KEYPOINT INTELLIGENCE | InfoTrends

SERVICE AREA:

Business Development Strategies

ANALYSIS

TRANSACTIONAL COMMUNICATIONS ACROSS GENERATIONS

AUGUST 2018

contents

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Introduction

When it comes to marketing, few things are more important than understanding your target audience. Developing a solid understanding of your customers' preferences can enable you to engage with them on their own terms, which can improve the customer experience and foster lasting business/consumer relationships. Today's print service providers (PSPs) understand that consumers will respond best if they are communicated to with the right messages at the right time, with the right frequency, and via the desired channels, but decoding consumers' ever-changing preferences can be quite a challenge. How do today's consumers prefer to be reached out to? What channels are most effective at creating an engaging experience that will hopefully translate into loyalty and advocacy? As might be expected, the answers to these questions can often vary based on age demographics. People who were born during a specific timeframe will generally share specific traits that are shaped by family values, life/global events, and technological developments.

Earlier this year, Keypoint Intelligence – InfoTrends (InfoTrends) released its *Annual State of Transactional Communications: Consumer Survey*. This research provides an in-depth look into consumers' expectations and preferences when it comes to transactional business-to-consumer (B2C) communications. This year's survey reached 4,000 consumers in North America (1,500 in the United States and 500 in Canada) and Western Europe (500 each in France, Germany, Spain, and the UK). This document provides an overview of that research with a focus on key data points from specific age groups to highlight the role that age can play in consumers' preferences for various communications.

Key Highlights

- Electronic access to bills and statements is now important to consumers of all ages.
- A positive experience was especially important for consumers under age 35; the youngest consumers were nearly twice as likely as those aged 55+ to state that they would pay a premium for a product/service if it guaranteed a good experience.
- 38% of total respondents had no desire to "go paperless" with their bills and statements, and it is especially interesting that younger consumers were slightly *more* likely to agree with this sentiment than their older counterparts.
- Consumers under age 35 were more than twice as likely as those aged 55+ to use consolidation services, have passwords tied to biometrics, and use voice command devices for payment reminders or to review account balances.
- Although there are some differences among the various age groups, older consumers are catching up fast and are now much more open to electronic and digital communication methods.

Recommendations

- PSPs must recognize that younger consumers are more frequently accessing their communications via smartphone, while older consumers still place a higher value on printed communications. A communication channel that works well for one age group may not be the best choice for a different generation.
- An engaging, interactive experience helps foster trust and loyalty, and a growing number of individuals are coming to expect or even demand a positive experience from all of their PSPs.
- Consumers—particularly younger ones—are increasingly relying on their mobile devices for interacting with businesses, so PSPs must ensure that they are providing a seamless mobile experience for all customers.
- Although age demographics certainly play a role in preferences, consumers of all ages expect to be treated as individuals. PSPs must ensure that all of their communications work together to create the best possible experience based on an individual's unique needs.
- Printed communications are still important to younger consumers, and the older demographics are catching up quickly in terms of mobile and electronic technologies. As a result, any preconceived notions that PSPs may have about the various age groups may need to be reconsidered.

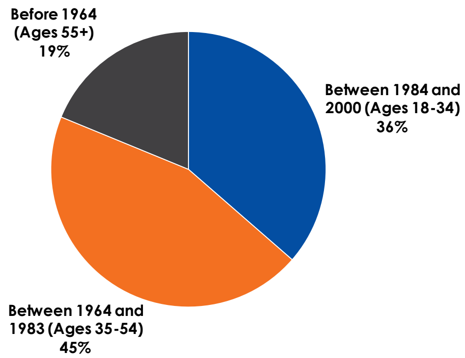
Distribution by Age

Start and end years for the various generational groups are imprecise, but InfoTrends divided respondents by birth year as follows:

- **1939 to 1963:** These individuals are between the ages of 55 and 79, representing mostly Baby Boomers as well as some from the Silent Generation. These consumers are collectively called Traditionalists.
- **1964 to 1983:** These consumers are between the ages of 35 and 54. They are primarily members of Generation X.
- **1984 to 2000:** These respondents are between the ages of 18 and 34. They primarily include Millennials as well as some of the oldest members of Generation Z.

As shown in the Figure below, all of these age groups were well-represented in the survey and follow a natural distribution pattern. There were no significant differences in terms of age breakdown between North America and Western Europe.

Figure 1: Age Demographics



N = 4,000 Consumer Respondents in North America and Western Europe
Source: Annual State of Transactional Communications: Consumer Survey, Keypoint Intelligence – InfoTrends 2018

What's in a Generation, Anyway?

Generational preferences about e-mail vs. direct mail, online engagement, mobile usage, and general buying habits should be at the core of all PSPs' marketing communication strategies. As noted earlier, individuals that were born during a certain timeframe will typically be shaped by common family values, global experiences, life stages, and technological advancements that will affect their communication preferences. The Table below offers an overview of just some of the factors that helped shape the perceptions of each generation.

Table 1: Contributing Factors by Generation

	Ages 18-34	Ages 35-54	Ages 55+
Born	1984 - 2000	1964 - 1983	Before 1964
Family Values	Divorce common More single/same-sex parents	First latchkey kids Increased divorce rates	Strong, traditional family values Multi-child families
Global Events	Rise of Technology/ Social Media Climate Change Financial Crisis Terrorism	Berlin Wall Watergate Scandal Vietnam War Civil Rights Movement	Post WWII Peace & Love Movement Assassinations of JFK, RFK, MLK
Preferred Communication Mediums	Mobile/Smartphones e-Mail Digital Facetime/Skype/IM	e-Mail Mobile Face-to-Face TV	Face-to-face Radio/TV Print/Direct Mail

Key Survey Findings

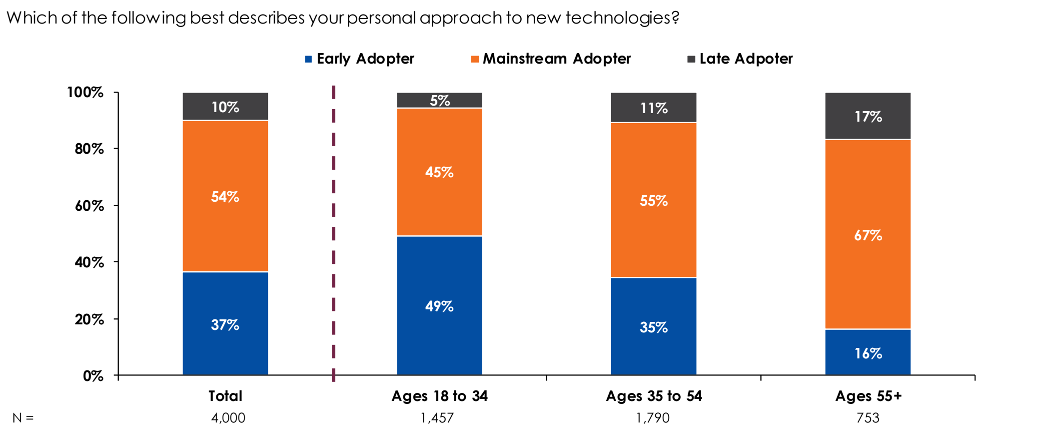
Approach to New Technologies

Over the course of its ongoing research, InfoTrends strives to identify a correlation between tech-savviness and consumers' communication preferences. To better interpret our survey results, we asked our respondents about their personal approach to new technologies based on the following definitions:

- **Early Adopter: "**I like to be among the first to try out the latest gadgets and technologies."
- **Mainstream Adopter:** "I will try out new technologies after they become popular and more people have tried them."
- **Late Adopter:** "I prefer to stay with established technologies for as long as possible, and I'd rather not change if it's not necessary."

The responses to this question were generally unsurprising—the youngest consumers were the most likely to describe themselves as tech-savvy while the oldest respondents had the highest share of late adopters. Notice, however, that a heavy majority of respondents aged 55+ categorized themselves as mainstream adopters. This suggests that the common stereotypes about older consumers' wariness of new technologies may be a bit exaggerated. This is an important consideration as PSPs develop marketing communications for consumers across the various age demographics.

Figure 2: Technology Adopter Type



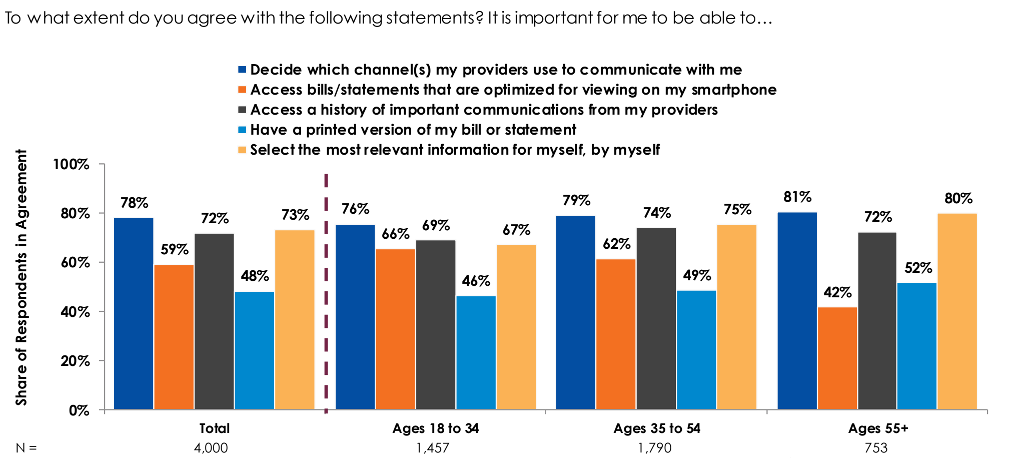
N = 4,000 Consumer Respondents in North America and Western Europe
Source: Annual State of Transactional Communications: Consumer Survey, Keypoint Intelligence – InfoTrends 2018

Opinions about Transactional Communications

Respondents across all generations assigned the highest level of importance to being able to decide which channels their providers used to communicate with them. Today's consumers understand that PSPs have a wealth of information about their individual preferences and purchasing habits, and they expect their marketing communications to reflect this depth of knowledge!

Although consumers across all age ranges expect to be treated as individuals, there were some differences by age. For example, although 66% of consumers under age 35 considered it important for bills/statements to be optimized for viewing on a smartphone, the same was true for only 42% of Traditionalists. Meanwhile, the oldest respondents were more likely to want printed versions of their bills/statements and to be able to select the most relevant information for themselves, by themselves. PSPs must recognize that younger consumers are more frequently accessing their communications via smartphone, while older consumers continue to place a higher value on printed communications.

Figure 3: Opinions about Transactional Communications



Base: Consumer Respondents in North America and Western Europe
Source: Annual State of Transactional Communications: Consumer Survey, Keypoint Intelligence – InfoTrends 2018

Share of Transactional Communications Accessed Electronically

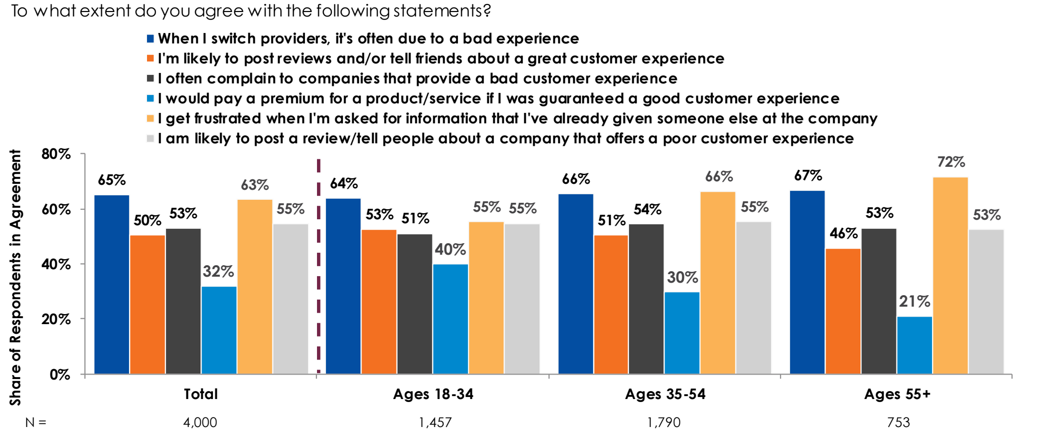
On average, total respondents reported accessing about 54% of their transactional communications electronically. Although younger consumers did access a higher percentage of their communications electronically (55%), the oldest respondents followed quite closely behind at 51%. Electronic access is now important to consumers of all ages!

Even though consumers in all generations are now embracing electronic access of their bills and statements, PSPs should bear in mind that the preferred delivery channel for the electronic statement can vary. As will be touched upon later in this document, the younger generations are more likely to access their communications via mobile devices. Meanwhile, older consumers cite a stronger preference for desktop computers when it comes to accessing their electronic communications.

The Customer Experience Matters!

The customer experience is becoming increasingly important for consumers of all ages. An engaging, interactive experience helps foster trust and loyalty. A growing number of individuals are coming to expect or even demand a personalized customer experience from all of their PSPs. At the same time, however, a customer's satisfaction with the overall experience can manifest itself in different ways based on age. Consumers under age 35 were the most likely to post reviews or tell others about a great customer experience. In addition, the youngest consumers were nearly twice as likely as those aged 55+ to state that they would pay a premium if guaranteed a good experience. These findings should come as no surprise—younger consumers are prolific social media users, and they often use these platforms as a way to share their opinions with others. By delivering a seamless, interactive experience across all stages of the customer journey, PSPs can help ensure that their customers' perceptions—and comments—are positive.

Figure 4: Opinions About the Customer Experience



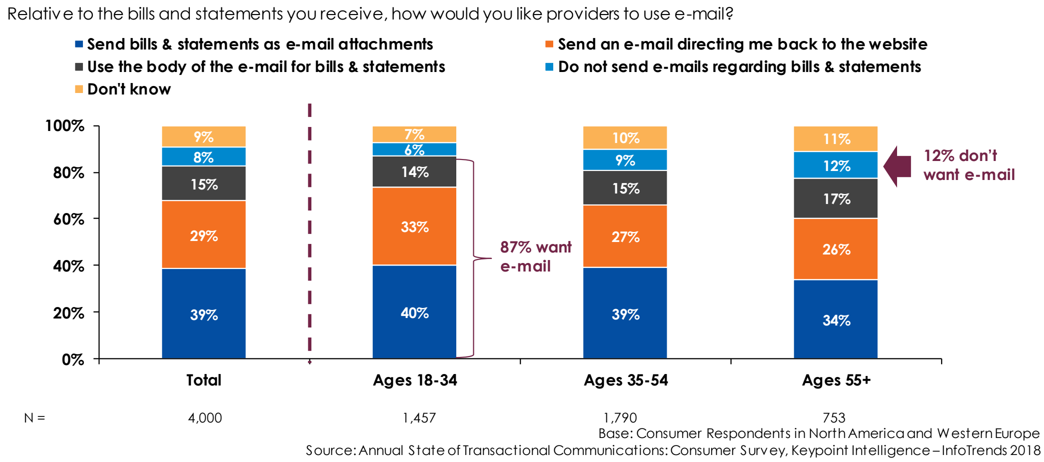
Base: Consumer Respondents in North America and Western Europe
Source: Annual State of Transactional Communications: Consumer Survey, Keypoint Intelligence – InfoTrends 2018

Provider Use of e-Mail

Although the majority of consumers across all age demographics were open to their providers using e-mail for bills and statements, it is worth noting that the oldest consumers were twice as likely as the youngest ones to report that they did not want their providers using e-mails at all. This likely comes back to generational preferences—older consumers did not grow up with e-mail the way many Gen Xers, Millennials, and Gen Z individuals did, so it makes sense that their preferences for e-mail are not as strong.

On the other end of the spectrum, respondents under age 35 were the most open to receiving bills/statements as e-mail attachments and e-mails that directed them back to the provider's website.

Figure 5: Provider Use of e-Mail

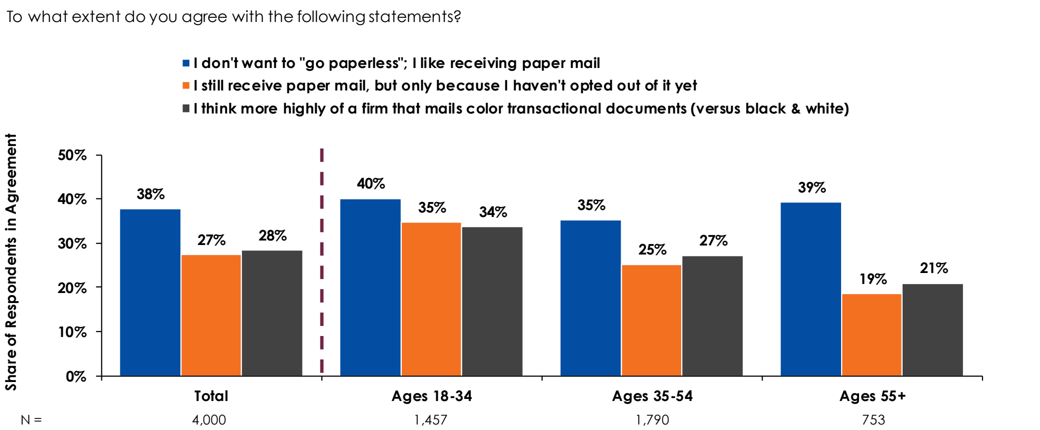


Paper Communications are Still Relevant!

Although the migration to digital is certainly occurring, many consumers still value paper communications. About 38% of total respondents had no desire to "go paperless." It is especially interesting that younger consumers—despite their familiarity and comfort with digital technologies—were slightly *more* likely to agree with this sentiment than their older counterparts. This is likely because many of today's "digital natives" are experiencing fatigue from the amount of electronic communications that they receive. As a result, some PSPs might actually find that paper-based communications can cut through the clutter, attract attention, and create differentiation in a digital world.

Color is another great way for PSPs to make their communications stand out, particularly among the younger demographics. In relation to their older counterparts, consumers under age 35 were markedly more likely to report that the use of color in paper-based communications improved their opinion of a firm.

Figure 6: Opinions About Paper-Based Communications



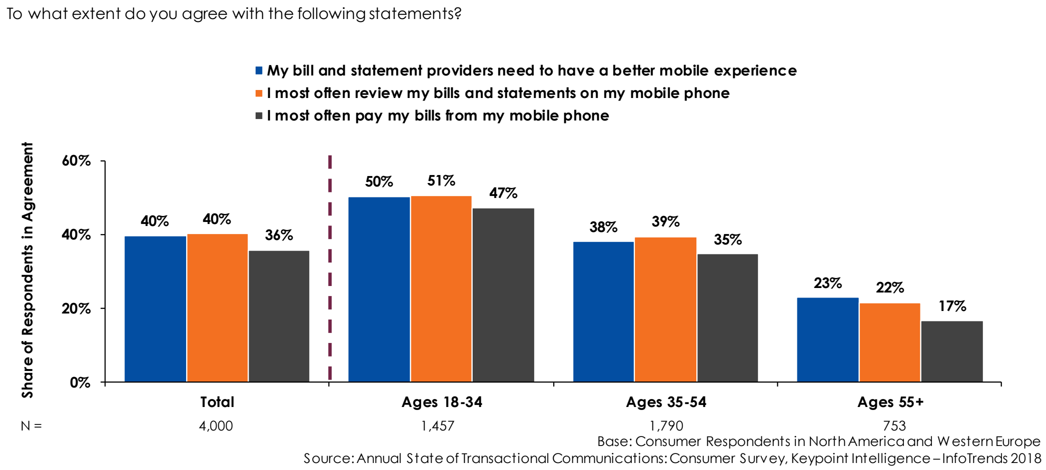
Base: Consumer Respondents in North America and Western Europe
Source: Annual State of Transactional Communications: Consumer Survey, Keypoint Intelligence – InfoTrends 2018

The survey results tell us that print remains a vital component of the overall media mix, but its role is changing. To be truly effective in today's world, printed communications must be integrated with all other channels—electronic, mobile, and social—to create a seamless customer journey from start to finish.

The Mobile Experience

Regarding the mobile experience, some real differences emerged by generation. Compared to the oldest respondents, consumers under the age of 35 were more than twice as likely to agree with all of the statements concerning mobile. Younger consumers are increasingly relying on their mobile devices for interacting with businesses, and it is only a matter of time before more of the older consumers begin to follow suit. As a result, PSPs must ensure that they are providing a seamless mobile experience for all customers, now and in the future.

Figure 7: Opinions About the Mobile Experience



Over three-quarters of total respondents had downloaded at least one mobile app for a business relationship. Although this share was substantially higher among the youngest respondents (85%) than it was for the oldest ones (56%), a key takeaway is that more than half of respondents over age 55 had downloaded a mobile app for a business relationship. Older consumers are certainly embracing mobile at a slower rate than their younger counterparts, but it would be a mistake for PSPs to assume that they are ignoring it altogether. The older generations recognize the shifts that are occurring in the market, and they are responding in their own time.

Channel Preferences

When respondents were asked about the channels that they preferred when receiving legal notices, letters, and other transactional communications, the oldest respondents were the only group that cited physical mail as their most preferred channel. Respondents under age 55 more commonly preferred e-mail.

Table 2: Preferred Channels for Transactional Communications

	Ages 18-34	Ages 35-54	Ages 55+
e-Mail	**49%**	**50%**	47%
Physical Mail	39%	46%	**56%**
Web/User Portal	27%	24%	23%
Mobile App	29%	22%	11%
Messaging Apps	16%	8%	6%
Social Media	14%	6%	3%
Cloud Storage	12%	6%	3%
Productivity/Payment Apps	10%	5%	3%
Consolidators	6%	3%	1%

For payment due reminders, e-mail was the preferred channel across all age demographics. The oldest respondents were particularly likely to prefer e-mail. Meanwhile, consumers under age 55 were markedly more likely to favor text message reminders. PSPs should take these preferences into account, but it's important not to make too many generalizations based on age. For example, a marketing campaign that works well for one Millennial might be very off-putting for another. Consumers of all ages expect their providers to develop an understanding of their individual preferences, so PSPs must gather unique information about their clients and then communicate via their preferred methods.

Table 3: Preferred Channels for Payment Due Reminders

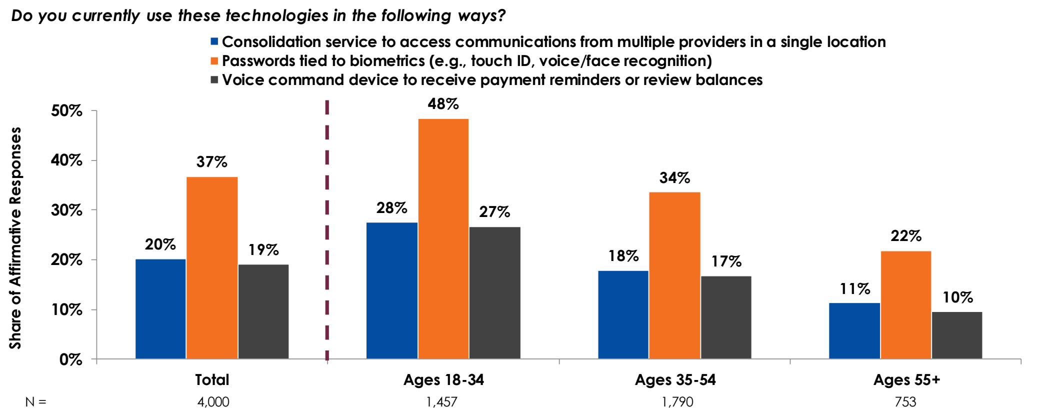
	Ages 18-34	Ages 35-54	Ages 55+
e-Mail	**58%**	**63%**	**67%**
Text Message	**40%**	**35%**	25%
Physical Mail	28%	27%	31%
Dedicated Mobile App	22%	16%	7%
Automated Reminder on My Internet-Connected Calendar	14%	9%	6%
Automated Phone Message	12%	7%	5%
Social Media Message	9%	4%	1%
I Don't Want Reminders	3%	4%	7%

Use of Other Technologies

As might be expected, the use of other technologies generally declined with age. Specifically, consumers under age 35 were more than twice as likely as those aged 55+ to:

- Use consolidation services
- Have passwords tied to biometrics
- Use voice command devices for payment reminders or to review account balances

Figure 8: Use of Other Technologies



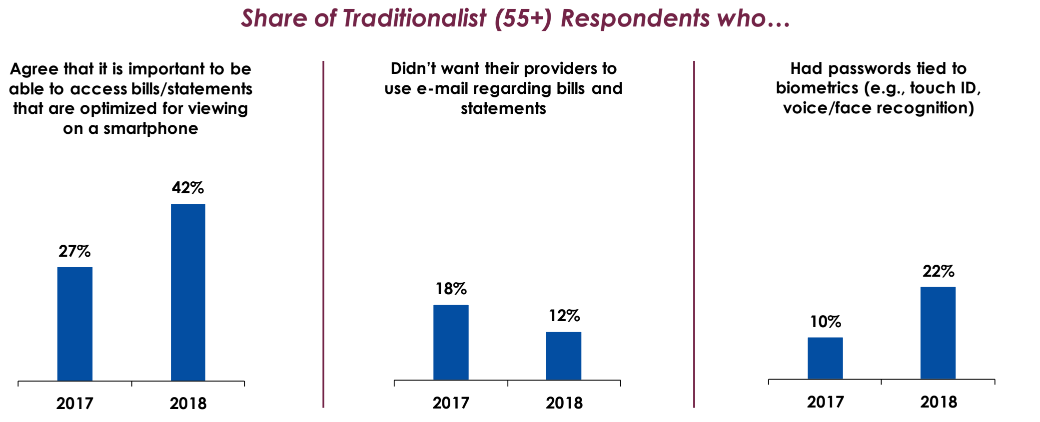
Base: Consumer Respondents in North America and Western Europe
Source: Annual State of Transactional Communications: Consumer Survey, Keypoint Intelligence – InfoTrends 2018

Older Consumers are Catching Up Quickly!

Some of the most compelling trends were uncovered when comparing the results from this year's survey with those from 2017. In the span of just a year, it becomes clear that older consumers are catching up fast and are now much more open to electronic and digital communication methods than they have ever been before. There are certainly some differences among the various age groups, but these variations are not as pronounced as they used to be among the so-called Traditionalists. For example:

- The share of respondents aged 55+ who considered it important for their bills/statements to be optimized for viewing on a smartphone jumped from 27% in 2017 to 42% in 2018.
- Although 18% of older respondents were averse to their providers using e-mail regarding bills & statements in 2017, the same was true for only 12% in 2018.
- The share of consumers over the age of 55 who had passwords tied to biometrics more than doubled year-over-year.

Figure 9: One Year Can Make a Big Difference!



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Source: Annual State of Transactional Communications: Consumer Survey, Keypoint Intelligence – InfoTrends 2018

opinion

InfoTrends' Opinion

A common thread throughout this year's research was that any preconceived notions about the various generations may need to be reconsidered. Even the younger digital natives still see value in printed communications, and many have no desire to "go paperless." In fact, many younger consumers are experiencing digital fatigue, so paper-based communications can be a way for enterprises to cut through the clutter and differentiate their offerings. The oldest consumers, meanwhile, are breaking a few stereotypes of their own. A heavy majority of these individuals consider themselves to be mainstream adopters of technology, and InfoTrends' survey data confirms that they are catching up quickly in terms of mobile and digital technologies.

No two generations are exactly the same, and consumers across all demographics expect to be communicated with via their preferred channels. Knowledge about individual customer groups is the key for a good marketing communication strategy. Today's consumers understand that PSPs have a wealth of information about their individual preferences and purchasing habits, and they expect their marketing communications to reflect this depth of knowledge! As a result, a one-size-fits-all approach will likely backfire. Across all age demographics, consumers expect a personalized experience that caters to their unique preferences. Developing an understanding of these unique generational preferences is the first step toward success for today's PSPs. By communicating with consumers via their desired channels and providing a seamless experience across all media types, PSPs can attract new customers, retain existing ones, improve overall satisfaction, as well as generate long-term loyalty and customer advocacy.

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Comments or Questions?