



The Road to Rewards

What Drives Millennial Loyalty?

Reliant on technology and recommendations, Millennials will switch retailers and brands to “save money any way they can”

 **EXCENTUS**

An Excentus consumer survey by Ipsos eNation, Nov. 2015



Overview

Millennial consumers, aged 18-34, are continuously changing the way U.S. retailers think, sell and measure success. Retail competition is tough. Pricing is continually competitive. A whole new and dynamic customer experience is required to attract online, mobile and brick-and-mortar shopping dollars from the growing Millennial segment.

Loyalty programs, of course, are a critical component of this experience, and are being re-engineered for Millennial consumers. Fiercely loyal to just a few brands, but in general not devoted to many, Millennials want to know: "What's in it for me?"

A 2015 Excentus-sponsored Ipsos eNation survey of 1,016 U.S. consumers found that Millennials are:

- More willing to embrace technology to track and redeem their loyalty program rewards
- More enthusiastic about saving on everyday driving costs
- More likely to be influenced to join a loyalty program based on a family member's or friend's recommendation

Millennials, who currently represent 25% of the U.S. population and over \$200 billion in annual spending, are price-sensitive and less brand-loyal. According to the July 2015 survey, Millennials are more willing to switch brands, retailers, grocers or shopping behaviors to earn a loyalty program savings of up to \$1/gallon on gas. While all generations of respondents chose fuel savings as their preferred loyalty-program incentive (37%), Millennials continually opt for their right to choose, favoring retailer/brand-specific coupons (26%) over fuel savings (25%) by only a single percentage point. Surveyed Millennials like "saving money any way they can," which dramatically affects their shopping behavior and everyday brand loyalty.

Millennials Embrace Fuel Savings to Save on Driving

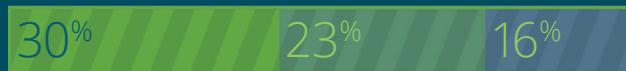
A July 2015 survey of more than 1,000 U.S. consumers found that all consumers like earning loyalty program rewards that help them save on the cost of gasoline. But Millennials—the 83.1 million consumers who make up 25% of the U.S. population today—bring a unique perspective to the loyalty rewards experience.

Millennials are similar to Generation Xers (35-54 year-olds) and Baby Boomers (55 and older) in that they join rewards programs for common reasons:

- ① To save money any way they can
- ② To earn points/rewards from everyday purchases
- ③ To free up household budgets by reducing the everyday cost of gasoline

While the majority of all three groups earn fuel savings from grocery store programs, Millennials are more likely than Generation Xers and Boomers to earn rewards from:

A retail store program



30% Millennials / 23% Gen X / 16% Boomers

An oil/gas brand credit card



26% Millennials / 20% Gen X / 20% Boomers

A travel rewards program



14% Millennials / 6% Gen X / 5% Boomers

A professional or industry association program



14% Millennials / 3% Gen X / 2% Boomers

Both Gen Xers (40%) and Boomers (42%) belong to fuel savings rewards programs more than any other type of program, while Millennials rank their top three rewards programs in this order:

- ① *Retailer/brand coupons (26%)*
- ② *Fuel savings rewards (25%)*
- ③ *Instant discounts at the cash register (23%)*

"Bring on the Technology!"

Raised on The Internet, Millennials are More Tech-Savvy and More Mobile-Friendly than Gen Xers, Boomers

Born in the early 1980s and the dawn of the Internet age, Millennials are known to be very tech-savvy and unafraid of exploring new ways to manage their lives through technology and frequent communication. That sentiment is apparent

in this survey, with one-third (33%) of Millennials preferring to check their rewards status on a mobile app – twice the rate of Gen Xers (16%) and more than 5 times the rate of Baby Boomers (6%).

Prefer to check reward status via...

Mobile app



Membership card



Wearable device

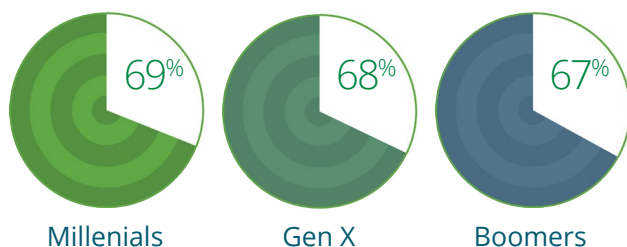


Web via smartphone/tablet

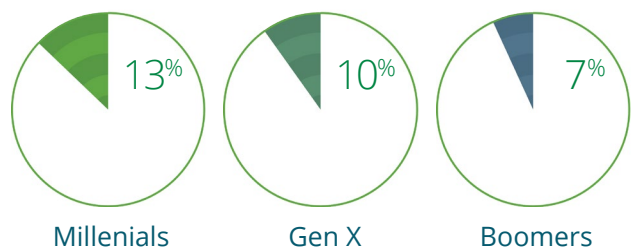


And while all age groups say they interact with their rewards programs at least once a month, Millennials are more likely to earn, check or redeem their rewards daily.

Check rewards at least once a month



Check rewards daily

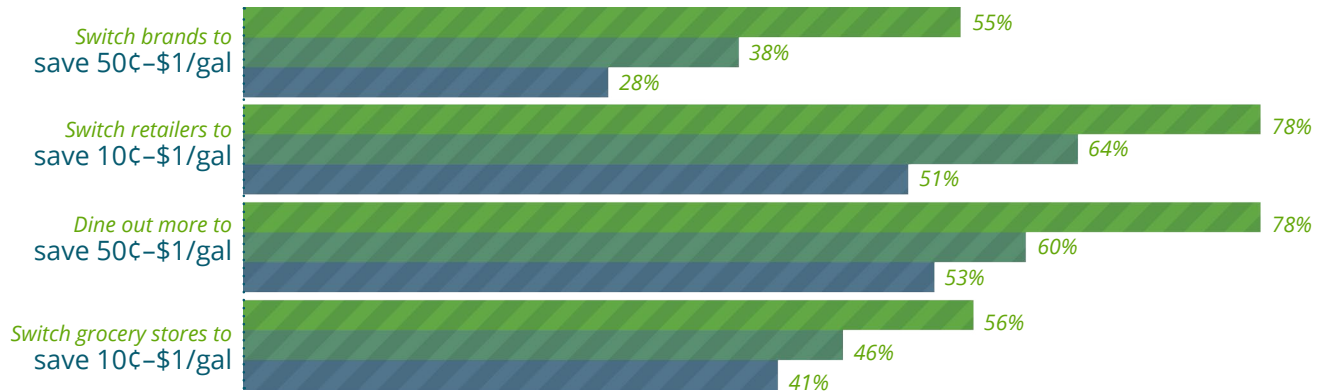


Millennials:

Less brand loyal than Gen X and Boomers and more easily swayed to take advantage of savings

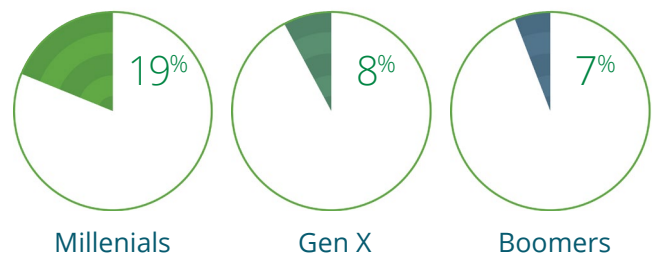
Millennials like earning rewards from loyalty programs to save money. But across the board, Millennials indicate they are willing to switch their

allegiance to specific brands or retailers if doing so means they can earn more rewards and save more, especially on fuel.



The Impact of Peers and Networks: Important For Millennials

Often known for their social networking prowess and group affinity, Millennials are more likely than other demographic segments to join a fuel savings rewards program based on a recommendation from a family member/friend.



What keeps Millennials from joining a fuel savings program?

Twenty-two percent (22%) don't own a car, 21% are not aware such programs exist, and 16% don't belong to any rewards programs – the highest non-participation rate among all three groups (compared with 12% non-participation among Middle-Agers, 10% among Boomers).

At 54%, Millennials are also less likely than Gen X (67%) or Boomers (78%) to pay attention to the price of gasoline even though they embrace saving money on fuel.



Conclusion

Based on consumers' responses and behaviors, retailers now have more data and insight into the incentives that Millennials and all shoppers enjoy most in rewards and loyalty programs.

Whether stand-alone or combined with other rewards programs, the ability to save money on fuel is a very popular, frequently used and sought-after incentive. Today's consumers enjoy the value and budget-friendly impact of fuel savings, and the regularity and frequency with which they can enjoy and redeem the rewards they earn. And it's clear that Millennials present

unique opportunities for marketing, messaging and engagement. Retailers and merchants can take advantage of these new findings as they create and enhance their rewards programs, especially if they are interested in more program activity and deeper customer satisfaction and loyalty from the growing and influential Millennial segment.

Coming soon

The Midwest Embraces Fuel Savings Slightly More than West, South & Northeast Regions

The next update from the Excentus-Ipsos eNation survey will explore regional and demographic differences in consumers' preferences for and activities with loyalty program rewards and incentives. Midwestern consumers (57%), for example, are more likely than those in other U.S. regions to belong to a fuel savings rewards program, compared with 56% membership rates in the West, 52% South and 50% Northeast.

Media and Analyst Inquiries

Additional information and data from this survey is available to analysts and media professionals who cover customer loyalty, rewards programs, consumer behaviors, the retail sector and other

related topics of interest. For upcoming reports, research, articles or editorial calendars, please contact Vanessa Horwell, vhorwell@thinkinkpr.com or call +1-305-759-5342 ext. 232.

The third and final survey report from our business intelligence unit will be:

- *American Shopper Insights:* A closer look, based on demographics and region, at consumer preferences around retailer incentives and rewards.



At Excentus, we create programs that help lower the cost of everyday life. Whether through direct-to-consumer programs like the Fuel Rewards® and fuelperks! programs, or through companies utilizing our Centego products and services, Excentus' proprietary software engine helps numerous loyalty and marketing programs drive down the cost of everyday commodities like gasoline. In fact, since 2012, Excentus has helped consumers and small businesses across America save over \$600 million at the pump. Creating real savings that positively affect the everyday lives of real people – that's what Excentus is all about. Founded in 1996 in Dallas, TX, Excentus is a privately held company with more than 200 employees.

<http://www.excentus.com/>



Ipsos is the world's third largest survey research firm with offices in 56 countries. In North America, Ipsos consists of 1,500 research professionals across 30 locations in the U.S. and Canada. Both the Ipsos survey invitation list and the returned data are weighted to reflect the demographic composition of the U.S. adult population.

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