



Contact: Tim Sansbury, Public Relations, 513-231-5115 tim.sansbury@colloquy.com or
Will Sikes, will.sikes@colloquy.com

Breakthrough COLLOQUY Research Reveals Canadian Participation in Loyalty Programs Outpaces U.S. By More Than 50 Percent

With Surge in CDN Dollar, Canadians Bank Even More In Loyalty Currencies

CINCINNATI (November 13 , 2007) – A remarkable 86% of Canadian consumers identify themselves as participants in loyalty marketing programs, fully 51% higher than their U.S. counterparts, according to a newly released study by loyalty industry expert COLLOQUY.

The COLLOQUY study is a demographic analysis that featured research on the loyalty participation and perceptions of Canadians in key market segments. By segment, Canadian loyalty participation ranked as follows: Affluent 96%, Core Women 95%, Seniors 90%, General Adult (control group) 86% and Young Adult 78%.

In contrast, a U.S. market loyalty demographics survey COLLOQUY published earlier this year found that only 57% of the General Adult segment identified themselves as loyalty program participants. A loyalty program recognizes and rewards the best customers of a business.

“Coalition loyalty marketing in Canada is the difference maker,” said Kelly Hlavinka, COLLOQUY director and co-author of the Canadian loyalty study. “Canada’s loyalty landscape is heavily influenced by the presence of the AIR MILES Rewards Program, a national loyalty coalition that accounts for a 70% penetration level among the nation’s households. No such national coalition exists in the United States,” she said.

“Additionally, the U.S. market is characterized by a more fragmented national brand presence in key loyalty sectors such as grocery, retail fuel and banking,” Hlavinka said. “The result is greater concentration of market share among major Canadian brands than exists in the United States.”

COLLOQUY’s findings are presented in a white paper titled, *The Canadian Difference: A Comparison of Loyalty Marketing Perceptions Among Specific Canadian Consumer Segments*. For the analysis, COLLOQUY and its research partner gathered 2,550 interview responses from Canadian residents, including 550 from the General Adult group and 500 each from the four other demographic cross sections. The report identifies specific trends, attitudes and differences within the Canadian demographic segments across retail, travel and financial services.

Some of the **key contrasts between Canadian and U.S. loyalty program participation** habits include the following:

- Canadian consumers are more active in loyalty programs. Approximately 75% of Canadian consumers actively participate in loyalty programs vs. 39.5% in the United States.

- Canadian consumers are more patient. They're more willing to accumulate points and miles that yield free travel, in-store merchandise or free reward catalog redemptions. General Adult respondents said that 69% of the programs they participate in offer points, as opposed to only 39% for Americans of the same group. Conversely, U.S. consumers remain hungry for cash-back programs, citing almost 55% of the programs they belong to offering cash-back rewards.
- Canadians are more generous. With the exception of Young Adults, they're about twice as likely as U.S. consumers to redeem a reward for someone other than themselves. While U.S. redemption statistics point to self-gratification, Canadians are likely to share rewards with friends and family.
- Canadian consumers are more savvy loyalty players than their U.S. neighbors. Canadians are more likely to belong to and participate in competing programs. Marketers are therefore pressured to create unique, differentiated offerings for the discriminating Canadian loyalty audience.
- Canadian financial and travel programs lag behind their U.S. counterparts. General Adult redeemers said they burned their points an average of one time in the past year for credit card and other financial services programs and an average of less than once for travel programs – considerably below redemption averages reported for U.S. consumers.

The COLLOQUY white paper contains the following **key findings about loyalty trends across Canadian demographic groups**:

- Canadian Affluent are approaching universal loyalty program participation rates, with 96% of respondents participating in at least one loyalty program. This is an uber-saturated market. Growth rates are likely to slow.
- Surprisingly, Young Adults do not engage with loyalty programs through electronic channels more than direct channels. Young Adults ranked lowest of the five segments (26%) when asked if they were engaged in receiving special offers via email. Core Women led the way, with 40% claiming extreme involvement with loyalty programs via email.
- Canadian consumers belong to an average of 2.5 retail programs, 2.0 financial programs and 1.5 travel programs.
- Canadian Women participate at a level of 61% in travel programs and 45% in financial programs, but these rates lag significantly below participation of the Affluent group. The gap presents Canadian marketers an opportunity in both sectors.
- Retail is driving the loyalty bus in Canada. Comparing redemptions in the financial and travel sectors to those in retail, retail programs are providing the most rewards to members regardless of demographic segment.



- Canadian Women reported the greatest gap between their desire for the special access and member-only privileges associated with loyalty offers and the actual delivery of these “soft benefits” by loyalty programs.
- Young Adults, at 48.4%, are the most likely Canadians to recommend a business due to its loyalty program.
- Only 38% of Canadians read their loyalty program statements.

COLLOQUY’s Canadian demographic segments are defined as follows: 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 annual income between \$50,000 and \$125,000.

COLLOQUY’s Canadian loyalty demographics white paper is available free of charge at www.colloquy.com/whitepapers. COLLOQUY is a loyalty marketing publisher and consulting firm. It belongs to the family of Alliance Data Loyalty Services companies that also includes the AIR MILES Rewards Program, ICOM Information & Communications and Precima.

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.