

Making Loyalty Work For Small Businesses:
United States Edition, a PYMNTS and
Pollinate collaboration, analyzes survey
responses from a census-balanced panel of
1,247 U.S. consumers as part of our broader
study into the shopping habits of 4,519 consumers
across Australia, Brazil, the U.K. and the U.S. to
assess their desires to shop with local merchants,
their appetites for the loyalty programs these
merchants may offer and which types of
institutions they would trust to administer and
manage such programs. The Playbook examines
why customization is appealing for these loyalty
offerings and why banks appear particularly
well-placed to deliver these programs.

■ JUNE 2021

MAKING LOYALTY WORK FOR SMALL BUSINESSES

UNITED STATES EDITION





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TABLE OF CONTENTS

Introduction	01
The one-stop U.S. shopper	09
The backbone of the economy	15
The low-down on loyalty.....	21
Trust issues.....	27
Conclusion.....	33

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Making Loyalty Work For Small Businesses was done in collaboration with Pollinate, and PYMNTS is grateful for the company's support and insight. PYMNTS.com retains full editorial control over the following findings, methodology and data analysis.

INTRODUCTION

Easton Farmers' Market has been a fixture in its small-town Pennsylvania community for more than 268 years, but it was reborn in 2020. Widespread retail closures and capacity restrictions implemented in the beginning of the year meant that the once-circular market had to be redesigned and relocated to a park along the Delaware River to control the flow of foot traffic and keep shoppers safe as they browsed local retailers' produce, coffee, breads and cheeses.

What began as a safety precaution soon led to a surge in sales. The market was deemed an essential service and gave its roughly 50 vendors a platform to deliver shoppers the locally sourced products

that had been skyrocketing in demand during the past year.¹

The Easton Farmers' Market is not alone. The events of the past year have spawned a renewed interest in supporting not only farmers markets and community-supported agriculture programs but also other smaller and family-owned businesses down Main Streets across the United States. PYMNTS' latest research, conducted in collaboration with Pollinate, a global innovation provider for banks and their business customers, surveyed 4,519 consumers across Australia, Brazil, the United States and the United Kingdom between Feb. 25 and March 5, and shows that 39 percent of U.S. consumers believe that it is critical to shop with small

businesses like the ones that populate Easton Farmers' Market, primarily because they think doing so can help improve their local economies.²

U.S. consumers' belief in the importance of shopping local is often at odds with their lived experiences, however. They are almost twice as likely to shop with mass merchants like Costco, Target and Walmart as they are to make purchases from the shops that line their towns' commercial districts, and they are more than four times as likely to cite these mass merchants as their primary retailers than they are to cite any local shops on Main Street, USA.

Making Loyalty Work For Small Businesses: United States Edition, a PYMNTS and Pollinate collaboration, examines U.S. consumers' unique appetites for local commerce, their demands for local loyalty programs and the types of institutions they would trust most to deliver those programs. Our study set out to test the hypothesis that customized loyalty and rewards offerings can incentivize U.S. consumers to shop more with the merchants in their communities and that banks are in the best position to deliver those programs.

This is what we learned.

¹ Forgrieve, J. Farmers' markets played a bigger role in feeding America in the pandemic. SmartBrief. 2021. <https://www.smartbrief.com/original/2021/04/farmers-markets-played-bigger-role-feeding-america-pandemic/>. Accessed April 2021.

² Making Loyalty Work For Small Businesses. PYMNTS.com. 2021. <https://www.pymnts.com/study/smbs-local-loyalty-commerce-digital-purchases-data-security-consumer-trust/>. Accessed June 2021.



01

Small businesses are key pit stops in U.S. consumers' shopping journeys.

Thirty-nine percent of U.S. consumers believe it is “very” or “extremely” important to shop with small businesses, but only 13 percent cite small businesses as their primary retailers.

Small businesses occupy a unique position in the American psyche. They are often romanticized as the “backbone” of the U.S. economy and are therefore seen as cornerstones of countless communities across the nation. Many U.S. consumers therefore believe that small businesses are an important part of their local communities and deserve their support. Thirty-nine percent of U.S. consumers believe that it is either “very” or “extremely” important to bring their business to the shops in their communities, in fact, and 47 percent say it is even more important to do so now than it was prior to March 2020.

The trouble is that U.S. consumers also like the convenience of being able to get their shopping done all in one place — an experience that specialized, niche small businesses can rarely provide. U.S. consumers often choose to shop with mass merchants in lieu of their local competitors for just this reason. More U.S. consumers report shopping with large, national mass merchants from which they can purchase a wide variety of products at once than with any other type of merchant. Seventy-five percent regularly purchase from at least one mass merchant, and 58 percent say they purchase more from mass merchants than from any other type of retailer.

THE FOUR TYPES OF SHOPPERS



LOCAL SHOPPERS:

Consumers who shop primarily with retailers that have brick-and-mortar shops in their communities



ONLINE SHOPPERS:

Consumers who shop primarily with online-only retailers



NATIONAL SHOPPERS:

Consumers who shop primarily with national chain stores specializing in particular retail products, such as clothing and accessories, sporting goods and home goods, including:



BED BATH &
BEYOND



JCPenney



SEPHORA



Many U.S. consumers do shop with national chain stores, online-only stores and small businesses, but they rarely consider them their primary retailers. Forty-one percent of U.S. consumers regularly purchase from small businesses, for example, but only 13 percent say they shop with small businesses more than any other type of retailer. It is therefore clear that small businesses are often seen as a small part in a much broader, more mass merchant-centric U.S. economy.

02

U.S. consumers strongly believe in the importance of supporting small businesses despite shopping with them less than the rest. The economy is the first, second and third reason that they want to bring more business to Main Street shops.

The three most common reasons they give for wanting to support their small businesses all pertain to boosting their local economies. Forty-eight percent of U.S. consumers who believe it is important to purchase from small businesses say that doing so can keep money in their communities, for example, and 45 percent believe it is important because doing so is a way of reinvesting in their local economies. Thirty-eight percent say their sense of its importance stems from the belief that purchasing from small businesses helps expand the job opportunities in their communities.

Many U.S. consumers also believe that local retailers can improve their communities beyond providing goods and services to local shoppers. Twenty-seven percent of U.S. consumers who believe it is crucial to shop local say that doing so can help support programs for children in their areas, and 26 percent believe that doing so can support local schools. Twenty-one percent believe that it is better for the environment to purchase products produced and packaged locally than products from larger retailers and eCommerce merchants.

03

Over half of U.S. consumers — 139 million individuals — want to be rewarded for shopping local, but they do not trust these businesses with their data. Only 8 percent would trust their neighborhood shops with their personal data.

Loyalty programs can be an effective way to incentivize U.S. consumers to purchase from the local stores they see as central to the well-being of their local economies, but not all consumers agree about which entities are best positioned to provide them. Our research shows that 139 million U.S. consumers (55 percent of the adult population) would be either “very” or “extremely” interested in using loyalty programs that would allow them to earn rewards when shopping with their small businesses, and 56 percent say they would prefer that those hypothetical programs be managed by the small businesses, themselves. This puts them at the very top of the list of entities consumers would like to operate their theoretical local loyalty programs. Banks and card networks round out the top three. Forty-nine percent of U.S. consumers would want banks to manage their small businesses’ loyalty programs while 40 percent would want card networks to do so.

What consumers say they would like in theory may not always match what they want in practice, however. U.S. consumers may like the idea of small businesses managing their own rewards programs, but only 8.2 percent say they trust those merchants to obtain and manage their personal data in practice. This signals a major opportunity for trusted third-party providers to step in and play a role in delivering these consumers the local loyalty programs they want.

04

Working with trusted third-party providers can help merchants on Main Street deliver the loyalty programs that can help them grow and succeed. Consumers are almost five times as likely to trust third parties than small businesses with their personal data.

U.S. consumers are far more likely to trust third-party providers — especially technology companies and banks — than small businesses with handling their transactional data. Their trust in technology companies is particularly high, with a greater share of U.S. consumers saying they would trust companies like Amazon, Apple and Google with their data than observable in either Australia, Brazil or the United Kingdom. Forty percent of U.S. consumers say they would trust technology companies like these, in fact, compared to 32 percent in the other three nations in our study. Thirty-nine percent of U.S. consumers say they would trust banks to manage the personal data needed to enable the personalized loyalty experiences that many would like to access. PayPal, card networks like Mastercard and Visa and even mass merchants like Walmart are also high on consumers' list of third parties they might trust to manage their data.

Precisely which of these third-party providers that U.S. consumers trust with their data nevertheless changes depending on age and income levels. Bridge millennials in the U.S. are the most likely to trust banks, PayPal and Mastercard, for example, while their millennial counterparts have the most confidence in Visa and Walmart.³ U.S. consumers in Generation Z also stand out as being the most likely to say they would trust technology companies with their data.

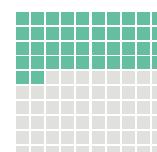
³ Bridge millennials are a distinct age group of consumers born between 1978 and 1988 and is made up of both elder millennials and the younger part of Generation X, "bridging" the gap between the generations.

BRIDGE MILLENNIALS IN THE U.S.

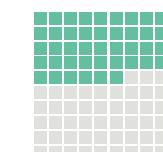
B

ridge millennials in the U.S. are a unique age cohort of 40 million consumers born between 1978 and 1988, representing both younger members of Generation X and older millennials. They came of age having access to desktop and laptop computers in addition to smartphones and are comfortable using any of them to browse, shop and pay for products and services. Bridge millennials also tend to be farther along in their professional careers than other millennials and have the spending power that comes with higher incomes as a result. This makes them a powerful and important consumer segment that small and mid-sized merchants in the U.S. must consider when designing their loyalty program engagement strategies.

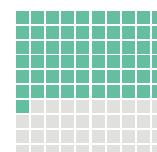
WHO ARE THE 40 MILLION BRIDGE MILLENNIALS IN THE U.S.?



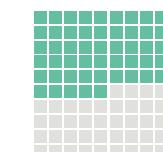
42%
earn more than
\$100,000 per year.



46%
believe it is "very" or
"extremely" important to
shop with small businesses.



61%
are "very" or "extremely"
interested in using a service
that provides loyalty
programs for shopping
at small businesses.



55%
want those loyalty programs
to be operated by banks
instead of by the small
businesses themselves.

WHAT DO THEY WANT FROM SMALL BUSINESSES' LOYALTY PROGRAMS?

"It would need to provide value in terms of rewards/discounts and be easy to track, as in an app."

"Something worth the time and money spent. I would like to earn free products or very good discounts."

"[A] program that benefits customer and company both."

THE ONE-STOP U.S. SHOPPER

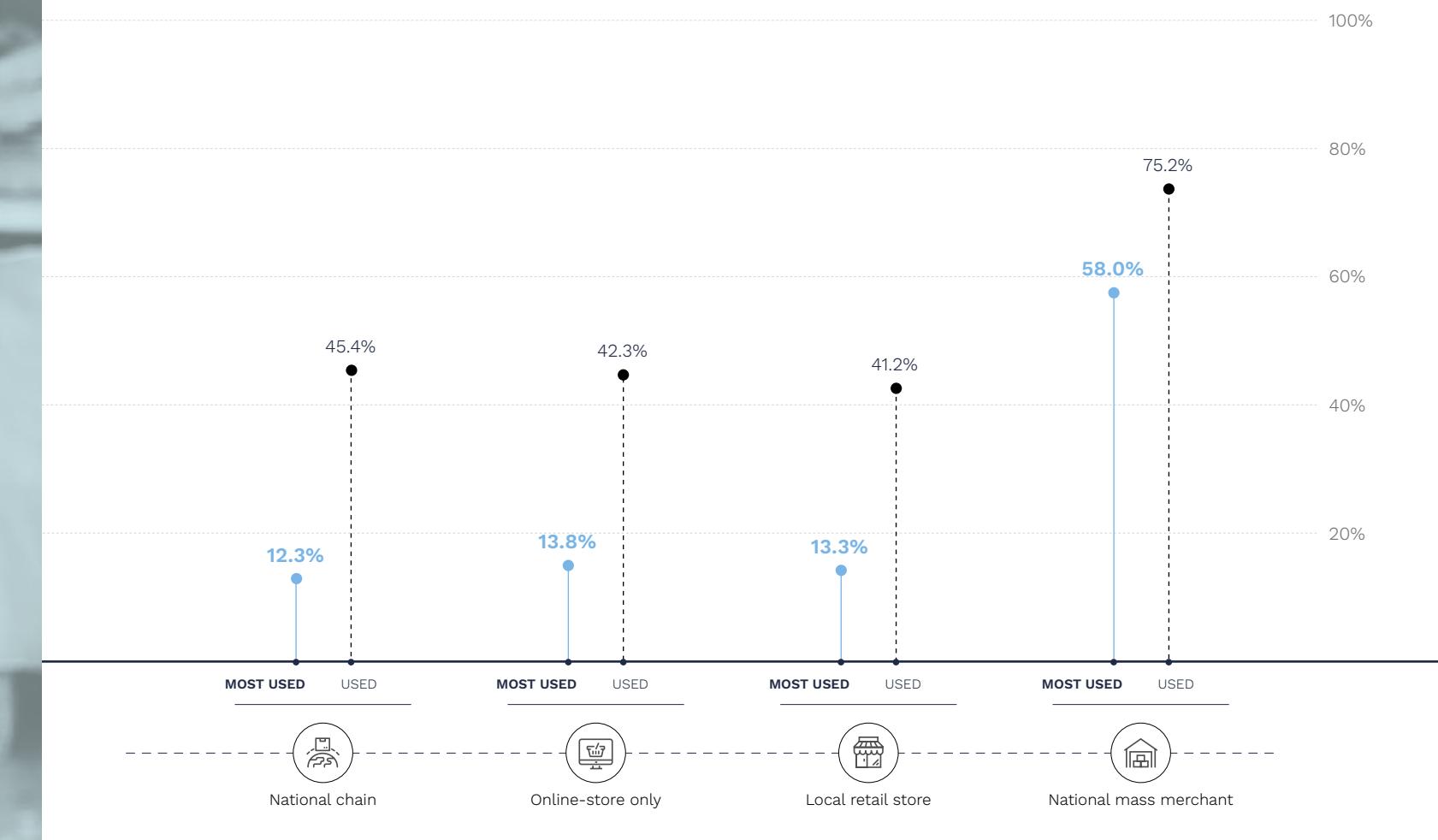


United States consumers tend to prefer to get their shopping done all in one go and gravitate toward the retailers that can deliver the one-stop shopping experiences they crave: mass merchants. Mass merchants — including Costco, Target and Walmart — are unique in that they sell a broad variety of retail products at a single location, whether in store or online. It is therefore easy to understand why seventy-five percent of U.S. consumers report shopping regularly at these merchants.

FIGURE 1:

The types of merchants at which U.S. consumers shop most

Portion of U.S. consumers who report shopping at select types of merchants in the last month, overall and as their primary merchant



Source: PYMNTS | Pollinate Making Loyalty Work For Small Businesses

Our data also suggests that many of the U.S. consumers who do purchase from small businesses see them as small but important side quests in their broader retail journey. Trips to the town butcher, the town florist or the neighborhood farmer's market are often treated as pit stops on the way to the nearest superstore. It follows that, although 41 percent of U.S. consumers shop with small businesses to some extent, only 13 percent consider those local stores to be their primary retailers. Our data shows that 58 percent of U.S. consumers say they make more purchases from mass merchants than any other type of retailer — more than four times as many as the share that says the same about local stores.

39%
—
OF ALL U.S.
CONSUMERS SAY
THEY BELIEVE IT
IS **“VERY” OR**
“EXTREMELY”
IMPORTANT TO
SHOP WITH THE
RETAILERS IN THEIR
COMMUNITIES.

Mass merchants may be the main stop in most U.S. consumers' shopping routines, but many still believe it is critical to purchase from small businesses when they can — particularly in the fifteen months since states, counties and towns across the nation began implementing stay-at-home orders and brick-and-mortar capacity restrictions. Thirty-nine percent of all U.S. consumers say they believe it is "very" or "extremely" important to shop with the retailers in their communities, whether they do so by shopping in store or online, as is increasingly the case. Forty-seven percent say it is more important to shop with them now than it was prior to March 2020.



Millennials and bridge millennials even more strongly believe in the importance of shopping local. Forty-nine percent of millennials and 46 percent of bridge millennials in the U.S. consider it “very” or “extremely” important to shop from the merchants in their local communities, and 51 percent of both age groups believe it is more important to do so now than it was at the beginning of 2020.

Baby boomers and seniors are less likely to see local shopping as critical. Even among them, however, 31 percent believe it is “very” or “extremely” important to purchase from small businesses, and 39 percent believe it is more important to do so now than it was before March 2020. It is therefore clear that U.S. consumers of all ages believe in the importance of supporting local businesses and shops in their communities.

51%

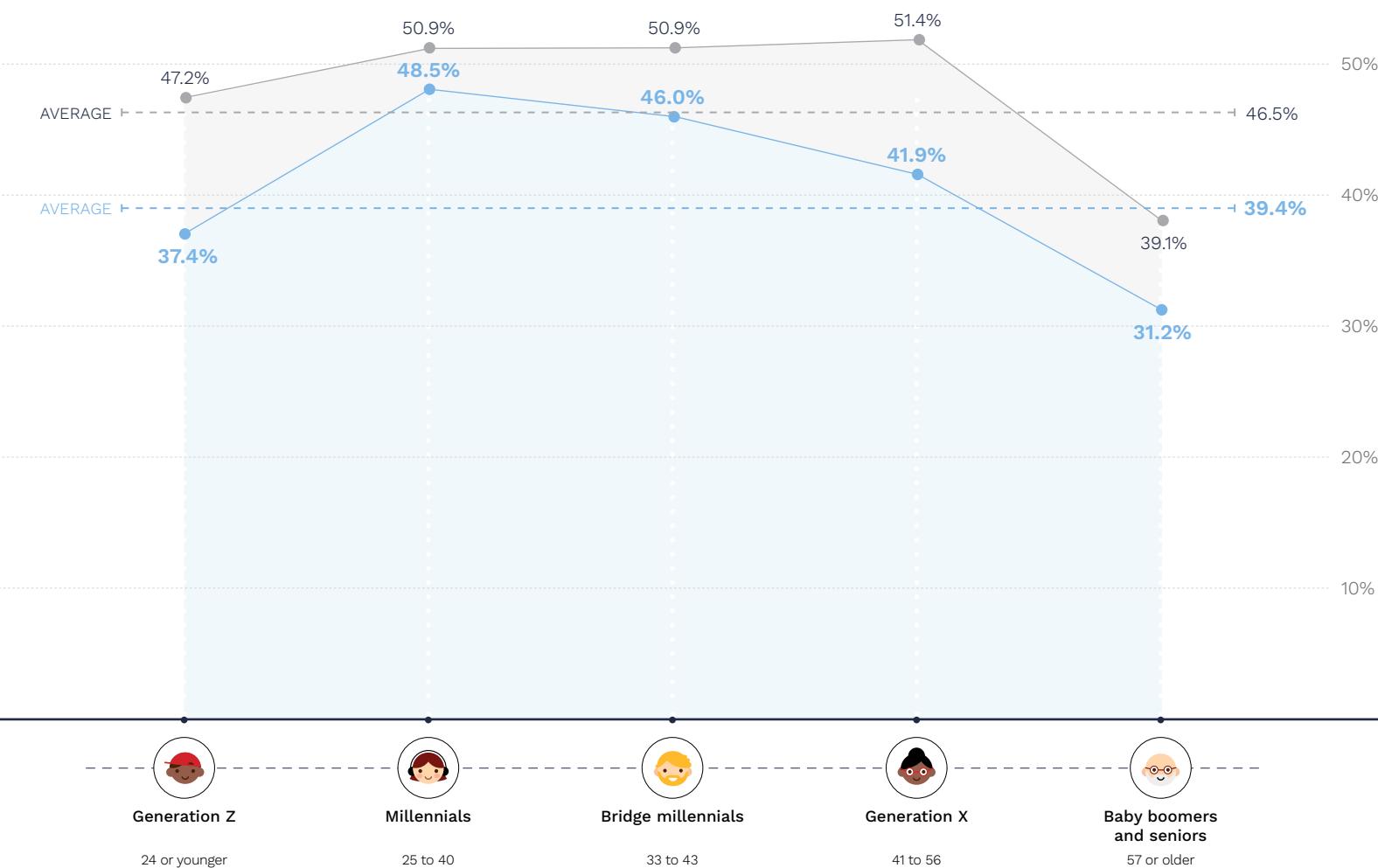
OF MILLENNIALS AND
BRIDGE MILLENNIALS IN THE U.S.
SAY **IT IS MORE IMPORTANT
TO SHOP WITH LOCAL
BUSINESSES NOW** THAN IT WAS
IN THE BEGINNING OF 2020.

FIGURE 2:

How many U.S. consumers of different ages believe it is critical to shop local

Portion of U.S. consumers who believe it is important to shop with small businesses, by generation

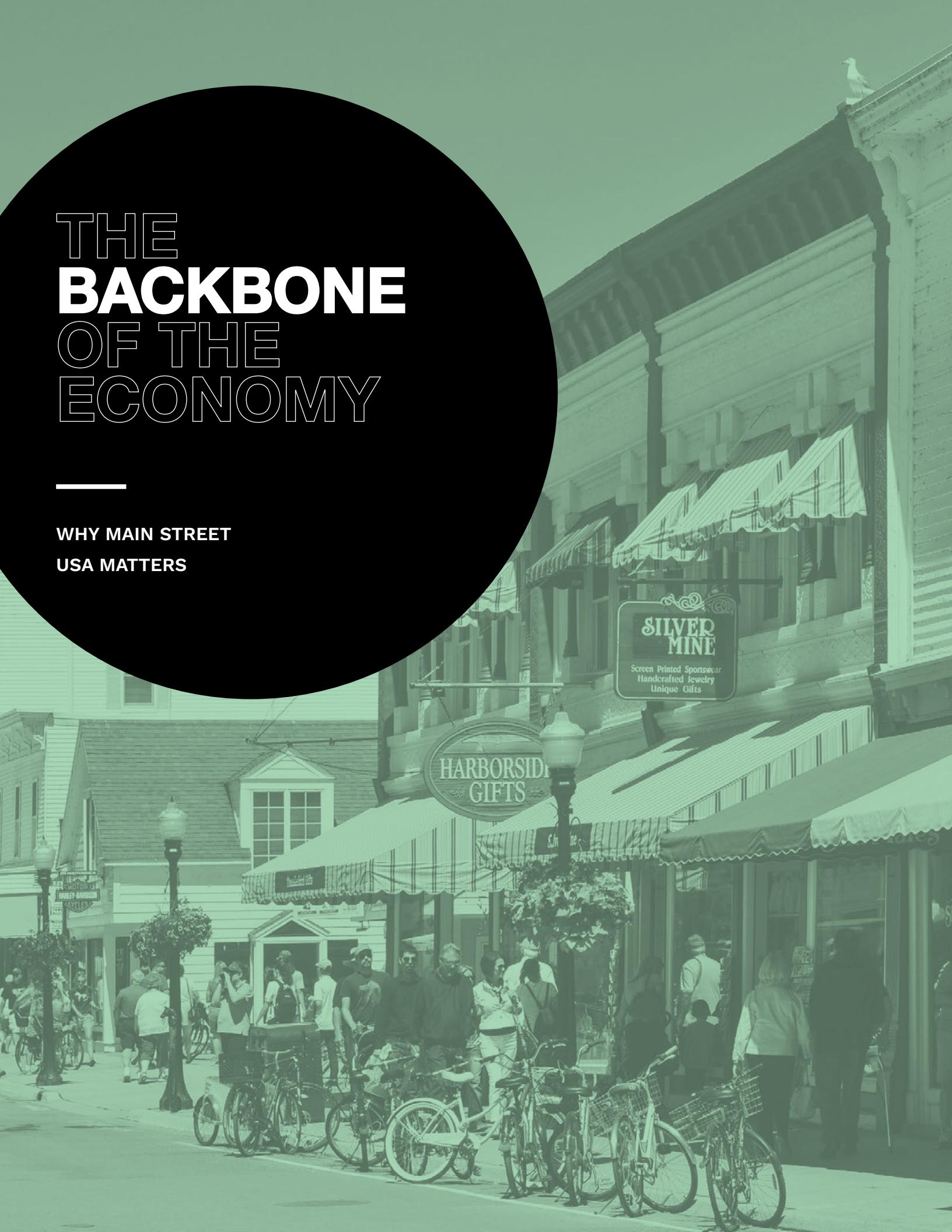
■ “More” or “much more” important than before March 2020
■ “Very” or “extremely” important



Source: PYMNTS | Pollinate Making Loyalty Work For Small Businesses

THE BACKBONE OF THE ECONOMY

WHY MAIN STREET
USA MATTERS



United States consumers may not visit the mom-and-pop shops on Main Street as often as they visit Walmart or Target, but they nevertheless consider them to be an integral part of their local economies and are eager to bring them business whenever they can.

The economy is the first, second and third reason why U.S. consumers believe it is critical to purchase from small businesses, in fact. Forty-eight percent of those who see shopping local as essential say this is because doing so can keep money in their communities, for example, while 45 percent say it is key because doing so can help them reinvest in their local economies. Thirty-eight percent of U.S. consumers say shopping local is crucial for local job growth.

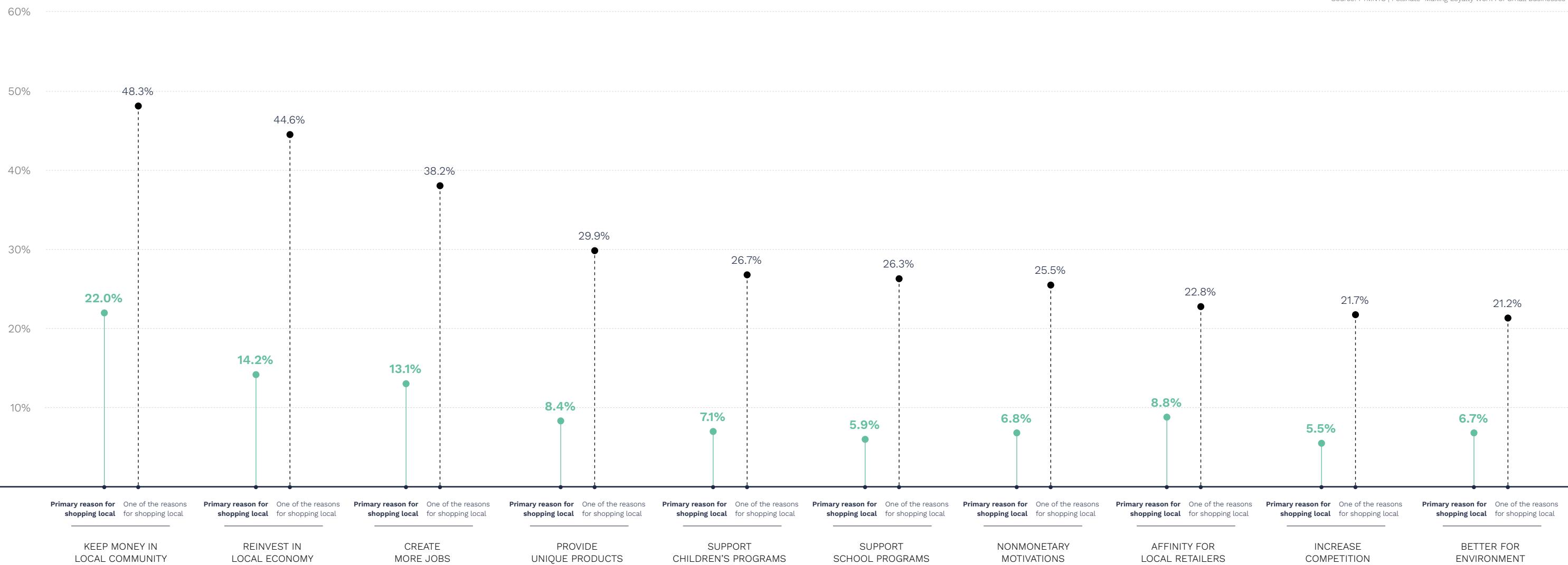
48%
OF CONSUMERS
WHO PRIORITIZE
LOCAL SHOPPING
SAY THIS IS
BECAUSE
DOING SO
**KEEPS MONEY
IN THEIR
COMMUNITIES.**

This stands in stark contrast with consumers in the United Kingdom. Among consumers across Australia, Brazil, the U.K. and the U.S. U.K. consumers are the least likely to say it is important to shop with local businesses to either keep money in their local economies or to create more jobs. Only 38 percent and 31 percent cite these reasons, respectively. They are also the second-least likely — after Brazilian consumers — to believe that shopping local is important to keeping money in their communities at 42 percent.

The local economy is not the only factor in U.S. consumers' minds when they decide to take a stroll down Main Street, however. Many are also eager to purchase from small shops because they believe doing so can help support local children's and school programs, which might include extracurricular clubs, athletics and other activities. Twenty-seven percent and 26 percent of U.S. consumers cite these reasons for believing in the importance of shopping local, respectively.

FIGURE 3:
Why U.S. consumers believe in the importance of shopping local

Portion of U.S. consumers citing select reasons for believing that it is important to shop with small businesses



I WANT...



“Discounts on products I am interested in and purchase often, notifications on upcoming and current sales, reward[s] or discounts for shopping [with businesses] a number of times.”

Many U.S. consumers also see a strong appeal in local shops' distinct characters, appreciating their more unique, niche products or feeling a strong affinity toward particular stores. Thirty percent of U.S. consumers who believe in the importance of shopping local cite the former while 23 percent cite the latter.

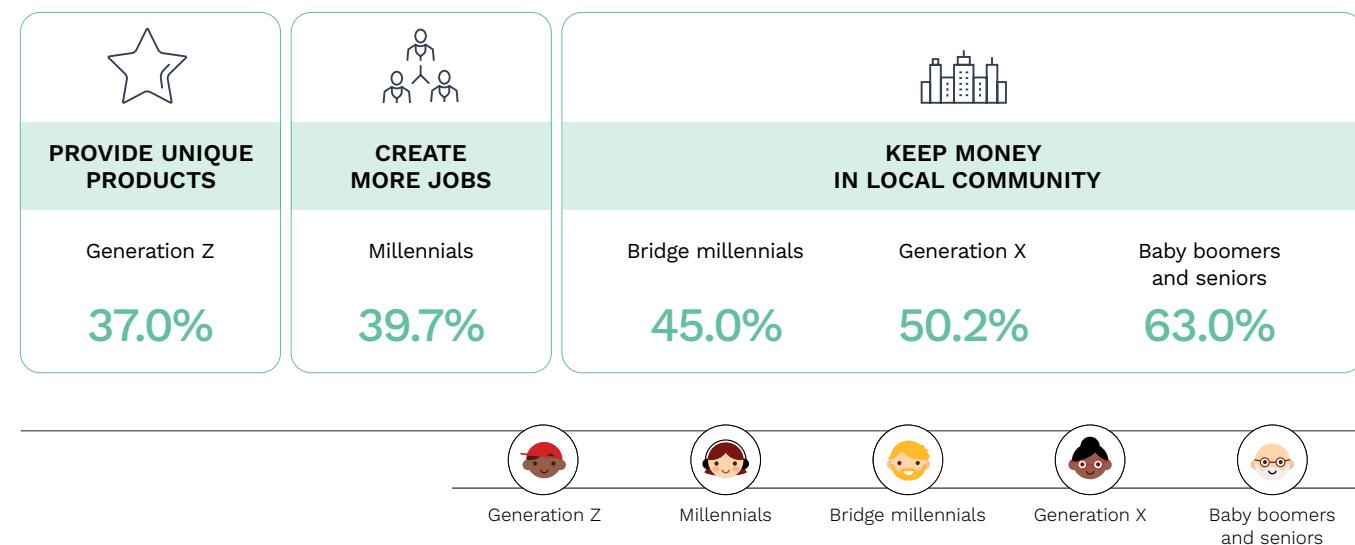
Source: PYMNTS | Pollinate Making Loyalty Work For Small Businesses

TABLE 1:

Why different generations of U.S. consumers believe in the importance of shopping local

Portion of U.S. consumers who cite select reasons for believing that it is important to shop with small businesses, by generation

TOP REASON FOR EACH GENERATION



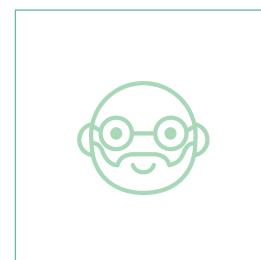
Keep money in local community	24.8%	39.2%	45.0%	50.2%	63.0%
Reinvest in local economy	28.3%	35.2%	40.3%	49.1%	54.9%
Create more jobs	30.1%	39.7%	43.8%	34.3%	42.8%
Provide unique products	37.0%	28.5%	26.4%	31.8%	27.0%
Support children's programs	33.5%	26.7%	23.4%	21.3%	28.4%
Support school programs	23.1%	24.2%	27.2%	26.1%	29.5%
Nonmonetary motivations	29.9%	22.0%	26.8%	23.1%	28.7%
Affinity for local retailers	22.7%	24.1%	21.3%	23.0%	21.7%
Increase competition	15.6%	25.2%	24.6%	20.0%	22.1%
Better for environment	34.8%	25.1%	19.6%	20.0%	14.1%
Other	0.5%	0.5%	2.0%	2.2%	3.5%

Source: PYMNTS | Pollinate Making Loyalty Work For Small Businesses

Different generations of U.S. consumers also tend to have their own beliefs about the importance of shopping with small businesses. The economy remains the top concern, regardless of age, but it is especially important to baby boomers and seniors. Members of this age group are more likely than any other to say that shopping local is crucial because it keeps money in the community and because it reinvests in the local economy. Baby boomers and seniors are also the second-most likely age group in the U.S. — behind bridge millennials — to believe that shopping local is important because it expands local job opportunities.

U.S. millennial, bridge millennial and Gen X consumers have many of the same priorities as U.S. baby boomers and seniors when purchasing from small businesses, but there are exceptions. Millennials, bridge millennials and Gen X consumers are more likely than their elders to believe that shopping local is better for the environment, for example. Twenty-five percent of millennials and 20 percent of both bridge millennials and Gen X consumers in the U.S. who see local commerce as critical say their belief is because purchasing from local shops is better for the environment than purchasing from larger retailers or eTailers.

Millennials and bridge millennials also stand out as being among the first- and second-most likely age groups to see



Baby boomers and seniors are more likely than any other demographic to say that shopping local is crucial because it keeps money in the community and reinvests in the local economy.

local commerce as an important way to boost competition in the broader economy. This is the case for 25 percent of both millennials and bridge millennials as well as 20 percent of Gen X consumers and 22 percent of baby boomers and seniors.

THE LOW-DOWN ON LOYALTY

TAPPING REWARDS
TO DRIVE LOCAL COMMERCE

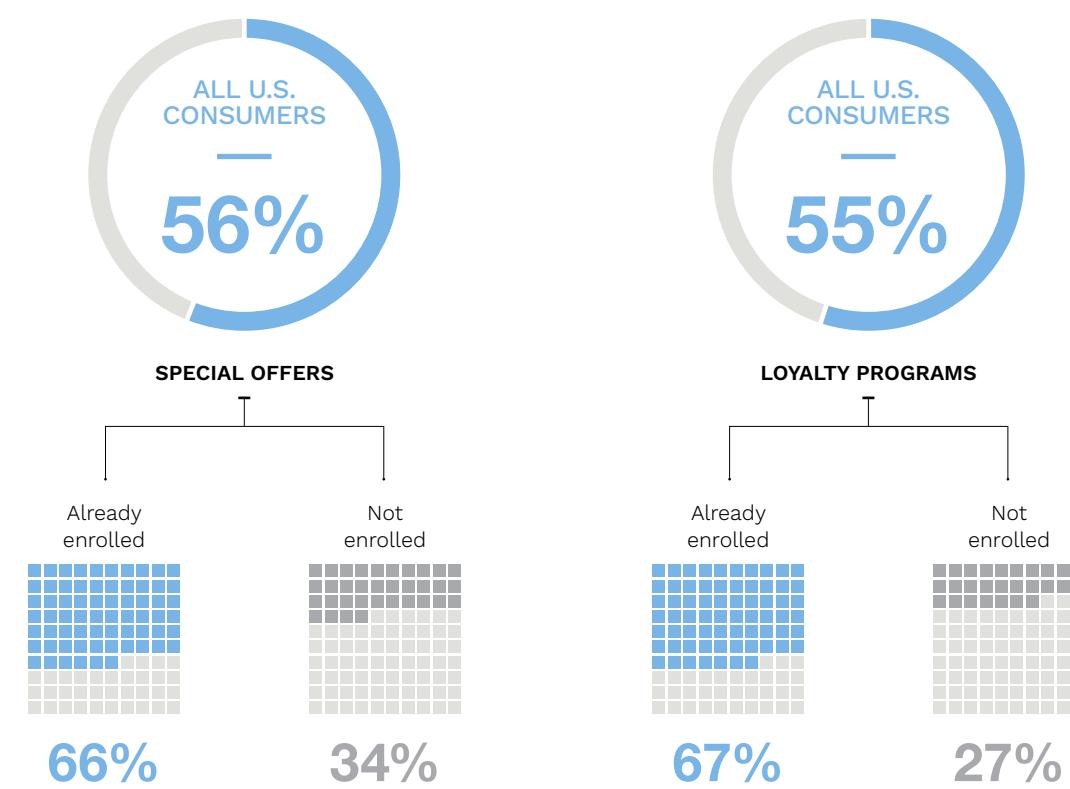


Loyalty programs could go a long way toward incentivizing U.S. consumers to purchase from the local businesses they see as central to their communities. Fifty-five percent of U.S. consumers say they would be either “very” or “extremely” interested in using such programs if they were available, and 56 percent say they would be “very” or “extremely” interested in receiving special offers from their small businesses. This works out to roughly 139 million consumers across the U.S. whom Main Street merchants could attract by simply offering loyalty programs and 143 million whom they could attract by offering services that deliver special offers.

FIGURE 4:

How many U.S. consumers would like to use small businesses' loyalty programs

Portion of U.S. consumers who are “very” or “extremely” interested in using the loyalty programs of and services that provide special offers from small businesses



Source: PYMNTS | Pollinate Making Loyalty Work For Small Businesses

Interest in using small businesses' loyalty programs is even higher among consumers who already use at least one loyalty program from a retailer with which they shop regularly. Our data shows that 67 percent of U.S. consumers who already use one such program would be "very" or "extremely" interested in signing up for programs retailers in their communities offer, for example. We also observe that 66 percent of U.S. consumers who already use at least one loyalty program would be "very" or "extremely" interested in services that provide special offers from their small businesses.

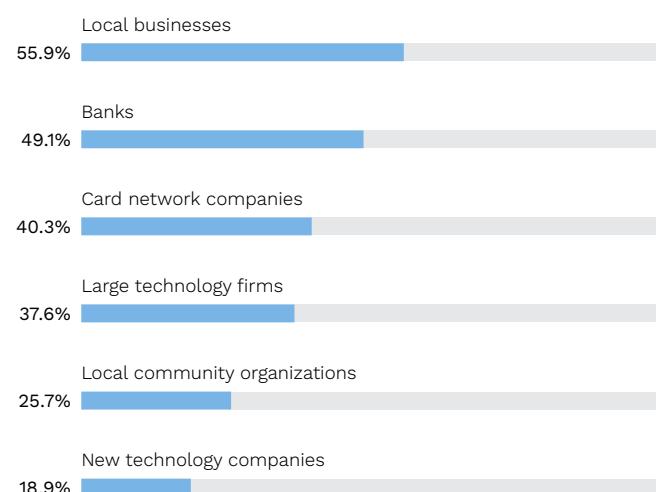
67%

OF U.S. CONSUMERS ALREADY USE AT LEAST ONE **LOYALTY PROGRAM** AND WOULD BE "VERY" OR "EXTREMELY" INTERESTED IN USING SUCH OFFERINGS AT THEIR LOCAL SMALL BUSINESSES

FIGURE 5:

U.S. consumer preferences for operating small businesses' reward programs

Portion of U.S. consumers who would like select entities to operate small businesses' loyalty programs



Source: PYMNTS | Pollinate Making Loyalty Work For Small Businesses

MEETING U.S. CONSUMERS' LOYALTY PROGRAM DEMANDS

U.S. CONSUMERS WANT:



DISCOUNTS

68%



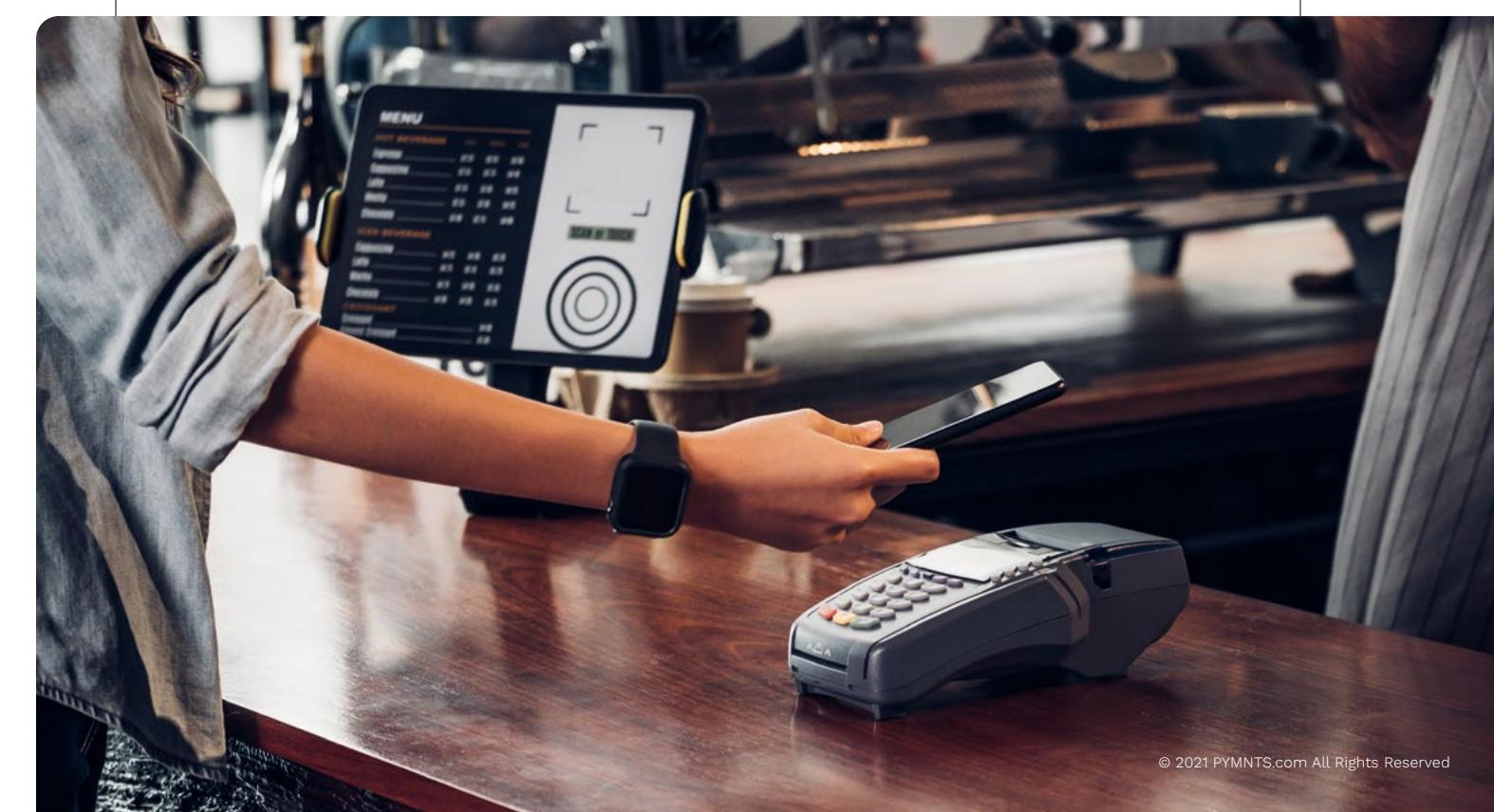
CASH BACK

58%



FREE PRODUCTS

51%



I WANT...



"An easy-to-use app, discounts on products I actually use or need, no need to carry cards or keychains."

57%

OF **MILLENNIALS**
IN THE U.S. WOULD
WANT **BANKS** TO
OPERATE THEIR
SMALL BUSINESSES'
LOYALTY PROGRAMS

Not all U.S. consumers agree on which entity is best positioned to operate these loyalty programs, however. Fifty-six percent say they would want small businesses to operate their own loyalty and rewards programs, for example, but many say they might like banks, card networks and even technology companies to play the role of third-party facilitators in enabling such programs. Forty-nine percent cite banks as the organizations they would like to operate local loyalty programs while 40 percent cite card networks. Thirty-eight percent would like large technology firms to step in — far more than the share of consumers of any other nation in our study that would like technology firms to do so. U.S. consumers' trust in technology companies is especially high compared to Australian consumers, of whom only 26 percent would like technology firms to operate their local businesses' loyalty programs.

U.S. consumers of different age groups also express very different opinions about which of these entities are best suited to delivering the rewards programs they want. Baby boomers and seniors in the U.S. are far and away the most likely to say they would like such programs to be

TABLE 2:

U.S. consumer preferences for operating small businesses' reward programs

Portion of U.S. consumers who would like select entities to operate small businesses' loyalty programs, by generation

	Generation Z	Millennials	Bridge millennials	Generation X	Baby boomers and seniors
Local businesses	47.3%	42.8%	46.7%	55.7%	72.2%
Banks	40.1%	56.5%	55.3%	51.1%	42.2%
Card network companies	25.0%	40.0%	43.2%	39.6%	46.3%
Large technology firms	36.5%	43.1%	39.9%	43.9%	26.0%
Local community organizations	21.9%	30.1%	28.2%	25.2%	22.7%
New technology companies	19.4%	28.0%	26.4%	21.7%	6.4%

Source: PYMNTS | Pollinate Making Loyalty Work For Small Businesses

operated by small businesses themselves, as 73 percent say so. Only 56 percent of U.S. Gen X consumers and 47 percent of U.S. bridge millennials say the same.

The only other entity that baby boomers and seniors trust more than other age groups to manage small businesses' loyalty programs are card networks like Mastercard and Visa. Baby boomers and seniors are the least likely age group to cite nearly every other type of organization as entities they might like to manage these programs.

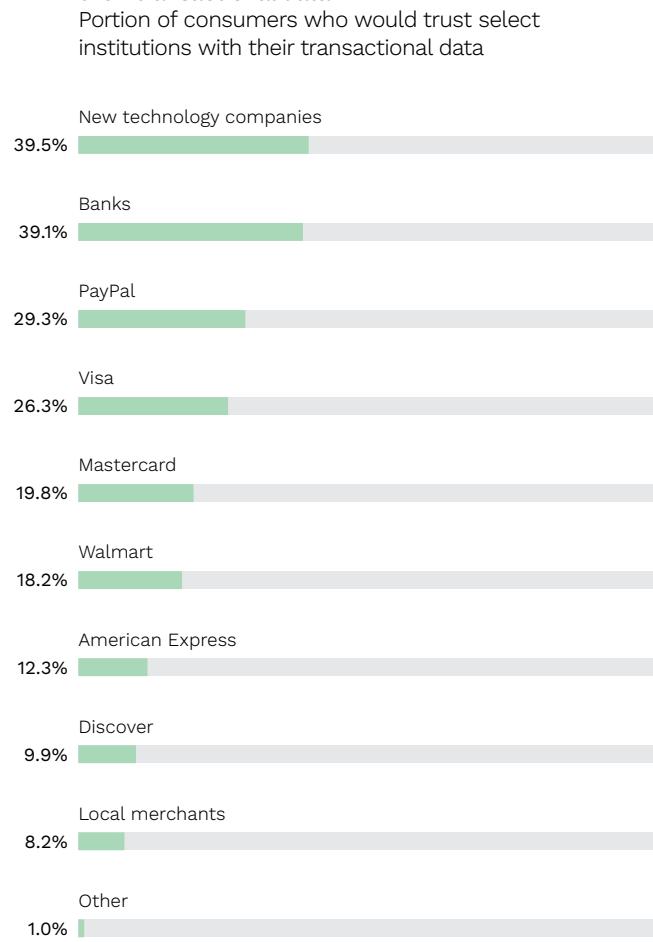
Millennial and bridge millennial U.S. consumers are more flexible in terms of which entities they might like to manage these programs. They are more likely than other demographics to want local loyalty programs to be operated by banks, local community organizations or FinTechs. Fifty-seven percent of millennials in the U.S. would want banks to operate their small businesses' loyalty programs if they were available, as would 55 percent of bridge millennials. These figures are 51 percent and 42 percent among Gen X and baby boomers and seniors, respectively.

TRUST ISSUES

THE NEED FOR THIRD-PARTY PROVIDERS



FIGURE 6:
Which entities consumers would trust to manage their transactional data



Source: PYMNTS | Pollinate: Making Loyalty Work For Small Businesses

United States consumers may respect small businesses and the role they play in their communities, but they do not trust them with their personal data. Only 8.2 percent of U.S. consumers say they would trust small businesses to collect, manage and use their data to provide personalized loyalty programs and special offers. This means that most of the shops on Main Street USA may get more from loyalty and rewards programs by partnering with the third-party entities that their customers trust more to handle their sensitive personal information.

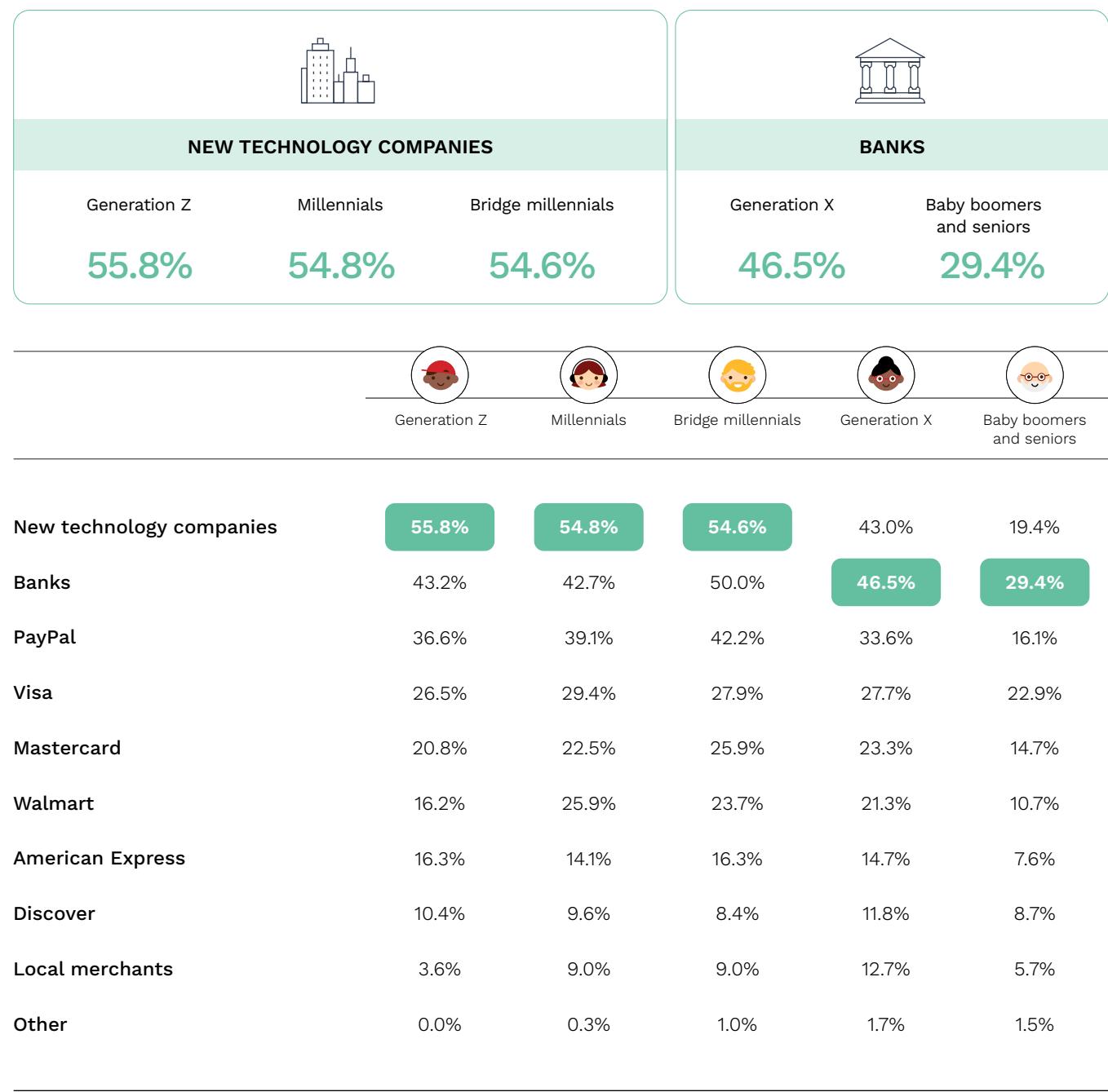
Technology companies and banks are at the very top of the list of entities that could help small businesses get the most from their loyalty programs. Forty percent of U.S. consumers say they would trust technology companies like Amazon, Apple and Google with their personal data, and 39 percent would trust banks. This means both technology firms and banks are considered to be better situated to operate the local loyalty programs that might help Main Street merchants boost their foot traffic.

TABLE 3:

Which entities consumers would trust to manage their transactional data

Portion of consumers who would trust select institutions with their transactional data, by generation

TOP INSTITUTION FOR EACH GENERATION



PayPal and card networks are also among U.S. consumers' most trusted entities when it comes to managing personal data. Our research shows that 29 percent trust PayPal and 40 percent trust either Mastercard, American Express, Discover or Visa. Partnering with any of these third-party entities can help small businesses win their customers' trust on matters of data security and maximize the consumer engagement they stand to increase from adopting loyalty programs.



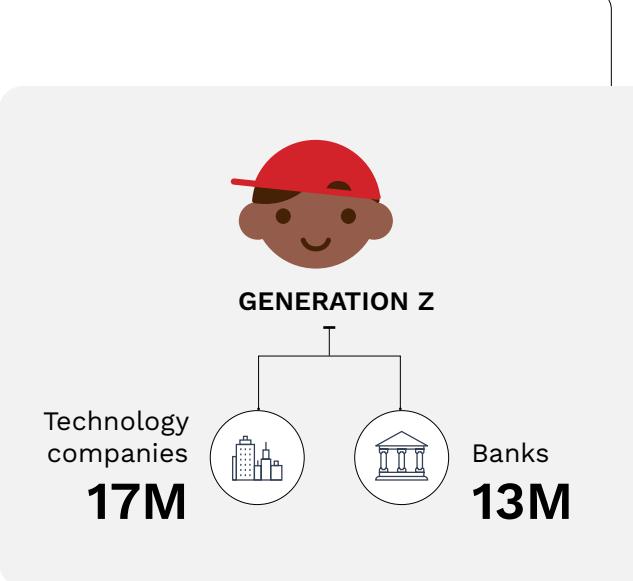
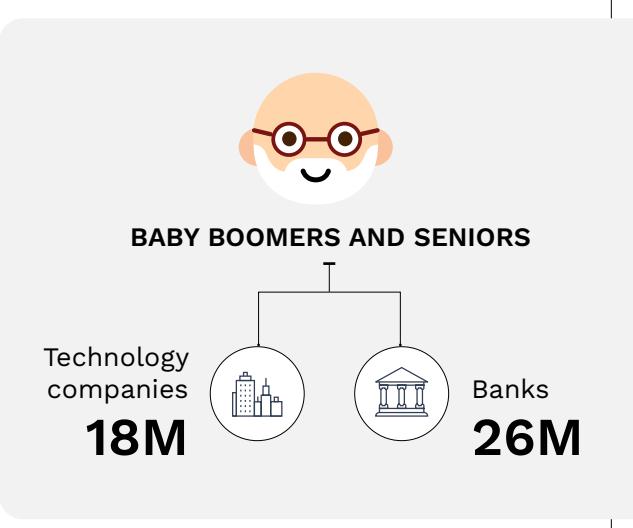
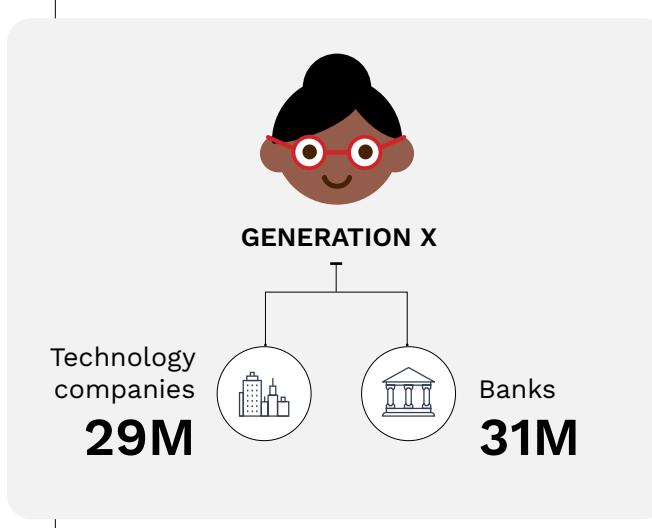
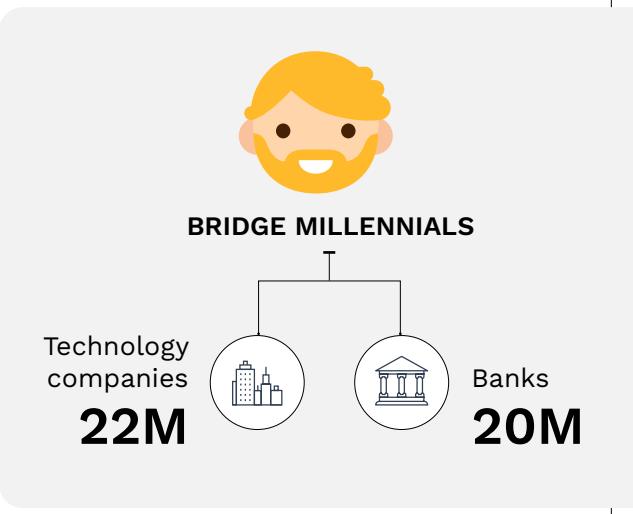
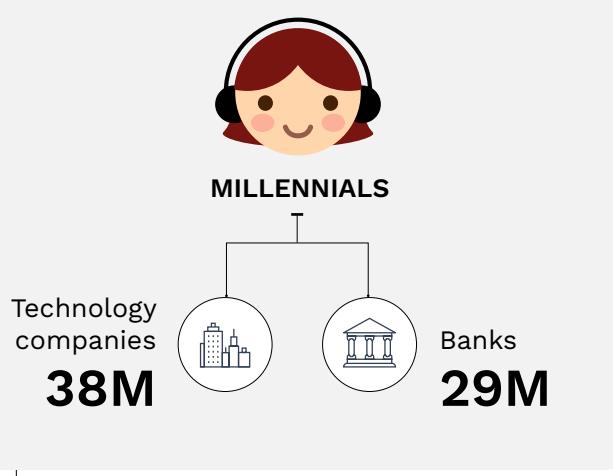
Partnering with third-party entities, such as banks or card networks, can help small businesses win their customers' trust on matters of data security

It is always a safe bet for small businesses to partner with third parties that consumers already use to transact and already trust with their data, but, as always, the degree to which consumers trust these entities depends on their generational backgrounds. Millennials and bridge millennials — two of the most tech-savvy age cohorts — are among the most likely to trust technology companies to handle their personal data, for example, with 55 percent of each group saying so. Only 19 percent of baby boomers and seniors trust technology companies with this information. Offering loyalty programs operated by technology companies may therefore be an effective way to draw millennials and bridge millennials, but it may not be as effective in attracting baby boomers and seniors.

40%
OF U.S. CONSUMERS
TRUST EITHER
MASTERCARD,
AMERICAN EXPRESS,
DISCOVER
OR VISA
**TO MANAGE THEIR
PERSONAL DATA**

HOW MANY U.S. CONSUMERS WOULD TRUST BANKS AND TECHNOLOGY COMPANIES WITH THEIR PERSONAL DATA

The statistics in this graphic are estimations for how many U.S. consumers in different age groups would trust banks and technology companies with their personal data based on the data collected in our survey.



Main Street merchants would likely make more headway with baby boomers and seniors if they partnered with banks on their loyalty and rewards programs. Twenty-nine percent of baby boomers and seniors say they would trust banks with their personal data, making banks the most trusted entity among this age group.

It is also critical to realize that baby boomers and seniors are far less trusting than any other age group when it comes to the collection and management of their personal data — but they still trust banks with such data more than they trust any other type of organization. Something similar may be said of Generation X, the

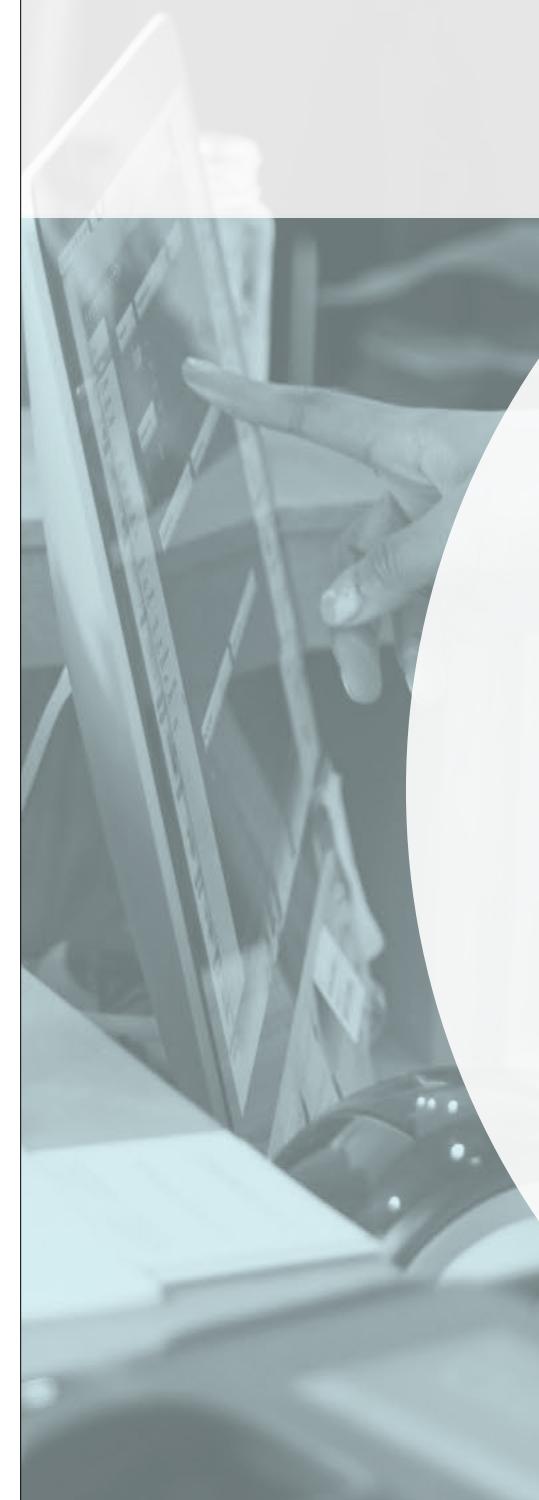
second-least likely age group to trust banks to store and manage their personal data but that nevertheless trusts banks more than any other organization to do so.

The trust that consumers have in banks makes them an invaluable partner for Main Street businesses hoping to boost their foot traffic. Digital loyalty programs managed by banks that tap consumer data can deliver the digital-first loyalty experiences that shoppers crave while also providing the peace of mind that goes along with having their personal data managed by an organization they know and trust.

CONCLUSION

MAKING LOYALTY WORK FOR SMALL BUSINESSES

Consumers in the United States harbor an undeniable affinity for the smaller local and family-owned merchants that they see as part of their communities, even if their appetites for the convenient one-stop shopping experience often leads them to shop with mass merchants. Offering loyalty programs can help incentivize U.S. consumers to shop at local community retailers, but not just any such program will do. Small businesses may gain more traction by partnering with the third-party loyalty program providers their customers already trust to handle their sensitive personal data if they hope to draw more Main Street shoppers to their storefronts.



METHODOLOGY

YMNTS conducted a survey of a census-balanced panel of 1,247 U.S. consumers between Feb. 25 and March 5 to learn about their enrollment and interest in loyalty programs while shopping with the small and mid-sized retailers in their communities. Respondents were 48 years old on average. Fifty-two percent were female, 32 percent had obtained at least a bachelor's degree and 36 percent earned more than \$100,000 in annual income. *Making Loyalty Work For Small Businesses: United States Edition* details the results of our research.

ABOUT

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Founded in 2017, **Pollinate** is a global business headquartered in London. It works with leading banks around the world, including NatWest Group (powering Tyl by NatWest) and National Australia Bank, offering a modern, cloud-based toolkit for SMBs. Agnostic to underlying infrastructure, the platform takes data feeds from any bank and from third-party systems. It gives merchants a single place to understand, manage and grow their businesses and is built with bank-grade privacy and security at its heart.

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