Q1 2026

Sweed Loyalty Benchmark Q1 2026

The Revenue Impact of Loyalty for Modern Dispensaries: Enrollment, Engagement, and Repeat Purchase Benchmark Rates

Primary period: Q1 2026, January 1 - March 31 Comparison period: Q4 2025, October 1 - December 31 Data source: Sweed database

EXECUTIVE SNAPSHOT

Key takeaways

01 Loyalty members represented 81.7% of active customers in Q1 2026.

02 Loyalty members generated 89.4% of total revenue in the benchmark dataset.

03 Loyalty members generated 1.9x higher spend per customer and visited dispensaries 1.7x more frequently than non-members.

04 Repeat buyer rate was 59.7% for members versus 24.1% for non-members.

05 Email reach was 81.3% for members versus 26.2% for non-members.

06 Loyalty programs continued to attract new members at scale, but customer progression weakened significantly,...

EXECUTIVE BENCHMARK

Executive benchmark snapshot

81.7%
Active customers in Q1 2026 were loyalty members.

89.4%
Total revenue came from loyalty members.

1.9×
Higher spend per customer among members versus non-members.

1.7×
Higher visit frequency among members.

59.7%
Repeat buyer rate for members versus 24.1% for non-members.

81.3%
Email reach for members versus 26.2%; open rate 28.2% versus 1.0%.

WHY IT MATTERS

Loyalty already drives the majority of revenue. The next growth unlock is improving post-enrollment engagement, redemption, and retention — not just adding more sign-ups.

01 Loyalty members represented 81.7% of active customers in Q1 2026.

02 Loyalty members generated 89.4% of total revenue in the benchmark dataset.

03 Members spent 1.9× more per customer and visited 1.7× more often than non-members.

BENCHMARK CHART

Executive benchmark comparison

A deck-first reconstruction of the opening benchmark infographic: cleaner, editable, and focused on the most decision-useful comparisons.

LOYALTY PENETRATION

Active customer participation held above four out of five customers.

81.7%

Q4 2025
82.2%

REVENUE SHARE

Loyalty members contributed nearly nine of every ten revenue dollars.

89.4%

Q4 2025
89.1%

MEMBER VALUE

Members outperformed non-members on spend, frequency, and repeat behavior.

1.9×
SPEND PER CUSTOMER

1.7×
VISIT FREQUENCY

59.7% vs 24.1%
REPEAT BUYER RATE

OWNED-CHANNEL REACH

Membership dramatically improves owned-channel accessibility.

81.3% vs 26.2%
EMAIL REACH

28.2% vs 1.0%
EMAIL OPEN RATE

POST-ENROLLMENT
NEXT OPTIMIZATION FOCUS

SO WHAT? Loyalty already drives the majority of revenue. The next growth unlock is improving post-enrollment engagement, redemption, and retention — not just adding more sign-ups.

EXECUTIVE SUMMARY

Executive Summary

Loyalty has become the dominant customer segment across the Sweed customer base.

In Q1 2026, Sweed analyzed loyalty trends across a large sample of dispensary customers, including 2.10 million active shoppers and 1.72 million active loyalty members. The data shows that loyalty members are not only the majority of active buyers. They are also the most commercially important customer segment.

In Q1 2026, loyalty members represented 81.7% of all active customers and generated 89.4% of total revenue. They spent 1.9x as much per customer as non-members, visited the store 1.7x as often, and had a repeat buyer rate of 59.7%, compared with 24.1% among non-members.

Loyalty members were also significantly more reachable through owned channels. Email reach among loyalty members was 81.3%, compared with 26.2% among non-members. Email open rate was 28.2% among loyalty members, compared with 1.0% among non-members.

EXECUTIVE SUMMARY

Executive Summary · continued

At the same time, the Q1 data reveals a clear post-enrollment performance gap. New enrollments grew by approximately 34.7%. However, the activation rate declined from 31.8% to 23.9%, and the first redemption rate declined from 13.2% to 6.6%.

The positive signal is speed. Members who activated or redeemed reached those milestones much faster in Q1. Average time to first earn improved from 24.3 days to 6.3 days, while average time to first redemption improved from 55.1 days to 22.1 days.

This creates the central finding of the benchmark - there's a major shift. Success is no longer driven by enrollment alone, but by post-enrollment engagement.

For mature loyalty programs, the next growth opportunity is not simply enrolling more customers. It is converting newly enrolled members into active earners, first-time redeemers, repeat buyers, and reachable audiences.

01

Methodology and Definitions

How the benchmark is framed and which customer actions are counted.

METHODOLOGY

Core definitions

Active customers

A customer with at least one purchase during the analysis period.

Penetration

Active loyalty members divided by total active customers.

Activation

A newly enrolled member's first earn event after enrollment within the analysis period.

Active new rate

Newly enrolled active members as a share of active loyalty members.

Loyalty member

A customer recognized in the platform as part of a loyalty program through an assigned loyalty level

Enrollment

A customer registration or loyalty assignment during the period.

First redemption

A newly enrolled member's first redemption event within the cohort period.

METHODOLOGY

Methodology

This benchmark is based on aggregated loyalty, sales, customer, transfer, and notification data from Sweed's ClickHouse environment.

The analysis covers Q1 2026, from January 1 to March 31, with Q4 2025 used as the comparison period.

REPORT SECTION

02

Loyalty Program Performance Benchmarks

Eight benchmark views covering reach, revenue share, member economics, enrollment, activation, redemption, funnel performance and owned-channel reach.

BENCHMARK SUMMARY

Loyalty Reach: Members Are the Majority of Active Buyers

81.7%

Loyalty penetration remained stable quarter over quarter: 81.7% in Q1 versus 82.2% in Q4.

30.6%

Active customers grew by approximately 31.5%, while active loyalty members grew by approximately 30.6%.

KEY POINTS

01 More than four out of five active customers had a loyalty level in Q1 2026.

02 Loyalty penetration remained stable quarter over quarter: 81.7% in Q1 versus 82.2% in Q4.

03 Active customers grew by approximately 31.5%, while active loyalty members grew by approximately 30.6%.

04 Loyalty scaled with customer activity instead of losing share as the active base expanded.

SIGNAL

The larger opportunity may come from increasing activity after sign-up: encouraging members to redeem rewards, return more often, and stay consistently engaged over time.

BENCHMARK CHART

Loyalty Reach: Members Are the Majority of Active Buyers

Loyalty members are the majority of active buyers — more than four out of every five customers were already enrolled.

LOYALTY PENETRATION

Four of five active customers held a loyalty level.

81.7%

4 OF 5
ACTIVE CUSTOMERS

NON-MEMBER	18.3%
MEMBER	81.7%

QOQ PENETRATION

Penetration stayed flat as the customer base scaled.

81.7%

VS 82.2%
IN Q4 2025

Q4 2025	82.2%
Q1 2026	81.7%

QOQ GROWTH

Members grew in lockstep with the customer base.

+31.5%

+30.6%
ACTIVE MEMBERS

MEMBERS	+30.6%
CUSTOMERS	+31.5%

Q1 DATASET SCOPE

The base under analysis — customers, members, revenue.

2.10M	1.72M	$452.5M
ACTIVE CUSTOMERS	ACTIVE LOYALTY MEMBERS	TOTAL REVENUE, Q1

SO WHAT? The larger opportunity may come from increasing activity after sign-up: encouraging members to redeem rewards, return more often, and stay consistently engaged over time.

ANALYSIS

Loyalty Reach: Members Are the Majority of Active Buyers

Loyalty members represented 81.7% of all active customers in the benchmark dataset. In practical terms, more than four out of five active buyers were already participating in a loyalty program.

This level of penetration remained nearly unchanged from Q4 2025, when loyalty participation reached 82.2%. The stability is notable because the active customer base expanded significantly during the same period.

Active customers increased from 1.60M in Q4 2025 to 2.10M in Q1 2026, representing approximately 31.5% quarter-over-quarter growth across participating dispensaries. Despite that increase in customer activity, loyalty participation maintained nearly the same share of the active base.

Active loyalty membership followed a very similar trajectory, growing by 31.5% over the same timeframe. This suggests that loyalty enrollment scaled alongside customer growth rather than becoming diluted as more customers entered the system.

ANALYSIS

Loyalty Reach: Members Are the Majority of Active Buyers · continued

Across the benchmark dataset, participating dispensaries generated $452.5M in total revenue during Q1 2026. Within that environment, loyalty programs remained closely tied to overall customer activity rather than operating as a smaller subset of highly engaged shoppers.

This suggests that many dispensaries in the benchmark group have already achieved high loyalty enrollment. Since more than 80% of active customers already participate in loyalty programs, simply adding more members may have a smaller impact going forward.

BENCHMARK SUMMARY

Revenue Share: Loyalty Members Generate Almost 90% of the Dispensary Revenue

89.4%
Member revenue penetration reached 89.4%, slightly above Q4's 89.1%.

20.3%
Member revenue grew approximately 20.3% quarter over quarter.

19.7%
Total revenue grew approximately 19.7% quarter over quarter.

KEY POINTS

01 Member revenue penetration reached 89.4%, slightly above Q4's 89.1%.

02 Member revenue grew approximately 20.3% quarter over quarter.

03 Total revenue grew approximately 19.7% quarter over quarter.

04 Loyalty members deliver outsized revenue relative to their share of the customer base.

SIGNAL

For dispensaries with already high enrollment coverage, this reinforces the importance of retaining and engaging existing loyalty members. Since loyalty customers already drive the majority of revenue, improvements in repeat purchasing behavior, redemption participation, and member retention may...

BENCHMARK CHART

Revenue Share: Loyalty Members Generate Almost 90% of the Dispensary Revenue

Loyalty members drive nearly nine out of every ten dollars in dispensary revenue.

MEMBER REVENUE SHARE

Nearly nine of every ten revenue dollars came from loyalty members.

89.4%

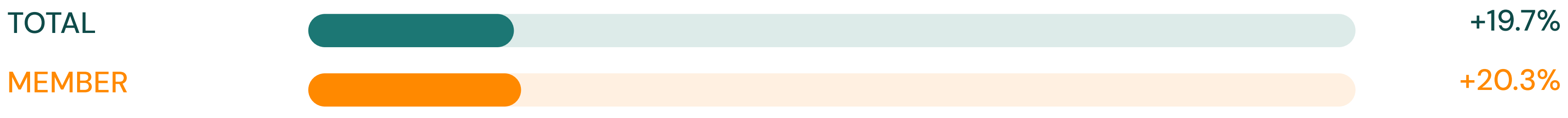
VS 89.1%
IN Q4 2025

REVENUE GROWTH

Member revenue grew slightly faster than total revenue.

+20.3%

TOTAL REVENUE
+19.7%



CUSTOMER VS REVENUE SHARE

Revenue share exceeded even the already-high member share of customers.

89.4%

MEMBER CUSTOMER SHARE
81.7%

Q1 DATASET SCOPE

This view is anchored in the benchmark sample used across the report.

$452.5M	89.4%	81.7%
TOTAL REVENUE	LOYALTY REVENUE SHARE	LOYALTY CUSTOMER SHARE

SO WHAT? For dispensaries with already high enrollment coverage, this reinforces the importance of retaining and engaging existing loyalty members. Since loyalty customers already drive the majority of revenue, improvements in repeat purchasing behavior, redemption participation, and member retention may have a meaningful impact on overall sales...

ANALYSIS

Revenue Share: Loyalty Members Generate Almost 90% of the Dispensary Revenue

This share remained highly stable compared to Q4 2025, when loyalty members accounted for 89.1% of revenue. The consistency matters because total revenue also increased during the same period.

Member revenue grew by approximately 20.3% quarter over quarter, closely tracking total revenue growth of approximately 19.7%. This suggests that loyalty member spending scaled alongside overall business growth rather than losing share as revenue expanded.

The revenue concentration is especially notable when compared to customer participation levels. Loyalty members represented 81.7% of active customers in Q1, but generated 89.4% of total revenue. This means loyalty members contributed a disproportionately larger share of sales relative to their share of the customer base.

The benchmark suggests that enrolled loyalty customers were not only more active, but also commercially more valuable on average than non-members within the analyzed dataset.

sweed

BENCHMARK SUMMARY

Member Economics: Loyalty Members Visit More, Spend More, and Repeat More

1.7x

Loyalty members visited 1.7x more often than non-members.

1.9x

Loyalty members spent 1.9x more per customer than non-members.

59.7%

Member repeat buyer rate was 59.7%, compared with 24.1% for non-members.

KEY POINTS

01 Loyalty members visited 1.7x more often than non-members.

02 Loyalty members spent 1.9x more per customer than non-members.

03 Member repeat buyer rate was 59.7%, compared with 24.1% for non-members.

04 The repeat buyer gap was \+35.6 percentage points.

SIGNAL

The next step for dispensaries is understanding how much of this performance gap can be influenced through loyalty mechanics themselves, including rewards, campaigns, redemption behavior, and personalized engagement.

BENCHMARK CHART

Member Economics: Loyalty Members Visit More, Spend More, and Repeat More

Loyalty members are materially more valuable across frequency, spend, and repeat behavior.

SPEND PER CUSTOMER

Loyalty members generated materially more revenue per customer.

$235.59

$124.36
NON-MEMBER

NON-MEMBER $124.36
MEMBER $235.59

VISITS PER CUSTOMER

Loyalty members visited the store more frequently.

3.93

2.32
NON-MEMBER

NON-MEMBER 2.32
MEMBER 3.93

REPEAT BUYER RATE

The largest behavior gap appears in repeat purchasing.

59.7%

24.1%
NON-MEMBER

NON-MEMBER 24.1%
MEMBER 59.7%

LOYALTY LIFT

Across spend, frequency and repeat rate, members were the highest-value segment.

1.9× SPEND PER CUSTOMER

1.7× VISITS PER CUSTOMER

+35.6pp REPEAT BUYER GAP

SO WHAT? The next step for dispensaries is understanding how much of this performance gap can be influenced through loyalty mechanics themselves, including rewards, campaigns, redemption behavior, and personalized engagement.

ANALYSIS

Member Economics: Loyalty Members Visit More, Spend More, and Repeat More

Loyalty members also visited dispensaries more frequently. Members averaged 3.93 visits per customer, while non-members averaged 2.32 visits. The higher visit frequency suggests that loyalty customers remained more consistently active over time.

The largest gap appeared in repeat purchasing behavior. Among loyalty members, 59.7% made repeat purchases during the analyzed period, compared with 24.1% of non-members. In practical terms, loyalty members were substantially more likely to return and purchase again after their initial transaction.

Taken together, these patterns show that loyalty members contributed more value across several important metrics at once: customer spend, visit frequency, and repeat purchasing behavior.

At the same time, the benchmark should be interpreted carefully. The data shows a strong association between loyalty participation and stronger customer performance, but it does not fully isolate cause and effect. Some customers may naturally be more engaged or more likely to purchase repeatedly, making them more likely to join loyalty programs in the first place. Even with that limitation, the benchmark clearly shows that loyalty members represented the highest-value customer segment within the analyzed dataset.

BENCHMARK SUMMARY

Enrollment Growth: Q1 Expanded the Loyalty-Eligible Customer Base

1.53m
Q1 added 1.53 million new enrollments.

34.7%
New enrollments grew approximately 34.7% quarter over quarter.

10.3%
Enrollment rate increased from 10.3% to 13.9%.

KEY POINTS

01 Q1 added 1.53 million new enrollments.

02 New enrollments grew approximately 34.7% quarter over quarter.

03 Enrollment rate increased from 10.3% to 13.9%.

04 Active new rate declined from 23.4% to 21.3%.

SIGNAL

In practical terms, the largest opportunity may not be attracting more sign-ups, but improving what happens immediately after enrollment: first purchases, reward usage, repeat visits, and early engagement with the loyalty program.

BENCHMARK CHART

Enrollment Growth: Q1 Expanded the Loyalty-Eligible Customer Base

Q1 added a large new-member cohort, but activation did not keep pace.

NEW ENROLLMENTS

Q1 added a much larger cohort of new members than Q4.

1.53M

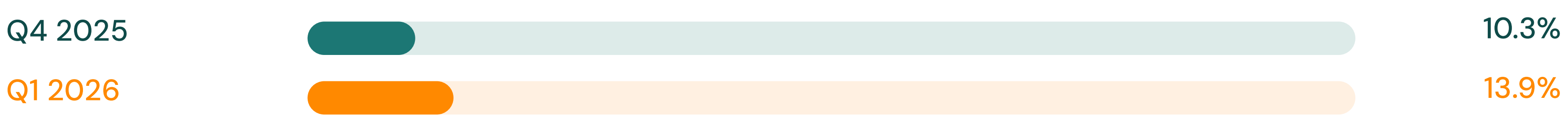
VS 1.13M
IN Q4 2025

ENROLLMENT RATE

Sign-up activity accelerated during the quarter.

13.9%

VS 10.3%
IN Q4 2025

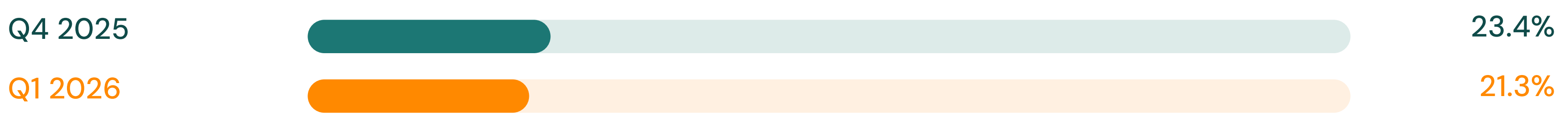


ACTIVE NEW RATE

A smaller share of newly enrolled customers became active in the same quarter.

21.3%

VS 23.4%
IN Q4 2025

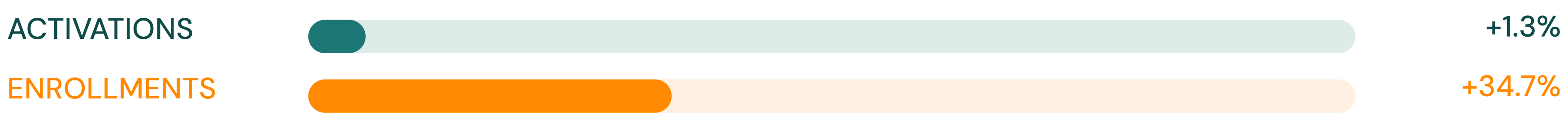


GROWTH GAP

Enrollment growth materially outpaced activation growth.

+34.7%

+1.3%
ACTIVATED MEMBERS



SO WHAT? In practical terms, the largest opportunity may not be attracting more sign-ups, but improving what happens immediately after enrollment: first purchases, reward usage, repeat visits, and early engagement with the loyalty program.

ANALYSIS

Enrollment Growth: Q1 Expanded the Loyalty-Eligible Customer Base

The enrollment rate also increased from 10.3% in Q4 to 13.9% in Q1, suggesting that loyalty sign-up activity accelerated during the quarter.

At the same time, active participation from newly enrolled members did not grow at the same pace.

In Q1, approximately 365,800 active loyalty members came from the current quarter's new enrollment cohort, representing 21.3% of active loyalty members. In Q4, that figure was 23.4%.

The decline does not mean fewer customers enrolled. In fact, enrollment volume increased substantially. Instead, it suggests that a smaller share of newly enrolled customers became active members during the same quarter.

This gap becomes more visible when comparing enrollment growth with activation growth directly. New enrollments increased by 34.7% quarter over quarter, while newly activated members grew by only 1.3%.

The benchmark suggests that many dispensaries were successful at driving loyalty sign-ups in Q1, but experienced a weaker conversion from enrollment into active participation.

BENCHMARK SUMMARY

Activation: Faster First Earn, Lower Activation Coverage

31.8%

Activation rate declined from 31.8% to 23.9%.

KEY POINTS

01 Activation rate declined from 31.8% to 23.9%.

02 The decline equals -7.9 percentage points quarter over quarter.

03 Average days to first earn improved from 24.3 days to 6.3 days.

04 Activated member count stayed nearly flat despite much higher enrollment volume.

SIGNAL

For dispensaries with already strong enrollment growth, the next challenge may be helping newly enrolled customers reach their first meaningful interaction with the program as quickly and consistently as possible.

BENCHMARK CHART

Activation: Faster First Earn, Lower Activation Coverage

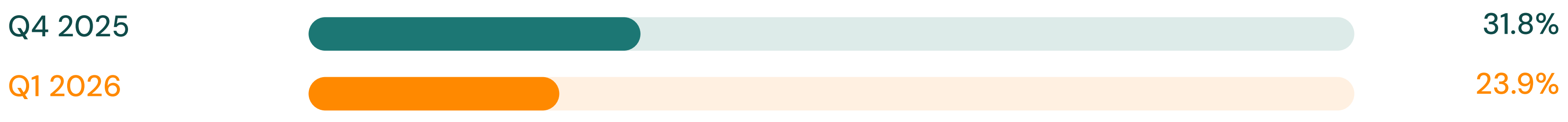
Activation was faster for the members who converted — but weaker across the full enrollment cohort.

ACTIVATION RATE

A smaller share of new members reached first earn.

-7.9pp

23.9% VS 31.8%
QOQ DECLINE

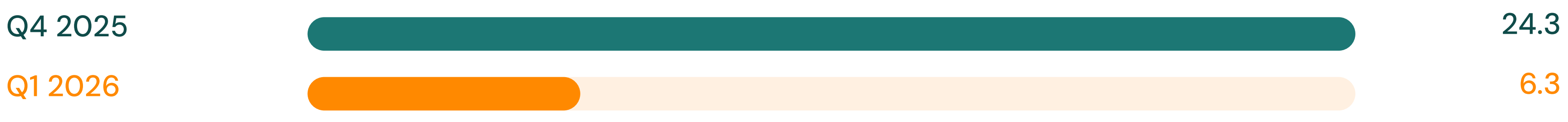


TIME TO FIRST EARN

Those who did activate moved much faster.

6.3 days

-18 DAYS
VS Q4 2025



ACTIVATED MEMBERS

Activation volume barely moved despite a bigger funnel.

365K

+4.6K
VS Q4 2025

FUNNEL DIVERGENCE

Sign-ups raced ahead while activations stayed flat.

+393K

+4.6K
ACTIVATIONS

SO WHAT? For dispensaries with already strong enrollment growth, the next challenge may be helping newly enrolled customers reach their first meaningful interaction with the program as quickly and consistently as possible.

ANALYSIS

Activation: Faster First Earn, Lower Activation Coverage

In Q1 2026, approximately 365K newly enrolled members activated out of 1.53 million enrollments. This resulted in an activation rate of 23.9%. In Q4 2025, approximately 360K members activated out of 1.13 million enrollments, resulting in a higher activation rate of 31.8%.

The comparison shows that Q1 generated significantly more enrollments overall, but a smaller percentage of those newly enrolled members reached their first earn event within the quarter.

At the same time, activation speed improved substantially. Average time to first earn dropped from 24.3 days in Q4 to 6.3 days in Q1. This suggests that members who did activate moved through the early loyalty journey much faster than before.

The benchmark therefore points to two different patterns happening simultaneously: activation became faster for engaged members, but activation coverage across the full enrollment cohort became weaker.

ANALYSIS

Activation: Faster First Earn, Lower Activation Coverage · continued

This becomes especially visible when comparing absolute growth numbers. Q1 added approximately 393,000 more enrollments than Q4, but generated only about 4,600 additional activated members.

The data alone does not explain exactly why the activation rate declined. Some of the differences may come from the larger Q1 enrollment cohort having less time to transact before the quarter ended. Other factors may include program structure, campaign timing, purchasing behavior, or differences between participating dispensaries.

What the benchmark does show clearly is that enrollment alone is not enough to drive loyalty performance.

BENCHMARK SUMMARY

First Redemption: The Largest Post-Enrollment Gap

13.2%

First redemption rate declined from 13.2% to 6.6%.

41.5%

Earn-to-redemption conversion declined from approximately 41.5% to 27.7%.

KEY POINTS

01 First redemption rate declined from 13.2% to 6.6%.

02 The rate was cut in half quarter over quarter.

03 Average days to first redemption improved from 55.1 days to 22.1 days.

04 Redeemers are redeeming faster, but fewer members are reaching redemption.

SIGNAL

One of the clearest growth opportunities may be improving the path from first earn to first redemption through reward structure, communication timing, and early member engagement.

BENCHMARK CHART

First Redemption: The Largest Post-Enrollment Gap

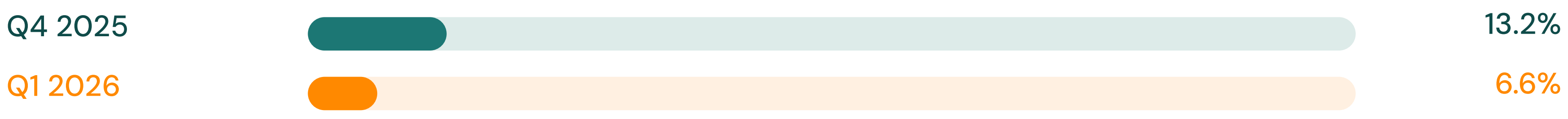
First redemption is the largest post-enrollment gap in the loyalty journey.

FIRST REDEMPTION RATE

Only a small share of newly enrolled members reached first redemption.

6.6%

VS 13.2%
IN Q4 2025

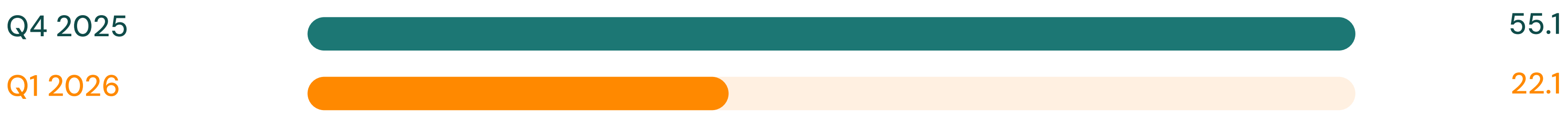


TIME TO FIRST REDEMPTION

Those who redeemed reached value much faster.

22.1 days

VS 55.1 DAYS
IN Q4 2025



FIRST REDEEMERS

Q1 produced fewer first redeemers despite higher enrollment volume.

101K

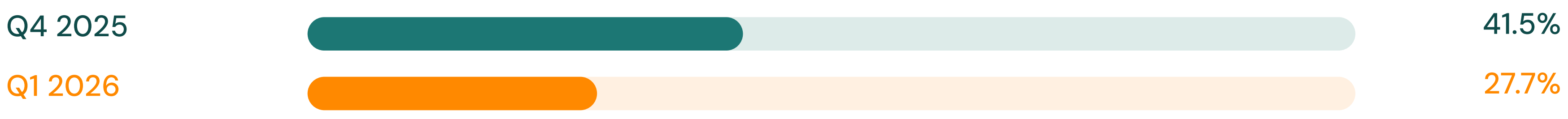
VS 150K
IN Q4 2025

EARN → REDEEM

The biggest leak appears after first earn, before members experience value.

27.7%

VS 41.5%
IN Q4 2025



SO WHAT? One of the clearest growth opportunities may be improving the path from first earn to first redemption through reward structure, communication timing, and early member engagement.

ANALYSIS

First Redemption: The Largest Post-Enrollment Gap

In Q1 2026, approximately 101K newly enrolled members redeemed for the first time. This resulted in a first redemption rate of 6.6%. In Q4 2025, approximately 150K newly enrolled members reached first redemption, resulting in a substantially higher redemption rate of 13.2% back in the days. The comparison shows that the share of newly enrolled customers reaching redemption declined significantly quarter over quarter.

At the same time, customers who did redeem moved through the process much faster. Average time to first redemption improved from 55.1 days in Q4 to 22.1 days in Q1.

This created a similar pattern to activation, but more pronounced: members who reached redemption did so faster, while a smaller share of the overall enrollment cohort progressed to that stage.

ANALYSIS

First Redemption: The Largest Post-Enrollment Gap · continued

The drop is also visible when looking at the transition from activation to redemption. In Q1, approximately 27.7% of activated members progressed to first redemption. In Q4, that figure was approximately 41.5%. This suggests the gap was not limited to enrollment alone. Even after customers reached their first earn event, a smaller share continued toward redemption.

The benchmark indicates that first redemption may now be one of the most important performance milestones in the loyalty journey. Enrollment brings customers into the program. Activation creates initial participation. Redemption is often the point where customers begin experiencing clear value from the program itself. Without redemption, customers may continue accumulating points without developing a strong reason to return, engage more frequently, or change purchasing behavior.

BENCHMARK SUMMARY

The Loyalty Funnel: The Largest Drop Happens After Enrollment

81.7%

The top of the loyalty funnel is strong: 81.7% active customer penetration.

1.53m

The new-member funnel is large: 1.53 million Q1 enrollments.

23.9%

The first major leakage point is activation: only 23.9% of new enrollments reached first earn.

KEY POINTS

01 The top of the loyalty funnel is strong: 81.7% active customer penetration.

02 The new-member funnel is large: 1.53 million Q1 enrollments.

03 The first major leakage point is activation: only 23.9% of new enrollments reached first earn.

04 The second major leakage point is redemption: only 6.6% of new enrollments reached first redemption.

SIGNAL

A mature loyalty strategy should therefore manage the funnel in stages: Enrollment: Is the customer in the loyalty system? Activation: Has the customer earned for the first time? Eligibility: Has the customer accumulated enough value to redeem? Redemption: Has the customer experienced the value of...

BENCHMARK CHART

The Loyalty Funnel: The Largest Drop Happens After Enrollment

The top of the funnel is strong, but the largest drop happens after enrollment.

ACTIVE CUSTOMERS

The top of the loyalty funnel is strong.

81.7% ACTIVE CUSTOMER PENETRATION

ACTIVE... 81.7%

NEW ENROLLMENTS

The new-member funnel is large.

1.53M Q1 2026 ENROLLMENTS

NEW... 1.53M

FIRST EARN

The first major leakage point is activation.

23.9% OF NEW ENROLLMENTS REACHED FIRST EARN

FIRST EARN 23.9%

FIRST REDEMPTION

The second major leakage point is first redemption.

6.6% OF NEW ENROLLMENTS REACHED FIRST REDEMPTION

FIRST... 6.6%

SO WHAT? A mature loyalty strategy should therefore manage the funnel in stages: Enrollment: Is the customer in the loyalty system? Activation: Has the customer earned for the first time? Eligibility: Has the customer accumulated enough value to redeem? Redemption: Has the customer experienced the value of the program? Repeat purchase: Did loyalty...

ANALYSIS

The Loyalty Funnel: The Largest Drop Happens After Enrollment

Q1 funnel progression:

The sharpest decline occurred between activation and redemption, suggesting that many customers engaged with the program initially but did not continue yet to the stage where loyalty value becomes tangible.

This progression matters because each stage reflects a deeper level of engagement. The benchmark suggests that the largest near-term opportunity may be improving movement between these stages, especially helping activated members reach first redemption more consistently.

BENCHMARK SUMMARY

Loyalty as Communication Infrastructure

81.3%

Loyalty members had 81.3% email reach, compared with 26.2% for non-members.

28.2%

Loyalty member email open rate reached 28.2%, versus 1.0% for non-members.

KEY POINTS

01 Loyalty members had 81.3% email reach, compared with 26.2% for non-members.

02 Loyalty member email open rate reached 28.2%, versus 1.0% for non-members.

03 Loyalty members were both easier to reach and significantly more likely to engage with dispensary communications.

04 The benchmark suggests that loyalty programs may strengthen owned communication channels alongside customer retention.

SIGNAL

Higher reach and open rates among loyalty members suggest that loyalty enrollment may strengthen direct communication performance across email campaigns and customer messaging.

BENCHMARK CHART

Loyalty as Communication Infrastructure

Loyalty members are not only higher-value — they are also far more reachable through owned channels.

EMAIL REACH

Members are about 3× easier to reach by email.

3.1×

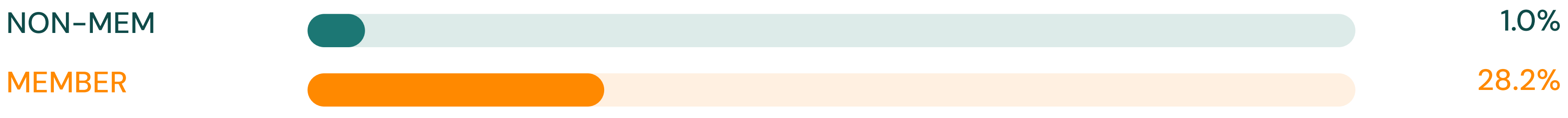
81.3% VS 26.2%
MARKETABLE INBOX

EMAIL OPEN RATE

Members are ~28× more likely to open emails.

28×

28.2% VS 1.0%
OPEN RATE

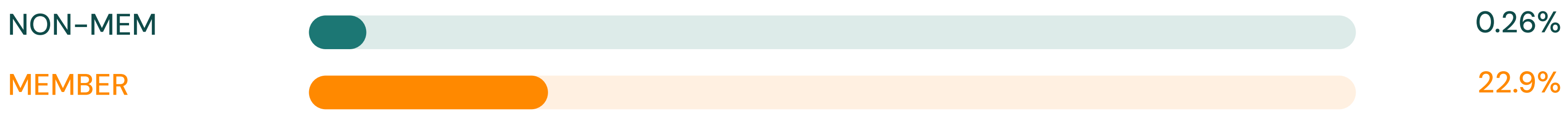


END-TO-END OPEN

Combined reach × open multiplies the gap.

88×

22.9% VS 0.26%
ACTUALLY CONSUMED



REACH PREMIUM

Membership widens the inbox by 55 percentage points.

+55.1pp

MEMBER LIFT
EMAIL REACH

SO WHAT? Higher reach and open rates among loyalty members suggest that loyalty enrollment may strengthen direct communication performance across email campaigns and customer messaging.

ANALYSIS

Loyalty as Communication Infrastructure

In Q1 2026, loyalty member email reach reached 81.3%, compared with 26.2% for non-members. Loyalty member email open rate reached 28.2%, while non-members averaged only 1.0%.

This suggests that loyalty participation was associated not only with stronger purchasing behavior, but also with stronger communication access and engagement.

03

Strategic Implications

What the benchmark implies for loyalty program management, onboarding, redemption and lifecycle marketing.

STRATEGIC IMPLICATION

Enrollment is not the main bottleneck

Sweed's analyzed customer base already has high loyalty coverage.

In Q1 2026, 81.7% of active customers within the same data sample were loyalty members. Loyalty members also generated 89.4% of total revenue.

This means the core loyalty challenge is not simply getting customers into the loyalty system.

The bigger opportunity is moving customers through the post-enrollment journey: first earn, first redemption, repeat purchase, and reactivation.

For mature loyalty programs, enrollment is only the beginning of the funnel.

STRATEGIC IMPLICATION

First earn should be managed as a 7-day milestone

Average time to first earn improved from 24.3 days to 6.3 days in Q1.

That is a strong signal. It means activated members are reaching their first value-producing action much faster.

However, activation rate declined from 31.8% to 23.9%.

The operational goal should therefore be to increase activation coverage while preserving the faster time-to-first-earn.

A practical benchmark could be:

Move more newly enrolled members to first earn within the first 7 days.

This milestone is short enough to be operationally useful and close enough to enrollment to function as onboarding.

STRATEGIC IMPLICATION

First redemption is the real value moment

First redemption rate declined from 13.2% to 6.6% quarter over quarter.

Earn-to-redemption conversion also declined, from approximately 41.5% to 27.7%.

This suggests that many members who earn do not progress to redemption within the period.

That matters because redemption is where the customer experiences the value of the program.

A customer who earns points but never redeems may not perceive the loyalty program as meaningful. A customer who redeems receives a concrete benefit, which can reinforce the loop between purchase, reward, and repeat purchase.

For this reason, first redemption should be treated as a core loyalty activation milestone, not as a secondary metric.

STRATEGIC IMPLICATION

Loyalty is an owned audience advantage

Email reach among loyalty members was 81.3%, compared with 26.2% among non-members.

Open rate among loyalty members was 28.2%, compared with 1.0% among non-members.

This indicates that loyalty members are far more accessible through owned channels.

For brands, that changes the role of loyalty data. It should not sit separately from CRM, campaign orchestration, and customer lifecycle marketing.

Loyalty status, points balance, tier, earn behavior, redemption behavior, and inactivity should all be usable as campaign triggers and segmentation inputs.

STRATEGIC IMPLICATIONS

Strategic takeaways

01 Loyalty has already achieved high reach across active customers.

02 The main growth opportunity is post-enrollment conversion.

03 First earn should become a managed onboarding event.

04 First redemption should become a core loyalty success metric.

05 Loyalty data should power CRM and lifecycle marketing.

06 Client-level differences suggest that mechanics, thresholds, and communication flows matter.

04

Conclusion

Loyalty reach is high. Loyalty performance is now won after enrollment.

CONCLUSION

Conclusion

Q1 2026 shows that loyalty is already the dominant layer of customer revenue across the Sweed customer base.

Loyalty members represented 81.7% of active customers and generated 89.4% of total revenue. They spent 1.9x more per customer, visited 1.7x more often, and had a repeat buyer rate of 59.7%, compared with 24.1% among non-members.

They were also substantially more reachable. Email reach among loyalty members was 81.3%, compared with 26.2% among non-members. Open rate was 28.2% among loyalty members, compared with 1.0% among non-members.

These findings show that loyalty members are the most commercially important and most reachable customer segment in the analyzed base.

But the Q1 benchmark also shows that loyalty performance now depends on what happens after enrollment.

CONCLUSION

Conclusion · continued

New enrollments grew strongly, reaching 1.53 million in Q1. Yet activation rate declined from 31.8% to 23.9%, and first redemption rate declined from 13.2% to 6.6%.

At the same time, time-to-value improved. Average days to first earn dropped from 24.3 to 6.3 days, and average days to first redemption dropped from 55.1 to 22.1 days.

This creates the core conclusion of the report:

Loyalty reach is high. Loyalty performance is now won after enrollment.

The next growth opportunity is not simply adding more members but moving more members through the loyalty funnel: from enrollment to first earn, from first earn to first redemption, and from first redemption to repeat purchase.

For brands, that means loyalty should be managed as a performance system.

For Sweed, the opportunity is to help clients identify exactly where their loyalty funnel loses value — and then improve activation, redemption, retention, and measurable revenue impact.

FINAL TAKEAWAYS

Final key takeaways

01 Loyalty already covers the majority of active customers.

02 Loyalty members generate nearly 90% of revenue.

03 Members are more valuable, more repeatable, and more reachable than non-members.

04 Enrollment is growing, but activation and redemption are not scaling at the same pace.

05 The largest performance gap is first redemption.

06 The next phase of loyalty growth is post-enrollment optimization.

NEXT STEP

Turn Loyalty Into a Repeat Revenue Engine with Sweed

Schedule a demo to discuss loyalty program needs for your dispensary brand.

Schedule a Demo

CAPABILITIES

01 Tier-Based Loyalty Program

Build multi-level loyalty systems with flexible progression rules, cashback, points, exclusive pricing, and automated tier movement...

02 Gamified Challenges & Engagement

Launch recurring challenges and automated reward mechanics that encourage repeat visits and ongoing participation throughout the month.

03 Flexible Rewards & Margin Control

Manage sign-up bonuses, cashback, free products, birthday rewards, and promotional offers while controlling how discounts stack across...