

BUILDING FOUR **LOYAL** **GENERATIONS**

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Customer loyalty has become a trivial aspect for marketers in many industries today. On the one hand, executives understand the importance of an effective programme. Increasing retention rates by just 5 per cent can push profits up by anywhere between 25 to 95 per cent, according to statistics gathered by Bain & Company.

The flip side of this is the simple fact that organisations are having difficulties creating schemes that align with the wants and needs of each generation - Centennials, Millennials, Generation X and Baby Boomers. Each group grew up under different conditions and, in turn, their ingrained values affect which types of customer loyalty programmes they buy into and which they ignore.

Spending power isn't easily won over. On average, 70 per cent of satisfied consumers don't even return to make another purchase, B&C reported. This is likely because many companies are viewing customers as a collective, rather than modelling a loyalty scheme off their individual personas. Doing so requires going beyond the normal call of duty - coupons and discounts just don't move the needle enough anymore.

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CENTENNIALS (GENERATION Z): 1998 - PRESENT

The youngest group of shoppers have a sizable spending capital: roughly \$44 billion. Born after 1998, this generation has always been surrounded by technology, which has in part helped mould the recent success of e-commerce

They've also shown waning brand loyalty. Their sole focuses are on product quality and the reputation of the company in relation to environmental sustainability. Just 30 per cent of Centennials view a traditional loyalty program as something that makes a retailer unique in their eyes, Ernst and Young reported. More so than other generations, a company will have to develop unique and fun ways to interact with this group if it wants to retain them as repeat customers.

Retailers can appeal to the digital aspect of Centennials by gamifying their customer loyalty programme. Instead of offering coupons or members-only flash sales, allocate points that align with purchases. This allows organisations to bring on a slew of new rewards targeted towards enriching the interaction between Generation Z and your company.

Exclusive concert tickets and VIP access to events are unique prizes that align well with Centennials' habits. Nearly 90 per cent of this generation are active during their free time, instead of sitting around, according to EY. Because of this, giving them the chance to use their points to donate to charities of their choosing can help prove respect for an organisations' reputation on sustainability and appeal to their awareness of social and environmental issues.



MILLENNIALS (GENERATION Y): 1981 - 1997

Millennials hold the lion's share of the workforce population around the globe currently. With that distinguished honour, they're also expected to account for 30 per cent of total retail sales in the United States alone by 2020 - or \$1.4 trillion, according to Accenture.

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Contrary to centennials' beliefs, this group tends to pick more affordable products and are willing to sacrifice quality to save money in the long run. When it comes to brand loyalty, 95 per cent of these young consumers want organisations to take an active interest building a relationship between them, Accenture research found.

Millennials tend to gravitate towards tangible rewards. While coupons or in-store gift cards are still a priority for them, as they are older generations, Aimia reported that digital gadgets and vacation subsidies can be wildly effective customer loyalty benefits that can entice Generation Y to join in droves. Australian Millennials, for instance, spend \$11.3 billion every year travelling, which is more than Baby Boomers (\$9.8 billion) and Generation X (\$6.8 billion), according to Westpac Banking Corporation. Companies can connect with Generaton Y by helping to fuel their thirst for travel through a rewards-based customer loyalty programme, and in return create loyal customers. The payout cycle should remain relatively short to maximise interest, as 71 per cent of Millennials expect a reward within the first three months of joining, Aimia research suggests.



GENERATION X: 1964 - 1980

Although often forgotten in many marketing schemes, Generation X currently has a spending capital of roughly \$736 billion in just the United States, according to Specialty Realty. They've peaked in their professional careers, which means the average consumer is more likely to spend than save.

Nearly 89 per cent of customers in this group are inclined to join a customer loyalty programme, which tops all generations. Of those, 56 per cent specifically want to earn points through this scheme, with the ultimate goal of obtaining coupons or discounts, Loyalty 360 reported.

While generating savings are obviously a high priority, marketers can't leave out experiential rewards. At this point in their lives, consumers are trying to maximise the time and resources they have left to make memories with budding families. It's important to note that once they've joined a programme, very few consider leaving. But, the most common reason why they would consider switching to another company is because the rewards lack appeal.

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BABY BOOMERS: 1946 - 1963

While Baby Boomers aren't totally averse to a customer loyalty programme that would require a digital presence, simplicity is key.

Marketers would be wise to hone in on their ability to use experiential rewards as a value proposition, according to Forbes. Highlight the fact that a trip abroad or tickets to a unique event are adventures that could help them cross items off of their bucket list.

Above all else, though, Baby Boomers join loyalty schemes to save money. In turn, making sure the speed with which points are earned match up with the financial value is of paramount importance. This generation is more patient than most, but the programme must provide a quick payout cycle.

Each generation has their wants and needs, and building a loyalty programme that covers them all is no easy feat. Ensure your scheme appeals to each demographic by aligning the rewards with the mindset the average consumer that age would have. Just as well, trial by fire can provide meaningful feedback that can help improve the chances of retaining customers down the line.

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HOW POWER2MOTIVATE CAN HELP WITH CUSTOMER LOYALTY

There's little argument that the world of customer loyalty has changed, as digital technology continues to seep further into all aspects of the modern business environment. To meet the demands of your customers and develop them into engaged brand advocates, you need an innovative, forward-thinking loyalty programme in place.

Power2Motivate has worked with hundreds of clients across the globe to improve customer loyalty, and strives to deliver the best engagement solutions available. Social recognition and points-based rewards drive the customer to be more active, while our three-click reporting system allows you to track the progress of campaigns, and easily assess ROI.

Having a fully engaged clientele is within your grasp - speak to Power2Motivate today about how your organisation can unlock the potential of customer loyalty.

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