

Millennials and Gen Zers Are Less Inclined to Participate in Loyalty Programs

Supermarkets see fewer young members

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Loyalty programs have drawn in many consumers over the years, but millennials and Gen Zers are not participating at the same levels as generations before them.

In a January 2019 study by retail management platform [iVend Retail](#), 58.7% of internet users worldwide cited earning rewards or loyalty points as one of the most valued aspects of the retail shopping experience. That answer came in second to "quick and easy checkout."

Which Aspects of the Retail Shopping Experience Do Internet Users Worldwide Value Most?

% of respondents, Jan 2019



Note: ages 18+

Source: iVend Retail, "Global Shopper Trends Report" in partnership with AYTM, Feb 19, 2019

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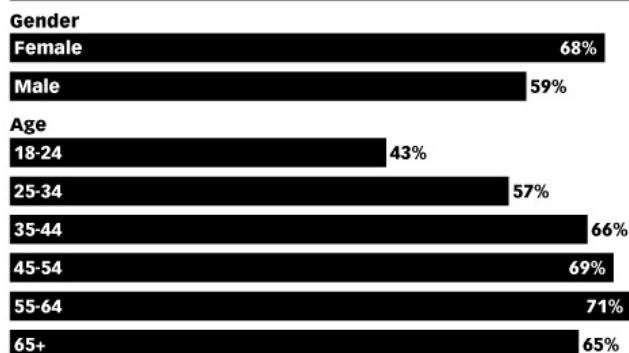
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However, not all demographics are participating in loyalty programs at the same rate. A November 2018 YouGov study of US loyalty program members found that 57% of 25- to 34-year-olds participated in at least one loyalty program, as did 43% of those ages 18 to 24.

While these participation rates are still fairly high across the board, the two youngest age groups—including millennials, who are currently the largest group of digital buyers—were less likely to be members of a loyalty program than the age groups immediately above them.

US Loyalty Program Members, by Demographic, Nov 2018

% of respondents



Source: YouGov, "What Americans think of loyalty programs," April 2, 2019

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"Millennials—and younger consumers more generally—simply haven't developed many of the household formation habits or reached the

points in their careers when loyalty programs make the most sense,” eMarketer principal analyst Andrew Lipsman said. “If you’re not regularly buying food, medication and clothes for your household, you don’t have the same need. And if you’re not a frequent traveler, why belong to airline or hotel loyalty programs?”

Retail, supermarkets and pharmacies are the three most popular store category loyalty programs across all ages. And while millennials and Gen Zers are among those who participate most in retail memberships, they are still less likely to be members at supermarkets and pharmacies.

What Type of Loyalty Programs Are US Internet Users Subscribed to?

% of respondents, by age, Nov 2018

| | 18-24 | 25-34 | 35-44 | 45-54 | 55+ |
|------------------------------|--------------|--------------|--------------|--------------|------------|
| Retail—shops and online | 58% | 55% | 55% | 50% | 44% |
| Supermarkets | 43% | 53% | 67% | 70% | 71% |
| Pharmacies | 42% | 49% | 56% | 58% | 60% |
| Restaurants/coffee shops | 32% | 35% | 38% | 33% | 27% |
| Movie theaters | 25% | 23% | 28% | 22% | 15% |
| Gas stations | 23% | 27% | 29% | 29% | 23% |
| Airlines | 17% | 25% | 27% | 30% | 29% |
| Hotels | 12% | 20% | 28% | 31% | 28% |
| Banks and financial services | 8% | 9% | 12% | 10% | 11% |
| Beauty parlors/salons | 5% | 5% | 4% | 4% | 3% |

Note: among those who are currently members of a loyalty program

Source: YouGov, "What Americans think of loyalty programs," April 2, 2019

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Interest in supermarket loyalty programs correlates with age, with younger demographics being least interested. This could be an indication of how millennials and Gen Zers are increasingly turning online to make grocery purchases, seeking out competitive prices from a variety of options.

According to a December 2018 survey from market research company IRI, 31% of US shoppers ages 18 to 34 said that buying online allows them to find lower-priced food and beverage options, compared with the total average of 20%.

What Value Perceptions Do US Shoppers See in Digital Shopping?

% of respondents, by generation, Dec 2018

| | Millennials (18-34) | Gen X (35-44) | Baby boomers (45-64) | Seniors (65+) | Total |
|---|------------------------|------------------|----------------------------|------------------|-------|
| Online order/in-store pick-up (click and collect) allows convenience without the added shipping fee | 49% | 48% | 38% | 24% | 38% |
| Buying online allows me to find lower-priced home care options | 43% | 36% | 27% | 19% | 30% |
| Buying online allows me to find lower-priced beauty/personal care product options | 45% | 35% | 27% | 14% | 29% |
| Buying online allows me to find lower-priced OTC medication options | 28% | 23% | 23% | 18% | 23% |
| Buying online allows me to find lower-priced food and beverage options | 31% | 21% | 20% | 12% | 20% |

Source: IRI, "Consumer Connect Q4 2018: Consumer Confidence Reflected in E-commerce Growth," Feb 5, 2019

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As **grocery ecommerce continues to grow**, the local neighborhood supermarket will become less relevant. Price-conscious shoppers will increasingly go online for the best deals—where they will be met with far more options than what is available to them close to home.