

# THE GENERATIONAL PERSPECTIVE

How our past defines our  
future buying behaviors



MARCH 2017

# Know more. Sell more.®

**Helping brands better understand their customers is what we do.**

Because the more brands know, the more they sell. That's why we're so excited to share our latest research and insights that look at what influences the shopping behavior of millennials, generation X, baby boomers and the silent generation, and how advances in technology and social media play a role in customer-brand connections across generations.

Alliance Data's Analytics and Insights Institute conducted a study with more than 2,400 respondents to better understand consumer buying behavior and expectations. These insights, cross-referenced with results from our *2015 Understanding Customer Loyalty* study, confirmed that consumer buying habits track closely with life stages and each generation's cultural identity.



# KEY INSIGHTS

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1 Current shopping behaviors are driven by past generational experiences.

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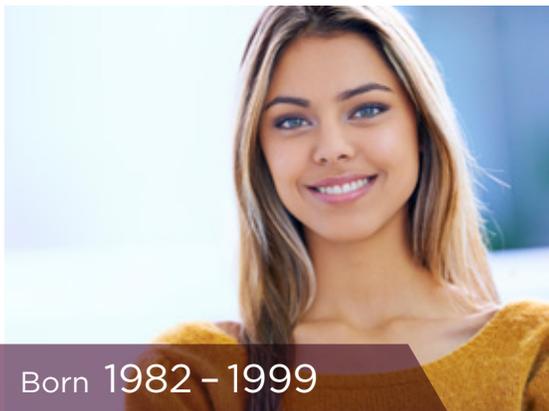
2 All consumers share some baseline expectations from brands.

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3 Each generation connects with brands differently.

# GENERATIONAL VALUES AND EXPERIENCES DEFINE SHOPPING BEHAVIORS

## MILLENNIALS | Ages 18-35



Millennials rely on technology for *everything* and came of age during the social media boom. From price comparisons to product reviews, this connected generation uses their smartphones to research options before purchase. They need to feel emotionally connected to brands, and the overall brand experience matters a great deal to them.

94%   
own a smartphone

## GENERATION X | Ages 36-51



The first group to be raised with email, the internet, and the rise of e-commerce, and the convenience that came with it. Now they work and drive the car pool, so they gravitate toward shopping experiences that are efficient, getting them what they need when they need it.

46%   
have kids under 18 years old at home

### WHO'S ON DECK? LOOK AHEAD TOWARD THE NEXT GENERATION

Gen Z's buying power will rival millennials'—and brands need to be ready. Get to know them now.



## BABY BOOMERS | Ages 52-70



Baby boomers' coming of age ushered in an age of consumerism. But they didn't grow up with 24/7 connectivity, so they don't rank technology as a top priority. They care more about product quality and value. And now they're empty nesters—which means they have more discretionary income.

77%   
*have no kids at home*

## SILENT GENERATION | Ages 71+



Raised by Depression-era parents, the silent generation chose traditional careers and stuck with them. They put trust in institutions, managed risks, and were prudent with their retirement accounts—and they have the financial stability to show for it. They shop with brands they know and trust. But value for the money they spend is most important to them.

68%   
*said they're great at managing their finances*

## GEN Z | Ages 6-20

Raised in the era of smartphones and 24/7 connectivity, gen Z consists of true digital natives. So, they'll expect near-instant gratification from brands.

They're more pragmatic, conscientious, and culturally diverse than millennials. Challenged with today's social, environmental, and political issues, this generation will

likely play it safe financially and aim to make a positive difference in the world.

Sustainability matters to this group. Brands that champion smaller environmental impact will resonate with them. Gen Z will want to know how your brand makes the world a better place.

# REGARDLESS OF THE GENERATION, ALL CONSUMERS DEMAND THESE THINGS FROM BRANDS

While **payment security (89%)**, **easy brand interactions (76%)**, and **transparent promotions (71%)** are most influential when choosing where to shop, when asked about their memorable shopping experiences, all generations rank **customer service #1**.



## CONSUMER CONFIDENCE DICTATES SPEND

When consumers are more confident, they spend more. They're choosier about where to spend—they're able to invest in larger purchases (like home improvement and auto) and they're looking for value and quality in their everyday purchases (like clothing and accessories).

## Brick & Mobile is the new customer experience

Brands need to focus less on what channels customers are shopping in, and more on overall experience—both online and in store.

## But brick-and-mortar stores are still king

Consumers will always want to touch and feel before they buy—that's the difference between the in-store experience and the mobile-shopping experience.

Millennials think physical stores are just as important as their silent generation counterparts

More than  
**75%** of all generations want to see a product in store

**1/3** of all consumers say the total in-store experience is important

Where consumers made clothing and accessories purchases	<2016	2016	
In store	88%	<b>80%</b>	↓
Online via laptop/desktop computer	50%	<b>49%</b>	↓
Smartphone through an internet browser	15%	<b>18%</b>	↑
Tablet through an internet browser	15%	<b>16%</b>	↑
Smartphones via an app	12%	<b>16%</b>	↑
Tablet via an app	9%	<b>11%</b>	↑

# EACH GENERATION CONNECTS WITH BRANDS DIFFERENTLY

*Life stage and lifestyle dictate shopping behavior, but it's a little different for each generation. Here are some takeaways:*

When it comes to purchase experience, millennials have a lot of expectations for their preferred brands, more so than other generations. That's because millennials are the most emotional buyers—they need to feel a special connection to the product and the entire brand experience to commit to a purchase.

**Millennials are overwhelmed by their social calendars and the new responsibilities that come with new life stages, like buying first homes.**

**Time is of the essence to generation X, which struggles to master the balance between career and family.**

For brands that target boomers and silents, keep in mind that value matters most. They have the money to spend, but the quality has to be worth it.

**Baby boomers are no longer juggling career and family obligations, so they have extra money to spend.**

**Diligent plans for early retirement are yielding dividends for the silent generation.**

## Generational lifestyle differences

### MILLENNIALS

I never have enough money	58%
I'm healthy and active	56%
I'm great at managing a budget	56%
I never have enough time	48%
I have an active social life	46%
I constantly feel overwhelmed	44%
I am impatient	42%
I get enough sleep	42%
I work too much	32%

### GENERATION X

I never have enough money	57%
I'm great at managing a budget	65%
I'm healthy and active	55%
I never have enough time	50%
I get enough sleep	46%
I am impatient	39%
I have an active social life	37%
I constantly feel overwhelmed	36%
I work too much	32%

### BABY BOOMERS

I'm great at managing a budget	67%
I'm healthy and active	54%
I never have enough money	50%
I get enough sleep	49%
I am impatient	32%
I never have enough time	31%
I have an active social life	30%
I constantly feel overwhelmed	23%
I work too much	18%

### SILENT GENERATION

I'm great at managing a budget	68%
I get enough sleep	65%
I'm healthy and active	60%
I never have enough money	40%
I am impatient	34%
I have an active social life	31%
I never have enough time	22%
I constantly feel overwhelmed	17%
I work too much	9%

*That means what influences purchase decisions ranks differently for each generation, too*

Top purchase influencers	Millennials	Gen X	Baby boomers	Silent
#1	My budget	Value for the money I spend	Value for the money I spend	Product quality
#2	Fair pricing	Fair pricing	Product quality	Value for the money I spend
#3	Product quality	Product quality	Fair pricing	Reliability
#4	Value for the money I spend	My budget	My budget	Fair pricing
#5	They have the lowest prices	Reliability	Reliability	My budget
#6	Reliability	Sales and promotions	Sales and promotions	They have the lowest prices
#7	Sales and promotions	Product selection	They have the lowest prices	Product selection

## MILLENNIALS IN THE DRIVER'S SEAT

Millennials are growing up, getting married, and starting families, so it's no surprise that they're driving the trend toward home purchases and new cars as they trade little splurges for major investments. And when the economy is strong enough, it puts these purchases within reach, especially with the built-up post-recession demand and use of credit as a tool to help them meet their long-term wants and needs.

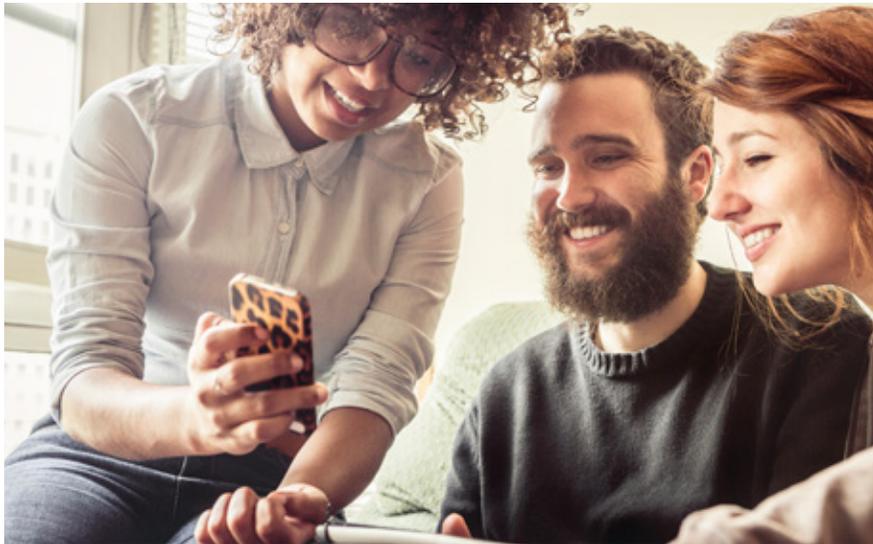
# NEW TECHNOLOGY AND SOCIAL MEDIA INFLUENCE CONSUMER BUYING BEHAVIOR NOW MORE THAN EVER...

*and that will only continue*

Technology influences how generations connect with brands in different ways. What was once cutting-edge technology has become table stakes for younger generations because they've always had it.

## **Did we mention millennials and generation Xers are in a hurry?**

Speed counts; both groups (43% and 40% respectively) say fast checkout is an important factor in their purchase decision. Less so for baby boomers and the silent generation who have more time on their hands (31% and 28% respectively).



## A GENERATIONAL PERSPECTIVE ON LOYALTY

Baby boomers and the silent generation spend money at one location to show loyalty, but their younger counterparts do it by going out of their way to seek a brand.

What we do know is that, over time, loyalty programs and rewards for purchases have become increasingly important—despite generation.



**29% of millennials expect brands to be active on social media** compared to 15% of generation X, 6% of baby boomers, and 3% of the silent generation



**57% of millennials expect to be able to shop with a brand online** compared to 47% of generation X, 41% of baby boomers, and 33% of the silent generation



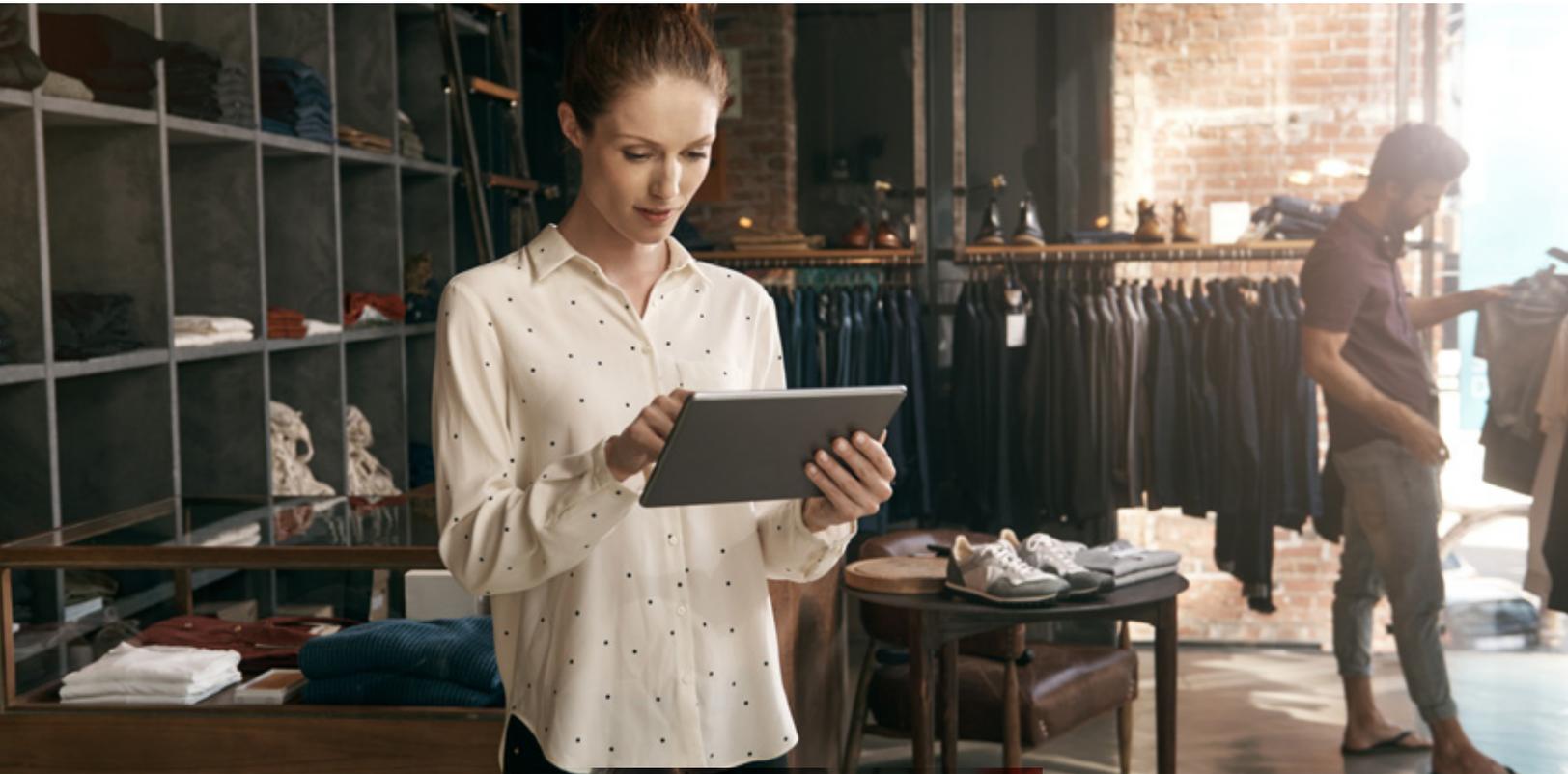
**29% of millennials say brands must have a mobile app** compared to 21% of generation X, 8% of baby boomers, and 5% of the silent generation

**52% OF MILLENNIALS DESCRIBE LOYALTY** as being more likely to go out of their way to shop a specific brand, compared to 41% of generation Xers and baby boomers, and 38% of the silent generation.

**THE IMPORTANCE CREDIT CARD OWNERSHIP PLAYS ON LOYALTY** has gradually risen across the generations from the silents to the millennials, with millennials feeling that it increases their loyalty the most (35% millennials, 33% generation X, 31% baby boomers, 28% silent generation).

# THINK GENERATIONALLY ABOUT THE CUSTOMER EXPERIENCE

*Take a targeted approach when it comes  
to how you engage your customer*



## MILLENNIALS

Millennials are focused on themselves first, and brands should follow suit. They need to feel emotionally connected to the overall shopping experience both in store and online. Highlight for them why they're special, but know that they're in a hurry. Get them what they want fast.

### When asked what influences which brand or store to buy from, millennials over-index for:

Friends/family recommendations	Availability of tech
Ratings/reviews	Total in-store experience
Private label credit card offering	Store associate experiences
Atmosphere	Fast checkout
Loyalty program offering	Impulse
Layout/organization of store/website	My mood

There are a lot of factors

## GENERATION X

Generation X needs variety and accessibility—but they don't have time to focus on too many of the details. They're balancing careers with family, and need to know why what you're selling is what they need. Make this clear to them from the start.

### When asked what influences which brand or store to buy from, members of generation X over-index for:

Ratings/reviews
Atmosphere
Availability of tech
Fast checkout

Fewer factors mean more focus for generation X.

## BABY BOOMERS

Baby boomers care more about product quality and value than cost alone. Is what you're selling worth buying? Tell them why your products are second to none and worth every penny.

### When asked what influences which brand or store to buy from, boomers over-index for:

Product quality
Value for the money

Specific influences call for specific messaging for baby boomers.

## SILENT GENERATION

The silent generation has a "waste not, want not" philosophy about what they buy. If they don't need it, they probably won't get it. Appeal to their sensible nature and focus on value first.

### When asked what influences which brand or store to buy from, members of the silent generation over-index for:

Product quality
Reliability

With one factor to consider, there's only one way to win the silent generation.



## *Put these insights into practice right now*

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1 Our data reveals that there are common preferences that matter among generations of consumers—think of these as foundational guides to deliver the shopping experiences they expect.

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2 Each generation connects with brands differently based on their life experiences—know the differences to deliver relevant solutions that match their shopping and buying behaviors.

## *Let these insights drive future strategies*

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1 Channel doesn't matter as much as experience—find ways to create exceptional shopping experiences across one brick & mobile environment.

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2 Evolving technology is making it easier for all shoppers to connect with brands and try new things—embrace this trend, but don't underestimate the power of touching and seeing a product in store.

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3 Generation Z will also be shaped by their life experiences—know and understand them so you can cater to their shopping preferences of sustainability, environmental awareness and social consciousness.

# IS YOUR BRAND READY FOR THE NEXT GENERATION?

Connect with us at  
[KnowMoreSellMore.com](http://KnowMoreSellMore.com)

For more information on partnering with Alliance Data, contact:

**DARION CULBERTSON**

*Head of Business Development & Vice President, Card Services*

[Darion.Culbertson@alliancedata.com](mailto:Darion.Culbertson@alliancedata.com)

214-494-3734

To learn more about this and other studies from Alliance Data, contact:

**SHANNON ANDRICK**

*Vice President, Marketing Advancement*

[Shannon.Andrick@alliancedata.com](mailto:Shannon.Andrick@alliancedata.com)

614-729-4532

