



Insights

# 2025 Consumer Innovation Survey Insights

Evolving Trends Driving Digital Innovation



With the AI evolution following so closely on the heels of the pandemic, digital consumer behaviors and expectations are evolving dramatically and urgently.

The pandemic, of course, instigated a momentous shift in digital behaviors. AI then fueled the fire, empowering brands and businesses to provide increasingly personalized, efficient, and convenient experiences.

Consumers didn't hesitate to make their own priorities known, expecting even more from brands seeking their loyalty. In 2025, CapTech sees those demands increasing.

## Value Is in the Eye of the Consumer

As digital capabilities soar, so do consumer expectations. In this year's annual survey, we took a closer look at consumers' current digital preferences, focusing exclusively on tech-savvy audiences.\*

Our goal was to better understand the factors that currently influence their purchasing decisions, brand engagement, and loyalty.

Specifically, we examined:



### LOYALTY PROGRAMS

a longstanding consumer influencer



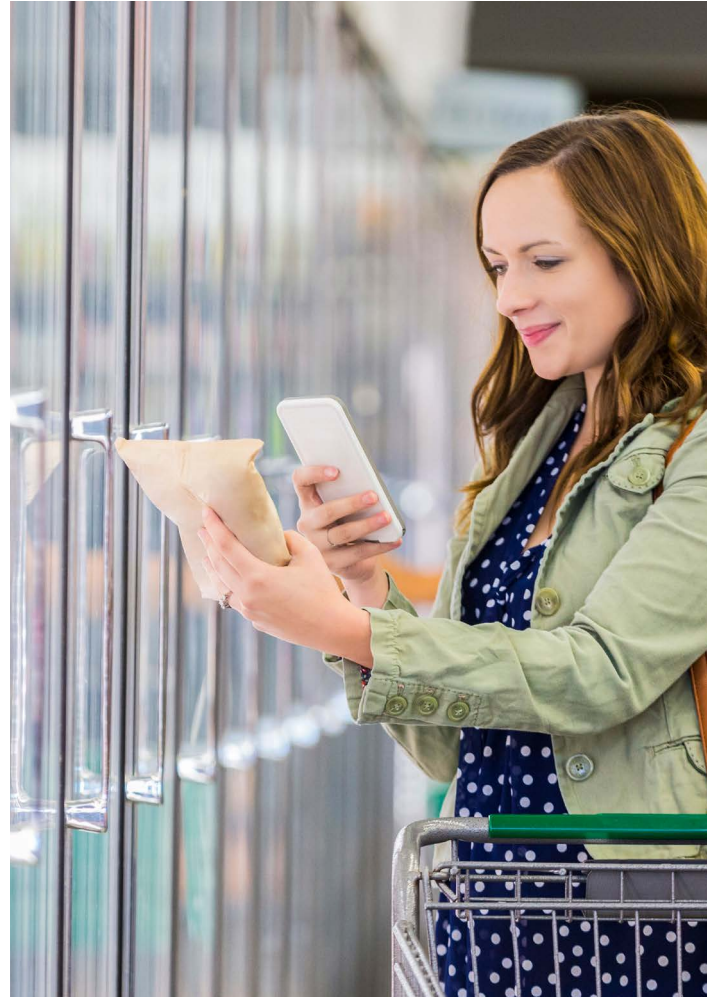
### SUSTAINABILITY

an emerging brand differentiator



### PERSONALIZATION

an increasingly expected feature



We also looked at **generational differences** on these same topics, segmenting responses by four generations: Gen Z, Millennials, Gen X, and Boomers. We wanted to determine how companies armed with these insights can drive greater value and loyalty digitally, across all age groups, in 2025.\*\*

\* All respondents are self-described digital users, with annual household incomes of \$50K+.

\*\* For the purposes of this research, we define Gen X as 18-27 years old, Millennials as 28-43 years old, Gen X as 44-59 years old, and Boomers as 60-78 years old.

# Successful Loyalty Programs Hand Keys to Consumers

In its *Predictions 2025 B2C Marketing & Customer Experience*, Forrester expects loyalty program usage to increase in 2025. We agree. Our own survey found an overwhelming majority of digital users (90%) are enrolled in loyalty programs. Even more (95%) reported that loyalty programs are somewhat or very important when choosing a brand.

Consumers have clear expectations and are outspoken about them.



## DON'T TELL ME, LET ME

Today's loyalty program consumers expect convenience and flexibility. They want reward redemption to be easy. Full stop. Additionally, they want loyalty programs to be flexible and accommodate their preferences regarding redemption or other benefits. Amazon (the brand most frequently mentioned by respondents) is an obvious leader in this space, offering Amazon Prime members access to other benefits such as music streaming and a digital pharmacy, in addition to expedited and "free" shipping.

## CASHBACK IS KING

What's the most appealing loyalty program benefit? Cash back. Consumers crave it, as it gives them control of how they use their rewards. Even better may be options in addition to cash back. A good example is Sephora's Beauty Insider program, which allows members to redeem rewards for cash back, purchase credit, or in-store experiences.

## "PERKS" REMAIN POPULAR

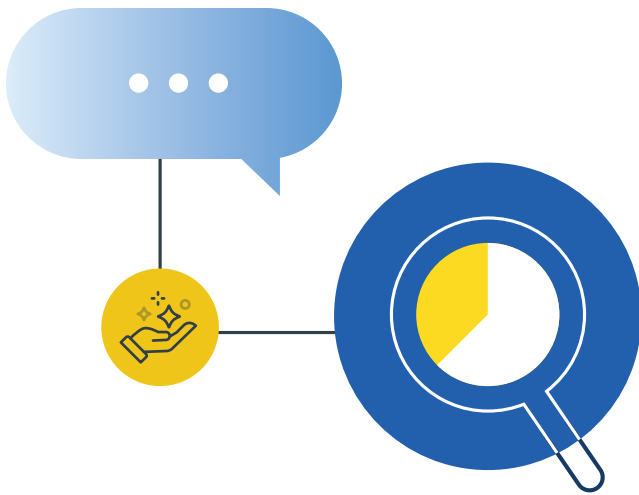
Everyone likes to feel special. Our survey respondents were quick to mention how much they enjoy extra benefits. Retailers that offer birthday gifts and airline and hotel loyalty programs that offer upgrades, priority check-ins, free amenities, and bonus currency (points or miles) are good examples.

## LOYALTY CAN BE FLEETING

Loyalty programs themselves are not enough. If consumers think loyalty program fees are too high, or that rewards are limited or insufficiently valuable, they will leave. Or, equally consequential, they'll stop participating.

## MIND THE GENERATION GAPS

Looking across generations, Boomers lead the way with loyalty enrollment, followed by Gen X and Millennials (all above 90%). That's not to say younger generations aren't influenced by loyalty programs. Millennials and Gen Z agree that loyalty programs are important factors in their brand choices. But younger audiences view these programs through a different lens. Gen Z, for example, prefers signing up via personalized offers (without them, they may disengage) and redeeming loyalty currency (e.g., points, miles, etc.) for entertainment and experiences.



As we see it, loyalty programs as a whole are due for a refresh. Brands should look beyond *attracting* consumers and focus on *retaining* them.

**To avoid being “one-and-dones,” brands and businesses need to work harder to deliver value and meet customer expectations.**

At the same time, they need to take generational differences into consideration. In 2025, CapTech sees successful brands seizing opportunities to reframe their programs, expand their offerings, promote their corporate benefits, and enhance consumer perceptions.

## Joint Loyalty Programs are Having a Moment

Coalition loyalty programs may represent another significant opportunity for brands and businesses in 2025. While relatively few (36%) respondents reported participating in such programs, those who do participate in joint loyalty programs may end up being more loyal and profitable. Additionally, our survey findings indicate that joint loyalty programs can benefit consumers and brands alike.

### COALITION LOYALTY LEADS TO PURCHASES

Participating respondents indicated that joint loyalty programs, such as hotel + airline alliances or credit card + retailer combos, prompt them to shop and spend more frequently, positively impacting the brands’ bottom line.

### LOYALTY BEGETS LOYALTY — AND OPPORTUNITY

The news gets even better for joint loyalty programs, with nearly three-quarters of respondents saying they would stick with brands offering combined rewards. A good example of this is the Delta Airlines and Starbucks pairing, where members can qualify for exclusive promotions, unique experiences, and bonus currency. Likewise, a significant number (67%) of respondents indicated that a more personalized experience would increase their willingness to share preferences across multiple brands.

### PROGRAMS STILL MUST MEET OR EXCEED CONSUMER EXPECTATIONS

Just as it is for traditional loyalty program participants, ease and speed of redemption are table stakes for joint loyalty program participants. Without it, these consumers can be quick to leave. Respondents also indicated preferences for multi-brand rewards options, easy point transfers, and earning points through a single checkout.

### YOUNGER GENERATIONS BRIDGE THE GAP

Both Gen Z and Millennial respondents said that joint loyalty programs would lead them to make more expensive purchases and redeem rewards more often. In addition, 85% of Gen Z respondents asserted that joint programs boost their brand loyalty.

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Looking ahead, we see opportunities for forward-thinking brands to drive stickiness by offering joint loyalty programs with a broad range of personalized benefits and rewards. And as much as we believe in some of the tried-and-true coalitions mentioned earlier, we are also intrigued by the idea of brands teaming up with other, like-minded brands. Consider two brands focused on corporate values such as sustainability and traceability, for instance.

## Sustainability and Traceability: Is Anyone Listening?

Doing “the right thing,” will continue to pay off for brands seeking to boost customer loyalty in 2025. Specifically, we saw a significant number (77%) of survey respondents reporting that sustainability and traceability practices are somewhat or very influential in their brand loyalty. Although we didn’t ask for brand examples in the survey, a number of noteworthy examples come to mind, crossing many sectors, such as Patagonia, Hilton Hotels (whose Travel with Purpose initiative drives responsible travel and tourism globally), Seventh Generation Cleaning products, and United Airlines (which aims to be 100% green by 2050).

While corporate practices will continue to drive brand loyalty, we also see that different demographic groups have varying levels of interest in a brand’s sustainability and traceability practices. Here’s what we learned:

### TRACING PRODUCT ORIGIN PLAYS A ROLE

A majority of survey respondents (68%) say that transparent sourcing somewhat or strongly influences their purchasing decisions, while recognizing that other factors are also considered.

### CONSUMERS ARE WILLING TO PAY MORE

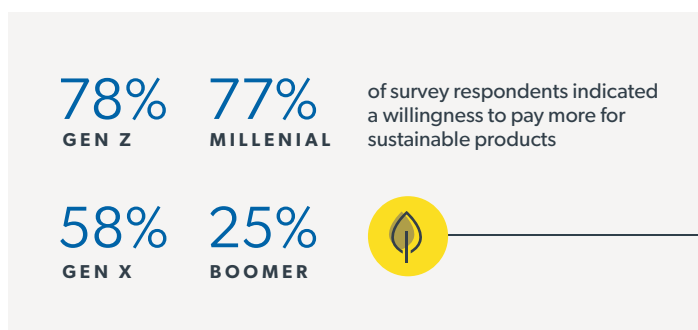
Digital consumers are clearly willing to pay more for a brand with values that align with their own. A majority (67%) said they would pay more for products from companies with proven sustainability and traceability practices.



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### TRANSPARENCY IS KEY

Likewise, easy access to product origin through digital means (42%) and verification of ethical sourcing (40%) could lead respondents to choose one company over another.

### GENERATIONAL DIFFERENCES EMERGE

A large majority of Gen Z (78%), Millennial (77%), and Gen X (58%) respondents indicated a willingness to pay more for sustainable products. Although Boomers are less swayed by these values, the percentage (25%) willing to pay more is not entirely insignificant.



In 2025, CapTech anticipates that consumers — particularly younger ones — will continue to notice and respond to these and similar corporate practices. We see opportunities for brands to pursue sustainability and traceability practices relevant to their industry, such as local food sourcing and sustainable amenities within the hospitality industry, green financing for eco-friendly businesses offered within the financial industry, and transparent reporting and responsible sourcing by government agencies.

## Personalization is Well, Personal

Our survey found that personalization — which includes things like personalized messaging and content recommendations — is increasingly expected, but generational differences abound. For some groups (Boomers) it is a “nice to have.” For others (Millennials) it is all but a mandate. Here’s what else our findings revealed:

### IN 2025, PERSONALIZATION WILL BE TABLE STAKES

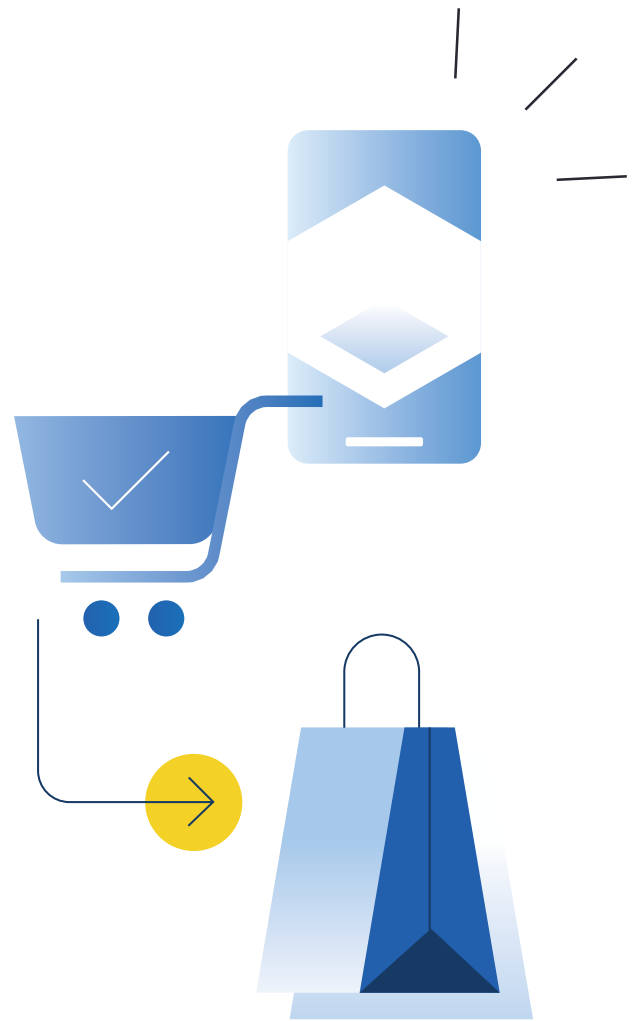
For some audiences, it already is. Younger digital consumers, in particular, who have never known anything less, see personalization as integral to an experience, not “extra.” This is not the time for brands to take their foot off the gas.

### BRANDS NEED TO WORK HARDER

Not surprising, perhaps, given expectations from younger audiences, personalization on its own is insufficient. For those audiences, in particular, brands must find additional ways to stand out and add value.

### GIVE ME SOME SPACE

While consumers want personalization, they want it on their terms. They don’t want brands dishing it up unexpectedly or otherwise interrupting the experience. The survey indicates that respondents are comfortable, however, with personalization while browsing or checking out.



### GENERATIONAL DELIVERY DIFFERENCES

Personalization preferences also varied by audiences, with Gen Z respondents stating a preference for receiving personalized recommendations when browsing a website or app (70%), while older generations preferred texts and emails.

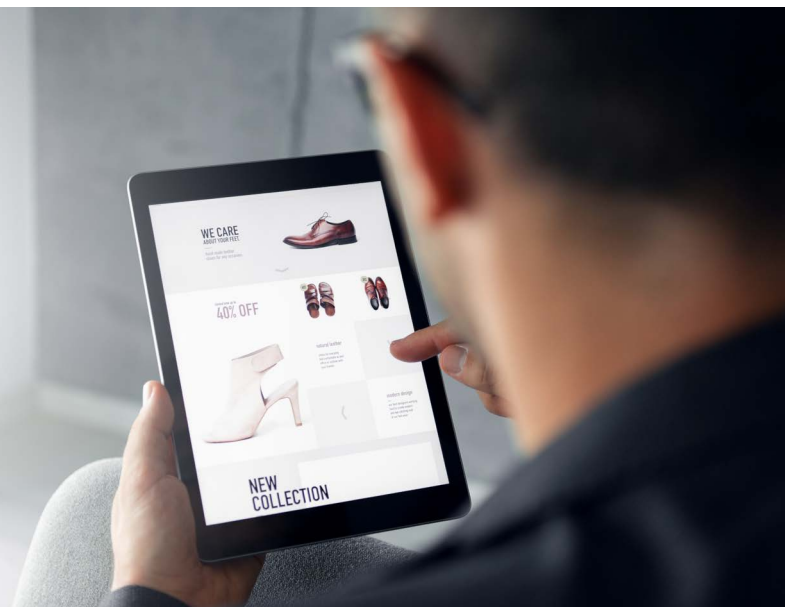
### Overall, in 2025 brands need to be personalizing smarter, not louder.

While personalization is increasingly expected, companies don’t need to tout those capabilities, particularly to younger consumers. They also need to be considerate of consumers’ preferred delivery methods.

# Driving Decisions, Engagement, and Loyalty in 2025

Consumers have tasted the future, and they want more. We believe the brands that will be most attractive to consumers going forward aren't the ones offering novelty for the sake of novelty or features that don't directly benefit consumers. Consumers are setting their own expectations — and this often varies by generation. They have seen enough to know what they want and are aware enough to realize they don't have to accept less.

In 2025, successful brands will set their sights on meeting consumers' stated expectations. And the most successful brands will set their sights on exceeding those expectations.



## Boosting Consumer Loyalty Digitally

In *Predictions 2025 B2C Marketing & Customer Experience*, Forrester predicts that consumer loyalty will decline in 2025. While this could be concerning to some, based on our own survey findings, CapTech sees it as an opportunity.

When we listen to consumers, we hear they value secure and user-friendly experiences the most. Enhanced features have minimal appeal. Likewise, they want an experience that delivers convenience. Finally, consumers want to be heard. They want brands and experiences that acknowledge and address generational preferences.

While the effort to update an experience to meeting these essential expectations isn't always significant, the results very well could be: A majority of survey respondents agreed that a good user experience can boost brand loyalty.

Let's do next together.

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