ORACLE

How to Engage Customers Across Every Generation

Consumer research illustrates what makes customers loyal, their attitudes towards loyalty programs, their shopping preferences, and how to engage them beyond the purchase.

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INTRODUCTION

Many marketers today focus their efforts on earning the loyalty of Millennial and Gen Z consumers.

However, brands would be remiss to ignore the spending power and influence of mature consumers. While the high spending propensity and power of younger generations seems to take center stage, older generations, with more fiscal responsibility and different spending habits, tend to be overlooked when it comes to allocation of marketing spend. There is a huge opportunity in multigenerational marketing. Understanding the nuances that exist between generations regarding brand expectations can help brands to capture greater market share. And appreciating the frustrations of each generation of consumers and proactively creating experiences that respect and respond to those distinctions is necessary for brands to establish relationships and earn loyalty.

CrowdTwist (acquired by Oracle in October 2019) conducted research into what makes customers loyal, their attitudes towards loyalty programs, their shopping preferences, and how to engage them beyond the purchase.

This white paper, the second in a two-part series, provides an overview of those findings from a generational perspective and guides brands on the importance and impact of creating programs that are personalized with respect to generational differences. The first report—*The Marketer's Guide to Brand Loyalty*—presents general findings from the research and the brands that consumers are most loyal to. It also provides insight into the features of the most popular loyalty programs in-market today.

While the high spending propensity of younger generations takes center stage, older generations with more fiscal responsibility are overlooked when it comes to allocation of marketing spend.

RESEARCH DEMOGRAPHICS

The research this white paper is based on was conducted in July 2019 on 1,244 consumers from across the United States. The online survey queried consumers on loyalty programs, brand engagement, personalization, and shopping experiences. The following tables summarize the demographic profile of each generation based on the survey results. All monetary values are in US dollars.

GEN Z RESPONDENTS (AGES 18-23)	
43% male	**57% female**

- 52% of Gen Z respondents have a household income of less than $49,000. 26% have a household income of between $50,000 and $99,000.
- The majority (72%) of respondents are single, never married. Only 6% are married.
- 13% are parents to children under the age of 18.

MILLENNIAL RESPONDENTS (AGES 24-38)	
39% male	**61% female**

- 30% of Millennials have a household income of less than $49,000.
- 11% have a household income of more than $150,000.
- 41% are married, 2% are divorced, and 32% are single and never married.
- 38% are parents to children under the age of 18.

GEN X RESPONDENTS (AGES 39-53)

47% male	53% female

- 36% of Gen X have a household income of over $100,000. 27% have a household income of less than $49,999.
- 53% are married, 8% are divorced, and 21% are single and never married.
- 40% are parents to children under the age of 18.

The research in this study was conducted in July 2019 and reflects the responses of 1,244 consumers.

BABY BOOMER RESPONDENTS (AGES 54-72)

44% male	56% female

- 37% of Baby Boomers have a household income of over $150,000. 27% have a household income of less than $49,999.
- 61% are married, 13% are divorced, and 5% are widowed. Only 12% are single and never married.
- 6% are parents to children under the age of 18.

SILENT GENERATION RESPONDENTS (AGES 73+)

51% male	49% female

- 69% of the Silent Generation have a household income of less than $99,000. 12% have a household income of over $150,000.
- 61% are married, 16% are divorced, and 15% are widowed. Only 4% are single and never married.
- 2% are parents to children under the age of 18.

In this report, you will find guidelines rooted in the research that are meant to inform on ways that brands can build impactful loyalty programs that consumers want.

DRIVING BRAND LOYALTY

Choosing a brand can be both an emotional and rational decision. The research shows that what consumers expect from brands in exchange for their loyalty varies across the generations.

Millennials have nostalgic ties to brands more than any other generation.

When asked what emotions they feel when they think about their favorite brands, almost half of the total number of respondents answered "happy." The second strongest emotion for Gen Z, Millennials, and Gen X is "excited." For Baby Boomers and the Silent Generation, it's "understood."

**How consumers' favorite brands make them feel**
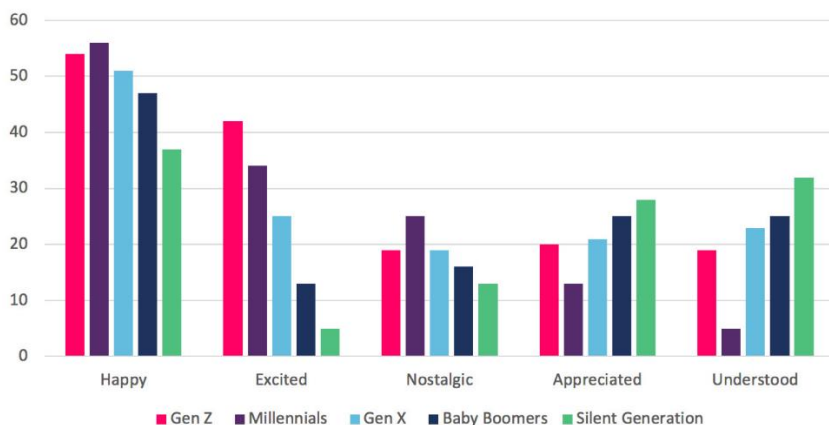
Older generations are more loyal to brands that offer reasonably priced products.

Participants selected the three primary reasons they are loyal to their favorite brands. Fair pricing and product selection came out as top reasons across all generations. Baby Boomers and the Silent Generation cared most about fair pricing. A good product selection means the most to Gen Z, Millennials, and Gen X. Gen Z and Millennials also care more than others about free products, while Gen X cares most about great perks such as free shipping.

Interestingly, even with all of the recent hype around social awareness and consciousness in younger generations, the research found that the older generations care more about brand values and community give-back than younger generations.

The most important reasons consumers are loyal to their favorite brands are fair pricing and product selection.

Strongest drivers of brand loyalty
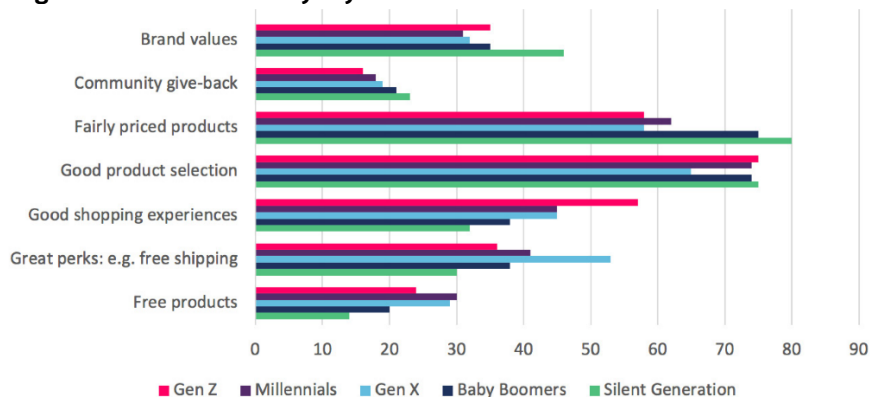
The Silent Generation is the only one not influenced by a loyalty program.

71% of Gen X, 70% of Millennials, 63% of Baby Boomers, and 62% of Gen Z answered that they could be persuaded to choose one brand over another due to the presence of a loyalty program. The only generation that isn't influenced by loyalty programs is the Silent Generation. 56% said a loyalty program did not affect their decision to shop with a brand.

Most popular brands by generation

Figure 1 shows the most popular brands for each generational group. Not surprisingly, most of the brands listed have launched inventive and industry leading loyalty programs.

71% of Gen X and 70% of Millennials said a loyalty program influences their brand choices.

Figure 1. *Most popular brands by generation*

The research finds that most consumers want loyalty programs from their favorite brands. The majority of consumers across all generations said they were either a member of their favorite brand's loyalty program or would join a loyalty program if their favorite brand provided one. The percentage for the latter was highest for Millennials (72%). Gen Z is most reluctant to join a favorite brand's loyalty program.

DESIGNING A LOYALTY PROGRAM CUSTOMERS WANT

Designing a loyalty program that attracts and engages members while meeting business objectives requires that marketers understand what resonates with core customers. Finding ways to continually add value to the customer relationship will help build the foundation for any successful loyalty program.

Participation in loyalty programs is highest with Baby Boomers.

79% of Baby Boomers responded that they are active in at least one loyalty program. The least active group is the Silent Generation; 38% answered that they don't participate in any loyalty programs.

Number of active loyalty program memberships
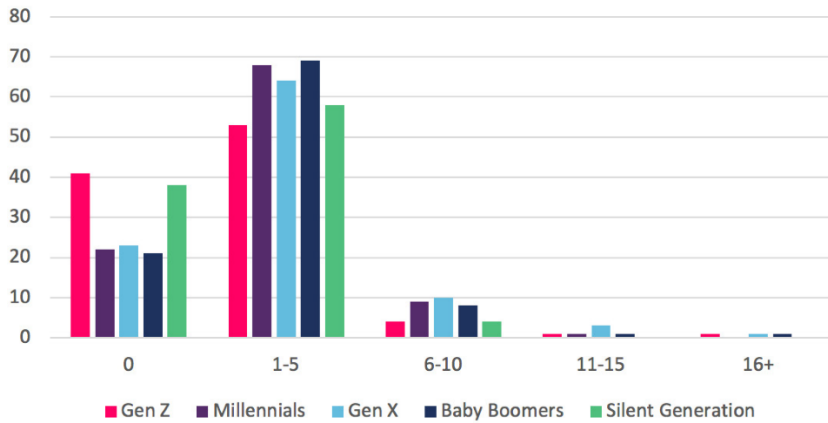
Loyalty program membership is lower than in 2018.

While program participation remains high across all generations, it is 13% lower than last year. The biggest fall off comes from Gen Z. In 2018, 68% were active in at least one loyalty program, this year that percentage has dropped to 59%.

Consumers want programs to offer compelling, easy-to-earn rewards.

The Silent Generation and Baby Boomers will abandon a loyalty program if the rewards aren't compelling or relevant. Gen Z, Millennials, and Gen X are more likely to leave a program when it takes too long to earn points and redeem.

Consumers across all generations join loyalty programs to save money.

The number one reason across all generations for joining a loyalty program is to save money. Where the findings differ is that Millennials find the most value in member-only perks such as free shipping and a personalized experience. Baby Boomers are more interested in VIP treatment than any other generation, and Gen Z is more likely to value milestone rewards than other groups. Gen X is most interested in personalized promotions than any other generation group.

Reasons consumers join loyalty programs
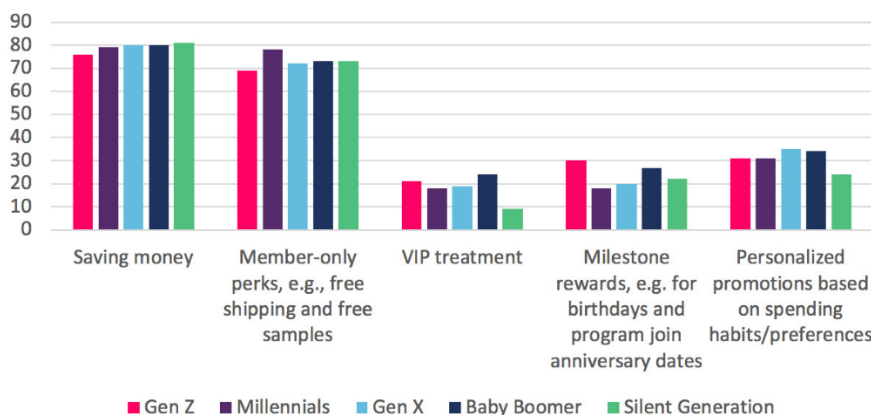
Free delivery was rated the number one loyalty perk across all generations. Free returns and fast delivery matters more to Gen Z than any other generation. Baby Boomers care more about special member pricing than other generations.

Desirable loyalty program perks

Legend: Gen Z | Millennials | Gen X | Baby Boomers | Silent Generation
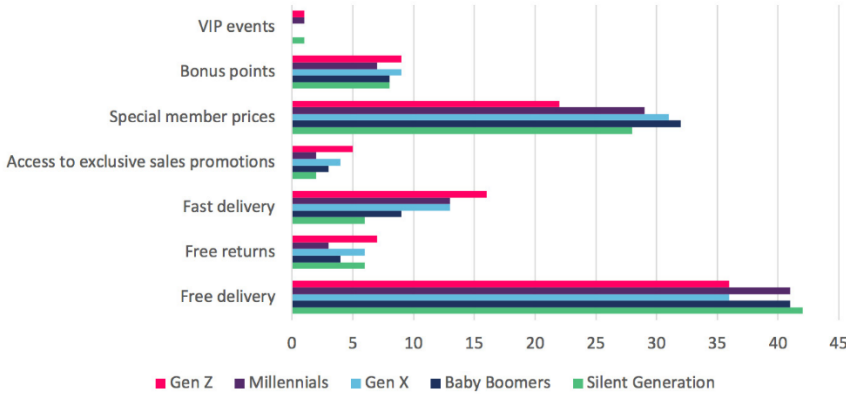
Millennials are most willing to pay for premium loyalty programs.

70% of Millennials understand the value of loyalty programs and are more willing to pay a premium in exchange for valuable perks such as the free shipping provided by Amazon Prime. The Silent Generation was the only group where the majority (59%) answered "no" to paying a fee for a loyalty program.

Millennials redeem more than other generations.

77% of Millennials redeem rewards at least once a quarter. Gen Z, however, redeems the least. Only 26% answered that they never redeem loyalty program rewards; a 12% increase from 2017.

"Money can't buy" rewards are not as popular as other redeemable products or discounts.

In the survey, participants selected all of the rewards that appealed most to them. The most popular reward across all generations was discounts, followed by free products. Gen Z values experiences, charitable donations, "money can't buy" rewards, and partnership perks, such as Uber credit, more than other generations. The Silent Generation and Baby Boomers care about "money can't buy" memorabilia the least.

Most valuable rewards

Legend: Gen Z | Millennials | Gen X | Baby Boomers | Silent Generation

Millennials redeem rewards most often. 77% redeem at least once a quarter.
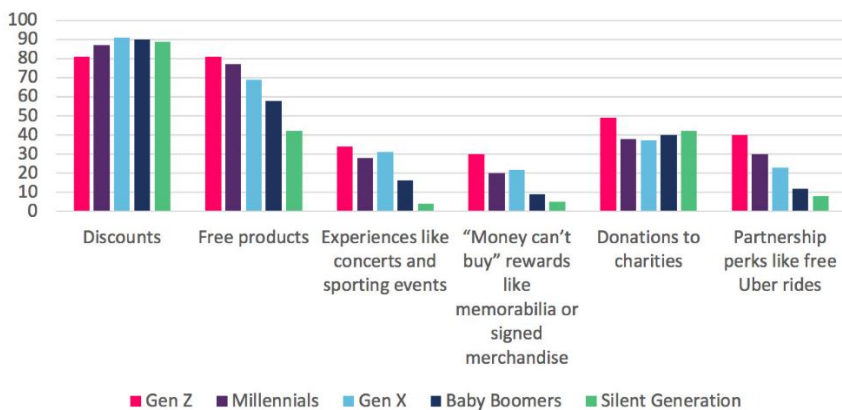
OPTIMIZING SHOPPING EXPERIENCES

Modern consumers across all generations want the flexibility to purchase however, whenever, and wherever is most convenient for them. Omnichannel loyalty programs enable brands to reward consumers for purchases made across every channel.

Most consumers enjoy searching for a bargain.

The majority of respondents answered that they enjoy searching for the best price before making a purchase. The Silent Generation enjoys shopping the least and are least likely to read reviews before purchasing. Gen Z and Gen X enjoy shopping the most. Gen Z is more likely than any other generation to purchase from a brand their friend recommends. Millennials are more likely to read reviews before purchasing compared to other generations.

Most consumers prefer to shop online, Gen Z likes to shop in-store.

The survey asked participants to select all the shopping methods that appeal most to them. Most consumers across all generations prefer to shop online and have the items shipped to their homes, except Gen Z, whose members prefer shopping in-store to shopping online. (Interestingly, the Gen Z population surveyed in 2018 preferred online to in-store shopping.) The second most popular option across the board was in-store. The least popular choice is payless shopping. Gen Z is more interested in trying on in-store with home delivery than other generations. Gen X is more interested in the order online and pick up in-store option compared to other generations.

Preferred ways to shop

Legend: ■ Gen Z ■ Millennials ■ Gen X ■ Baby Boomers ■ Silent Generation

The categories shown (top to bottom): Payless shopping (i.e, visit store, purchase items automatically via app); Try and buy in-store; Order online and have delivered to your home; Try on in-store and have delivered to home; Order online and pick up in-store.

The majority of Gen Z (54%) prefer shopping in-store.

Gen X is most frustrated by long check-out lines in-store.

While the majority of consumers still enjoy trying and buying in retail stores, most consumers stated that long check-out lines are their biggest in-store shopping frustration. While this is the same top frustration as 2018, the percentage of consumers who selected this option is lower than last year. 49% of Gen X (the highest percentage in both years) expressed that this was their biggest frustration in 2018. In 2019, the percentage of Gen X who selected this response is down to 41%.

Gen Z is most frustrated by a lack of access to store inventory or being unable to find what they need quickly. A poor store layout and lack of in-store personalization frustrate the Silent Generation more than the others. 20% of Baby Boomers said poor product selection frustrated them.

High shipping fees deter online shoppers.

Almost half of the consumers surveyed across all generations cited high shipping fees as their biggest online shopping frustration, followed by lengthy delivery wait times.

Baby Boomers and the Silent Generation are more frustrated by having to click through too many times to make a payment and also by a lack of personalization in the browsing experience than the younger generations.

Online shoppers' biggest frustrations

Legend: Gen Z, Millennials, Gen X, Baby Boomers, Silent Generation
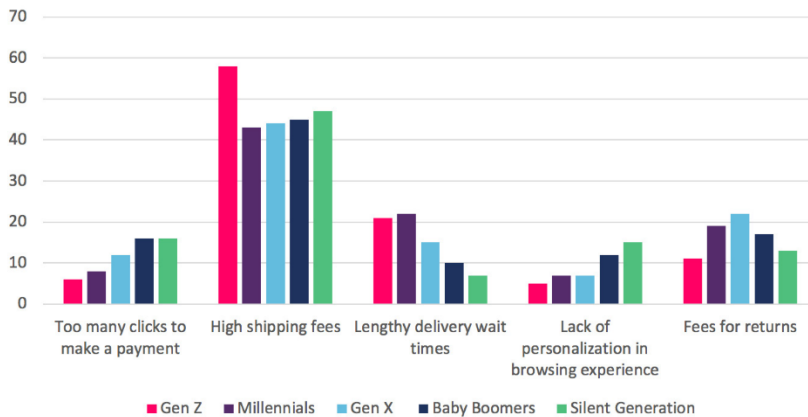
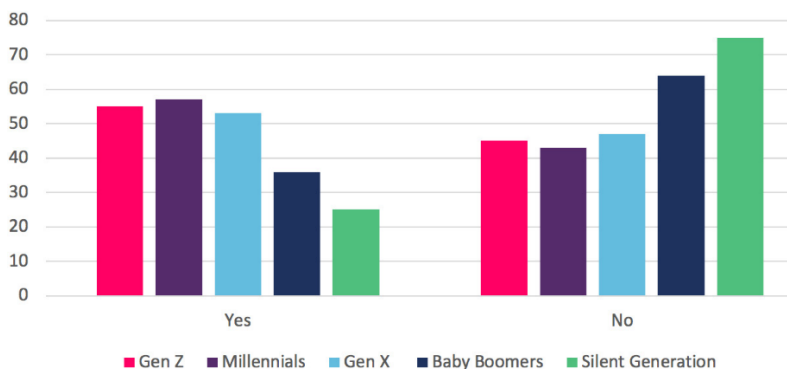## BUILDING MEANINGFUL BRAND RELATIONSHIPS

The most significant advantage loyalty programs provide for brands is access to valuable, rich, first-party data. By leveraging this data, brands can create meaningful, more personalized experiences that drive brand affinity and revenue. However, many marketers struggle to identify and collect the right information to power these experiences or activate programs that truly reflect the information that their consumers have shared.

Millennials are most likely to share their data with brands.

Consumer trust in brands has increased since 2018. The percentages of consumers willing to share personal data with brands in exchange for personalized experiences are higher in 2019.

Gen Z's trust in brands has increased the most significantly, the percentage of those willing to share their data jumped by 9% this year. The biggest skeptics are the Silent Generation: only 21% answered that they were willing to share personal information in exchange for personalized experiences.

Loyalty programs provide brands with access to valuable, rich, first-party data that can be used to create meaningful, more personalized experiences that drive brand affinity and revenue.

Willingness to share personal data in exchange for personalized experiences

Legend: Gen Z, Millennials, Gen X, Baby Boomers, Silent Generation

Younger generations want personalization, but brands fall short.

The majority of consumers want a personalized experience. Of the consumers surveyed, 66% of Gen Z, 64% of Millennials, and 62% of Gen X want to receive personalized recommendations via an app while browsing in-store. However, current personalization efforts made by brands are ineffective. Only 39% of Gen Z, 47% of Millennials, 41% of Gen X, 34% of Baby Boomers, and 24% of the Silent Generation have purchased something that was recommended to them by a brand in the past six months. The good news is these figures are up from last year by 5%.

Purchased a product recommended to them by a brand in the past six months

Legend: Gen Z, Millennials, Gen X, Baby Boomers, Silent Generation
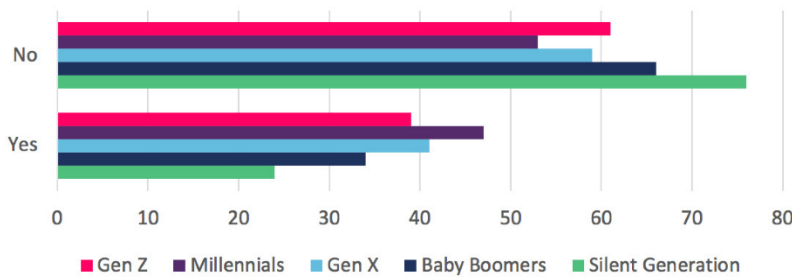
Only 15% of Gen Z, 13% of Millennials, 16% of Gen X, 11% of Baby Boomers, and 4% of the Silent Generation feel like their favorite brand personalizes experiences very well for them.

Gen Z is more likely to refer a friend, and Millennials are more likely to write reviews.

Brands are increasingly adopting engagement-based loyalty programs that reward for activities beyond spend—such as taking surveys, consuming branded content, referring friends, and more. The research found that consumers want to be rewarded automatically for every brand interaction.

For example, most respondents across all generations answered that they want to be awarded points for walking into a brand location, restaurant, gym, or store. 79% of Gen Z, Millennials, and Gen X, plus 77% of Baby Boomers and 64% of the Silent Generation want to be rewarded with points for walking into a store or restaurant.

Most popular engagement activities

Legend: Gen Z, Millennials, Gen X, Baby Boomers, Silent Generation
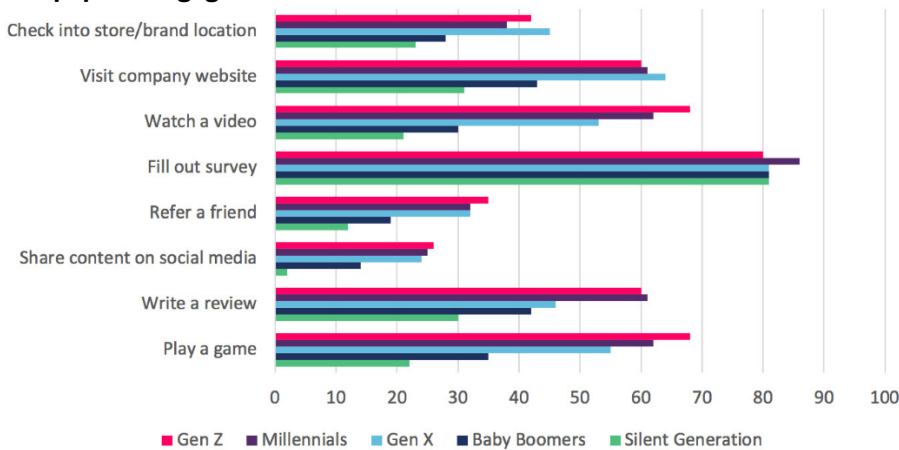
Only 36% of Baby Boomers and 21% of the Silent Generation are willing to share personal information in exchange for personalized experiences.

The research indicates completing surveys is the most popular engagement activity within loyalty programs across all generations. In addition, the younger the generation, the more interested they are in playing a game to earn points. Gen Z is also more likely to refer friends to their favorite brand, share social media content, play a game, and watch videos. Millennials are more likely to write reviews than any other generation and prefer to be rewarded for visiting a website more than any other generation. Gen X prefers to be rewarded for checking into a store and visiting a company website more than other groups.

MOST POPULAR LOYALTY PROGRAMS BY GENERATION

Survey respondents listed which programs they are most active in. Here's a list of the top programs for each generation.
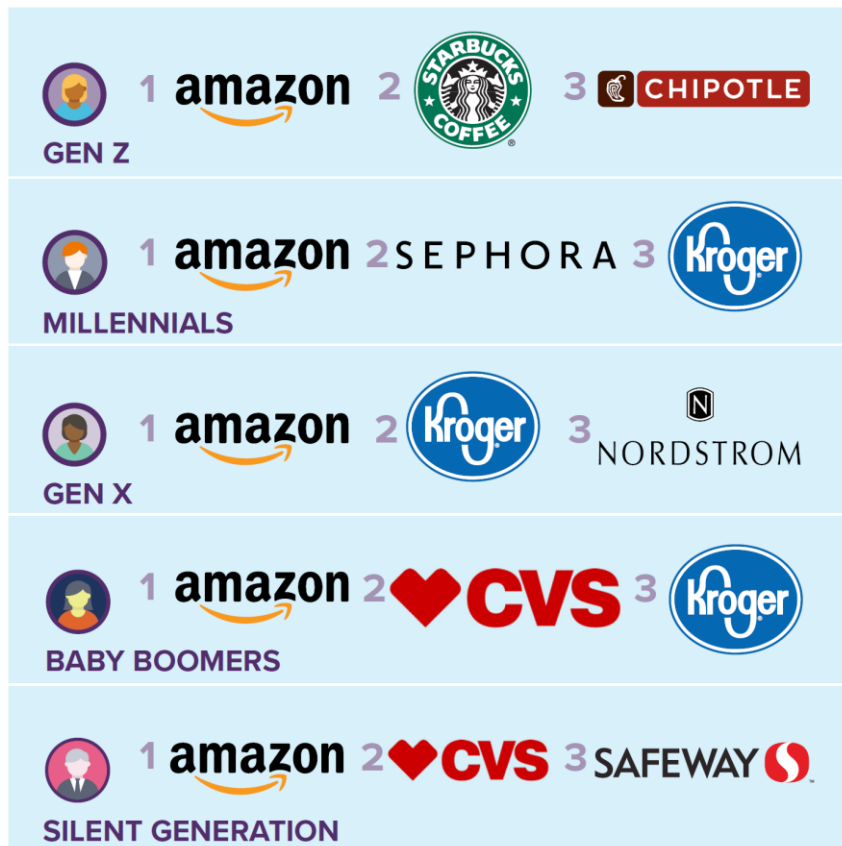

Figure 2. Most popular loyalty programs by generation

Gen Z is more likely to refer friends to their favorite brand, share social media content, play a game, and watch videos. Millennials are the generation most likely to write reviews.

EARNING LOYALTY ACROSS THE GENERATIONS

Based on findings from the research, this section gives a short profile of each generation and provides recommendations for generation-based marketing.

Gen Z

GEN Z PROFILE

Gen Z enjoys shopping the most. After a tumultuous year in 2018, brands have been able to rebuild some trust with this generation. Brands that take a thoughtful approach to program design and invest in personalization have the opportunity to win the loyalty of the youngest generation of consumers.

Refresh your loyalty program. Gen Z has grown tired of legacy loyalty programs. Despite their likelihood to purchase from a brand with a loyalty program, they are active in fewer programs than in 2018 and less inclined to sign up for new ones. This membership decline can be attributed to poor program strategy and design as well as an inability to create value for members. According to the research, Gen Z abandons programs when it takes too long to earn points, and they redeem rewards less than any other generation. Programs targeted towards this consumer group must be easy to participate in and offer compelling and achievable rewards to keep members engaged. Gen Z wants perks such as free delivery, fast delivery, discounts, and free products and are willing to work for those rewards. Rewards such as charitable donations and brand experiences are also important to this group.

Reward them for every action they take with your brand. Gen Z wants to be recognized for every interaction with a brand, including walking into a store. They are willing to complete brand-valuable activities including survey fills, writing reviews, and playing games. To target this generation, brands must maximize engagement opportunities available in the program to keep members active between purchases.

Reinvest in brick and mortar stores. Gen Z enjoys shopping more than the other generations, and good shopping experiences are an important driver of brand loyalty. While most consumers across the board primarily buy online, most of the Gen Z population surveyed shop in-store. If your brand targets Gen Z consumers, a good in-store shopping experience is crucial. Their biggest in-store shopping frustrations include long check-out lines and not being able to easily find what they need. Brands can improve the shopping experience by collecting data on consumer behavior and investing in technologies that allow for a personalized in-store experience.

Encourage and reward advocacy. Most consumers do their research and shop around before making a purchase. Gen Z is more likely to buy with a brand based on a friend's recommendation. It's not surprising, then, that they're more likely than any other generation to refer friends to their favorite brands. Brands should ensure they encourage Gen Z customers to make referrals by incenting them with desirable rewards as part of their loyalty program offerings.

Invest in greater personalization tools. The majority of Gen Z want to receive personalized recommendations via an app while browsing in-store, however, brands are not executing on personalization to its full potential. Less than 40% of Gen Z have purchased something recommended to them by a brand, and only 15% think their favorite brand personalizes well. This is a huge missed opportunity for brands given that this generation of consumers is willing to share their data in exchange for personalized experiences. Invest in technology that not only captures data but segments customers and communicates with them in meaningful ways.

> Gen Z enjoys shopping more than the other generations, and good shopping experiences are an important driver of brand loyalty.

Millennials

MILLENNIAL PROFILE

Millennials are on track to become the nation's largest living adult generation this year with spending power projected to reach $1.4 trillion annually in 2020.

Invest in a loyalty program. Millennials see great value in loyalty programs. Participation rates are very high, and they are the most willing generation to pay a premium fee for instant perks like free shipping. The majority of Millennials could be persuaded to shop with a brand that has a loyalty program. Brands targeting this consumer group will likely make significant gains from investing in a loyalty program.

Attract loyalty members with savings and member-only perks. Most Millennials join loyalty programs to receive discounts and free products. 79% sign up for loyalty programs to save money. 78% also want member-only perks such as free shipping and free samples. Loyalty programs targeting this consumer group should make their members feel valued by providing member-only pricing, exclusive sales events, promotions, discounts, or money-off rewards.

Offer online shopping perks. Millennials are the biggest group of online shoppers; however, high shipping fees and lengthy delivery times are their biggest online shopping frustrations. Brands can win their loyalty by offering perks such as free shipping and faster delivery. Ensure that your online store is optimized to create a seamless and rewarding shopping experience for Millennials.

Reward for providing feedback. Millennials are more willing than any other generation to write a review. They are also more likely to complete surveys. Brands targeting Millennials have the potential to bring in new business by incenting and rewarding Millennials for providing valuable feedback and endorsing the brand. This type of data is invaluable to a brand and provides unfettered access to what consumers are thinking.

Continue to build trust through personalization. Millennials are more trusting of brands than any other generation. 55% said they would share personal information with a brand in exchange for personalized experiences. This willingness to share information could contribute to the fact that personalization tactics have been most effective in this generation. 47% of Millennials have purchased something a brand recommended to them in the past six months. Brands should maximize their data collection and their ability to personalize by incenting this willing group to join a loyalty program.

> Most Millennials join loyalty programs to receive discounts and free products.

Gen X

GEN X PROFILE

Gen X has higher-than-average household income and impressive spending power of $2.4 trillion; however, they are the biggest group of bargain hunters.

Loyalty programs provide a competitive advantage. 71% of Gen X answered that a loyalty program influences their brand selection. Gen X primarily join loyalty programs to save money and take advantage of member-only perks. They want perks like free shipping and are least interested in attending member-only events.

Loyalty programs need to be easy to participate in. The biggest reason Gen X abandon loyalty programs is because it takes too long to earn points. They want to earn points towards discounts, cashback, and free product rewards. Their preferred engagement activities are survey fills, visiting a company website, and playing a game. They are more likely than any other generation to check into a restaurant or store to earn points.

Attract loyalty members with online shopping perks. The biggest frustration of in-store shopping across all generations was long check-out lines, but a higher percentage of Gen X (41%) selected this option. Perhaps this is also why Gen X is the biggest group of online shoppers and the group that shops in-store the least. Their biggest online shopping frustration is high shipping fees. For brands targeting this group, a loyalty program that offers free or discounted shipping as a perk would resonate best.

Personalization is important. Gen X is more interested in personalized promotions than any other generation group. 62% of Gen X want to receive personalized recommendations via an app while browsing in-store, yet only 41% have purchased something that was recommended to them by a brand in the past six months.

Baby Boomers

BABY BOOMER PROFILE

According to U.S. News & World Report, Baby Boomers control 70% of the country's disposable income and spend $3.2 trillion a year. In addition, the research shows Baby Boomers are the most affluent customer group.

Invest in a loyalty program. Loyalty program participation is highest among Baby Boomers. 79% responded that they are active in at least one loyalty program. They are more likely to abandon loyalty programs when the rewards aren't relevant or compelling. Be sure to include rewards such as discounts, free products, and charitable donations. They are least interested in experiential rewards, money can't buy memorabilia or partnership rewards. They enjoy programs with member-only perks like special member pricing and enjoy VIP treatment more than any other generation.

Create omnichannel shopping experiences. Like most consumers, Baby Boomers primarily prefer to shop online. Yet, Baby Boomers, like Gen Z, enjoy in-store shopping more than any other generation. Long check-out lines and poor product selection are the biggest frustrations Baby Boomers have with in-store shopping. Provide flexible shopping experiences across all channels, for example, allow customers to check in-store inventory online and provide payless shopping experiences in-store.

Collect more customer data to personalize better. Only 34% of Baby Boomers have purchased something recommended to them in the past six months. Furthermore, only 11% think their favorite brand personalizes effectively for them. Considering this group is most active in loyalty programs, brands should incentivize Baby Boomers to share data. Data collected through surveys and reviews can be leveraged to create meaningful experiences.

> Gen X is more interested in personalized promotions than any other generation group.

> Loyalty program participation is highest among Baby Boomers, so brands that incentivize them to share data can improve personalization.

The Silent Generation

THE SILENT GENERATION PROFILE

The research finds that this group is the most skeptical of loyalty programs and sharing data with a brand. Perhaps the skepticism comes from being overlooked.

Allocate more marketing budget to this generation. This generation was the only generation where the majority answered that they wouldn't pay a fee in exchange for loyalty program perks. Having a loyalty program had the least influence on brand selection for this generation. It is likely that most programs aren't marketing to this generation at all, or are doing so ineffectively. There is potential for programs targeting this audience to earn loyalty by providing this group with what they want in a brand experience.

Build trust and add value to the relationship. Only 21% said they were willing to share personal information in exchange for a personalized experience. Also, only 24%, the lowest percentage across all generations, say they have purchased something that was recommended to them by a brand in the past six months. Shockingly, only 4% said their favorite brand personalizes well for them. This indicates that there may be a correlation between data sharing and the ability for brands to effectively personalize to this group. This is where loyalty programs can add value by incentivizing consumers to share data in exchange for rewards and relevant experiences.

Create frictionless shopping experiences. The Silent Generation enjoy shopping the least. When shopping in-store, 80% prefer to be left alone, and a poor store layout frustrates them more than the others. When shopping online, the Silent Generation is more frustrated by high shipping fees and also by a lack of personalization in the browsing experience. This mandates the need for a loyalty program that can bridge between the offline and online world and offer browsing support for both in-store and online purchases.

Connect with core values. This generation wants to feel valued and understood more than any other group. They care more than any other generation about brand values and community give back. Brands should ensure that they are socially responsible and thoughtful if seeking to engage this group of consumers.

Create a program that resonates. Silent Generation consumers are attracted to loyalty programs that help them save money, provide special member-only pricing and perks such as free shipping. This group is interested in discounts, free products, and donations to charity.

> The Silent Generation cares more than any other generation about brand values and community give back.

CONCLUSION

The research study conducted in July 2019 affirms that there is no one-size-fits-all approach to loyalty. What drives brand loyalty varies between each generation of consumer; however, there are some key observations from the findings that brands should take into consideration when planning for the future. Customer skepticism towards brands increases with age, and omnichannel shopping experiences are important across all generations.

Brands are continuing to miss the mark with personalization. However, there is a huge opportunity to build in moments to collect rich, actionable data from loyalty programs that can be leveraged for advanced personalization. Understanding the engagement activities consumers are willing to complete is a strong foundation for building a loyalty program that members will want to participate in. By the same

measure, identifying the right mix of rewards is essential to attract members and keep them active in the program. While loyalty programs are popular with younger generations, significant gains can be made from marketing to older generations.

To earn loyalty across all generations, brands need to rethink their approach to loyalty program design, invest in the right data capture and personalization tools, and engage their customers across all brand touchpoints rewarding them for every action they take.

Learn More

Oracle CrowdTwist customer loyalty platform enables brands to unlock unique insights and incremental value through omnichannel engagement. A flexible SaaS solution, Oracle CrowdTwist leverages AI technology and predictive analytics to deepen brand-customer relationships and build emotional bonds. Forrester recognized the platform as a Leader in "The Forrester Wave: Loyalty Technology Platforms, Q2 2019."

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