

Cartesian Strategic Perspectives

The Rise of Ecosystem Loyalty

How Mobility Unlocks Growth in Saturated Markets

March 2026

The Retention Challenge

Across telecoms, energy and traditional financial services, two structural trends are reshaping competitive dynamics: **market maturity and product commoditisation**. Penetration of telecoms, banking and energy supply is already near saturation in developed markets, meaning growth is no longer driven by first time adoption but by switching between providers.

This competitive intensity has been amplified by technological advancements and regulatory reform. Mobile apps and digital platforms now enable seamless switching between brands, significantly reducing friction in the customer journey. Moreover, regulatory initiatives such as Ofcom’s introduction of One Touch Switch (OTS) have further streamlined transfers, making it faster and simpler for customers to move networks. As of September 2025, **1.6 million UK landline and broadband customers switched provider in the first year following the OTS launch**, highlighting the growing fluidity of customer bases.

In mature markets with rising acquisition costs and minimal switching barriers, growth increasingly comes at the direct expense of competitors. When most consumers already have a provider and can move with ease, how can brands generate sustainable growth?

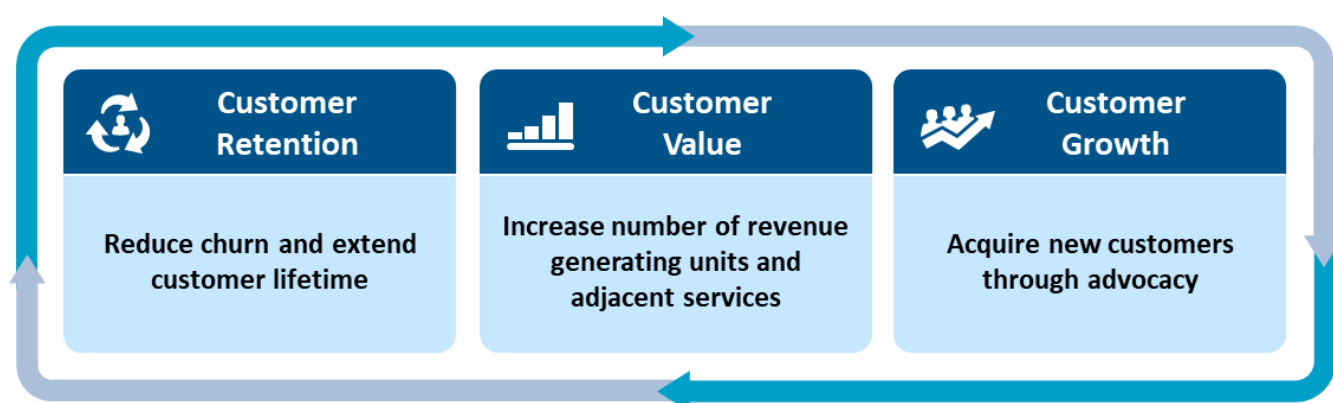
The answer lies in **shifting the emphasis from acquisition to retention**. In mature markets where product differentiation is limited, loyalty becomes a powerful lever for value creation. Retained customers provide a stable base from which companies can expand on by introducing additional services and experiences. As customers adopt more products within a **single ecosystem**, share of wallet and lifetime value increase, enabling growth to come from deepening existing relationships rather than continually replacing churned customers.

Loyalty as a Strategic Growth Lever

The Value Creation Dynamics of Loyalty

Loyalty propositions are no longer peripheral marketing tools - they are becoming central to sustainable growth. At their core, effective loyalty strategies drive value through three reinforcing dynamics: strengthening customer **retention**, expanding customer **value** through additional services, and generating **advocacy** that supports new customer acquisition.

Figure 1. Loyalty Reinforcement Loop



Source: Cartesian

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In subscription-based sectors, where revenue depends on recurring customer relationships, **retention**, i.e. reducing churn, is the most prominent lever for protecting value. Typical industry benchmarks suggest that **acquiring a new customer can cost five to seven times more than retaining an existing one**. This reflects the fact that acquisition costs often include marketing expenditure, sales commissions, promotional incentives and onboarding costs — and in some sectors, such as telecoms, device subsidies and installation costs (for fixed services). By contrast, retention costs are typically limited to ongoing servicing, customer care and incentives.

Once retention is established, the next objective is to **increase customer value**. Historically, many subscription businesses focused on average revenue per user (ARPU) as the primary measure of growth. However, in mature markets where pricing power is limited, growth increasingly comes from expanding the number of services, or **revenue generating units (RGUs)** each customer holds.

Loyal customers provide a foundation for introducing additional products and services over time.

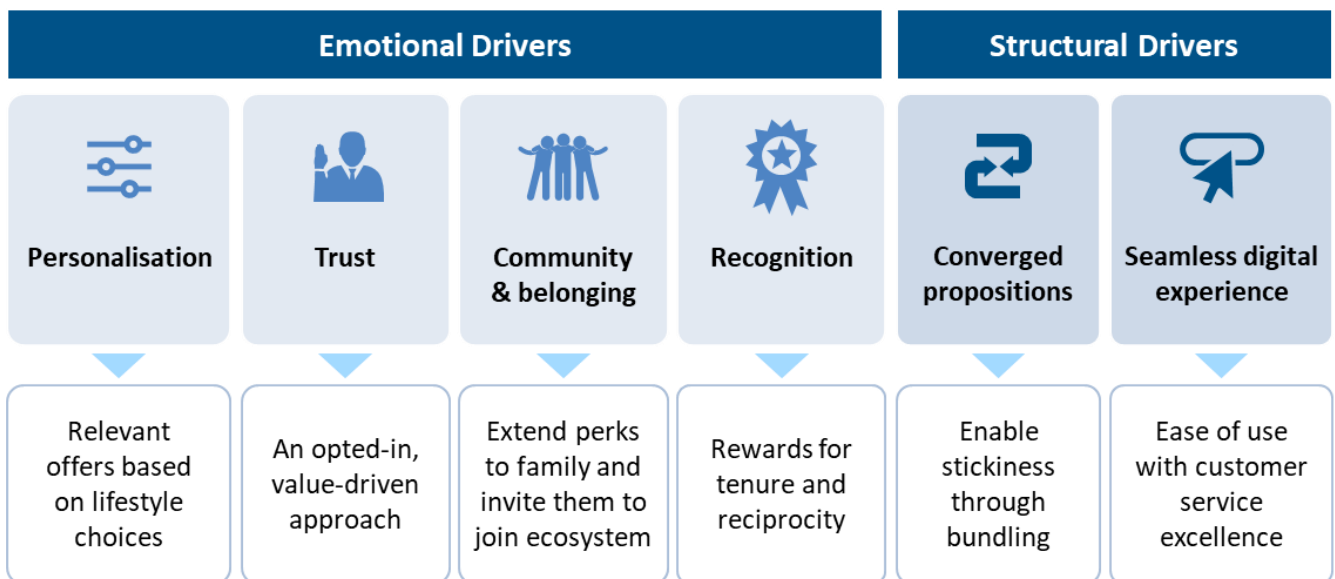
Through cross-sell and bundled propositions, brands can expand share of wallet while increasing switching stickiness. Customers holding multiple services within the same ecosystem generate higher lifetime value and exhibit lower churn than single-product customers.

The final dynamic is **advocacy**, which supports acquisition with minimal marketing resource. Customers with deeper and longer-standing relationships with a brand are more likely to recommend it to others, creating an organic channel for growth.

Key Drivers of Loyalty

Loyalty is built through both emotional and structural drivers. Emotional drivers shape how customers feel, while structural drivers reinforce loyalty through convenience, integration and value. Sustainable loyalty emerges where emotional attachment is supported by strong structural foundations.

Figure 2. Emotional and Structural Drivers



Source: Cartesian

Emotional Drivers of Loyalty



Personalisation

As digital channels proliferate and customer attention becomes increasingly fragmented, **relevance** has become critical. Social media, messaging platforms and app-based ecosystems have dramatically **shortened attention spans**, intensifying competition for engagement. **Advances in AI, data analytics and API integration** allow brands to deliver hyper-personalised rewards aligned to individual behaviours. When executed well, personalisation transforms loyalty programmes from generic promotions into tailored experiences.



Trust

Amid rising concerns around spam, fraud and data security, customers are increasingly selective about the brands they engage with and the data they share. Transparent, **permission-based data** practices are therefore become critical. When customers actively opt-in to communications and schemes, brands gain a trusted channel to deliver personalised services.



Community and Belonging

Loyalty can extend beyond transaction into affiliation. Enabling customers to share benefits with friends and family, refer others into the ecosystem, or participate in brand communities encourages **advocacy**. Some brands also use communities to support service delivery — for example, giffgaff's (UK) **peer-to-peer support model** enables customers to resolve issues through the community, significantly reducing customer service costs.



Recognition

Customers are more loyal when they feel valued. Recognition may take the form of tenure-based rewards, milestone benefits or acknowledgement of **specific behaviours**. For example, **Vitality rewards healthy activity**, while **Octopus Energy incentivises off-peak usage** to utilise capacity effectively, aligning customer behaviour with broader strategic goals.

Structural Drivers



Converged Propositions

Loyalty strengthens when customers adopt multiple product bundles within a single ecosystem, allowing rewards earned in one category to offset spend in another, justified by economies of scale. As the number of **revenue generating units (RGUs)** increases, share of wallet expands and switching is less likely. The result is both stronger retention and consolidated spend – BT/EE, for example, report that **churn is approximately 31% lower** with customers taking multiple services within the same brand compared to those splitting services across different providers.



Seamless Digital Experience

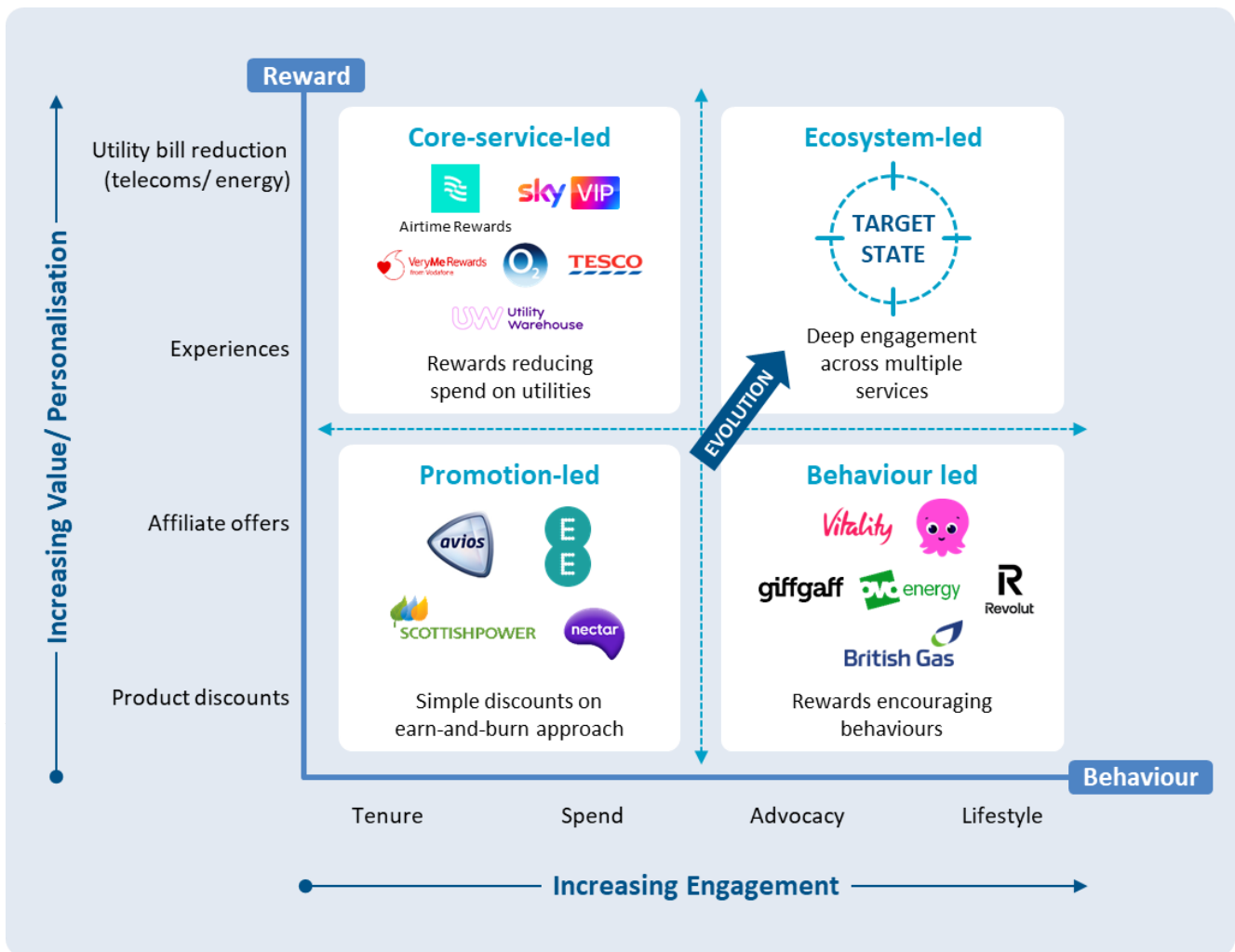
A unified digital experience further reinforces structural loyalty. A single app, integrated servicing and consolidated billing reduce friction and make ongoing engagement effortless. When customers can manage multiple products and rewards through a single secure sign-on, the brand becomes a **trusted digital gateway**. Strong identity management, robust data protection and AI tools further reinforce customer confidence.

An Evolving Loyalty Landscape

Loyalty programmes vary widely in sophistication and strategic intent. At the simplest end are transactional schemes built around “**earn and burn**” mechanics, where customers accumulate points or discounts based primarily on spend. While these models can provide credible value, they often generate limited engagement. At the other end of the spectrum are **behaviour-led** ecosystems, where loyalty programmes actively encourage participation, shape customer behaviour and **integrate with broader lifestyle services**.

We map these programmes across two key dimensions: **customer engagement** and **value/personalisation**, highlighting how loyalty models evolve from simple promotional incentives toward deeper **ecosystem-based relationships**.

Figure 3. Loyalty Growth Quadrant (with illustrative UK market examples)



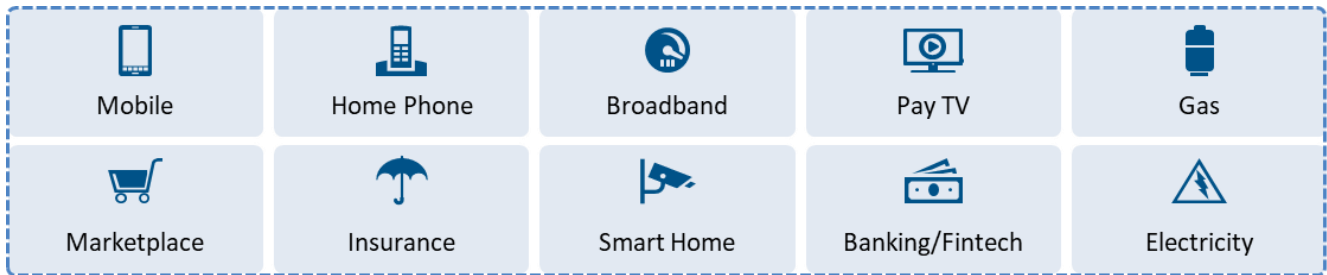
Source: Cartesian

As loyalty strategies mature, many organisations are seeking to evolve toward **ecosystem-led models** that integrate multiple services and drive deeper customer engagement.

We see a trend towards super bundles with typical services included in the figure below.

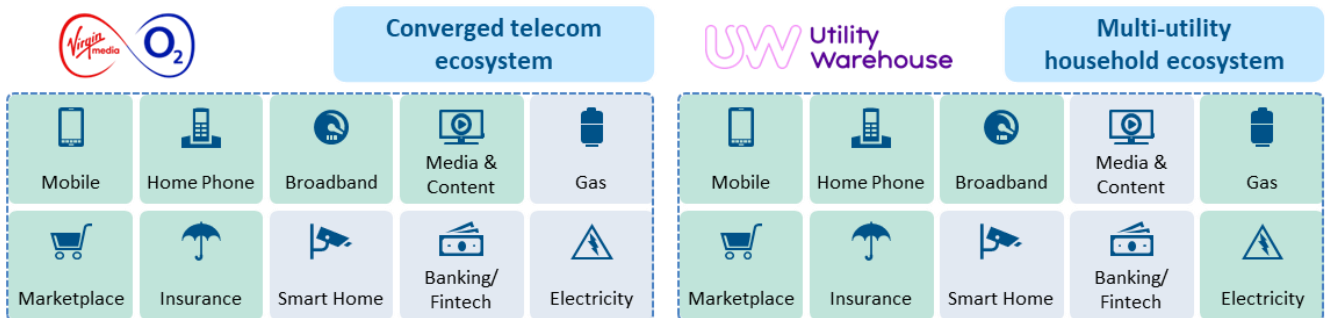
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Figure 4. Typical Components of a Service Bundle



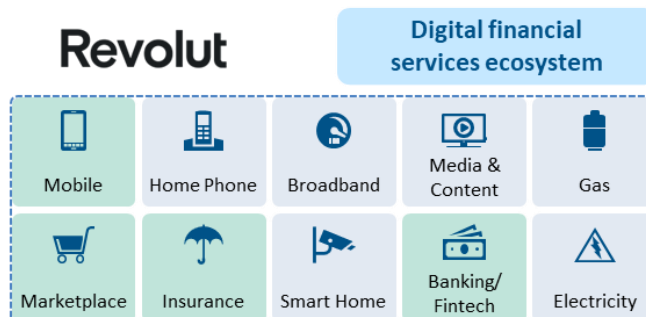
We've examined three UK companies that offer multiple services within a loyalty ecosystem. The review highlights how core services are bundled with adjacent offerings and digital experiences in a unified environment. Although built around different primary services, each reflects a shift from promotional loyalty mechanisms toward integrated, service-led ecosystem models designed to increase customer stickiness.

Figure 5. Case Study Review



- Automatic broadband speed uplift
- Double mobile data
- International roaming
- Integrated account management
- In app rewards access
- Streaming platform integration (Netflix, Disney+, Prime)
- Handset Financing/Upgrade Plans

- Tailored bundles
- Single consolidated bill
- Referral bonus
- 30-day test drive
- Guaranteed savings
- Unified account portal (UW APP)



- Single app for payments, trading, credit, insurance, and mobile
- In-app financial analytics & budgeting
- Tier-based subscription model (Plus/Premium/ Metal/Ultra)
- Cashback & perks
- Incentivised referral campaigns

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Rakuten in Japan provides a leading example of ecosystem loyalty. Its Super Points programme links more than 70 services across e-commerce, fintech, travel and mobile, with reward multipliers increasing as customers adopt additional services. This effectively creates a “mega bundle” that drives engagement across the ecosystem.

Unlocking Loyalty through Mobility

Mobility as an Enabler



Mobile has several characteristics that make it **uniquely powerful as a foundation for driving loyalty**. It drives high-frequency engagement and sits at the centre of customers’ digital lives, acting as a trusted channel for interaction and verification. It also generates rich behavioural data, such as location, to precisely tailor loyalty benefits, ensuring customer relevancy.

Importantly, **launching a mobile service is now significantly easier** than before. White-label “MVNO-in-a-box” models allow brands to retain full control over branding, customer experience and commercial strategy, while **removing the need for heavy upfront infrastructure investment** or know-how, materially accelerating time to market. Service providers can leverage established service delivery platforms, and secure wholesale agreements with increasing ease and **attractive commercial terms**, as **infrastructure owners seek to 'sweat their assets'**.

This dynamic is explored further in the Wholesale Services section below. At the same time, eSIM removes many of the traditional distribution barriers associated with physical SIM cards, simplifying onboarding.

Building Blocks for Success

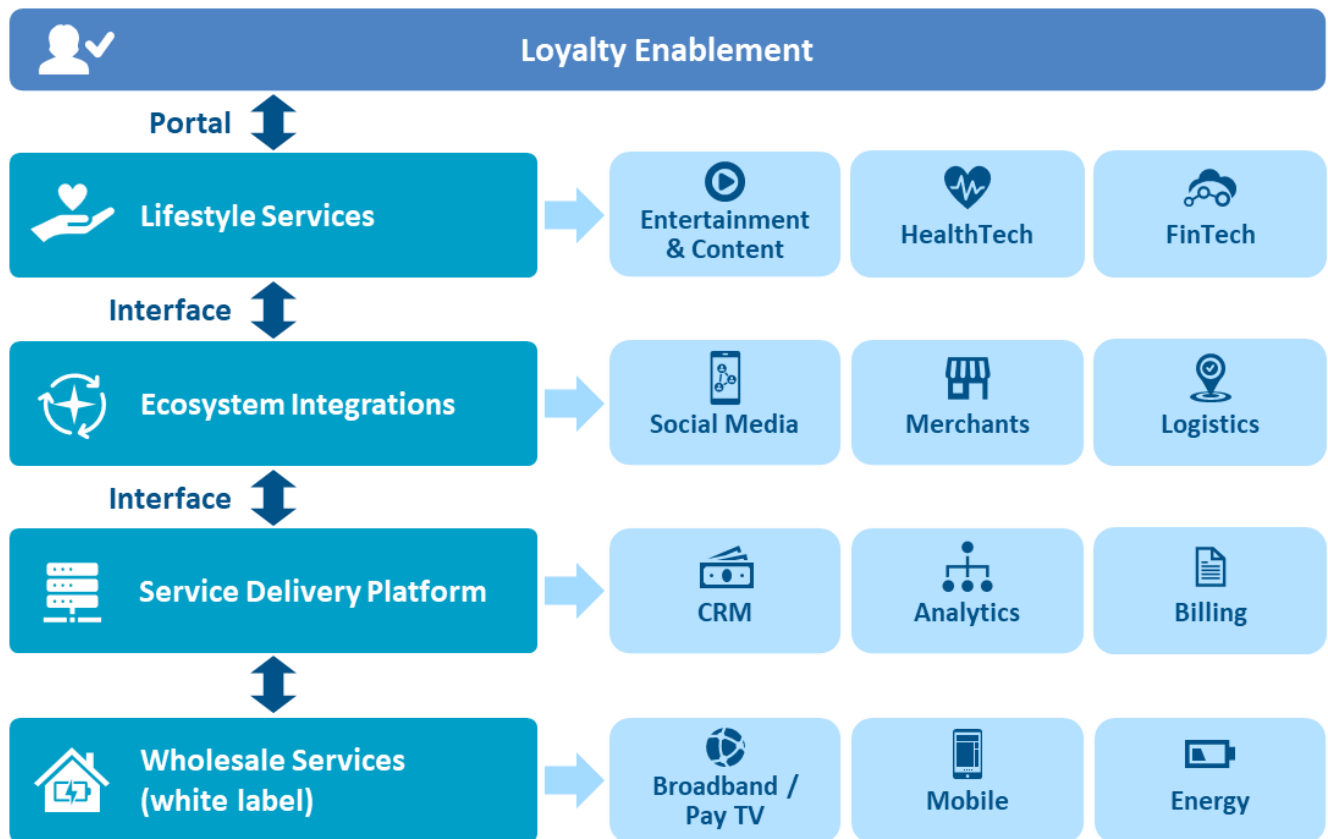


Delivering loyalty requires a **layered operating model** that brings together core services, **enabling platforms, ecosystem partnerships** and consumer-facing propositions.

At the base of this model sit essential services that create the recurring customer relationship. These services underpin the entire loyalty proposition, as this creates a **foundational billing relationship**.

The structure of this model is illustrated below.

Figure 6. Loyalty Operating Model



Source: Cartesian



Wholesale Services

Wholesale services define the foundational utilities that anchor the loyalty proposition, such as mobile connectivity, media, broadband or energy supply. These services create the recurring billing relationship with the customer that enables cross-sell and reward pooling.

Increasingly, these services can be accessed through wholesale models rather than requiring direct ownership of infrastructure. Across telecoms and energy markets, structural **separation between network operators (NetCo) and service providers (ServCo)** is becoming more common. Because **networks often have excess capacity**, wholesale access allows infrastructure providers to maximise utilisation while enabling new service providers to focus on customer service, products and brand experience.

In mobile, this model is well established through **mobile virtual network operator (MVNO)** agreements, where brands launch mobile services on top of incumbent networks. Similarly, in broadband markets, retailers deliver services over **wholesale fibre infrastructure**, and in energy markets, suppliers access generation and distribution through wholesale models. In financial services, **Banking-as-a-Service platforms** enabling companies to embed payments, credit or lending products through white-labelled banking infrastructure.

In practice, wholesale access provides a spectrum of entry options depending on the level of control a brand wishes to exercise, from simple reseller or white-label models to virtual operator models, where the brand has significant control over pricing, product design and the customer experience.



Service Delivery Platform

Service delivery platforms provide the operational backbone that enables multiple services to be managed within a single customer relationship. These platforms are often built on **business support systems (BSS)** traditionally used by telecom operators for billing and customer management, but have evolved into broader digital service platforms capable of supporting multi-service ecosystems. Integrated billing, CRM and analytics capabilities allow providers to manage accounts, track rewards and deliver personalised offers across products within a unified digital environment.

These platforms have matured significantly in recent years, with many vendors offering industry-standardised capabilities (including APIs) that can be deployed **without extensive custom development**. Increasingly delivered as cloud-based solutions, they are often procured through **usage-based or per-subscriber pricing models**, allowing companies to scale services without significant upfront investment.



Ecosystem Integration

Ecosystem partnerships connect external services into the loyalty environment. Through API integration and commercial partnerships, rewards or points earned within one service can be redeemed across complementary brands such as retail, health, travel or entertainment. These integrations broaden the perceived value of the loyalty programme and encourage customers to engage more frequently with the platform.

Equally important is the ability to manage the commercial relationships which involve revenue sharing, affiliate commissions, issuing points and redemption across multiple participants. **The underlying platform must support transparent settlement and reconciliation between partners**, ensuring that transactions, rewards and commissions are accurately tracked and allocated. Designing these capabilities into the platform from the outset is critical to ensuring that the ecosystem can scale efficiently as additional partners are added.



Lifestyle Services

At the top of the stack sit **the segmented and personalised consumer-facing propositions** that shape the experience. These may include services such as **fintech, retail rewards or health-related benefits**. By focusing on specific verticals aligned to customer needs and behaviours, brands can position the loyalty proposition around everyday value rather than purely transactional rewards.

The Economics of Loyalty

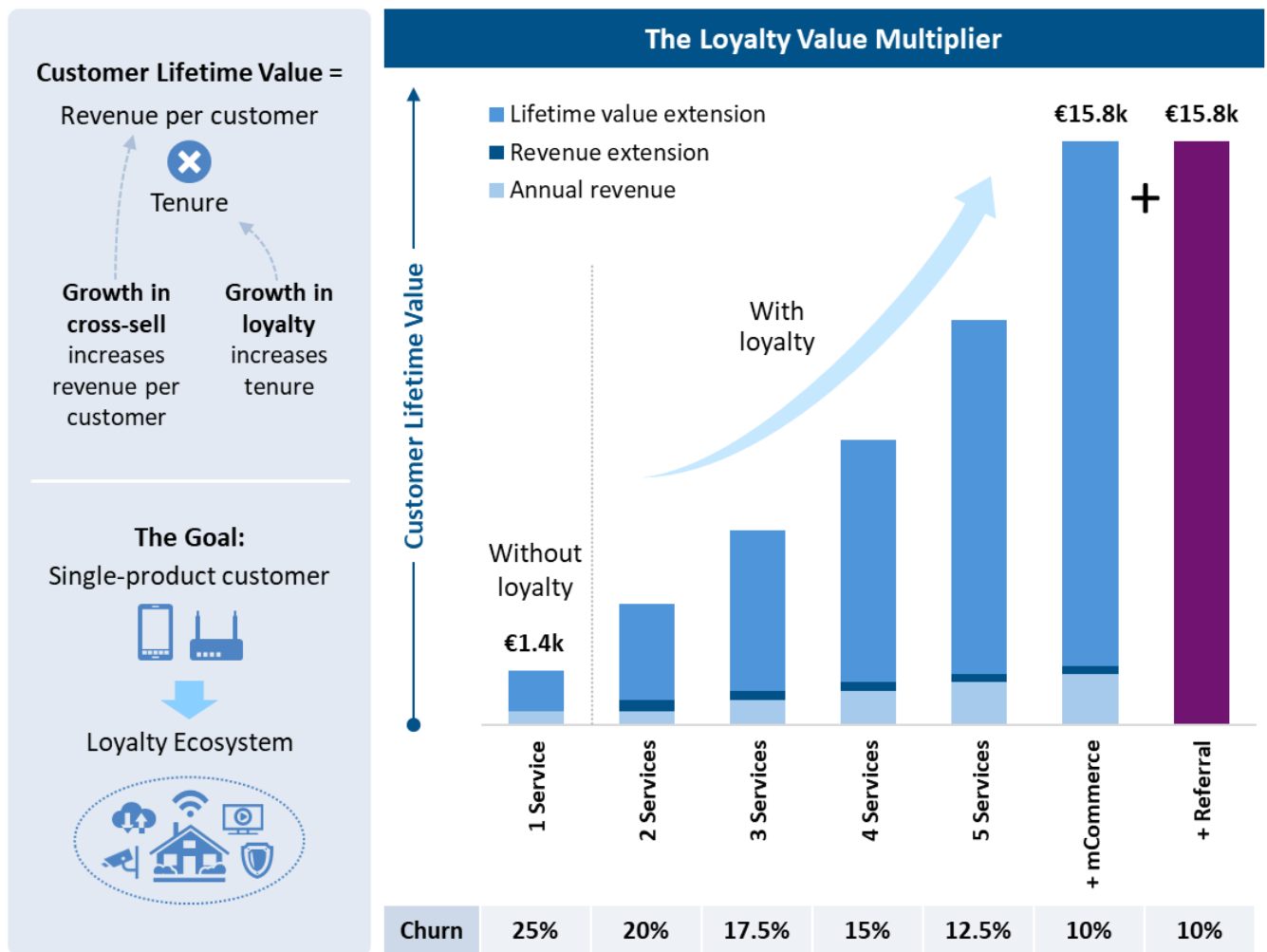
The Loyalty Value Multiplier

Customer Lifetime Value (CLV) captures the value created by loyalty schemes by combining revenue per customer with the duration of the customer relationship. Loyalty influences each of these components simultaneously: cross-selling additional products increases revenue per customer, while deeper integration across services reduces churn and extends tenure, creating a compounding effect on overall value.

This dynamic is illustrated in the figure below, which shows that a single-service customer with an annual churn rate of 25% generates approximately €1.4k in lifetime value. As customers adopt additional services and engage in an m-commerce marketplace, revenue rises and churn falls due to higher engagement and switching friction, increasing lifetime value to **€15.8k per customer** — an uplift of more than 10x, which is replicated for each referred customer resulting from the advocacy effect.

Although revenue per customer rises through cross-sell, **the more powerful driver of value is the extension of tenure**, which in combination has a profound impact on CLV.

Figure 7. Customer Lifetime Value by Number of Services



Source: Cartesian

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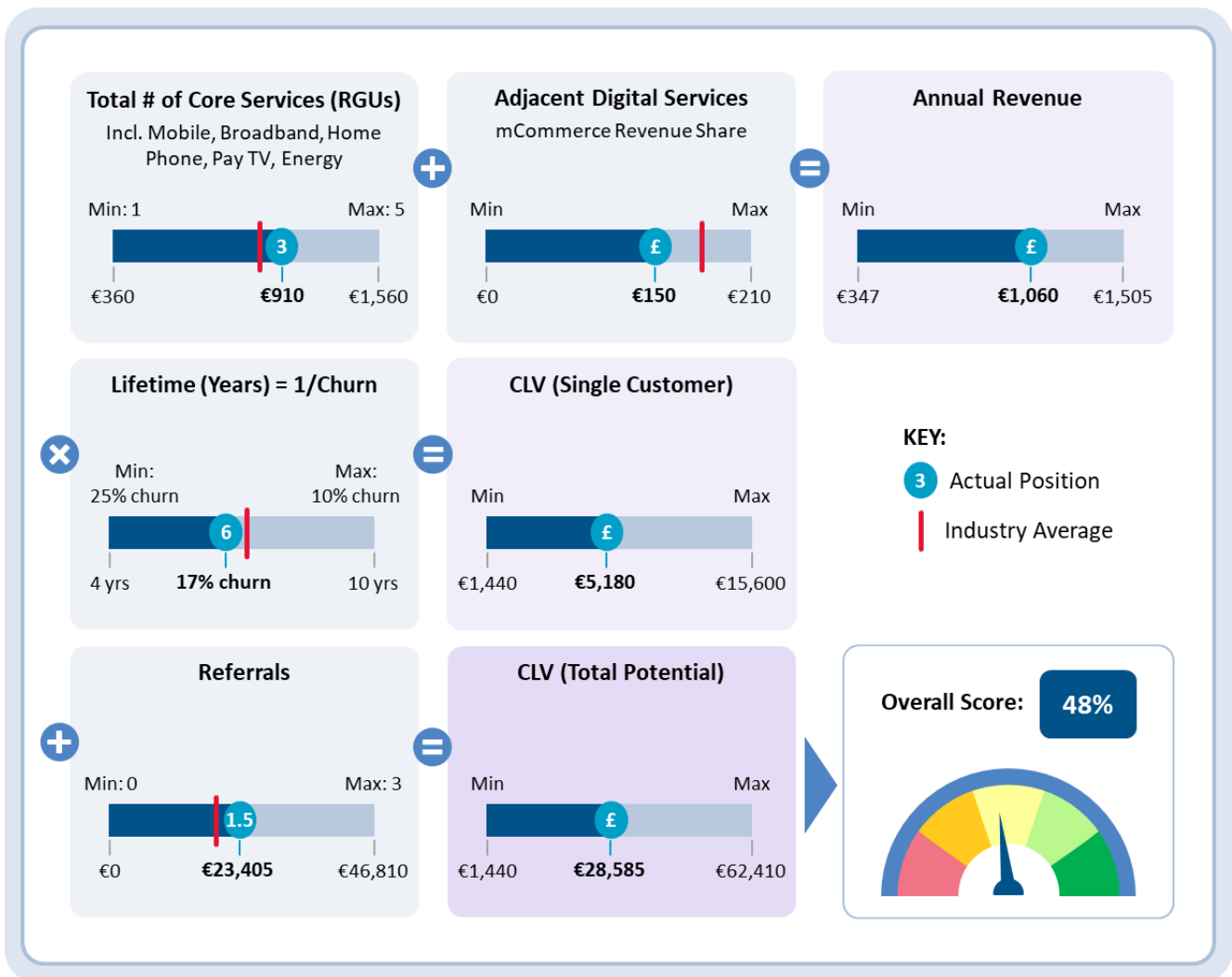
To demonstrate the economic impact of a loyalty strategy, we have made some broad assumptions which can be flexed to any multi-play service provider:

- 1 Each RGU (e.g. mobile, broadband) attracts an average monthly revenue of €30, annualised at €360
- 2 Average customer churn starts at 25% with one service and reduces by 2.5% for each additional service
- 3 A progressive bundle discount of 10% is applied to the total package price whenever an additional service is added
- 4 mCommerce revenue share €210 per year, based in 1.5% of annual spend of €14,000

The mCommerce model has the potential to scale significantly as promotions become more personalised and partnerships with merchants deepen. For FinTech-led service providers, this represents a substantial opportunity for growth.

Applying the model, based on an illustrative multi-play service provider, we have developed a simple scorecard to evaluate multi-service providers loyalty value potential and positioning.

Figure 8. Cartesian's Loyalty Scorecard



Source: Cartesian

Conclusion

In saturated markets where penetration is high and switching friction is low, **growth strategies built primarily on customer acquisition are becoming increasingly unsustainable**. As competitive differentiation narrows, the most powerful lever for value creation lies in **strengthening existing customer relationships** rather than continually replacing churned customers. Our analysis highlights the economic impact of this shift. Loyalty strategies that encourage customers to adopt **multiple services within a single ecosystem significantly increase lifetime value**. While cross-sell raises revenue per customer, the larger effect comes from extending customer tenure through reduced churn and deeper engagement. Together, these forces create a **powerful multiplier effect on customer lifetime value**, making **loyalty one of the most effective growth levers in mature markets**. **Mobile plays a central role in enabling this evolution**. As a high-frequency engagement channel embedded within customers' digital lives, it provides a trusted identity layer, a persistent communication channel and rich behavioural data. Industries can now integrate mobile into broader service ecosystems with far fewer barriers than before.

The opportunity therefore lies not simply in launching loyalty programmes, but in building **ecosystem-driven loyalty strategies** that combine core services, digital platforms and partner ecosystems to deliver sustained value to customers.

Ultimately, loyalty becomes a defining measure of success — evolving from a programme layered onto a service into a core element of the service portfolio.

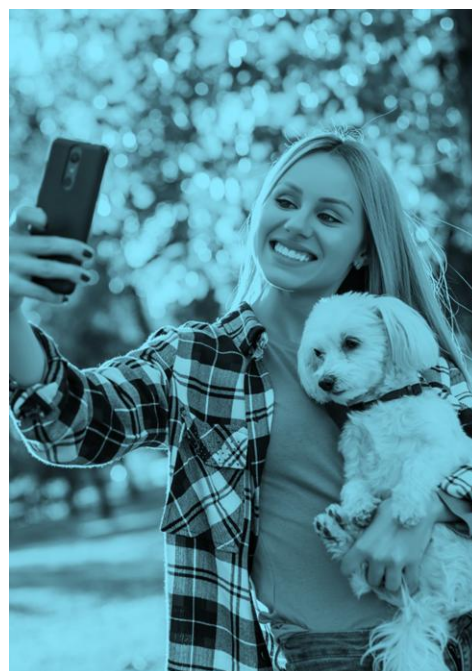
How Cartesian Can Help

Cartesian works with organisations across telecommunications, media and technology to design and implement ecosystem-driven loyalty strategies.

Our work includes helping clients to:

- Design multi-service propositions
- Build e-commerce and partner ecosystems
- Architect and procure service delivery platforms
- Secure wholesale and MVNO agreements
- Design unique user-experience journeys
- Develop go-to-market strategies

By combining strategic insight with deep industry expertise, Cartesian helps organisations build loyalty ecosystems that drive engagement, retention and long-term customer value.



Cartesian is a specialist consulting firm in the communications and media sector. For over 35 years, our unique portfolio of consulting services and managed solutions has been tailored to the specific challenges faced by executives in these fast-moving industries. Combining strategic thinking, robust analytics, and practical experience, Cartesian delivers superior results.

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