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Demographic Research From COLLOQUY Identifies Loyalty Trends Among Hottest U.S. Market Segments

Young Adults and Hispanics Emerge, Charity Rewards Over-Rated, Soft Benefits Gap Exposed

In Era of Loyalty Program Saturation, One Size Will No Longer Fit All

CINCINNATI (September 5, 2007) – The latest research from loyalty marketing consultancy and publisher COLLOQUY views loyalty marketing through the demographics prism to yield these revelations:

- A surprisingly high percentage of Young Adults and middle-income Hispanics identify themselves as loyalty program participants. At over 40% participation for each segment, these groups are aware of the loyalty game and have their antennae up looking for value. Upside growth of activity in both segments is predicted, as retailers, e-commerce web sites and telecom programs drive participation.
- Despite the media hype about loyalty programs featuring charity rewards, including gifting to pro-environment causes, consumers across all demographic groups are “me” oriented when it comes to redemption. Nine out of 10 redeemers reported themselves as the primary beneficiary of their redemption events. Redeemers cited family members as a primary recipient less than 20% of the time for all segments except Women and the Affluent. Among redeemers, the “me” factor far outweighs the “we” factor.
- A dramatic gap exists between consumers’ desire for the special access and member-only privileges associated with loyalty offers, and the delivery of these “soft benefits” by loyalty program operators. Seventy-three percent of Hispanics rated soft benefits as extremely important, but only 17% could actually confirm delivery of such benefits. For Women, the gap numbers are 64% vs. 14%. The benefits are either absent or invisible to consumers. Seniors are the exception, with just 47% identifying preferential treatment as important.

“In an era of loyalty saturation, brand marketers want to know what to do to differentiate their programs and combat consumer fatigue,” said COLLOQUY Director Kelly Hlavinka. “They need to make a concerted effort to collect demographic, lifestyle and attitudinal information and merge it with their transactional databases. With each customer carrying a unique set of values, those marketers who use data to deliver relevant rewards, relevant recognition benefits and relevant communications will capture customer engagement, spend and advocacy.”

COLLOQUY's groundbreaking demographics research is presented in a white paper titled *Segment Talk: The Difference Engine – A Comparison of Loyalty Marketing Perceptions Among Specific U.S. Consumer Segments*. The paper is available free of charge at <http://www.colloquy.com/whitepapers>. A loyalty program recognizes and rewards the best customers of a business.

COLLOQUY and its research partner conducted a consumer survey in May 2007 using established online sampling and interviewing methodologies. Researchers obtained 500 completed interviews from each of six consumer segments for a total of 3,000 interviews. Questions focused on three key loyalty industry categories: financial services, travel and retail.

The six consumer segments included: General Adult (control group); Affluent – heads of households with annual incomes of \$125,000 or greater; Young Adults – any respondent 18 to 25 years of age; Seniors – any respondent age 60 or older; Core Women – any female respondent age 25 to 59 with an annual income between \$50,000 and \$125,000; Emerging Hispanic – any respondent age 21 or older of Hispanic origin with an annual household income of \$40,000 or less.

Some other key findings from the COLLOQUY loyalty demographics research are as follows:

- The highest level of loyalty involvement rests with the Affluent, who have an 80% participation rate. That level is unlikely to grow much.
- The new battle is in retail. Introduction to loyalty programs will become less a function of frequent business travel. With the travel and financial sectors saturating the Affluent market, retailers have an opportunity to make early inroads in all demographic segments.
- Approximately 67% of consumers say they are very likely to keep shopping at a retailer as a result of the retailer's loyalty program; with 38% of Hispanics, the highest of any group, saying they became a customer due to a loyalty program. Close behind, 35% of Young Adults say they became a retail customer due to a loyalty program.
- Forget the conventional wisdom about lack of access to e-channels among Hispanics. This audience is hungry for content regardless of communication method.
- Young Adults are electronic animals, but loyalty programs have still failed to break through to this audience of future core consumers with e-communications or traditional communications channels. Time-starved women engage lower across all forms of communication.
- Women report a high level of travel non-redemption, fueling speculation that women bank points for aspirational rewards at a higher rate than other segments.
- Young Adults and Hispanics exceed the general population incidence for redemption of electronics, magazine subscriptions and entertainment-related rewards.
- Consumer likelihood to recommend a financial services provider because of a reward program is especially strong among the Affluent and Hispanic audiences and especially weak among Seniors.
- Women and Young Adults reported the least satisfaction with the value they receive from travel-related reward programs.



COLLOQUY will provide additional in-depth analysis of demographic trends in loyalty marketing, along with practical strategies to help marketers face the challenges presented by saturation and consumer fatigue, in a free webinar to be hosted October 11, 2007 at 1:00 PM EST by COLLOQUY Director Kelly Hlavinka and Editorial Director Rick Ferguson. For more information, or to register, visit www.colloquy.com/demographics.

About COLLOQUY:

COLLOQUY comprises a collection of resources devoted to the global loyalty-marketing industry. The flagship resources are COLLOQUY Consulting, a loyalty consulting practice, COLLOQUY®, a magazine serving the loyalty-marketing industry since 1990, COLLOQUY.COM, the most comprehensive loyalty web site in the world, and COLLOQUY's Research and Education divisions. Together they provide a worldwide audience of 28,000+ marketers with consulting, news, editorial, educational and research services across all industries and around the globe. COLLOQUY magazine and email subscriptions are available at no cost to qualified persons at www.colloquy.com or by calling 513-248-9184.