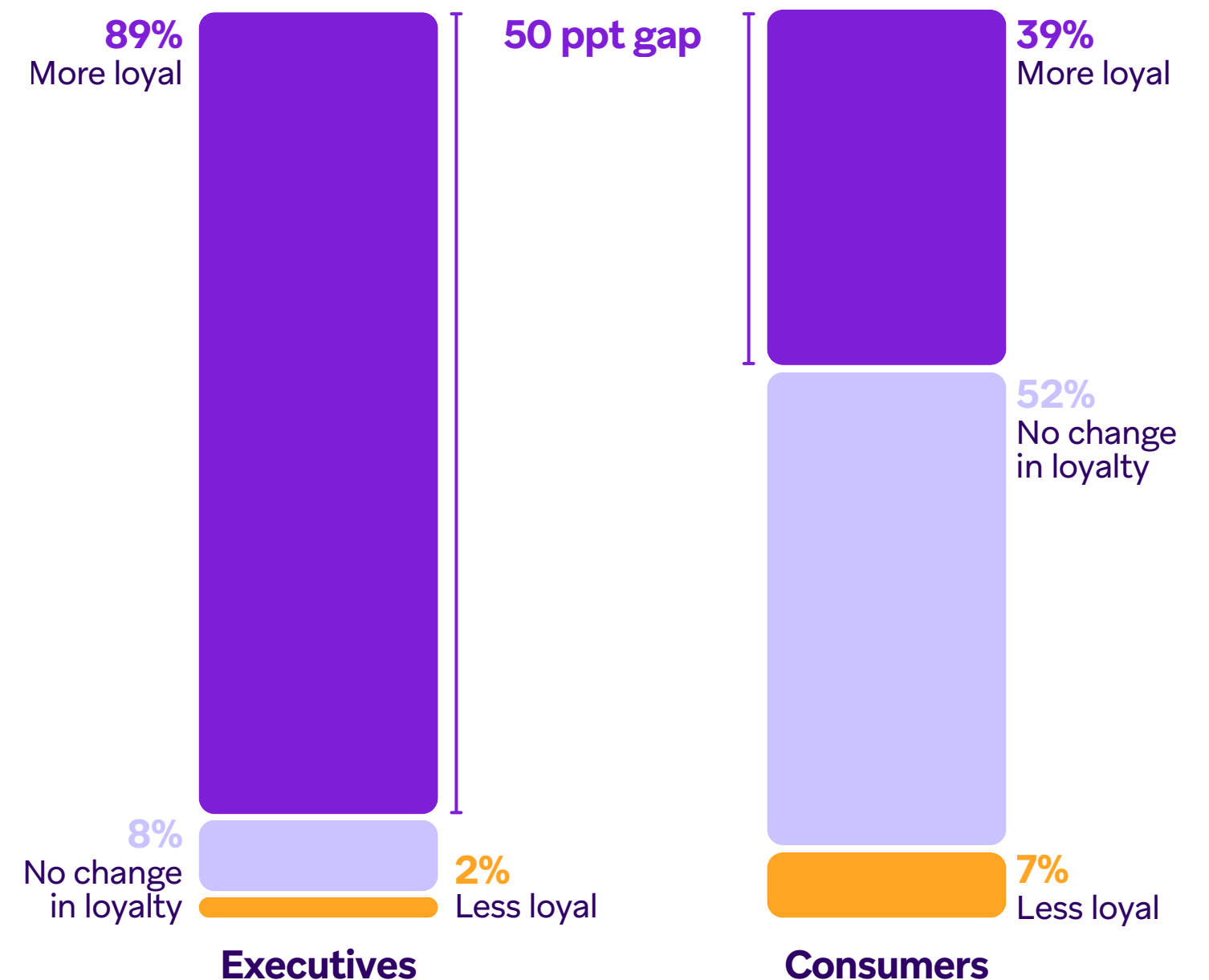
But many brands are in denial about this reality.

PwC research found 89% of executives believe customers have grown more loyal in recent years compared to just 39% of customers.

This disconnect and erosion of loyalty is forcing brands back into costly acquisition strategies when retention efforts have failed, silently undermining margins.

AI can stop the drop. But only if it's used in the right way.

Execs overestimate customer loyalty growth in recent years



Qs: Thinking about customers who frequently purchased or used products or services from your company, have they generally become more loyal or less loyal to your company over the past few years? (Less loyal consists of "Somewhat less loyal" and "Much less loyal"; More loyal consists of "Somewhat more loyal" and "More more loyal".) Thinking about brands you frequently buy from or use, have you generally become more or less loyal to them over the past few years? (Less loyal consists of "Somewhat less loyal" and "Much less loyal"; More loyal consists of "Somewhat more loyal" and "More more loyal".)
Base: Executives 406, Consumers 5,511
Source: PwC's 2025 Customer Experience Survey



Our recent [Global Customer Engagement Review](#) revealed that marketers are sold on AI and most are already using it to drive value for themselves and consumers—with **99% seeing improved performance metrics**. But many brands are honing in on using AI to drive operational efficiencies, rather than the full range of benefits that AI adoption can offer.

While it makes sense for businesses to use AI to reduce overheads, this can alienate audiences if executed poorly. Our research showed that **56% of customers believe brands will mainly use AI to save time and money rather than make significant improvements to the customer experience**, and 70% expect firms to use AI to cut jobs.

But customers want better experiences, not just cutbacks.

In this complex landscape, brands need to leverage AI differently, focusing on elevating the customer experience rather than solely reducing costs. Frontier Firms—who embed AI as a core operating system rather than isolated use cases—will reap the rewards of repeat purchases, lower churn, and higher lifetime value.

In this guide we'll cover five high-impact AI levers that “frontier firms” can use to create and compound customer loyalty in a highly competitive landscape.

Frontier Firms

Microsoft declared 2025 as the year [frontier firms](#) were born—businesses that use AI to “rewrite the rules of business”. Powered by hybrid human and artificial intelligence, they’re able to scale and generate revenue faster. Frontier firms typically see beyond isolated AI use cases to AI-powered transformation, and use AI to unlock new value, not just cut costs.

Anticipate with AI

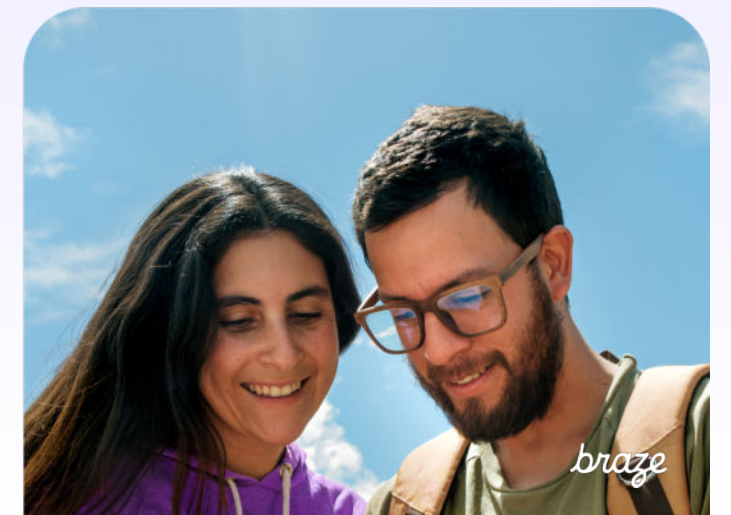
The trend

From reactive to predictive. Instead of waiting for a customer to search, brands are using AI to anticipate needs before customers realize they're ready to buy.

Customer data is more abundant than ever, but insights remain scarce. Many businesses are still looking backwards at what customers have done, when they should be looking forward at what they'll do next.

By analyzing customer data, brands can anticipate and meet customer needs, perhaps before the customer is even aware of them. And that doesn't just put you ahead of the customer, it puts you ahead of the competition.

After all, another brand can't leapfrog you in search or AI discovery platforms if the customer isn't actively looking yet.



However, reactive insights and after-the-event understanding aren't enough to deliver anticipatory product and service offers. Marketers need proactive and predictive insights to stay ahead. And AI makes that possible.

[Predictive AI](#) spots patterns in customer data independently and quickly, meaning data analysts are no longer a bottleneck to anticipatory outreach. Predictive analytics identify behaviors that suggest intent, and allow businesses to act on them before the moment passes.

It's a critical shift for aspiring Frontier Firms. 70% of executives surveyed by [PwC](#) said customer expectations are moving faster than their organization can keep up with.

It begs the question:

Why aim to keep up when you could be leading the way?

30%
of customers say they're more likely to be loyal
to brands that anticipates their needs

93%
of marketers say AI helps them understand their
customers wants and needs more accurately

But only **53%**
of customers feel brands accurately predict
their wants and needs

High-impact AI use cases



Analyze: Continuously process real-time behavioral, transactional, and contextual data at scale to uncover patterns humans can't easily detect.



Predict: Identify likely future actions, from churn risk to next purchase intent, using machine learning models trained on historical and live data.



Action: Trigger the next best experience instantly, activating insights through personalized messaging, offers, or interventions across channels.

Supporting cast



Live streaming data: Ensures decisions are based on the most up-to-date customer signals rather than batched, belated data sources.



Data warehouse integrations: Unify behavioral, transactional, and third-party data into a single view without duplicating data.



Cross-channel orchestration: Create campaigns and activate insights across multiple channels to increase reach, relevance, and engagement.

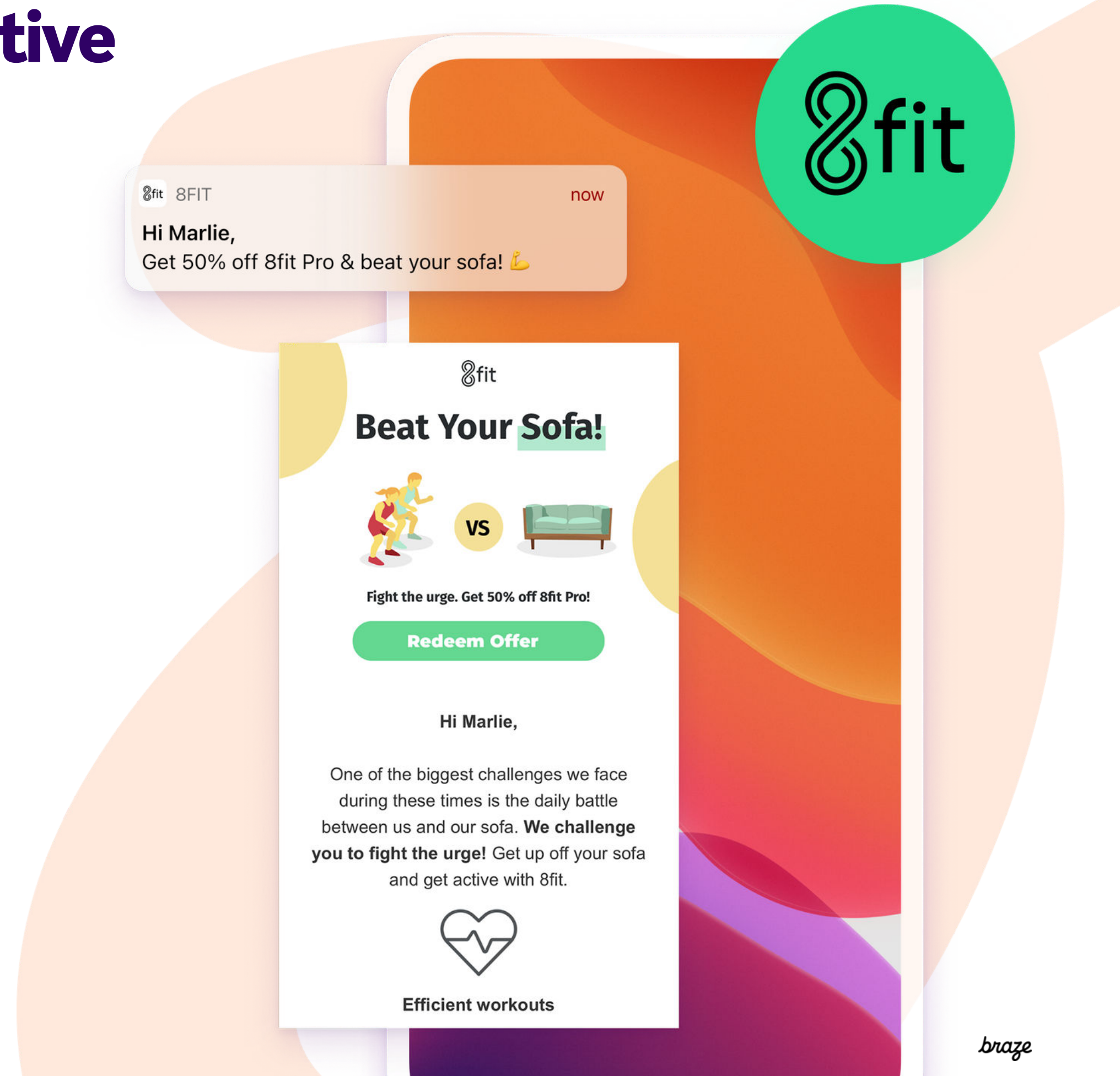


Fitness brand 8fit uses predictive AI to reduce conversion costs

[8fit](#) offers workouts, meal plans, and meditations via its app, which has 40 million downloads and counting. To maximize the impact of its CRM campaigns, 8fit wanted to increase its number of paid subscribers without offering big discounts to all its users.

- **Opportunity:** Identify users most likely to convert and target them with a lower discount, saving bigger discounts to incentivize those less likely to convert.
- **Strategy:** Use BrazeAI™ Predictive Suite to assess past behaviors and rank customers on a 1-100 scale based on their likelihood to convert, and use this as the basis of campaign segmentation.
- **Results:** 3.75x higher conversions when comparing high-scoring users against randomly selected users

[Read the full 8fit success story.](#)



Personalize with AI

The trend

From name-based personalization to hyper-customization. The need for deeper personalization to cut through increasing market noise.

Personalization matters. On the customer side [our research](#) revealed that **71% of consumers expect personalized interactions and 76% express frustration when brands fail to deliver**. On the business side, companies that use customer data effectively for personalization achieve a 10-15% revenue uplift, and companies that grow faster drive [40% more of their revenue](#) from personalization than their slower-growing counterparts.

But personalization has come a long way from **[Salutation] [First_name]** days. **Today's customers are exposed to over [6,000 commercial messages each day](#), but consciously notice only 100 of them**. Brands that excel in personalization personalize every element of the customer experience to earn attention and minimize friction—and be a welcome interaction, not an unwanted interruption.



Hey Lisa! We think you'll love our newest drop, Earth Beauty Dewy Cheek Tint. Check it out: <https://pam.per/cheek-tint>

A screenshot of the Braze AI personalization interface. It shows a modal titled 'Add Personalization' with a dropdown for 'Personalization type' set to 'BrazeAI™ Item Recommendation'. Below this is a dashed box around the 'Item Recommendation Name' dropdown, which is set to 'Cream Blush Recommendations'. At the bottom, there's a section 'Information to Display' with buttons for 'name' and 'image', and 'Cancel' and 'Insert' buttons. A mouse cursor is pointing at the 'Insert' button.

So what are top brands personalizing beyond name?



Delivery channel



Timing and cadence



Anticipatory customer support

But, more impactfully, entire customer journeys.

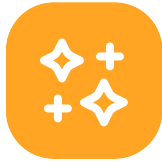
This advanced personalization at scale is made possible by agentic AI connecting brand catalogs and customer data to automate millions of unique experiences from a single campaign build.



High-impact AI use cases



Dynamic personalization: Personalization that goes beyond name and product recommendations, to automatically optimize campaigns to individual preferences, such as the channel and times individuals are most likely to engage.



AI decisioning: Uses agentic AI to optimize for a specific conversion, automatically determine the next best step for each individual recipient, and learning from every interaction to continuously improve accuracy and impact.

Supporting cast



Liquid Assistant: With the [BrazeAI™ Liquid Assistant](#), marketers can easily personalize messages at scale. By providing an idea using natural language prompts, BrazeAI™ will turn it into liquid code, making it faster to create, improve and enhance customer experiences across channels and touchpoints.



Cross-functional collaboration: Top-performing brands are [82%](#) more likely to involve multiple teams and sync weekly on customer engagement efforts. This shows the business value of breaking down silos.

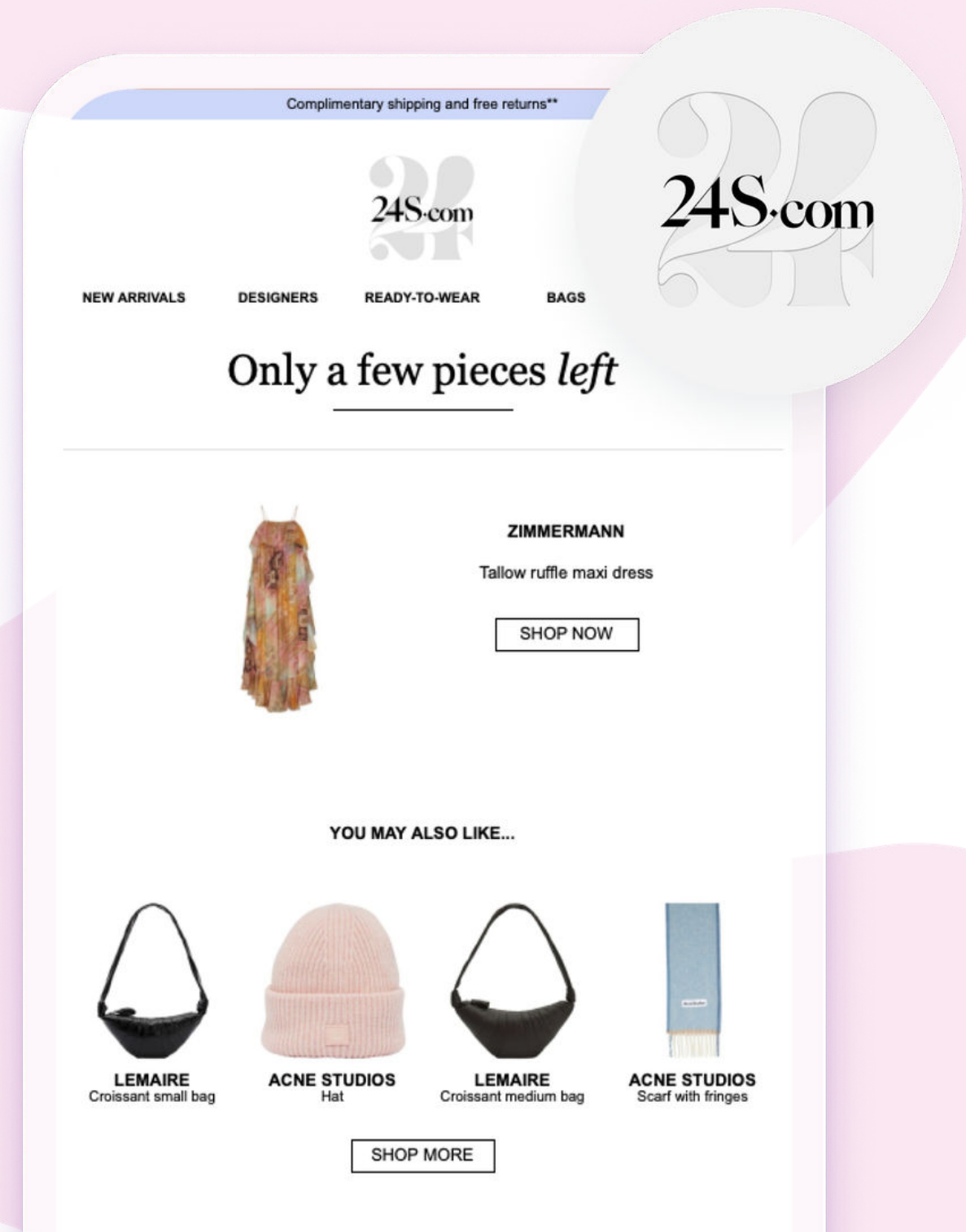


24S curates individual premium experiences with AI personalization

[24S](#), LVMH's luxury online retailer, brings Parisian elegance to a global audience. It offers a curated selection of 60+ brands, from luxury houses to contemporary designers. It is committed to delivering a premium, personalized digital experience, mirroring luxury in-store service.

- **Opportunity:** 24S wanted to increase purchase frequency and maximize rate of first purchase by delivering custom, personalized shopping experiences.
- **Strategy:** Using BrazeAI™ Item Recommendations, 24S could deliver personalized product suggestions to each individual at scale.
- **Results:** Within their wider campaigns, 24S achieved a 7% increase in add-to-cart rate and a 35% increase in purchase conversion rate.

[Read the full 24S success story.](#)



Engage with AI

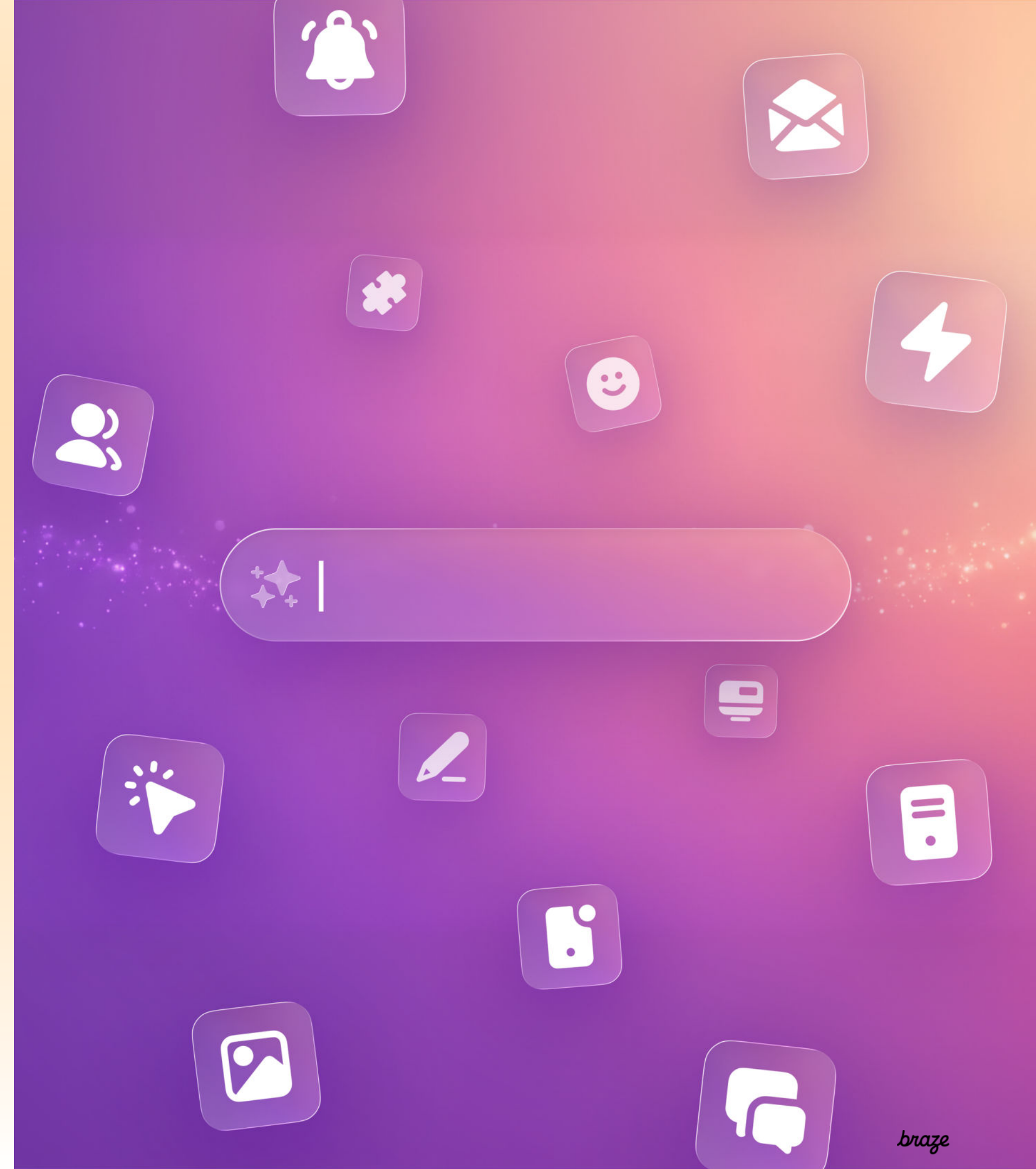
The trend

Growing AI intermediation means marketers have lower control over their brand narrative. Engagement with third-party platforms is key—as is an exceptional owned-experience.

Some people prefer chatting to browsing. As ChatGPT confidence grows, **more customers are bypassing brand sites in favour of AI tools.** They ask questions, compare options, look for inspiration, and discover products or services they didn't know existed.

While this playbook is all about engaging customers using AI, what about how your brand engages with external AI platforms? Discovery increasingly happens on non-brand-owned platforms, from social media to AI tools like ChatGPT, allowing consumers to research products without ever visiting a brand's site.

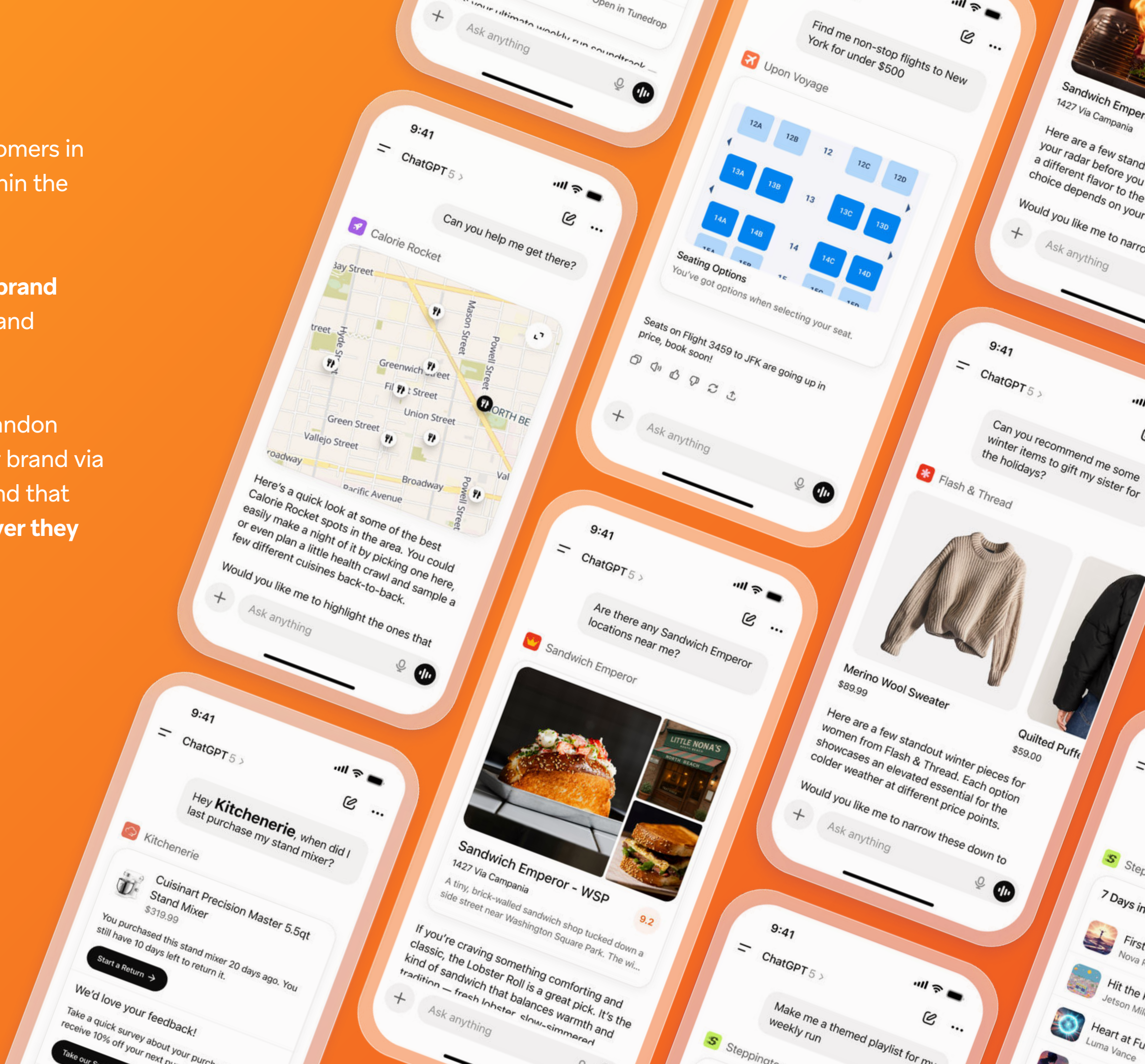
But this makes it difficult for brands to 'be everywhere', control their narrative, or map interactions.



With the launch of ChatGPT Apps for business-and-above customers in late 2025, brands can now build their own custom presence within the platform, **potentially reaching its 800 million users directly**.

An added benefit is **access to customer data generated within brand engagements**, creating another source of insights for outreach and ongoing engagement.

However, being in AI platforms doesn't mean brands should abandon their own digital properties. Once someone has discovered your brand via AI channels, the aim is to convert them into a loyal customer. And that relies on **delivering an exceptional customer experience wherever they encounter you**.



High-impact AI use cases



ChatGPT analytics and event logging: By integrating Braze with your ChatGPT app, you can continue to maintain first-party data control in the age of AI.



Track user engagement and behavior within your ChatGPT app (such as identifying which questions or chat features your customers use).



Segment and retarget Braze campaigns based on AI interaction patterns (such as emailing users who have used the chat more than three times per week).

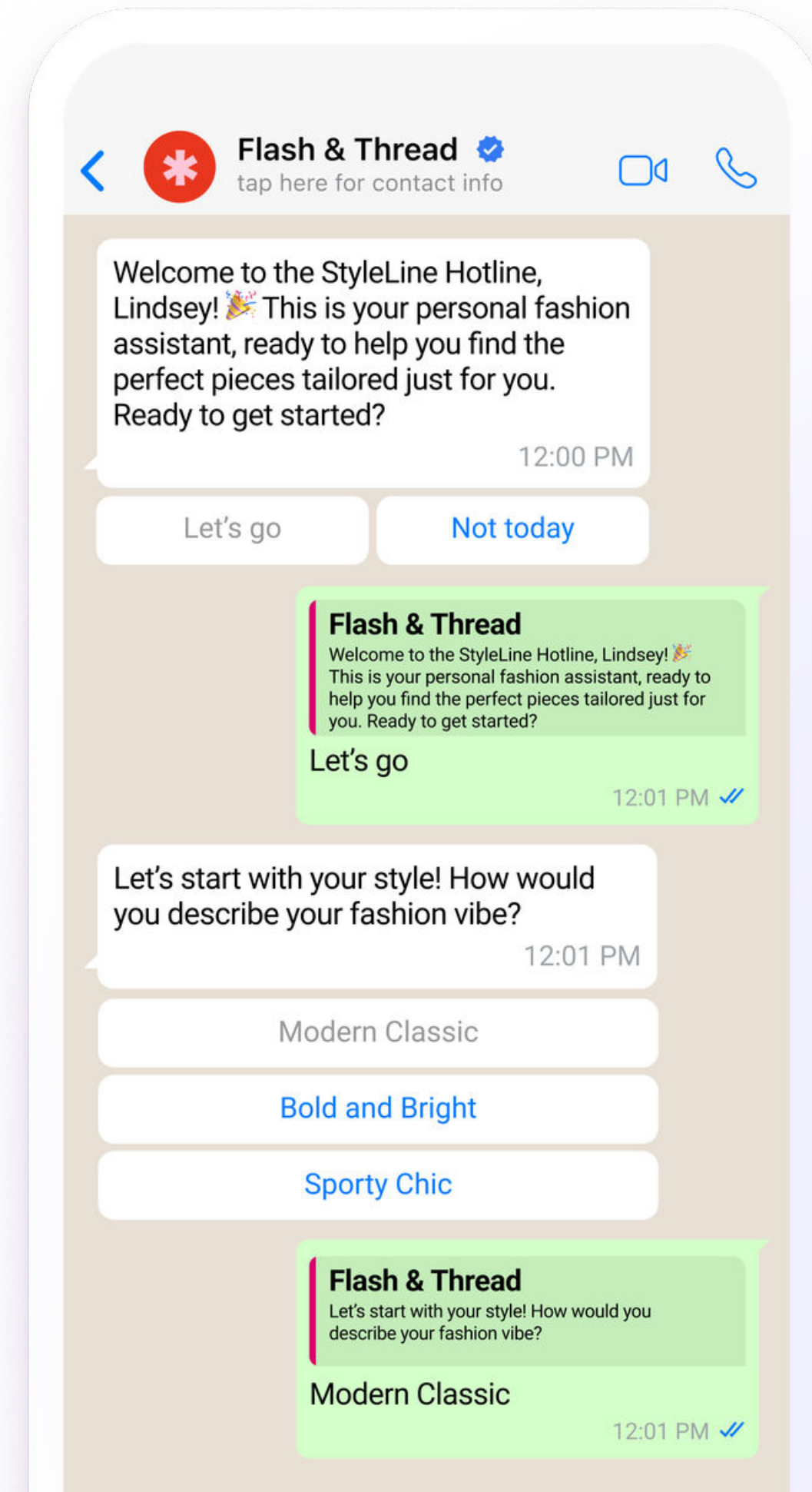
Supporting cast



Direct customer experience: Once you've acquired customers via your ChatGPT app, your existing customer experience needs to build engagement and loyalty—all covered in this guide.



AI tools on owned platforms: Customers value AI because it's easy to chat and find new products or services. Consider opportunities to add functionality to your own properties for conversational product discovery.



Optimize with AI

The trend

AI-powered creative iteration and advanced AI analytics unlock faster experimentation with lower risk.

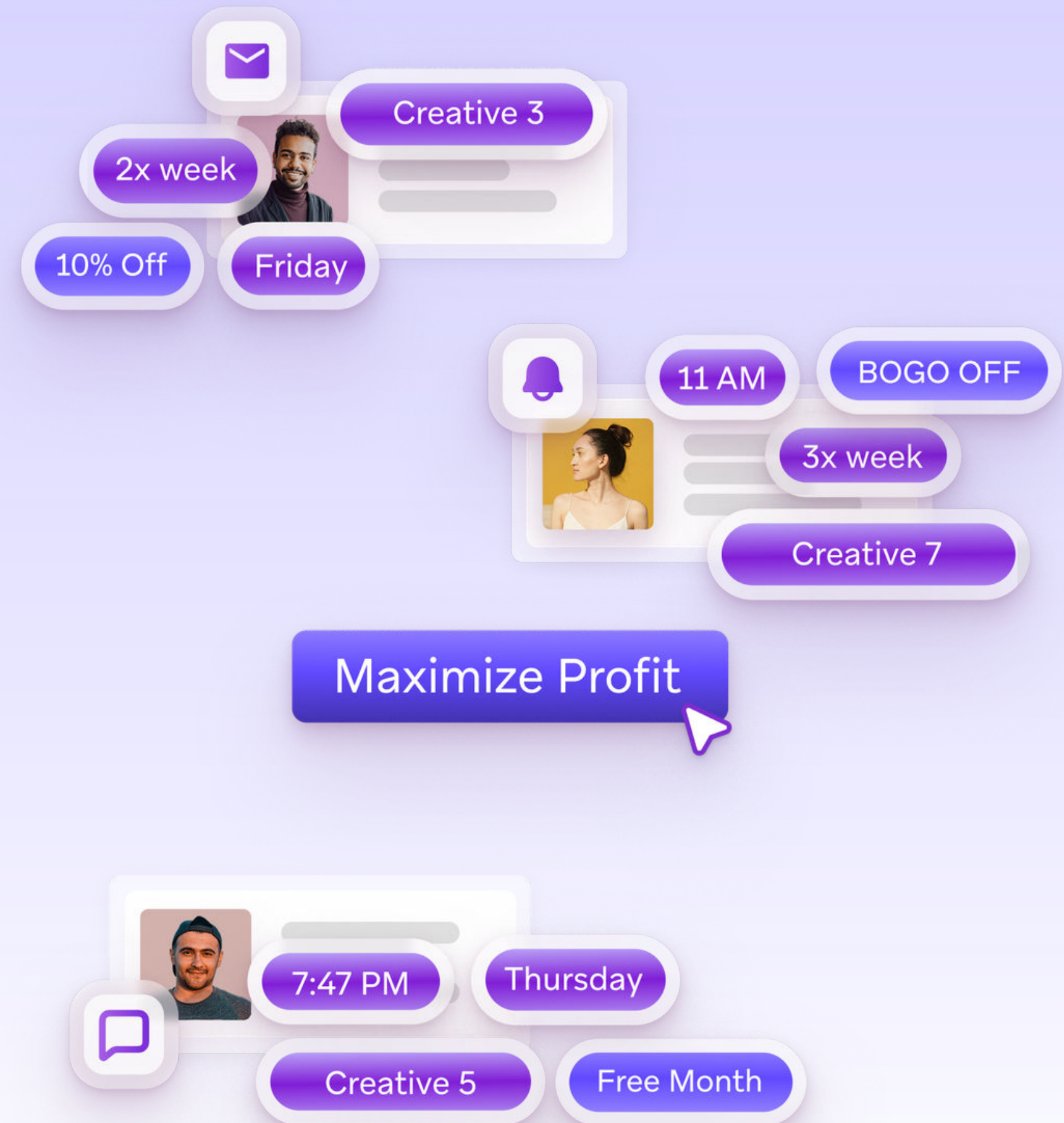
Marketing optimization helps brands learn fast and adapt quickly, **using data to make each campaign stronger than the last and boost ROI across channels.**

But this has traditionally been a labor-intensive process—creating a hypothesis to test, producing creative variants, segmenting audiences, analyzing outcomes, and manually moving cohorts to winning variants.

AI has transformed this process, making it exceptionally quick and easy to create, test, and optimize campaigns—and the customer experience.

Generative AI rapidly creates copy and creative variants to test, while agentic AI handles data analysis, autonomous decisioning, and variant optimization.

With AI, experimentation isn't just faster, it's targeted. Marketers can deliver 1:1 personalization that maximizes engagement and minimizes losses typically associated with lingering exposure to losing variants.



High-impact AI use case



Generative content iterations: Automatically create multiple copy, creative, or product variants for testing across channels, reducing production time and scaling experimentation.



Personalized variant optimization: Tailor experiments at the individual level, showing different variants to different users and continuously learning which performs best for each segment.



Autonomous analysis and decisioning: Analyze test results and automatically shift traffic toward winning variants to maximize campaign performance and minimize wasted exposure.

Supporting cast



Human marketers: Frontier Firms are all about hybrid human-AI workflows. It is marketers' insights, hypotheses, and prompts that make AI experimentation a reality.



Cross-channel activation: The technical ability to serve variants across channels such as email, push, in-app, SMS, and web to test channel impact, not just creative or copy.



Reward with AI

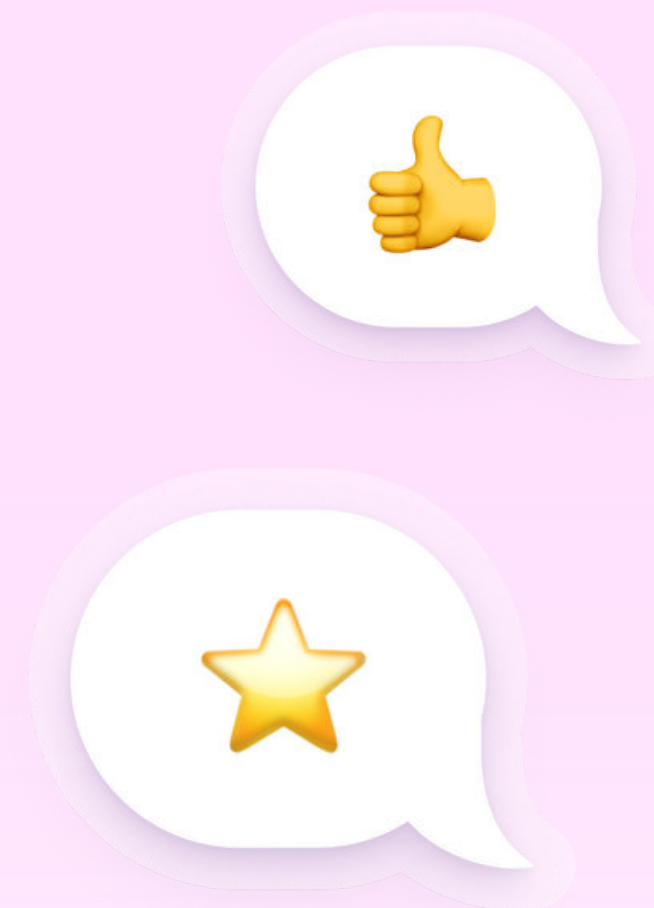
The trend

Decreasing loyalty and program engagement require a rethink of the traditional loyalty scheme—think holistically about the customer experience of your brand to build long-term alignment.

Traditional loyalty programs no longer guarantee customer engagement or loyalty, leading [46%](#) of executives to believe their loyalty program will be irrelevant in three years.

As points, perks, and tier-based programs grow, **the average consumer belongs to 15+ loyalty programs but only engages with [half of them](#)**.

Meanwhile, value alignment is a growing factor in brand loyalty decisions. 71% of consumers say values are ‘very important’ when determining their loyalty—up [23 percentage points](#) in recent years.





In this crowded and emotionally complex landscape, **AI can transform loyalty programs from generic and transactional to personalized and meaningful**—creating experiences and connections that drive lasting impact.

However, **the overall hero of customer loyalty is a positive customer experience**—and that isn't about points or prizes. It's about anticipation, personalization, seamless cross-channel experiences, and trusting relationships. All of which AI can support at scale.

AI in action

Many marketers resort to offering blanket discounts to retain customers. **But overspending on promotions for people who would have stayed anyway is a risk.** With [BrazeAI Decisioning Studio™](#), retention campaigns get smarter. AI agents learn which subscribers need an incentive, which are likely to renew without one, and which should be engaged with a different type of message. Braze then delivers those individualized decisions through channels such as email, push, or in-app messages, ensuring every renewal message is both timely and cost-effective.

Conclusion

Simply put, modern loyalty, retention, and customer lifetime value are about more than just points and perks. **Top-performing brands personalize every interaction to create relevant relationships with every individual.** This builds brand affinity that weathers economic storms, increases revenue, and reduces costs.

Frontier Firms will operationalize customer-centric AI throughout this process, **reimagining and optimizing every point of the customer journey to create value for consumers and the business alike.**

Now is the time to lead with innovation and courage, transforming challenges into opportunities and setting a new standard for excellence in customer engagement.



Discover how BrazeAI™ enhances our industry-leading customer engagement platform with ready-to-use focused AI functionality.

braze

Get in touch to learn more.

Connect

Braze is the leading customer engagement platform that empowers brands to Be Absolutely Engaging.™ Braze helps brands deliver great customer experiences that drive value both for consumers and for their businesses. Built on a foundation of composable intelligence, BrazeAI™ allows marketers to combine and activate AI agents, models, and features at every touchpoint throughout the Braze Customer Engagement Platform for smarter, faster, and more meaningful customer engagement. From cross-channel messaging and journey orchestration to AI-powered decisioning and optimization, Braze enables companies to turn action into interaction through autonomous, 1:1 personalized experiences. The company has repeatedly been recognized as a Leader in marketing technology by industry analysts, and was voted a G2 “Best of Marketing and Digital Advertising Software Product” in 2025. Braze was also named a 2025 Best Companies To Work For by U.S. News & World Report, a 2025 America’s Greatest Companies by Newsweek, and a 2025 Fortune Best Workplace in Technology™ by Great Place To Work®. The company is headquartered in New York with 15 offices across the Americas, EMEA, and APAC. Learn more at braze.com.