

A photograph of a woman with long dark hair, wearing a bright red trench coat, looking upwards and to the right. She is in a crowded city at night, with blurred lights and other people in the background. A large, semi-transparent purple circle is overlaid on the center of the image, containing the title text.

2015
AIMIA GLOBAL
LOYALTY LENS
REPORT

AIMIA

2015 OFFERS A GOLDEN MOMENT FOR MARKETERS TO MAKE BUSINESS PERSONAL

The 2015 Aimia Global Loyalty Lens identifies a golden moment for marketers around the world, as consumers — led by millennials and Generation Z — share data more openly with companies.

- > Social media has changed and is changing the way people look at sharing personal information online. Over 80% of respondents to Aimia's 2015 Loyalty Lens research are willing to share name, email address, and nationality with companies, and 70% or more will also share their date of birth, hobbies, and occupation.

RESPONDENTS ARE WILLING TO SHARE

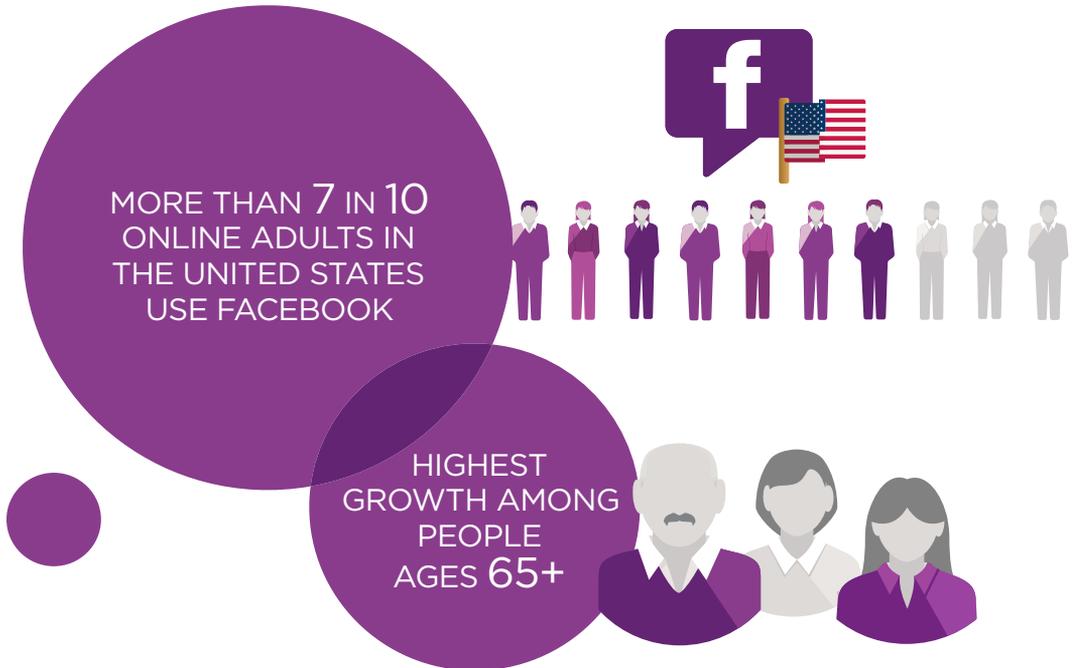


- > Data breaches have not stopped younger consumers from sharing personal data with brands. In the United States, 62% of Generation Z and Millennials are happy to share personal information with companies, compared to 41% of US Boomers. And 51% of 18 to 34 year olds are willing to share their mobile phone number, compared to 30% of Boomers.
- > Globally, consumers appear less concerned about their data privacy than a year ago. Figures indicate a year-over-year decline in consumers saying that they were more worried about their personal data privacy than a year ago — dropping from 48% in 2014 to 42% in 2015.
- > Customer loyalty programs are strongly embraced around the globe, with 85% of Aimia Global Loyalty Lens respondents in 11 countries reporting that they are members of at least one customer loyalty program in 2015.
- > While there are many differences among geographies and demographic groups, most consumers around the world are willing to share personal information with trusted brands. Marketers that respond to this new culture of openness with relevant and personalised messages will be recognised and rewarded.

Millennials and Generation Z ride Uber™, sleep by Airbnb™, help one another launch businesses on Kickstarter™, and use GoFundMe™ rather than traditional charities. They've grown up sharing every detail of their lives with attentive networks of friends, friends of friends and beyond. These consumers no longer desire the old-fashioned transactional relationships of the last century. As the drivers of the sharing economy, they have a peer-to-peer mindset that puts a greater value on personal relationships.

Millennials and Generation Z have a peer-to-peer mindset that puts a greater value on personal relationships

While Millennials and Generation Z are leading the sharing culture and economy, older consumers who are not willing to fall behind a generation gap will soon follow — as they did with Facebook. More than seven in 10 adults who are online in the US use the social network, with the highest recent growth among people 65 and older.



In the digital and increasingly mobile world, sharing personal information with brands is also becoming a standard practice.

Around the globe, according to Aimia's newly released Loyalty Lens research, consumers understand that personal data is a currency they can share with marketers in exchange for offers, recommendations, content and experiences that are tailored to them. Over 80% of respondents are willing to share core identification and demographic data: name, email address, and nationality. Seventy percent or more will share their date of birth, hobbies and occupation.

So, on the one hand, this is a golden moment in consumer marketing. Data-driven marketing solutions make it possible for brands to personalise messages and offers catering to the specific needs and priorities of individual consumers — tapping into the emerging consumer-led economy.

On the other hand, though, this is a time that will test the mettle of marketers. Companies that don't have the fortitude to build relationships for the long-term may be inclined to jam the direct-to-consumer pipeline with a barrage of short-term price promotions and irrelevant messaging, burning those bridges.

“

This is a golden moment for brands, but this opportunity will quickly disappear if companies fail to respond appropriately. Companies must provide recognition and offers that cater to what the customer wants, not what the company wants.”

— David Johnston,
Aimia Group Chief Operating Officer

GOALS OF AIMIA GLOBAL LOYALTY LENS

To help marketers follow the “golden” path, Aimia’s Global Loyalty Lens surveyed over 20,000 respondents in 11 countries to find out what brands are doing well and where they fall short. The research uncovers consumers’ views on the collection of their personal data by brands, marketers’ efforts to personalise offers and messages, and the state of customer loyalty today. As a longitudinal study, the Loyalty Lens offers both deep insights into the perceptions and preferences of consumers today and a powerful tool to measure changes and trends over time.

Results were aggregated demographically and on a country-by-country basis. For comparison purposes, countries were combined into two groupings (See Methodology).

LEADER NATIONS

Australia, Canada, France, Germany, Italy, Spain, United Kingdom (UK), United States (US)

DISRUPTOR NATIONS

Brazil, India, United Arab Emirates (UAE)

Dr. Dimitrios Tsivrikos, a business and consumer psychologist at University College London, explains that the Leader and Disruptor countries fall into Individualistic and Collectivist cultures, respectively. “Most countries in North America and Europe are classified as individualistic, which is to say these cultures value individual achievements and goals above the collective needs and goals of a group,” he says. “However, the three Disruptor countries are considered to be collectivist cultures in which the self is interdependent with social networks with which an individual belongs, and group successes are prioritised above those of the individual.” This is often borne out in the Global Loyalty Lens findings.



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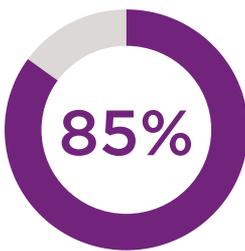
— Dr. Dimitrios Tsivrikos,
Business and Consumer Psychologist

BRANDS NEED TO DIG DEEP TO UNDERSTAND THEIR CUSTOMERS

Before most consumers were producing digital fingerprints through their activities online and through mobile devices, they were joining customer loyalty programs. Today, these programs have a golden opportunity to span the once-distinct realms of digital and brick-and-mortar by combining transactional data from retailers, restaurants, financial institutions, travel companies and technology providers with the member's digital activities to develop a true 360-degree view of an individual.



Consumers are opting in to customer loyalty programs in high percentages worldwide, the Aimia Global Loyalty Lens shows. On average, 85% of global consumers reported being members of at least one customer loyalty program in 2015.



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of global consumers reported being members of at least one customer loyalty program in 2015

When consumers in the Disruptor and Leader nations are compared, the difference in customer loyalty program penetration is small. Collectively, Disruptor nation consumers belong to loyalty programs at a very high rate of 84% to 86%. That matches the US adoption rate of 84% and is just shy of Canada's 89% and France's 90% adoption rate the two highest percentages on a per-country basis.

Across geographies, between 10% and 16% of respondents report that they do not join loyalty programs. German consumers are a significant exception, with 31% of consumers saying they do not join loyalty programs in any of the sectors about which they were asked. Neighbouring France, meanwhile, has the lowest number of reward program holdouts at 10%. So, even among traditional demographic groupings, such as Europeans, the Aimia Global Loyalty Lens proves that brands must dig deep to understand their customers at a local level.

"There are a few reasons for these cross-cultural differences," says Dr. Tsivrikos. "German consumers were found to be highly sensitive to price and likely to switch brands if a product's price increased. Therefore, these consumers can be expected to switch brands often and, hence, loyalty programs are of little value to them." However it is worth noting that while penetration levels are lower in Germany than in other markets, the engagement Germans have with PAYBACK™, DeutschlandCard and Lufthansa's Miles and MoreSM, as examples, shows there is still a strong appetite for loyalty programs to take hold.

The high adoption of loyalty programs by the French, meanwhile, is related to very different factors. Supermarket shopping was found to be one of the industries with the highest consumer loyalty among French consumers, with the Loyalty Lens results showing that nearly 70% of respondents from France are members of supermarket loyalty programs, as opposed to around 45% of Germans.

With gastronomy also key to its culture, Italy has the highest percentage of loyalty to supermarkets among all countries studied, at 73%, and, worldwide, supermarket loyalty programs have achieved penetration of 56% on average.

Loyalty program members understand that sharing more today leads to more relevant rewards, experiences and communications tomorrow. Aimia's Aeroplan loyalty program and its UK Nectar program have both seen an increase in the information provided by new members when they are joining the respective programs.



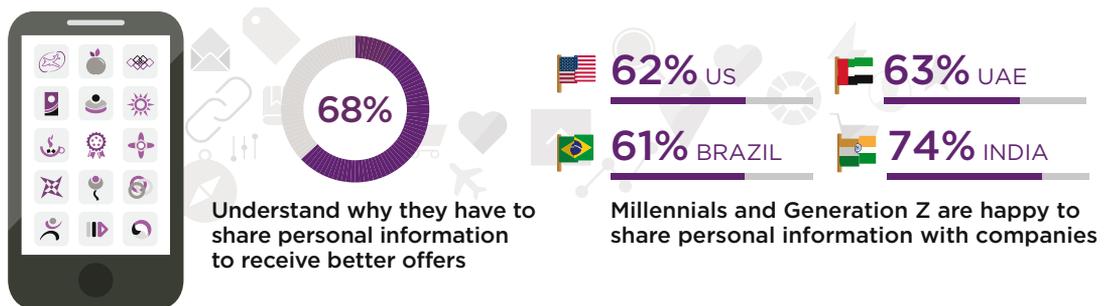
SHARE AND SHARE ALIKE: CONSUMERS UNDERSTAND DATA EXCHANGE DEAL

Social media has and is changing the way people look at sharing personal information online, and the good news for marketers is that high-profile retail data breaches have not dissuaded consumers from sharing valuable insights with the brands they trust.

Consumers understand that their personal information is valuable to brands. Among Millennial and Generation Z consumers, 68% of Loyalty Lens respondents say they understand why they have to share personal information with companies to receive better offers.

In the US, 62% of Millennials and Generation Z are happy to share personal information with companies. The United Arab Emirates and Brazil have seen similar results, at 63% and 61% respectively. Indian Millennials and Generation Z are far and away the highest sharers, with 74% offering up their personal information in exchange for relevant offers and discounts.

MILLENNIALS AND GENERATION Z



Overall, 31% of respondents say they know their data is “highly valuable” to companies, a modest increase over 2014. The Loyalty Lens defines “highly valuable” as the respondent rating the value of their data as nine or 10 on a 10-point scale.

The majority of consumers in all countries studied are willing to share personal data, as mentioned earlier, although they widely surrender only the basics — email address, name, date of birth and nationality. In certain countries, such as Brazil, India and the UAE, consumers are increasingly willing to share more of their personal data, creating extra incentive for brands marketing in those countries to establish and maintain close relationships.

In Leader countries, consumers remain extremely cautious about certain unique identifiers. A minority of the population will share web history, online purchase history or mobile numbers. Online purchase data is zealously guarded in these nations, with just 39% of respondents in Leader nations willing to share that with brands. In contrast, more than half of Disruptor nations' consumers (56%) will share online purchase history.



39% OF RESPONDENTS IN LEADER NATIONS

56% OF RESPONDENTS IN DISRUPTOR NATIONS

are willing to share online purchase data

Loyalty Lens respondents in the Disruptor markets of Brazil, India, and the UAE — where a mobile device is more likely to be the primary connection to the web — show a much greater willingness to share personal information with brands in general, but the difference is particularly pronounced when consumers are asked to share their personal mobile number. In Leader nations, just 37% of consumers will share their mobile phone number, but that figure jumps to 66% for consumers in Disruptor nations.



37% OF RESPONDENTS IN LEADER NATIONS

66% OF RESPONDENTS IN DISRUPTOR NATIONS

are willing to share mobile phone number

Younger consumers in other markets such as the US, Canada, UK and France, show the same tendency. A majority of Loyalty Lens respondents aged 18 to 24 are willing to share their mobile phone number with brands. Earning a place on a customer's phone lock screen is a significant achievement, and brands should be careful to protect their position among these willing sharers.



Due to their high willingness to share, brands should be careful to protect their position among Generation Z

TRUST, NOT REWARD, UNDERLIES THE WILLINGNESS TO SHARE

What can marketers do to motivate more consumers to share personal data? Loyalty Lens studied that question by asking those respondents who said they would not share a given piece of information if they would do so in exchange for a reward.

At best, between 25% and 50% of consumers will relent when offered a reward, depending on nation and sector. Interestingly, Spanish consumers are the most easily influenced by rewards to share. When asked to share 13 different types of personal information with travel, retail and financial services companies in exchange for a reward, the Spanish consistently rated in the top three among the 11 nations. “Spain’s economic instability may explain Spaniards’ willingness to engage with such programs in order to increase their incomes,” Tsvirikos says. Germans, in contrast, were the least likely to change their stance on sharing data in return for an incentive.



SPANISH CONSUMERS

are the most easily influenced by rewards to share



GERMAN CONSUMERS

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“Spain’s economic instability may explain Spaniards’ willingness to engage with such programs in order to increase their incomes”



— Dr. Dimitrios Tsvirikos,
Business and Consumer
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In Leader countries overall, rewards did little to move non-sharers to provide information about their income level, web history and household information, although 40% to 45% could be nudged to give up the basics — name, address and email address. In Disruptor nations, though, the majority of non-sharers (51% to 61%) would offer name, address and email in return for a reward.

Dr. Tsvirikos was not surprised by this finding. “Consumer trust, which can be defined as the consumer’s confidence in the ‘reliability and integrity’ of the exchange partner was found to be of highest importance when consumers were asked what makes them feel comfortable in exchanging data,” he explains. “The extent to which individuals reported to trust an organisation was four times more important than any factor based on exchange rewards such as receiving specially tailored offers or free products.”

RELEVANCE AND PERSONALISATION GO HAND-IN-HAND

How well do consumers across the globe feel that data exchange is benefiting them? When it comes to delivering relevant messages — another promise of personalisation through data — marketers are doing well with consumers in many nations and across multiple categories.

In the Loyalty Lens, consumers were asked how relevant they felt communications were from supermarkets, banks, airlines, credit card companies, department stores and hotels. Three countries consistently rated communications as “very relevant” (9 or 10 on a 10-point scale) across these categories — Brazil, India and the US. Roughly a third of respondents from these countries feel communications are very relevant.

“In order for personalised communications to work, they must be relevant,” Dr. Tsvirikos asserts. “In psychology, we have estimated that humans process around 11,000,000 bits of sensory information every second, and that 40 of these are processed consciously. Therefore, the brain must decide which information to consciously engage with and which to ignore. Particularly personal and relevant material has a unique ability to capture our attention. This explains why personalised messages are so effective.”

Aimia’s own experience indicates that relevance is a key reason why personalised programs outperform generic ones. Based on data collected from visits to Nectar’s website, Aimia sent out 769,000 unique email combinations to 7.1 million Nectar members — a highly personalised campaign, in which, on average, only nine members received exactly the same offer.

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59%
OVERALL UPLIFT IN
OFFER OPT-IN RESPONSE

In another example, Aeroplan launched a “double dip” campaign for a retail partner using credit card spending data to offer rich, relevant and personalised email offers tailored to the needs of relevant customers.

The campaign encouraged members to earn double points by using their Aeroplan credit card and swiping their loyalty card every time they shopped with the Aeroplan retail partner.



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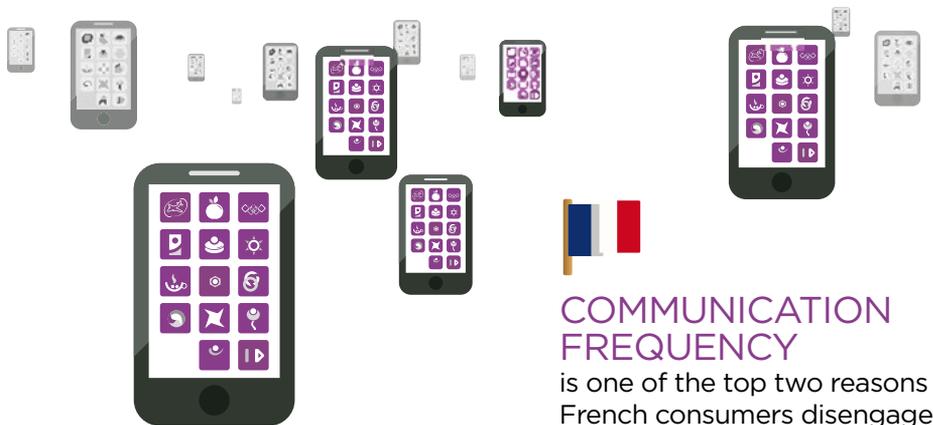
THE RISKS ARE REAL: MARKETERS BEWARE OF BREACHING CONSUMER TRUST

Yet, the Loyalty Lens identifies sectors and countries where marketers will have to work to improve the relevance of their messages. Notably, French consumers are unimpressed by the relevance of communications from banking and credit card companies; Australians rated airlines poorly for relevance, and Germans would like to see more relevant communications from department stores and hotels.

When brands do personalisation right, the rewards are significant. Getting it right makes a lasting impression — but when a brand gets it wrong, there are consequences.

According to the 2014 Aimia Digital 2.0 research study, one in six consumers worldwide say they have closed accounts and subscriptions over personal data concerns, and 54% are taking steps to limit online tracking and advertising, such as deleting cookies and selecting do-not-track options.

Aimia research shows that French consumers are also the most likely to cite communication frequency as the top reason they disengage with brands. Consumers in other nations say irrelevant messaging is one of the top two reasons they disengage. Considering that, in the 2015 Aimia Global Loyalty Lens survey, only 42% of French consumers said that they will share personal information in order to receive more relevant offers and discounts — compared to over 50% of consumers in other nations — our data clearly indicates that it's difficult to earn trust in France and even harder to earn it back when lost.



Brands can immediately reduce these objections by dialing back on repetitive retargeting campaigns. These multichannel media literally follow consumers around the Internet for as long as weeks at a time, reminding the consumer of interest expressed on a product or commerce site. The frustration of being constantly bombarded with a photo of the jeans that they bought two weeks ago can be enough to make a customer resent, or worse, block a brand. By understanding better when these purchases have already taken place, brands can cut down on disengagement, particularly from the high-volume-sensitive set.

LEVERAGING THE GOLDEN MOMENT

Consumers today are aware of the value of their data, prompting them to be more willing to share with the expectation that the organisation to which they offer their data will respond with a more individualised approach to their communications and offerings.

The new data value exchange is being made possible because consumers are more willing to share information about themselves.

While consumers remain fairly guarded of their digital information (e.g. web history, online purchase history, mobile numbers, etc.) relative to more traditional personal information (e.g. name, address, nationality, hobbies, date of birth, etc.), a gradual acceptance of sharing mobile data and using mobile platforms for coupons, wallets and loyalty programs is slowly emerging.



However, as the Digital 2.0 research points out, there is a catch. It's important for brands to recognise that consumers' willingness to share information isn't altruistic. They expect better services and more individualised offers in return for their openness and won't hesitate to break up with brands that send them irrelevant offers and information.

Consumers expect better services and more individualised offers in return for their openness

AIMIA GLOBAL LOYALTY LENS METHODOLOGY

Aimia's Global Loyalty Lens surveyed 20,168 respondents in 11 international markets: United Kingdom, Spain, Italy, Germany, France, Canada, United States, Australia, India, and the Middle East. In all markets, apart from the UAE, Brazil and India, the sample sizes are nationally representative. Because of the online nature of the survey, there is some bias towards younger, higher income groups in the UAE, Brazilian and Indian markets. We asked for their opinions, experiences, and feelings about loyalty and reward programs across three industry sectors and 15 industry sub-sectors.

The industry sectors were retail, travel and financial services. The sub-sectors were supermarkets and grocery stores; department stores; petrol and gas stations; pharmacies and beauty retailers; credit card providers; airlines; restaurants and other food, including coffee; banks and building societies; hotels; mobile/cell and network providers; fixed line, broadband and cable TV providers; home improvement retailers; technology brands; car manufacturers, and "other" transportation (trains, etc.).



HOW AVERAGES WERE CALCULATED

The data was collected and averaged for each country. Countries were then aggregated into two groupings: "Leaders" and "Disruptors." The eight countries in the Leaders group were Australia, Canada, France, Germany, Italy, Spain, the United Kingdom (UK), and the United States (US). The three countries studied in the Disruptors group were Brazil, India, and the United Arab Emirates (UAE).

To calculate the averages for Leaders and Disruptors groups, each country was given equal weighting towards the group's total.

We asked respondents about their willingness to share specific pieces of personal information with marketers. The information covered 13 separate categories, including name, address, email address, date of birth, hobbies and interests, mobile phone number, web history (visited sites), online purchases, household information, income level, occupation, nationality and lifestyle information.

To gauge how much information non-sharing respondents would share in exchange for a reward, we asked two questions of all respondents. First, without mentioning any reward or incentive, we asked which information they would be willing to share. From those responses, we were able to identify the pieces of information that respondents are not willing to share. Then, respondents were asked to share information that was not already shared willingly, this time with the promise of an unspecified reward. These two questions allow us to determine general willingness to share different pieces of personal information, and how influenced non-sharers are by incentives.

ABOUT AIMIA

Aimia Inc. (TSX: AIM) is a data-driven marketing and loyalty analytics company. We provide our clients with the customer insights they need to make smarter business decisions and build relevant, rewarding and long-term one-to-one relationships, evolving the value exchange to the mutual benefit of both our clients and consumers.

With close to 4,000 employees in 20 countries, Aimia partners with groups of companies (coalitions) and individual companies to help generate, collect and analyze customer data and build actionable insights.

We do this through our own coalition loyalty programs such as Aeroplan in Canada and Nectar in the UK, and through provision of loyalty strategy, program development, implementation and management services underpinned by leading products and technology platforms such as the Aimia Loyalty Platform and Smart Button, and through our analytics and insights business, including Intelligent Shopper Solutions. In other markets, we own stakes in loyalty programs, such as Club Premier in Mexico, Air Miles Middle East and Think Big, a partnership with Air Asia and Tune Group. Our clients are diverse, and we have industry-leading expertise in the fast-moving consumer goods, retail, financial services, and travel and airline industries globally to deliver against their unique needs.

For a full list of our partnerships and investments, and more information about Aimia, visit aimia.com.



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