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Loyalty Marketing to Millennials

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LOYALTY MARKETING TO MILLENNIALS

by
Debra Latrice Whitley
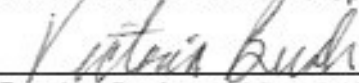
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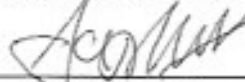
Approved by

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Advisor: Professor Christina Sparks

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Reader: Professor Victoria Bush

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Reader: Professor Scott Fiene

DEDICATION

I dedicate this thesis to my two nieces, Cailey and Jordan, for giving me imagination, my late grandfather, Larry Brazley, for giving motivation, and Kanye West for giving my life inspiration.

ACKNOWLEDGEMENTS

I wish to express my gratitude to all those who aided me in writing this thesis, including my thesis advisor, Christina Sparks, and my two readers, Dr. Victoria Bush and Scott Fiene. Your kind words and support have been invaluable to me throughout this experience.

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Lastly, I would like to thank Chase Moore for believing in me and challenging me to fulfill my potential.

ABSTRACT

The purpose of this study is to examine the most effective techniques businesses use to attract and retain loyalty program memberships targeted to the Millennial demographic group.

The methodology used to reach insights around this topic includes secondary and primary research that aided in the understanding of the effectiveness of communication strategies used to appeal to Millennial consumers. Initially, the researcher conducted secondary research by consulting books and surveys written by industry professionals as well as scholarly articles. Next, the researcher designed two electronic surveys. One survey had 63 anonymous respondents and the other survey had 119 anonymous respondents, all within the Millennial demographic group. The respondent groups were made up of young adults between the ages of 18 and 34. The surveys focused on defining the term "loyalty marketing" through the words of Millennials. Survey respondents were asked questions centered around how they interact with loyalty programs, what incentives drive them to purchase more and how their loyalty is reflected in their purchases.

To further stimulate discussion and garner insights, in-depth interviews and a focus group were conducted. During the interviews and focus group, Millennial participants were asked to elaborate upon their likes and dislikes of loyalty programs. The researcher also conducted interviews with three marketing industry professionals to learn more about what makes loyalty work as well as what are the most effective incentive drivers for consumers. The interviews were with the Director of Marketing at The Coca-Cola Company, the Global Loyalty Account Director at Ogilvy & Mather, a major marketing and public relations agency, and the Assistant Athletic Director of

Marketing for The University of Mississippi. Additionally, the researcher enrolled in several loyalty programs over the course of the study to monitor the marketing messaging communicated to Millennials. It was concluded that if businesses successfully enroll and then continually engage Millennials through a two-way, interactive relationship, Millennials will progress through a four-point loyalty member life cycle that develops from acquisition to engagement to retention and finally, advocacy.

After compiling the insights from the above research strategies, a marketing campaign for a hypothetical loyalty program was created and included in the end of this study.

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Chapter 1: HISTORY OF LOYALTY PROGRAMS

Humans have been marketing and advertising products and ideas since the beginning of their existence. Communication strategies and tactics have changed over time, but the urge to connect and influence people has always remained. In the primitive years, cavemen would barter and trade items with one another through word-of-mouth marketing. In 2000 B.C., Egyptians used sheets of papyrus and carved messages on stone slabs to spread the word about policies and upcoming events (Hoffman, 1995, p. 11). Centuries later, came the days of movable type and the printing press. The creation of the printing press allowed for the swift and widespread distribution of advertisements in newspapers all over England. The United States soon followed, and the first newspaper advertising in the United States appeared in 1704 in the *Boston News-Letter* ("Ad Age Advertising Century: Timeline," 1999). Since 1704, other advancements, such as the radio, television and internet, have paved the way for marketing to be developed even further. One of the most interactive innovations of marketing that has emerged is loyalty marketing.

Loyalty marketing is a strategy created by businesses to reward consumers for repeat purchases. Businesses who capitalize on this type of marketing through effective and continued communication can convert first-time shoppers into die hard brand ambassadors. Loyalty marketing first began as "premium marketing" in the 18th century (McEachern, 2014). In 1792, a U.S.

merchant passed out copper coins, which were collected by customers and later exchanged for merchandise. In 1872, the Grand Union Tea Company administered tickets that could be traded in for products out of its company catalog to its customers. Betty Crocker began attaching coupons to its product's packaging in the early 20th century. These coupons were brought in by consumers and exchanged for dishes, silverware and other appliances. The practice of rewarding customers with items that could be redeemed for merchandise continued to evolve and was introduced to a number of industries; shortly after, the currency of these loyalty programs moved from coins and tickets to stamps and box tops and then on to cards and electronic promotional codes.

Today, a national marketing solution company reports that there are 3.3 billion loyalty program memberships in the United States, a 26 percent increase from the number of memberships recorded in the 2013 report ("U.S. Customer Loyalty Program Memberships," 2015). The growth in memberships is the result of many factors, one being that today's loyalty programs have progressed from just being in the retail industry. Loyalty marketing has expanded into a plethora of industries as its influence and potential to encourage customer activity has become widespread. In fact, loyalty programs are becoming even more pervasive across industries as organizations use them as features of their marketing mix to influence and attract potential to encourage customer activity. For the service industry, loyalty marketing has become a trademark and expected component of business. Consumers want to do business with a

company, but only if there is enough value to make a purchase. Loyalty marketing has become that added value.

The Airline Deregulation Act of 1978 did more than remove federal governmental control over commercial aviation, it is also largely responsible for the creation and success of several modern frequent flier programs ("The Effects of US Airline Deregulation 1970 - 2010", 2011). Many airlines saw frequent flier programs as a way to both differentiate themselves from their competitors and reward consumers for repeat business. The first mileage-based frequent flier program was launched by Texas International Airlines in 1979. Three years later, a larger carrier, American Airlines introduced its program, AAdvantage, which took loyalty marketing to the next level with heightened brand-consumer engagement and a technology focus. American Airlines became an international trendsetter. Soon after, several other airlines created their own frequent flier loyalty programs that rewarded travelers with perks, such as upgraded seating, access to exclusive airport lounges, and most coveted, the opportunity to redeem free mileage for flights. Today, there are over 100 airline loyalty program memberships, and Southwest Airlines' and Air Berlin's programs lead in award seat availability (McCartney, 2015). The airline industry left the world enamored with loyalty programs, and soon other industries hungered for a piece of marketing power. Before big dollar industry reward programs like AAdvantage, most loyalty programs focused on local efforts.

Businesses saw that they could increase customer retention and satisfaction, both extremely important factors that can determine future revenue,

and consumers saw that their money and time spent was actually being returned in the form of perks. They were happily making purchases and realized that being rewarded for their purchasing behavior was something that they could experience with everyday purchases, too. Today, consumers can become active in loyalty programs throughout several industries, including food, clothing, technology and even transportation. The opportunity to earn and redeem points for everyday purchases are boundless, and there is one generational consumer group who knows and exploits this better than any other, Millennials.

Chapter 2: LOYALTY PROGRAMS ARE NOW A MUST

It does not take much to make a customer a customer, but it does take a lot of work to make a customer a loyal, brand advocate and faith-unshaken customer. Chris Cottle, vice president of marketing and products at a full-service marketing agency named Allegiance said, "It's so easy for customers who are price-sensitive to slip away or go to a competitor. One of the ways you can make your customer relationship more structured is through a well-planned and well-executed reward program" (Using a Customer Rewards Program," 2012). Loyalty programs develop relationships with consumers that goes beyond a price transaction. They are effective because before they were customers, consumers were people, and people thrive off of relationships. If a brand can create a meaningful, personalized and, most importantly, mutually-rewarding relationship with a consumer, it stands a chance at permanently altering that consumer's price-conservative purchasing behavior toward the brand's favor. Without the added benefits of a brand-consumer relationship and loyalty program, a $15 purchase from company A will seem like a better choice than a $20 purchase from company B. However, when those benefits are added, they can make a world of a difference in a purchase decision.

Loyalty programs are sometimes thought of as an expense, but if executed correctly, they can be responsible for creating increased revenue. Gartner Group, a technology research and advisory firm headquartered in

Connecticut, reports that 80 percent of a company's future revenue will come from just 20 percent of its existing customers through continuous purchases and referrals. This means that if a company satisfies and retains certain existing customers, it is securing not only its present revenue but its future revenue as well ("How Budgeting for Retention Marketing, 2014"). Working to attract new customers can cost a company five times more than retaining an existing one (Lawrence, 2016). Gaining new customers is great but not when the expense of new customer acquisition outweighs the income created by those new customers. It takes time to get new customers comfortable enough to spend large amounts of money; whereas, Bain, a management consulting firm, found that returning customers spend on average 67 percent more than first-time customers ("The Value of Online Customer Loyalty," 2000).

These statistics should not make businesses shy away from attracting new customers, though. Instead, they should look to loyalty marketing as a more cost-effective way of acquiring new customers. By focusing more efforts on rewarding their existing customers, businesses can satisfy the needs and wants of their current clientele to the point that these customers will become brand advocates who ultimately encourage their friends and family to consider doing business with the brand. It was discovered that 92 percent of consumers around the world find earned media, such as word-of-mouth recommendation to be the most credible of all forms of advertising ("Global Consumers' Trust in 'Earned' Advertising Grows in Importance," 2012). Long gone is the age of paid advertising being the sole thing a consumer sees and considers before making a

purchase. Today, consumers reach out to coworkers and loved ones to get their honest opinions on brands. By building up brand loyalty, businesses can ensure that when these conversations occur, their brand will be top-of-mind and favored among consumers.

Loyalty programs provide internal rewards for companies as well. Getting consumers to participate in loyalty programs can also introduce businesses to an untapped world of insight that they might would have never gotten through traditional marketing measures. When enrolling in a loyalty program, members provide businesses with simple contact information, such as phone numbers, addresses and emails. In order to earn points, members can also choose to allow brands to track their purchasing behavior, which divulges a wealth of knowledge about consumer preferences. Businesses can use this information to improve their inventory systems, restructure their business plans, and better satisfy their customers which helps them rise above competition. High levels of activity in loyalty programs yield incredibly relevant insight about customer behavior that could reduce marketing costs and improve the efficiency and success of marketing strategies. Most importantly, this information can be used to provide consumers with an even more personalized experience with marketing messages and offers tailored for them. This level of personalization is important to consumers and it helps companies to differentiate themselves among different consumer groups. Every company in the world is competing against one another to get the attention of consumers, especially Millennials.

Chapter 3: THE OPTIMAL LOYALTY
PROGRAM MEMBERS: MILLENNIALS

When determining their target audience, businesses often consider the following questions: "Who will see the most value in our products or services? How does our product or service help solve a consumer's problem"? However, the most important point of consideration would be "What or *who* drives consumer activity toward your business?" Sometimes, the target audience for a company is not the actual buyer of the product. For example, marketers realized that there was an untapped target market in children. Their faces glued to television screens for hours at a time, children view dozens of advertisement for products, such as toys or food. They want everything that they see in front of them and look to their parents to buy it all for them. So whether it is on the ride to school or at the dinner table, children will sneak in a request for the latest toy that they saw advertised, and most parents will seek that toy out and buy it for their kid. This behavior can make children a retailer's best friend. Although they do not own a discretionary income, kids know how to influence those who do. Millennials, the generation group that follows Generation X, share this ease of influence, but what makes them even more valuable to retailers is that in addition to being able to influence the purchasing behavior of others, they actually do have a means of income to make their own purchases, too.

There are more than 87 million Millennials, people who were born between the years 1981 and 2000, in the world and combined, they are

responsible for "over a trillion dollars in direct buying power" ("Millennial Generation is Bigger, More Diverse Boomers," 2016). Outnumbering the Baby Boomer generation by nearly 11 million, Millennials have become the largest demographic generation on Earth. Companies who attract the Millennials' spending power can expect to see their business prosper in ways that it never did before, because Millennials are a special group of consumers. They proactively seek out information about products and without being asked, voice their opinions about their experiences with brands to anyone who will listen on any platform that will let them create a post. It is because of these traits that businesses are actively targeting Millennials. They make a great target audience because they are a consumer group who not only makes purchases, but can influence the purchasing behavior of others.

Millennials are in a position to restructure the economy. Their combined dollar power is impressive in itself, but their ability to encourage transactions in others makes them coveted among marketers. Because they are so well-versed to technology and how it shapes the world around them, older generations look to them for knowledge about new products and devices, and Millennials do not shy away from the attention. Through blogs, social media applications and everyday dialogue, they convey to those around them what brands are worth purchasing with.

Even when they are not saying it, they are still showing it. Millennials are very conscious of trends and often times, find themselves in the role of "the trendsetter." The clothes they wear, food and drinks they consume, even the

devices they use, all have social currency. People among the Millennial group place value in the brands that they use and will sometimes pay more money to show the world that they are "in on the trend", too. If Millennials are buying or using it, you can bet the world is talking about. Older generations perceive Millennials to be the generation of the future, and they are rightfully so in thinking that. The youngest group of Millennials are either already or approaching 16 years old. Many will join the workforce soon. They will assume part-time jobs while finishing high school and college, and in a few more years, many will obtain full-time salary jobs. They will also get married and start families. Securing them as brand-loyal consumers while they are young will increase the chances that they will remain faithful consumers 10, 20 and even 50 years from now.

Chapter 4: UNDERSTANDING MILLENNIALS

Millennials have had a childhood experience unlike any other generation. From day one of their lives, technology has been around influencing their actions. As time continues to pass and new technological developments are made, this influence grows. In 1984, 7.9 percent of the 60,000 surveyed U.S. households reported that they owned at least one home computer (File & Ryan, 2014). In 2013, this number moved to 83.8 percent as more U.S. households began reporting that they owned at least one home computer with many owning not only desktop computers, but also laptops and handheld devices also known as tablets.

The computer is not the only development that emerged near the Millennial Generation's arrival; the World Wide Web, which has revolutionized communication capabilities since its inception, was invented in 1989 by Sir Tim Berners-Lee, a British computer scientist ("History of the Web," 2008). In their report, File and Ryan found that 74.4 percent of households use the Internet (2014). The report also revealed that computer ownership and internet usage was most common in households with "relatively young householders." This early interaction with technology and the internet has ultimately shaped the way Millennials perform the most basic tasks, including communicating and thinking.

For example, before the creation of smartphones, teenagers and young adults relied on landline telephones to have conversations with their friends.

Today's teenagers and young adults can engage in conversations with other young people across the globe through electronic instant messaging applications and video calls. Before the invention of the internet and electronic search engines, such as Google and Yahoo, young people seeking answers to questions looked to newspapers, textbooks and encyclopedias. Now, with a simple clicks, they have access to hundreds of publications about the topic of their choosing.

This consistent and reliable access has caused Millennials to process information quite differently than generations that have come before them. More and more schools are adding computer based courses to their required curriculum, allowing students to interact with computers both at home and school. In the workplace, members of the Millennial generation shine as the "techperts", a blend of the words "technology" and "experts", because they are typically more comfortable and knowledgeable about technology than their older co-workers. When performing tasks, Millennials proactively seek out needed information in real time. They want answers and they want them now.

This speed-driven mindset guides them in their interactions with businesses, too. When visiting stores, Millennials look for retailers who always have their favorite products in stock and at hand. Their appreciation of convenience has evolved into an expectation. In order to keep Millennials as customers, businesses offer flexible purchasing options, such as the ability to shop online or receive one-day shipping, to improve their shopping experience. Shopping online offers not only convenience, but also comfort. Millennials love to

engage with brands online, too. To many, having back-and-forth dialogue with a brand evokes a personal connection to that business.

For many Millennials, shopping is viewed as a social activity. Though they are quite technologically advanced, most Millennials prefer to shop inside the physical retail store than online. When asked: "Why do you go to the mall?," one focus group respondent said, "It's a fun social thing. It's a good spot for me to meet up with my friends. We like to go look inside the stores and check out all the newest trends. Sometimes we shop together so that when we're trying outfits on, we have a second opinion on how it really looks. I trust my friends and their fashion sense."

In addition to amassing their own substantial buying power, younger Millennials have become quite the influencer in their households. Yarrow and O'Donnell (2009) suggested that Millennial kids have so much "clout" because "today's parent's prize their children as more equal and central members of the household." As time passed, there became a lesser need for children to work to support their families, this allowed the world to begin to look at children as intellectual beings rather than young laborers.

Today's parents also have more interactions with their kids than previous generations. Whether it is face-to-face dialogue in the family kitchen or text message conversations, parents and their children now have more frequent contact. With so much innovation in the technological world, parents, because they are not as experienced with technology, began looking to their kids for help with navigating the latest electronic devices and processes. The ease to which

Millennial kids can access information about brands and their products has earned them a say in household purchases. Parents realize that Millennials can advise them on making better purchases, so more than ever before, they are listening to their kids' opinions on brands; and now that the number of Millennials who are choosing to live with their parents a little longer is rising, parents will be listening even longer.

Millennials have other characteristics beyond being tech-savvy. For a generation that represents more than a quarter of the nation's population, Millennials have brought a lot of diversity to the United States. Many Millennials are either the children or grandchildren of immigrants. In the most recent U.S. Census, it was reported that 39 percent of Millennials identified with a race other than "non-hispanic white" (Hixson, Helper, & Kim, 2011). This number has been estimated to have grown to 42 percent as of June 2015, making the Millennial generation more diverse than any of the other generations that came before it ("Millennials Outnumber Baby Boomers and Are Far More Diverse," 2015).
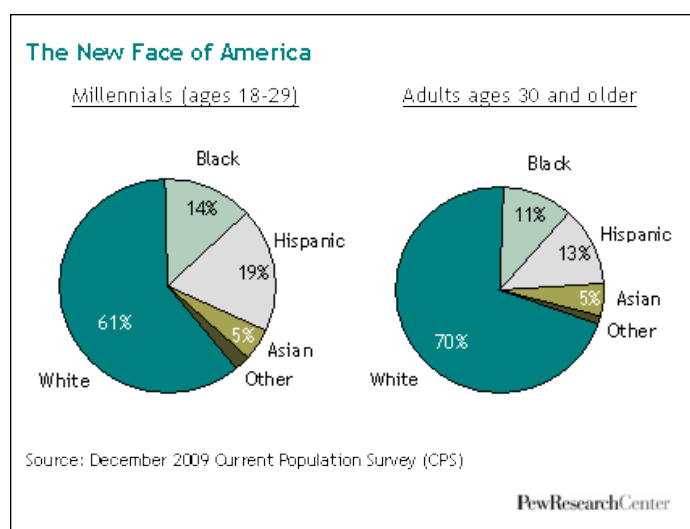
Figure 4.1 Ethnic Makeup of Millennial Population
Source: Pew Research Center

Although family is of great importance to Millennials, they have been much slower than previous generations about starting their own. Goldman Sachs Group, Inc., a global financial investment management firm, conducted and compiled research about Millennials into a report that revealed that the median marriage age of Millennials is at 30 years of age ("Millennials: Coming of Age," 2016). Consequently, Millennials are waiting longer to become parents, too. Millennial motherhood also peaks at the 30 years of age.

Marriage and parenthood are not the only areas where Millennials have shown delayed commitment. Transportation is one area that has interestingly begun changing for Millennials. Although, there is still a large number of Millennials who own vehicles and do not mind getting behind the wheel, many have begun taking advantage of alternative modes of transportation, such as public transit services. Nearly 30 percent fewer cars were purchased by people ages 18 to 34 years old from 2007 to 2011 (Ross, 2014).

This cultural shift has also giving rise to ridesharing options like Uber and Lyft. 5i Solutions, a data hosting and document management company based out of Florida, polled the consumer base of both rideshare companies, Uber and Lyft, and found that half of Uber riders are in the Millennial generation, with 10 percent coming from the 18 to 24 years old age group and 40 percent from the 25 to 34 age group (Bennett, 2015). As for Lyft, more than half (54%) of its customers are Millennials, with 13 percent being ages 18 to 24 years old and 43 percent are 25 to 34 years old.

Job security is also an area of concern for Millennials. It was discovered through a survey Millennials display little loyalty to their employers ("The Deloitte Millennial Survey," 2016). Of the 7,700 Millennials polled, 66 percent revealed that they expect to leave their current job sometime within the next five years. Many feel that their "leadership skills are not being fully developed" and that businesses are not doing enough to facilitate their professional growth. Millennials want to be with companies that recognize and value them as individuals. They want to work for employers that engage and respect each employee's interests and skills. Also, whether as an employee or as a customer, Millennials look to interact with businesses that impact society in a positive way. In fact, a report, which compiled the answers of over 1,500 survey respondents, ranked a "company's involvement with causes" as the third most important factor to Millennials when searching for potential employers ("The Millennial Impact Report," n.d,). They admire businesses that impose sustainable production measures, give back to local communities, donate to charities and most importantly, put people first.

CHAPTER 5: 4-POINT LOYALTY LIFE CYCLE MODEL

The life cycle of a loyalty program member can be divided into four phases of growth: acquisition, engagement, retention, and advocacy. Businesses should be aware of where their consumers are throughout their relationship with their brand. Consequently, marketing tactics should mirror a consumer's growth in the cycle. With every phase progression, the consumer should further develop loyalty and trust for the business.

Acquisition is the first phase of the loyalty program life cycle model. Acquisition begins at the consumer's first exposure to the loyalty program whether it is through paid media, such as a radio advertisement or earned media, such as word-of-mouth from another consumer. In this stage, the consumer starts to consider the advantages and disadvantages of enrolling in a program. Will they earn more for the money they have already spend? Is it worth the hassle of signing up? The information you provide a consumer during this phase may determine whether or not they continue to evolve within the life cycle.

Engagement is the second and most critical phase. On average, a consumer may see 362 advertisements a day ("New Research Sheds Light on Daily Ad Exposures", 2014). Of that 362, they may only consciously acknowledge 42 percent. Brands that want to be distinctive should be highly interactive. They need to do more than publish flyers and schedule television advertisements. They should create a two-way dialogue with their consumer base. This strategy

is a must to interact with Millennials. They are an opinionated target market and deserve the opportunity to give feedback. Brands should meet them where they are and engage with them there in an unforgettable way.

The third phase of the life cycle is retention. Retaining existing customers can be a challenging thing for business to manage. However, it is important to note that the success of this phase is dependent on the foundation set during the engagement phase. If a business establishes a personalized and interactive relationship with loyalty program members in the engagement phase, it will not be hard to continue this relationship through retention. It is during the retention phase that businesses should reinforce why their brand and loyalty program is the best for their consumers. Companies should do everything possible to not let the brand-consumer relationship become stagnant. They should introduce new marketing tactics and reward members for their longevity in the program.

Advocacy is the final phase of the cycle. Although it is the last phase, it is a stage that has no ending because once a consumer reaches it, he or she will not recede. Advocacy is realized when a consumer becomes so favorable of a loyalty program, that he or she becomes a spokesperson for that brand. Members who share their testimonials and positive experiences with others can be so convincing that they influence other consumers to sign up. The loyalty of members in the advocacy phase is virtually guaranteed. These members have completed multiple transactions and responded positively to marketing messages. The love they have for their favorite brands and loyalty programs is uncontested and should be encouraged at every opportunity.

A diagram model of the 4-phase life cycle, which is displayed below, has been created to better visually explain the process. Moreover, the following chapters will further explain the four phases and their importance to both marketers and consumers. In each chapter, examples of how these tactics can be utilized will be included to illustrate their execution and results.
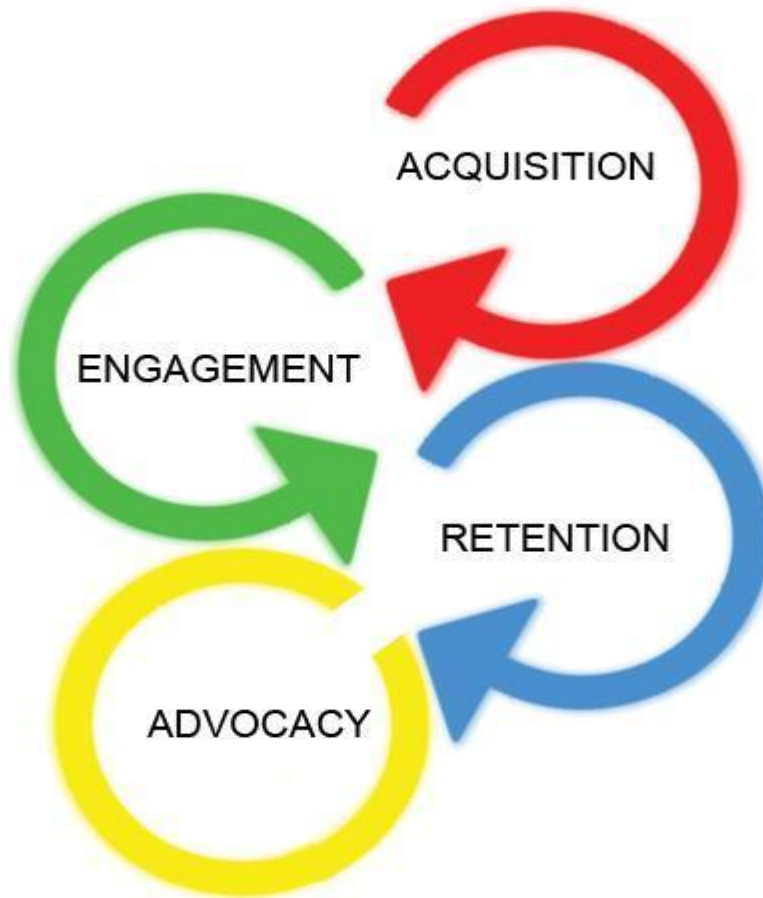
Figure 5.1 Loyalty Program Life Cycle

Chapter 6: ACQUISITION

"A loyalty program will not run itself" ("Loyalty Program Success," 2011).

There are many factors that go into creating a successful reward program, the

most important one being how new potential members are initially exposed to it

because that experience will determine whether or not they ultimately decide to

join. Acquisition is the process of introducing and attracting new customers to a

business or program. To ensure high acquisition rates among Millennials,

businesses need to introduce loyalty programs that have visually captivating

graphics and a simple enrollment process with clear, attractive benefits.

To catch the eye of a Millennial, businesses have to make sure their

marketing strategies are ahead of, if not at least following, the latest trends.

Everything about a loyalty program, even its visual qualities, needs to be

appealing to Millennials. In a taste-test case study conducted in 2012, it was

discovered that Millennials preferred wine from companies whose bottle labels

were brightly colored and designed centered (Larson, 2012). The 20 Millennials

observed were given two taste-tests of 10 different wines. The conductor of the

study classified the wine into two categories, "Boomer Labels" and "Millennial

Labels", based on the graphics and typography of their bottles. "Boomer Labels"

displayed traditional serif typefaces. Contrastly, "Millennial Labels" featured

decorative or sans-serif typefaces with creative names, like Yellow Tail and

Twisted. The first test was an "open study" allowing Millennials to view the labels

of the wine bottles and the other test was a "blind study" in which the labels were covered. The study revealed that when able to see the names and labels of the wines, participants selected choices from within the "Millennial Labels" group; however, when the names and labels of wines were hidden, participants chose wines from the "Boomer Labels" group.

The desirability of a product can increase or decrease due to its packaging. The same can be said of loyalty programs. The marketing pieces surrounding a loyalty program should reinforce its message with design trends that allure Millennials. The name of the program, its features and point system components should all be eccentric, and when possible, businesses should find a way to personalize these pieces to better attract new potential loyalty program members.

Well-trained and highly motivated employees are the hallmarks of a strong brand. Their interactions with consumers can encourage big purchases. In addition to increasing revenue, employees also have the power to entice customers to join loyalty programs, but with great power comes great responsibility. In a survey of over 50 Millennial consumers, see Appendix B, 77 percent of respondents said that they learn about loyalty programs through employees at store visits. Customers depend on employees to answer all their business-related questions. They expect employees to be readily equipped with answers, tips and resources. In the same way a restaurant employee needs to know today's food specials, he or she needs to know the new ways a customer can earn or redeem points. Employees need to be educated about their

business' current rewards program in order to inform customers of its benefits.

They should be able to quickly communicate the advantages associated with

taking the time to join the reward program. Additionally, employees should be

able to walk customers through the enrollment process for any platform.

Businesses with physical stores can decrease the time it takes to join their

program and empower their customers by enabling them with a means to enroll

themselves. Enrolling customers at checkout can be a tedious task. It is highly

likely that any given work day, a cashier will enter some part of a customer's

contact information, whether it is his or her name, email address or phone

number, into the system incorrectly. In high traffic stores, such as supermarkets,

point-of-sale enrollments can also cause shopping lines to become congested.

By allowing customers to enroll themselves, businesses can ensure more

accuracy in the collection of information. More importantly, self-enrollment places

Millennials in the driver's seat of the enrollment experience. They are in control of

their interaction with the brand and get a more personalized experience. Nearly

90 percent (89) of the survey respondents preferred electronically enrolling

themselves either on a desktop, laptop or a downloadable smartphone app over

enrolling through a written application form (Appendix B).

Tom Thumb offers this type of autonomy to its customers through its in-

store electronic kiosks. After making a purchase, customers are informed about

the Tom Thumb Reward Card. If interested in the program and its benefits, store

employees then direct the customers to an electronic kiosk in the front of the

store so that they can self-enroll. Upon beginning the enrollment, the customers

are asked a series of questions on a touch-screen tablet. The form features directions to guide the customers through each step. After answering the questions and completing the form, customers are given a loyalty card and key card. In less than five minutes, Tom Thumb has acquired a new loyalty program member and equipped them with two methods of earning points. This method of self-enrollment allows for the customer to personally connect with the brand. The enrollment is more meaningful because the customer lead the action. Consequently, this type of enrollment creates a more loyal and interactive member.

The method through how the enrollment form is administered is important but so is what is listed on the form. Businesses should be cautious to not make their forms too lengthy. Millennials have short attention spans. They do not have time to fill out page after page of forms. Instead, businesses should format their enrollment forms to be one seamless page requesting only relevant information. If a business has no intention on mailing a direct mail piece to a customer, they should not request to know that customer's address. Providing unnecessary information irritates Millennials and makes them suspicious of brands. Businesses should obtain electronic contact information, such as email addresses or social media profile. Millennials live on the web and it will be easy to connect with them in these spaces. Most will prefer being engaged on these platforms versus through paper communication through the mail.

In addition to collecting contact information, businesses can utilize enrollment forms as questionnaires and evaluation forms. This space can be

used to inquire about what customers would like to see changed within their programs. What better way to show Millennials that you care about them and see them as being special customers than giving them the opportunity to provide feedback on what they think. In just a series of open-ended and ranking survey questions, businesses can gather insight from their newest loyalty members. If they listen to these suggestions, they can restructure their business to better align to the preferences of their customers.

One loyalty program that has figured out how to connect with Millennials is Virgin America's Elevate. With vibrant brand colors, amusing commercials and fun web graphics, Virgin America has put a lot of thought into catching the eye of their target audience, "young upper-middle class city dwellers" between 18-30 years old, or as they have been defined earlier in this piece, Millennials (Grant, 2012). To differentiate themselves from other frequent flier programs, Virgin America's Elevate loyalty program features an avatar component to its member online account profile. When enrolling, prospective members have the option to select one of 12 avatars, see Figure 6.2 on the next page, to serve as their "virginamerica.com alter ego." This avatar will represent them as they navigate through the site and the loyalty program. Members get to express their personality in a creative way. Millennials are extremely familiar with avatars. Avatars are used on every social media platform visited by Millennials from Twitter to LinkedIn and by utilizing this feature on its website, Virgin America creates a sense of nostalgia for its Millennial customers.

Avatar

Pick your virginamerica.com alter ego. Your avatar will represent you during your experiences on the site. It can't, however, represent you in court.

Figure 6.1 Elevate Profile Avatars
Source: Virgin America Elevate Website

Chapter 7: ENGAGEMENT

One of the most obvious wants of Millennial consumers is accessibility. Brands have discovered that the best way to engage, the action of attracting and holding one's interest, with Millennials is by meeting them where they live, on mobile platforms. Companies that want their loyalty programs to stand out should look to provide Millennials with a seamless mobile access to the consumer experience. Through online content, such as mobile applications and social media sites, brands can connect with this target group.

Rebel Rewards, a collegiate sports loyalty program of Ole Miss Athletics, has mastered providing its audience with convenience to participate in its program. Rebel Rewards was built to award fan attendance and participation at home game events. The mobile application and program is free to join and open to the public. Jason List, Assistant Athletics Director for Marketing at Ole Miss said that creating the application has greatly impacted consumer behavior and engagement. "It's allowed our program to grow substantially. Everything is mobile now. Being able to execute our system through fans' phones is simple and effective."

Initially, Rebel Rewards members could only earn points for attending games by having their personal identification barcode scanned by a member of the Ole Miss Athletics staff. This barcode was created after users signed up with the program online. Members could then print out their barcode and bring it to Ole Miss games to be scanned. The loyalty program then moved over to having

its interface be through a mobile application. The scannable barcode was also moved over so that fans could pull it up on their smartphones and tablets. The process of scanning barcodes is problematic for several reasons. Fans would have to line up and wait anywhere from 10 to 20 minutes before they could get scanned. Another issue was the efficiency of the system. Fans sometimes experienced glitches with the system and did not receive their earned points even though they physically had their barcode scanned. These issues hurt the authenticity of the Rebel Rewards program and left a bad taste in the mouth of its members.

Recognizing the need for improvement, Rebel Rewards implemented iBeacon technology as a better way to track its game day attendees. iBeacon devices, a trademark product of Apple, emit Bluetooth Low Energy signals to phones and tablets with their Bluetooth capability on (Moody, 2015). When this signal is sent and the phone or tablet is detected, the iBeacon, a model of one is shown in Figure 7.1 on the next page, sends data to mobile applications. This advancement has eliminated the need of Rebel Rewards barcode scanners which has excited many Millennial users. No longer must they wait in line to be rewarded for their loyalty. Upon entering the sports arena, all Millennials need to do is turn on their Bluetooth capability and their presence is acknowledged. They are given points for their attendance and Ole Miss Athletics now has the opportunity to engage with these users in real-time.

Figure 7.1 Beacon Model
Source: BusinessInsider.com

Brands that utilize this type of technology can take part in proximity marketing to provide consumers with real-time offers. In the future, Ole Miss Athletics could use this technology to not only offer more realized accessibility, but to also send push notifications with concession stand coupons to reward fans who use the application and stay for longer periods of the game. It can also be used to encourage participation in school cheers and chants to motivate school spirit.

Many around the world realize the potential change that this innovation could bring. Business Insider Intelligence stated that beacon technology is "the most important retail technology since mobile credit card readers" (Smith, 2014). List credits the technology as a way to differentiate its collegiate loyalty program and give its users ease to engage with the program. "Our uniqueness is that we use the iBeacon technology to award these points so fans really don't have to do anything but show up."

Once accessibility has been achieved, brands can look to go further in their interactions with Millennial consumers. What older generations have

perceived to be a sense of arrogance among this generational group is just the Millennials' need to express themselves. Frequenting consumer review sites before they make purchases, many love to read the opinions of others as much as they love offering their own. They have likes as well as dislikes, and they want brands to hear about both. Many Millennials take to social media sites such as Facebook and Twitter to voice their opinions about brands. Just as quickly as they will make a post about their new favorite movie or song, they will make a post on their personal account about how they feel about a company. If they feel strongly enough, they will seek out the company's official social media accounts and write to those pages. Companies that embrace this type of communication and partake in the two-way dialogue will have lasting impressions in the consumers' minds.

Chapter 8: RETENTION

Humans have complex emotional and psychological needs. They want to feel valued. They want to feel needed. These needs can motivate their everyday behavior. Brands that stimulate and meet the needs of their consumers may build infinite relationships. Retention, the act of keeping someone or something, can be used to foster loyalty within these relationships. There is a lot of continuous work that must go into building these relationships with Millennial consumers because they are never permanently satisfied. Their wants and needs change as much as the world around them, and businesses who aim to keep Millennials as customers can use loyalty programs to keep them as faithful brand followers and valuable customers.

One way that businesses can make their Millennial members feel valued and retain their membership within loyalty programs is by gamifying their marketing through the usage of loyalty program tiers. Through a poll, it was found that more than half (57%) of 18-34 year olds play video games at least three times a week (Zogby, 2014). This heavy game-play has impacted the way Millennials see the real world. To them, everything has become a game where there is an opportunity to advance levels and win prizes.

Loyalty programs that tapped into the gamer mentality of Millennials are more successful in retaining and engaging their members. In fact, the gamer mentality of Millennials is much different than that of someone who is of an older generation, such as Generation X. Members of this generation were raised to

play outside games like tag or cops and robbers. When they did play arcade and video games, it was only for a few hours at a time using Ataris, Nintendos and arcade machines with analog sticks. They played classics like Super Mario Bros. that had two simple goals: collect coins and save the princess. Today's games require much more critical thinking to defeat. The villains are bigger and the goals are harder. Games can be played on virtually any device, from arcade machines to smartphones to Xboxes. They are everywhere now and Millennials spends hours of the day trying to beat them. As a result, many Millennials have developed a strategized gaming mentality that transcends beyond their controller in "game world" and into their everyday purchases in the real world. This behavior has makes Millennials strategic and conscious in their shopping.

Most loyalty programs track almost every interaction a consumer has with their brand, whether it is a website visit or an actual purchase. Higher levels of consumer initiated activity should yield greater rewards. Consequently, once a Millennial has accumulated a high level of points, they reason that it is not worth it to lose those points by considering another competitor. This creates a loyalty cycle of advocates. To Millennials, every tracked purchase made through a loyalty program is a move that will help them capture the Queen and win the ultimate prize.

Southwest Airlines does a great job at captivating its customers' gamer mentality and awarding its most committed passengers with status and extra perks. Currently, Southwest Airlines' loyalty program, Rapid Rewards, has three tier levels: A-list, A-list preferred and Companion Pass ("Tiers & More," 2016). On

its website, Southwest Airlines challenges its customers to advance to the

highest tier by asking them "Which will you aim for?"
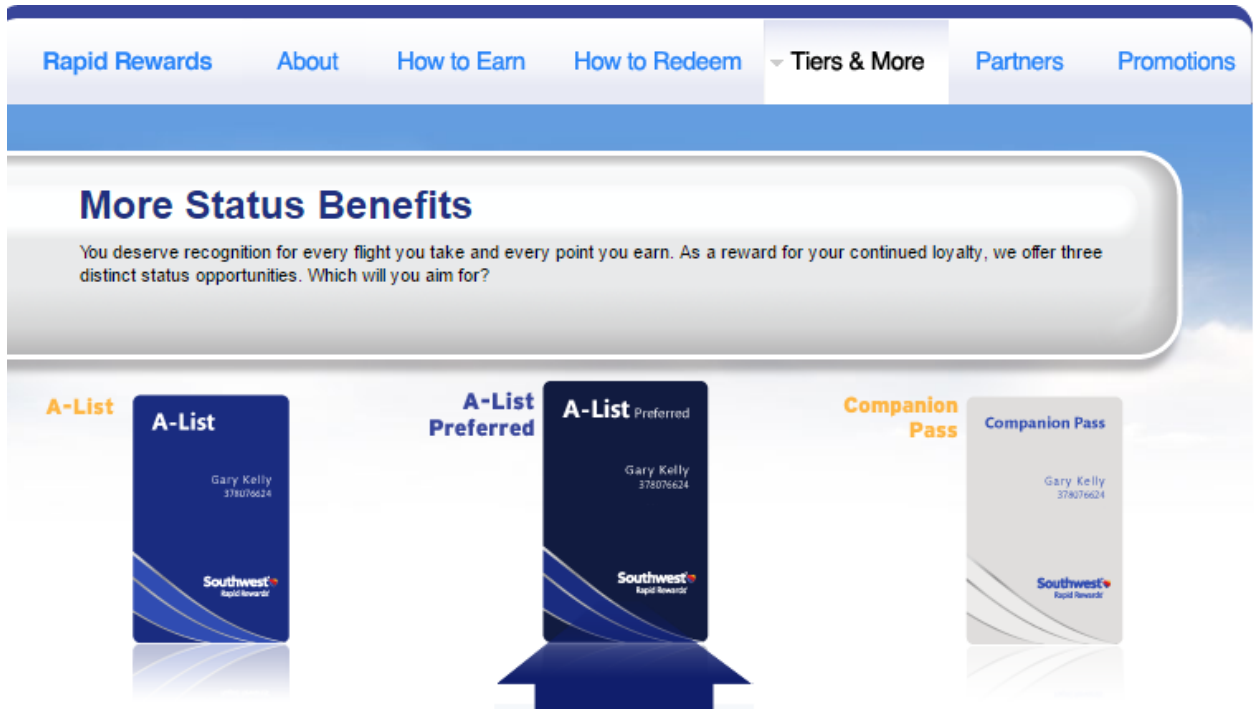
Figure 8.1 Rapid Rewards Tiers
Source: Southwest Airlines Website

Each tier has its own specific requirements and benefits. To reach A-List,

Southwest Airlines customers must take 25 one-way qualifying flights or earn

35,000 tier qualifying points by completing purchases with Southwest Airlines

reward partners like Marriott hotel stays, Hertz car rentals or 1-800-Flowers.com

floral arrangements, in a calendar year ("Tiers & More," 2016). After attaining A-

List, members "win" perks, such as priority boarding and access to a special

customer phone line with shorter wait times. A-List Preferred status is reached

after 50 one-way flights or 70,000 points. In addition to the above perks, A-List

Preferred members can earn 100% more points on flights and get free inflight

WiFi. The top tier, Companion Pass Status, comes after 100 one-way flights or 110,000 points. With this recognition, travelers are able to take a spouse, friend or family member on a flight with them. This is mutually beneficial for both Southwest Airlines and the loyalty program member. Southwest Airlines gains an opportunity to make an impression on a traveler, perhaps someone who may have never traveled with them before. The loyalty program member is awarded for his or her loyalty and gets to share a trip with a loved one. With each tier advancement, the members are introduced to a new list of perks. This gradual increase of value encourages repetitive behavior and leaves consumers striving to earn more and more rewards. It is common to see tier status programs in higher dollar industries, such as travel, hospitality and insurance, but this is a program component that a company in any industry can and should employ when structuring their reward programs.

There is a lot of opportunity for brand-consumer engagement through a consumer's pursuit of tier statuses. Millennials take gaming seriously and by placing consumers in a game-like structured reward program, businesses can satisfy their consumers' need to "level up." They can create marketing messages that encourage purchasing behavior and tier advancement. Rewarding consumers for their gaming mentality will encourage them to come back again and again to play and win more prizes with your brand.

Chapter 9: ADVOCACY

Advocacy can be defined as the emphatic support of a person, thing or idea. It should also be thought of as the ultimate goal of a loyalty program. It is at this point that a consumer freely expresses his or her admiration for a brand. Loyalty programs are instrumental in accelerating brand advocacy because they reward purchasing behavior, which makes consumers more likely to return to a business' store and website. Brands that provide their customers with exceptional service as well as rewards and perks for continued business will see longevity in their relationships with consumers. Additionally, high levels of advocacy can bring new customers to a business' door.

Millennials share a lot about their personal lives on the internet. Their opinions about the movies they watch, music they listen to, and so much more can be found online. Some even go as far as to make YouTube review videos after they make purchases. This practice of "public living" has caused many to value the opinions of others. Through the usage of a hashtag, Millennials from all around the world can take part in global dialogue about a specific subject. Often times, a product or company is the topic of these conversations. Businesses that provide their Millennial customers with exceptional interactions can benefit from generation's willingness to share. Hearing about another customer's great experience can be very convincing to members of this demographic. In fact, it may be the only thing that convinces many of them to make a purchase or enroll

in a program because they are very untrusting of traditional advertising. The credibility and motives of business' traditional marketing tactics, such as print advertisements and television commercials, are often questioned; however, the thoughts, likes, and dislikes of a customer are valued and often sought out.

Businesses can provide consumers with an outlet to give feedback. More than half (64%) of surveyed Millennials believe businesses should create more opportunities for opinion sharing online (Talking to Strangers: Millennials Trust People Over Brands, 2012). In addition to establishing opinion sharing spaces, brands should reward loyalty program members who complete products reviews, disseminate brand admiration through word-of-mouth, or make social media posts about the brand. Each post that is made is another credible testimony. Mobile applications that center around photography like Instagram and Snapchat have become typical places for brand advocacy through images. Users use Instagram to share photos and videos of their favorite products; meanwhile Snapchat's geofilters, photo filters that feature different logos and typography depending on where you are geographically, have become popular with Millennials. To make it easier to find this user generated content, businesses should create a unique hashtag, which reflects their brand, that users can include in posts made about certain products and services. Furthermore, this hashtag can be placed on clothes and other wearable accessories. When possible, brands should try to equip loyalty program members with "brand swag" items, such as hats, koozies or car decals, that display the company's and loyalty

program name. These items are likely to be used frequently and will be seen by many, which may result in new acquisitions.

Another behavior that should be recognized and rewarded is loyalty program membership referrals. Every member who enrolled because of a referral from a friend or family member is one less member that the business had to spend dollars of its marketing budget on to acquire. Referral enrollments can be great for both the business and consumers. The company has now gained a new customer. Furthermore, referred customers are more likely to maintain a long-term relationship with a brand than the average customer. The consumer who encouraged the enrollment can be rewarded for his or her efforts through additional loyalty program perks, discounts or awards, and the consumer who was referred has now been introduced to a highly recommended business by someone whose opinion is trusted.

Chapter 10: APPLICATION OF LOYALTY PROGRAM LIFE CYCLE

Based on the findings, hypothetical marketing techniques were created to show how marketing methods to Millennials for each of the four stages, acquisition, engagement, retention and advocacy, can be executed. Plato's Closet, a store that sells and purchases clothes from Millennials, was selected for the business model. It should be noted that Plato's Closet does not currently have an universal loyalty program. Certain locations offer customers the ability to use a loyalty punch card for discount, but this is not the structure of every store. For the purposes of this section, the currently non-existent and hypothetical loyalty program will be called Plato's Closet Rewards. The following section will apply the four-point model and include a radio advertisement, a loyalty program mobile application and a social media mobile application.

10.1: ACQUISITION

Millennials are heavily influenced by technology and the convenience it has created. One development that has resulted from technological advancement is online radio. In addition to traditional AM/FM radio stations, Plato's Closet should place loyalty program advertisements on radio streaming sites, such as Pandora and Spotify. The below is 15 second radio advertisement:

"Get Rewarded"

:30 second

ANNOUNCER: There's two things you can never have enough of… money and clothes! We get that at Plato's Closet. Get rewarded for getting both through our new loyalty program, Plato's Closet Rewards. You can earn points for selling your gently used items or by buying ours at over one hundred locations. And with the, WhatsTrending app feature, you'll be able to see all the newest styles in fashion. Download the Plato's Closet Rewards app today to see all the ways you can slay your fashion finds!

10.2: ENGAGEMENT

Mobile applications are changing the world and everyday processes. Plato's Closet Rewards could use an application to interact with consumers throughout the engagement stage. A visual model, Figure 10.1, of the application, which would consist of four main menu options, is displayed on the next page. The "Store Locator" application menu option could be used for location-based marketing to send notifications and text messages to Millennials consumers whenever they enter within 25 miles of a physical store. The "Plato's Closet Rewards" menu option would host a rewards point tracker that updates in real time. There would also be a scoreboard that ranks members nationally or against their friends. The "#WhatsTrending" menu option would include a photo gallery of the latest fashion trends. The application would be structured so that users can "like" and comment on these photos. The last menu option, "@Plato's Closet" would serve as a gap between the application and three social media sites, Facebook, Instagram and Twitter. By clicking on this menu option, users would be able to visit official social media accounts of these sites.

Figure 10.1 Plato's Closet Rewards Mobile Application

10.3: RETENTION

Just as it can be utilized for the engagement stage, the Plato's Closet Rewards mobile application, Figure 10.1, can be used to retain loyalty program members. In addition to notifying members of their close proximity to a Plato's Closet, the "Store Locator" menu option can be used to set the member's home, or most frequented, store. On the application's map, the store will be marked with a star and the title "My Plato's Closet." The "Plato's Closet Rewards" points tracker can also spark messaging. Plato's Closet can send members text messages encouraging them to shop or sell more items. Paired with the scoreboard, these text messages can also inform Millennial members about their friends' point ranking to incite their competitive gamer mentality. The "#WhatsTrending" option can differentiate Plato's Closet. Not only will Plato's Closet offer affordable fashionable finds, Millennials will also be able to use the application to determine what are popular, stylish items. Lastly, the "@PlatosCloset" option will generate Plato's Closet themed hashtags for members to use in their captions under their social media pictures. This will reinforce the brand's name in the mind of the consumer.

10.4: ADVOCACY

Advocacy can be conveyed through multiple ways. Snapchat is a well-liked application among Millennials. Users are able to send and receive photos that feature different geofilters to other users. They are also able to upload photos to their Life Story, a collection of photos and videos that expire after 24 hours. Plato's Closet Rewards could foster advocacy among Millennials by creating its own geofilter that becomes available to consumers only when they are inside a Plato's Closet store. They can take and upload a "selfie" of themselves shopping or wearing a Plato's Closet item. Figure 10.2, which is located on the next page, displays a photo of a consumer and the proposed geofiler.

Figure 10.2 Plato's Closet Rewards Geofilter

11: CONCLUSION

Millennials are the consumers of the future. They are the largest generation on the planet and currently possess over one trillion dollars in direct buying power. Moreover, because of their impressive knowledge of technology, they have the power to influence the buying power of their older family members and friends. Businesses should take advantage of this influence by attracting Millennials into their loyalty programs. This will create a stronger bond between Millennials and the brand, which will motivate them to make more purchases. Businesses should be sure to continue interacting with Millennials through all four stages of their loyalty program member life cycle, which commences through acquisition, moves to engagement, followed by retention and finally, settles at advocacy, an ongoing stage. By managing and becoming aware of a Millennial consumer's progress through the cycle, businesses can continue to distribute the appropriate marketing efforts, which will ultimately result in creating a die-hard brand advocate.

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Appendix

A.   Interaction in Loyalty Programs Survey

1. How old are you?

#	Answer		Response	%
1	Under 18 yrs. old		1	2%
2	18-20 yrs. old		19	30%
3	21-24 yrs. old		33	52%
4	25-29 yrs. old		1	2%
5	30-35 yrs. old		1	2%
6	Over 35 yrs. old		8	13%
	Total		63	100%

2.   What is your gender?

#	Answer		Response	%
1	Male		16	30%
2	Female		38	70%
	Total		54	100%

3.   Are you a member of a loyalty program, e.g. Starbucks Rewards, Best Buy Reward Zone, Regal Crown Club?

#	Answer		Response	%
1	Yes		31	57%
2	No		23	43%
	Total		54	100%

4.   How many loyalty programs are you a member of?

#	Answer		Response	%
1	1		4	13%
2	2-4		19	61%
3	5-7		7	23%
4	8 or more		1	3%
	Total		31	100%

5.   Are you a college student?

#	Answer		Response	%
1	Yes		25	81%
2	No		6	19%
	Total		31	100%

6.   Where do you do most of your shopping? Select up to two options.

#	Answer		Response	%
1	In store		27	90%
2	Over the phone		0	0%
3	Online on a website on a desktop/laptop/tablet		13	43%
4	Online on mobile phone's default internet app, e.g. Safari		1	3%
5	Through a downloadable mobile app		2	7%

7.   After earning points in loyalty programs, members are often allowed to redeem their points for items. Rank the following loyalty program redemption options:

#	Answer							Total Responses
1	Coupons/discounts for merchandise/service	18	5	4	0	2	1	30
2	Electronic devices	6	3	5	8	3	5	30
3	Experience (i.e. access to exclusive facilities, concerts, vacations, movies, etc.)	4	5	4	6	8	3	30
4	Free subscription to media services (e.g. Hulu, Netflix, Apple Music, magazines)	1	8	5	9	4	3	30
5	Gift cards to other retail stores	0	7	10	3	7	3	30
6	Gear with the company's logo (e.g. shirts, hats, bags, etc.)	1	2	2	4	6	15	30
	Total	30	30	30	30	30	30	-

8.   In which ways are points tracked in the loyalty programs you are a member of? Please select as many options that you find to be true.

#	Answer	Response	%
1	Points are accumulated electronically through an online account	21	72%
2	Points are accumulated by scanning a barcode on a keychain	14	48%
3	Points are accumulated through the entry of your mobile number	17	59%
4	Points are accumulated by scanning a barcode on loyalty card	14	48%
5	Points are accumulated by punching a loyalty card	6	21%
6	Points are accumulated by swiping a loyalty card	13	45%
7	Points are accumulated through a downloadable mobile app	6	21%
8	In none of the ways listed above	0	0%

9.   How likely are you to take online surveys if you know you will earn points towards a loyalty program?

#	Answer		Response	%
1	Very Unlikely		1	3%
2	Unlikely		1	3%
3	Undecided		4	14%
4	Likely		12	41%
5	Very Likely		11	38%
	Total		29	100%

10.   Do you purposely change where you buy merchandise to maximize your opportunities to earn points?

#	Answer	Response	%
1	Yes, I want to earn as much as possible so I am always strategic about my purchasing behavior.	5	18%
2	Yes, but I only change my purchasing behavior sometimes to earn more points.	14	50%
3	No, I do not care that much about earning points to change my purchasing behavior.	9	32%
	Total	28	100%

11.   Do you feel a personal connection to the brands that you hold loyalty program memberships with?

#	Answer		Response	%
1	Yes		17	61%
2	No		11	39%
	Total		28	100%

12.   How likely are you to refer your friends, relatives or co-workers to a loyalty program that you participate in?

#	Answer		Response	%
1	Very Unlikely		0	0%
2	Unlikely		4	14%
3	Undecided		6	21%
4	Likely		16	57%
5	Very Likely		2	7%
	Total		28	100%

13.   How do you technology has changed loyalty marketing?

Text Response
Allows it to be done on a larger scale.
Made everything more digital
technology makes some feel more connected to their favorite store. The stores provide more ways to keep themselves relevant to their customers (i.e. ads on tv, radio & social media, loyalty programs, rewards). By keeping themselves(stores) on their customers mind.
qwerty
Technology has made it easier to keep track of loyalty points.
better advertising
It makes it easier to participate without carrying around cards.
Technology allows us to see possible discounts and deals.
More accessible
It has changed it tremendously.
It has made it more efficient and better for consumers that love a company's products.
It has helped it grow tremendously
Yes I do
Better ways to connect and different variety
Not very much
Drastically changed it. One can be a loyal, decorated customer and get benefits from all while sitting on their living room couch.
Apps and QR codes make everything accessible from your pocket!
Somewhat
Exceptionally for the best

I think it has made it more efficient and easier to keep track of
Technology makes it more convenient
Made them less-consumer friendly and more about capitalist profit
It makes the process of accumulating points a lot more efficient and simpler.
Its made it overall a bit more convent for us shoppers, However I feel that the times that we do earn loyalty points its too tedious to get a lot of points. This discourages me from wanting to even do it.
Makes it easier
It has made the process faster and easier
It has made being a loyal member a lot easier.
Positively

B) Loyalty Program Enrollment Survey

1. How old are you?

#	Answer		Response	%
1	Under 18 yrs. old		1	1%
2	18-20 yrs. old		39	33%
3	21-24 yrs. old		76	64%
4	25-29 yrs. old		1	1%
5	30-35 yrs. old		2	2%
6	Over 35 yrs. old		0	0%
	Total		119	100%

2. What is your gender?

#	Answer		Response	%
1	Male		44	37%
2	Female		74	63%
	Total		118	100%

3. Are you a member of a loyalty program, e.g. Starbucks Rewards, Best Buy Reward Zone, Regal Crown Club?

#	Answer		Response	%
1	Yes		60	51%
2	No		58	49%
	Total		118	100%

4.   Are you a college student?

#	Answer		Response	%
1	Yes		53	88%
2	No		7	12%
	Total		60	100%

5.   How many loyalty programs are you a member of?

#	Answer		Response	%
1	1		8	13%
2	2-4		41	68%
3	5-7		8	13%
4	8 or more		3	5%
	Total		60	100%

6.   Where do you learn the most about loyalty programs? You can select up to three options.

#	Answer		Response	%
1	Product packaging		8	14%
2	Employees through store visits		44	77%
3	Word-of-mouth from other consumers		26	46%
4	Social media and internet		28	49%
5	Print advertisement (flyers, newspapers, magazines, etc.)		11	19%
6	Radio advertisement		1	2%
7	TV Commercials		5	9%

7.   When enrolling in a loyalty program, what is your preferred method of registration?

#	Answer		Response	%
1	Completing a written enrollment application form		6	11%
2	Completing an electronic enrollment form on a desktop, laptop or tablet		25	44%
3	Completing an electronic enrollment form through a downloadable smartphone app		26	46%
	Total		57	100%

8.   Would you pay to enroll in a loyalty program, e.g. Amazon Prime, if it provided you with exclusive benefits?

#	Answer		Response	%
1	Yes		37	65%
2	No		20	35%
	Total		57	100%

9.   In which industries do you have loyalty program memberships? Please select ALL categories that you have loyalty memberships in.

#	Answer		Response	%
1	Travel - Hotels (IHG Rewards, Choice Hotel Rewards)		13	23%
2	Travel - Airline (Southwest Airlines Rapid Rewards, American Airlines AAdvantage)		18	32%
3	Groceries/Gas - (Kroger's, Tom Thumb)		41	72%
4	Restaurants - (Starbucks Rewards, Dunkin' Donuts Perks Rewards)		42	74%
5	Retail (Kinnucans Family, Best Buy Rewards Zone, Sephora Beauty Insider)		48	84%
6	Other:		1	2%

10.   What is your favorite loyalty program?

Text Response
Auto Zone
Amazon
Starbucks Rewards
Sephora
Kroger
Ulta
Amazon Prime
Krogers
Amazon Prime
Cups
Beer buy
Kroger
Kroger
Starbucks
Panera
ASOS
Plenti
Starbucks
Kroger
Starbucks
Lulus shoes
Best Buy
Airlines
Bass Pro Shops
Cups
Panera
Sephora or Ulta
Starbucks
Amazon Prime
Amazon Prime
Starbucks
AE Rewards
Kroger
Kroger
Kinnucans.
Amazon Prime
Kroger

Southwest Rapid Rewards
Walgreens
Starbucks Rewards
HEB
AMC Rewards
Godiva
Kroger
Sephora Beauty Insidee
Kroger
Kroger
Kinnucan's

11.   Why is that your favorite loyalty program?

Text Response
When you spend enough you get points off of purchases and it easily adds up into an almost free product.
Great Deals
It is my favorite because I get to drink Starbucks and earn points that are redeemable towards food at the same time.
I am always buying makeup, its a bit of an obsession, so I enjoy earning points I can use for rewards/samples of products Im interested in by may not want to commit to
Fuel points, discounts
Free 2 day delivery.
Because they have a lot of in store deals and I like to see how much it saves me when I check lut
2 Day Shipping, Prime Video included, special deals, etc
I get free coffee every once in a while.
I love beet buy
Gas discount
It's easy and saves money on groceries which is something that I purchase regularly.
Because it's my most used loyalty program
it's the easiest one and you always are getting offered some kind of deal each visit
Good deals on clothes
Helps me with costs of gas
free birthday food & drink of your choice and you can earn points for other free things
Save money on gas
Benefits that come with a certain amount of purchases
I get money off of shoes and it's the only loyalty program I am apart of.
I use it more frequently next best would be AA
Free Flights if I am loyal to that Airline
Get invited to special events at the store for dinner and it's open to just us. Really know how to treat the customers.
Gives certain percentage off price

I'm in college so free food is a huge plus.
You don't have to buy anything in a year and you still get a gift rather than a coupon for your birthday and for Sephora points don't expire which is great for infrequent shoppers
IT'S STARBUCKS!!!!!
Winn dixie
The shipping is free most of the time, and it is fast! Sephora is also great because of the free samples
2-day free shipping reduces my overall shopping costs over the year by more than the cost of the Amazon Prime membership, so it's a really good deal. On top of that, free movies and TV shows that aren't on Netflix.
Eventually I get a free drink
They offer great discounts as a reward.
discounted gas
Gas points
I get a lot of discounts and special offers.
Free 2-day shipping
Gas and Grocceries
easy to redeem; no expiration; earn points via credit card
Always get money off groceries
I get a free drink on a regular basis (after earning 12 stars) and can earn stars in multiple ways
Gives money back on groceries
Has a lot of benefits for individuals and families to help make their movie experience much more satisfying upon their visit.
I'm in love with chocolate & their milkshakes.
Gas points
Free Products
It's the one I use the most and see the most savings with.
All my points add up to give me discounts on gas!
Kinnucan's loyalty program is my favorite, because it is the only one I have.

C) Professional Interview Questions

1. What was the initial mindset behind My Coke Rewards?

2. How does Coca-Cola decide what prizes should be awarded to consumers?

3. How do companies decide the budget for loyalty program marketing spending?

4. What has digital marketing done to loyalty marketing and how should companies utilize it?

5. How does Coca-Cola decide earning and redemption levels?

6. How are changes in the My Coke Rewards program structure messaged to consumers?

7. How do you protect the authenticity of My Coke Rewards but still make it accessible to other nations?

8. Does having more brands to represent make loyalty marketing easier or harder?

9. Why are all of the Coca-Cola brands not participating in My Coke Rewards?

10. In what ways can a consumer engage with My Coke Rewards?

11. Which social media outlet has been the most effective when speaking to consumers?

12. What was the thinking behind eliminating codes being sent through text messaging?

13. What is the biggest challenge that My Coke Rewards faced in 2007-2008? What is it now?

14. How quickly does My Coke Rewards adapt changes in response to consumer preferences?

15. How does marketing change through a consumer's life cycle?

16. Are certain customers more prone to participate in loyalty programs?

17.   What happens behaviorally and attitudinally when tier changes occur?

18.   What impact does delayed versus immediate reward timing have on accelerating purchases?

19.   How do consumers currently view their role in a loyalty program, and to what extent do these perceptions impact evaluations of the program?

20.   Are customers willing to adapt their roles (take on more effort) in exchange for greater or more frequent rewards?

21.   How does prior experience(s) with reward programs influence loyalty, commitment, and reward accumulating behavior?

22.   What are consumer reactions to fee-based membership programs (e.g., credit cards, etc.)?

23.   When is consumer activity with loyalty programs the highest, beginning, middle or end?

24. How do companies decide the budget for loyalty program marketing spending?

25. What has digital marketing done to loyalty marketing and how should companies utilize it?

26. How does the IHG Rewards program differentiate itself from other programs? My Coke Rewards?

27. What is the target audience for IHG Rewards? My Coke Rewards?

28. What behavior does IHG Rewards want to encourage? My Coke Rewards?

29. What are the benefits of loyalty programs using credit debit cards? Both for consumer and company?

30. How has the creation of the IHG Rewards smartphone app changed consumer behavior and engagement?

31. How does IHG decide earning and redemption levels?

D) Focus Group Facilitator Guide

1:00 - 1:05 PM   Welcome & Rules

1. Welcome. Thanks for attending.
2. Purpose - I am conducting research on consumer behavior with loyalty marketing. The reason you are here is because you match the demographics of my target audience, Millennials, and I value your opinion.
3. Ground Rules:
a.   There are no right or wrong answers.
b.   We will not discuss any confidential information.
c.   I encourage everyone to participate. I want to hear from everyone - this is your chance to have your opinion heard.
d.   One person will speak at a time. You will be recognized by me, the moderator.
e.   The session will be recorded for note-taking purposes.
f.   I am an independent researcher so the responses you give will not impact us.
g.   Finally, please make sure your phones are on silent.

1:05 - 1:10 PM   Introduction of Participants

1:10 - 1:45 PM   Questions

1. You have thirty seconds to write down as many loyalty marketing programs that you can think of.
2. Do you shop online or in-store?
3. What does brand loyalty mean to you?
4. Why do you think companies have loyalty programs?
5. How does being a part of a loyalty program feel to you?
6. Do you feel a personal connection to the brands that you hold a loyalty program membership with?
7. What is your favorite loyalty program? Why?
8. How do you keep it up with your earnings?
9. How do you feel when you reach a different tier status?
10. What feelings experience when you redeem points for a prize?
11. How do you get information about your loyalty programs?
12. If you could design the structure of this program, what would it be?
13. What are your thoughts on Amazon Plus as far as having to pay for enrolling? (Moderator will explain program if needed.)
14. Are you a member of a loyalty program that you rarely participate in? If so, why?
15. Do you think technology has changed the way you have interacted with loyalty marketing? If so, how?
16. What are your thoughts on personal instructors?
17. What annoys you the most about loyalty marketing?
18. Do you encourage older family members to join loyalty programs?
19. Are you ever asked to explain loyalty programs to older family members?
20. How do you feel about coalition loyalty programs like Plenti?

1:45 - 2:20 PM   Recap

E) In-Depth Interview Questions

1. Are you a member of a loyalty program that you rarely participate in? If so, why?

2. Do you think technology has changed the way you have interacted with loyalty marketing? If so, how?

3. What are your thoughts on personal instructors?

4. What annoys you the most about loyalty marketing?

5. Do you encourage older family members to join loyalty programs?

6. Are you ever asked to explain loyalty programs to older family members?

7. How do you feel about coalition loyalty programs like Plenti?

8. Do you shop online or in-store?

9. What does brand loyalty mean to you?

10. Why do you think companies have loyalty programs?