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Retail Reward Programs: They're More Important in the Recession, Say Nearly One-Third of U.S. Consumers

To Survive the Slump, Women Raise Participation in Loyalty Rewards Programs by 29%

CINCINNATI (September 30, 2009) - Nearly one-third of U.S. consumers (32.3%) consider their participation in Retail rewards programs to be "more important" as they seek to stretch their household budgets in the recessionary economy, according to survey research from COLLOQUY, a LoyaltyOne company.

The 32.3% number represents General Population responses to an online survey from which COLLOQUY obtained a total of 2,152 completed interviews nationwide.

Among key demographic groups, the significance attached to Retail rewards programs during the recession is even more dramatic. Here are the percentages of respondents within individual demographic groups who rated the importance of their participation in Retail rewards programs significantly higher than the General Population:

- 46.4% of Young Adults (age 18-25)
- 44.4% of Women (age 25-49).

Retail rewards surpassed two other major industry categories studied by COLLOQUY in the "more important" rankings. Approximately 23.9% of General Population respondents rated Financial Services rewards program participation more important in the recession. In the Travel category, the number was 21.5%.

"The Retail category demonstrates the highest positive impact in rewards program attitudes," said COLLOQUY Editorial Director Rick Ferguson. "Nearly half of our Young Adults demographic segment views Retail programs favorably. This finding reveals that loyalty marketers have a once-in-a-lifetime opportunity to demonstrate program value to the next generation of U.S. consumers," he said.



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Loyalty marketing programs recognize and reward the best customers of a business. COLLOQUY's April 2009 data on Retail loyalty programs is included in a white paper titled, "After the Meltdown: Consumer Attitudes and Perceptions About Loyalty Programs in the Post-Recession Economy." The paper is available for a free download at www.colloquy.com/whitepapers. Ferguson and COLLOQUY Partner Kelly Hlavinka are the authors.

In another significant result from its research, COLLOQUY found that while participation by the General Population in loyalty programs rose 19% since last measured prior to the recession in 2007, the increase for Women over the past two years was significantly higher at 29%, with Women trailing only Young Adults (32%) in that measurement.

Women, at 73.6%, reported by far the highest level of Retail rewards program participation. That significantly outpaced the next closest segment, Affluent, at 63.5%. The comparable number for the General Population was 59%.

"The high importance that the Women's segment places in Retail sector programs provides a teaching moment for loyalty marketers," Hlavinka said. "Program operators who are best able to leverage shopper data to deliver communications and offer relevance will be best equipped to steal valuable market share from discounters within this key segment," she said.

"Savvy retailers can analyze shopper data by gender and lifestage in order to understand motivation and behavior within specific categories," said Nicolle Scavuzzo, client services director at Precima, a retail advanced analytics firm that also is a LoyaltyOne company. "In the entertainment category for example, males dominate purchases of electronic games from couples and young singles, but females dominate the purchases that come from families," Scavuzzo said.

Additionally, the knowledge of what's important to women can help in the design of in-store messages and displays, according to Scavuzzo. "Retailers use this information to refine category adjacencies and create more relevant promotions that can grow a woman's shopping basket. Creating a display of items frequently purchased together like mint, lime and beverages will drive greater cross-category sales," Scavuzzo said. "Understanding whether women in the store are looking for time-saving solutions or healthy meals can direct what types of recipes to include in the display," she added.



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COLLOQUY's study of loyalty perceptions examined trends in six consumer segments: General Population representing a statistically distributed sample of the U.S. overall; Affluent (heads of household with annual incomes of \$125,000 or greater); Millennials or Young Adults (any respondent 18 to 25 years of age); Seniors (any respondent 60 years or older); Core Women (any female respondent age 25 to 49 with an annual income between \$50,000 and \$125,000); and Emerging Hispanic (any respondent age 21 or older of Hispanic origin with an annual household income of \$40,000 or less). April 2009 online survey respondents are broadly representative of the U.S. population within each consumer segment.

About COLLOQUY

COLLOQUY* comprises a collection of publishing, education and research resources devoted to the global loyalty-marketing industry. Owned by LoyaltyOne, COLLOQUY has served the loyalty-marketing industry since 1990 with over 30,000 global subscribers to its magazine and www.colloquy.com the most comprehensive loyalty web site in the world. COLLOQUY's research division develops research studies and white papers including industry-specific reports, sizing studies and insights into the drivers of consumer behavior. COLLOQUY also provides educational services through workshops, webinars and speeches at events throughout the world and is the official loyalty-marketing partner of both the Direct Marketing Association and the Canadian Marketing Association and a content provider to the American Marketing Association. COLLOQUY also operates the COLLOQUY Network, a global consortium of practitioners. COLLOQUY magazine subscriptions are available at no cost to qualified persons at www.colloquy.com or by calling 513.248.9184



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