

Next-generation loyalty—How brands can understand and meet the expectations of millennials and Gen Z

Express, Alliance Data

Presenters:

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OVERVIEW

In this session, our presenters shared deep insights from Alliance Data's 2018 The Rules of NextGen Loyalty research study, which looks closely at millennial and Gen Z customer segments and what brand loyalty means to them. Using a progressive research methodology, the study explores how brands can tap into today's customer behavior trends and plan for tomorrow's retail environment.

KEY FINDINGS

- **Loyalty is earned:** With all the noise in customers' lives, brands don't just get loyalty anymore. It's no longer just a program, it's about the intent of the brand.
 - Customers in the Express app are most loyal. They give them early access and benefits. They shop more than double their next best customer!
- **Loyalty is complex:** The brand relationship scale ranges from functional characteristics (price, quality, convenience) to emotional ones (honesty, love, trust).
 - Express classified their customers between those who love the brand & shop frequently, love the brand and rarely shop and those who shop, but don't love (frequency doesn't necessarily mean loyalty!).
- **Loyalty is fragile:** Breaking up with a brand is easy to do—winning customers back is hard. Treat your customers well, be apologetic and fix issues on the spot. Encourage them to redeem rewards—once customers redeem, their lifetime value goes up.
 - 76% of consumers only give brands 2-3 chances before they stop shopping with them.
 - Loyalty is multi-faceted: It solves two major needs, functional and emotional, ultimately with the goal of "brand love". However, you need both—it's not a transition from one to the next. Getting to brand love is another level of emotional engagement that adds to the functional benefits customers realize.

"Meet customers' experience expectations. Customers see them all seamlessly. With 88% of transactions still happening in store, it's important for Express to bridge the offline to online world and help consumers find value in all channels." – Shannon Andrlick, VP, Marketing Advancement, Alliance Data

"Express rewards people with points outside of purchases for things like reviews, size quizzes, style experiences and more. This helps us learn about those who love but can't spend. They are our super active ambassadors and we nurture and treat them differently, but they identify their own personal brand with our brand. That is so valuable to us when you're showing us that and telling our story for us."

– Kate O'Shaughnessy Jung, Director, Loyalty, Mobile & Strategic Partnerships, Express