A client recently asked, "Do loyalty programs work with young consumers?" As a professional consultant, I had a ready answer: "It depends."

But I realized how useful that glib answer really could be. And to paraphrase the first Boomer president, it depends on your definition of the word, "program."

Actually, I've been trying to get away from the word program for many years. Its connotation is too confining, instantly conjuring visions of points, miles, reward charts and restrictive rules. I prefer to think of loyalty and engagement efforts, a much more inclusive word. Not to say that some of the tried-and-true tactics of legacy programs aren't still effective – when used correctly, in a mix that includes a variety of experiences, curated content and engagement opportunities. Across all age groups, traditional rewards and benefits – savings, discounts, rewards and recognition – will always be strong motivating factors. But they are far from the only factors; and the younger the consumer, the more important experience becomes as a key loyalty driver.

It is true that younger consumers are generally less brand loyal than other cohorts. MarTech recently published findings from the PwC Customer Loyalty Survey 2022. Asked if they had stopped using a brand during the past year, 32% of Gen Z respondents said yes, compared to 27% for Millennials, 31% of Gen X and 19% for Boomers. While some attrition was driven by price, much more was the result of the customer experience across channels.

51% of all consumers said they would abandon a brand if the digital experience is less enjoyable than the in-person CX. But for Gen Z, that figure was 69%.

A key to delivering a high-quality user experience is to have deep understanding of the consumer on an individual level. Which, of course, requires data, which is increasingly difficult for brands to get.

So, consumer empowerment to the rescue: the same PwC survey reports that 82% of consumers said they would share personal data if it led to a better CX. And the most effective way to collect that data and reward customers for sharing is through a loyalty initiative. Those initiatives need not look like legacy programs, but could be new kinds of partnerships between customers and brands.

The voice of the customer as reported by PwC suggests that the time is ripe for such efforts. What do you think?

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