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How Generation Y will reshape customer loyalty

New study explores Millennial attitudes towards loyalty, privacy and technology: Gen Y skeptical of location-based offers, mobile wallet; but will reveal personal details for fast, free and easy rewards

MONTREAL, Oct. 5, 2011 /CNW/ - Comprising more than 1.7 billion consumers worldwide, the Millennial Generation, also known as Generation Y, presents some profound implications for marketers as it comes of age and takes the reins of the global consumer economy. According to a proprietary study released today by Aimia to coincide with its global rebranding from Groupe Aeroplan Inc., Millennial consumers will change the way companies and brands build sustainable customer loyalty.

To compare the attitudes and behaviours of Millennials to older consumers, Aimia commissioned Harris Interactive to conduct an online study of more than 6,000 consumers in Canada, the United Kingdom and the United States.

"The Millennial generation is larger than the Baby Boom generation and three times the size of Generation X," said Rick Ferguson, Vice President Knowledge Development for Aimia. "Across the globe, the Baby Boom generation is retiring, and as such it's critically important for marketers to understand how Millennial attitudes towards technology, data privacy and rewards will change the way brands build strong, profitable relationships with their best customers."

The first part of this study, "Born This Way: The US Millennial Loyalty Survey," focuses on Millennial Consumers in the US. Aimia will release subsequent reports on UK and Canadian Millennials in October and November 2011, respectively. The Millennial Loyalty Survey presents a comprehensive view of customer loyalty expectations among the next great cohort of consumer spending. Our high-level findings for all markets include the following:

Loyalty Behaviours

- Over 75 per cent of Millennial consumers claim participation in loyalty and reward programs.
- Over 75 per cent of Millennials are more likely to choose a brand that offers a loyalty or reward program over a brand that doesn't offer one.
- In unprompted responses, Millennials rate loyalty rewards as the top incentive they look for in exchange for sharing personal information with marketers.
- UK Millennials are the most eager to engage in loyalty relationships, with nearly one-third (32 per cent) eager to join sight-unseen the reward program of a brand to which they feel loyal, versus 22 per cent in Canada and 19 per cent in the US.
- Nearly half of Millennials are willing to promote products or brands through social media in exchange for rewards.
- Canadians are more charitably-minded when compared to the UK and US, with nearly one-quarter (23 per cent) interested in participating in rewards programs connected to a charity or a social cause, compared to 12 per cent in the UK and 9 per cent in the US.
- Millennials in the US had the highest percentage for stating they would be more likely to do business with a company after earning a reward (78 per cent US vs. 69 per cent Canada and 67 per cent UK).

Mobile Technology

- Millennials are skeptical of the value of location-based marketing offers delivered via smart phone, with only one in ten claiming to have responded to such an offer.
- Millennials view the option to download coupons or reward certificates as most enticing reason to use a rewards program application on a smart phone.
- UK Millennials are most likely to respond to reward program offers on their mobile devices (43 per cent of Millennials in the UK vs. 34 per cent in the US and 38 per cent in Canada).
- Fifty-seven per cent of US Millennials use mobile devices to perform price comparisons before making a purchase in a store.
- Using a mobile device as a substitute for carrying a plastic loyalty card is the top requested mobile payment application for Millennials (over one-quarter expressed interest); meanwhile, only one in ten Millennials express interest in using a mobile device as a credit or debit card.

Privacy

- Millennials are significantly less concerned than non-Millennials with data privacy and security overall. Of all named marketing channels in the survey, loyalty and reward programs are perceived as the most privacy-friendly by Millennials: fewer than one in five Millennial loyalty program members are concerned about sharing personal information with loyalty programs.
- Approximately half of Millennials in each country surveyed were willing to share personal information with brands that offer loyalty programs (52 per cent in UK, 47 per cent in Canada and the US).

"Millennials are even more willing to participate in loyalty and reward programs than their parents, but they expect reward programs to be free, easy and fast," continued Ferguson. "This generation also relies heavily on outside information to make purchase decisions—information that is often out of the realm of control for marketers. The winners in building sustainable brand loyalty with Millennials will be those who break through the information overload to deliver value at the level of the individual customer."

Part One of our three-part series on Millennial Loyalty, "Born This Way: The US Millennial Loyalty Survey," is available upon request or by visiting aimia.com.

About The Survey

Aimia commissioned Harris Interactive to conduct the online survey among adults 19 and older in the United States, Canada and the United Kingdom. The survey was conducted among 2,282 adults in the U.S. between June 30 and July 14, 2011; among 2,045 adults in Canada between July 8 and July 19, 2011; and among 2,113 adults in the United Kingdom between June 30 and July 19, 2011. Figures were weighted to be representative of the general population in each country.

About Aimia

Groupe Aeroplan Inc., doing business as Aimia, is a global leader in loyalty management. Aimia's unique capabilities include proven expertise in delivering proprietary loyalty services, launching and managing coalition loyalty programs, creating value through loyalty analytics and driving innovation in the emerging digital and mobile spaces. Aimia owns and operates Aeroplan, Canada's premier coalition loyalty program and Nectar, the United Kingdom's largest coalition loyalty program. In addition, Aimia has majority equity positions in Air Miles Middle East and Nectar Italia as well as a minority position in Club Premier, Mexico's leading coalition loyalty program.

Aimia is a Canadian public company listed on the Toronto Stock Exchange (TSX: AER (currently) and changing to TSX:AIM effective October 7, 2011) and has over 3,800 employees in more than 20 countries around the world. For more information about Aimia, please visit www.aimia.com.

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