THE millennial generation GAP

What it Means to Alumni Organizations and What You Can Do About It
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Summary: Today’s young alumni are destined to be the most highly educated generation in U.S. history, as nearly 40% of 18-24 year-olds are enrolled in higher education. Despite the growth in the student population, alumni giving continues to decline; and national rates of alumni participation have dipped to all-time lows. Without a focused engagement strategy, Millennials could be the lost generation for alumni giving.
CHAPTER 1
Placing You On Ignore

Why are recent graduates ignoring alumni solicitations and engagement programs?

Maybe it’s because the “personality” of this generation is so different from Baby Boomers and Gen Xers.

Demographically speaking, most young alumni are considered “millennials” (born between 1984 and 2002). As a group they are media savvy & suspicious of authority, but they also respect their elders. Most are willing to join organized groups, providing they believe in the cause. They are not afraid to fight against tradition and convention; they detest being marketed to; and they can spot a scam a mile away. Throughout their relatively short career span, they have not experienced a sustained period of economic health, so they tend to be cost-conscious and deal hungry.

They are the largest American generation of all time, consisting of over 79 million people. That’s nearly three times more than Gen Xers, and more than the 74 million Boomers born between 1945 and 1964. In terms of economic power, Millennials spend nearly $600 billion a year.

Takeaway: Millennials are increasingly disaffected with their alma mater, and must be engaged differently than other generations of alumni.
While much has been written by boomers suggesting that millennials are narcissistic and entitled, most young alums reject that criticism outright. Instead, millennials consider themselves as “generation screwed,” pointing to the “greed and shortsightedness” of the boomer generation who should be blamed for having brought the economy to its knees."

Regardless of who is to blame, this new generation of young alumni do not feel compelled to remain connected with their alma mater. At some point, a tectonic shift in student attitudes and expectation occurred, and institutions can no longer rely on the loyalty of young alumni simply because they received a degree. Among a growing number of recent grads, they consider their degree to be nothing more than a commodity. Their education was the result of a completed financial transaction. Now they owe the institution nothing.

While the Great Recession is often cited as the cause for the decline in millennials’ interest in staying connected with their alma mater, it’s not quite that simple. The “student debt crisis” has had a significant impact on current alumni participation rates. Roughly 60% of all college students borrow money to attend school, and the average graduate owes $24,301 in student loans. That means nearly two-thirds of your alumni are working day-to-day to pay off a mountain of student debt. From their point of view, they’re already writing a sizable check to your school each month. Don’t ask them to give more.
The Millennial Generation Gap

What it Means to Alumni Organizations and What You Can Do About It

With the boomer generation postponing retirement to recoup the losses of their 401-K, the result is a pervasive unemployment among recent grads, which has also directly impacted alumni participation rates. A Georgetown University study revealed the unemployment rate among recent college grads is nearly 13%, or almost double the national average. Underemployment has also taken its toll on alumni participation. Nearly half of U.S. college graduates are underemployed and according to the Bureau of Labor Statistics, they currently work at jobs that don’t require a college degree.

Young alumni also face economic uncertainty, as the competition for the best jobs continues to intensify. Consequently they see little alternative but to obtain more education (resulting in more debt), and they have consigned themselves to living with their parents much longer than they had ever dreamed.

With alumni participation rates on the decline for nearly two decades, something has to change, or else engaging millennials will be even harder once they reach their peak earning years.
CHAPTER 2
The Alumni Professional’s Lament

Connecting With Young Alumni Has Generated New and Unique Challenges for Alumni Relations Professionals.

Engaging today’s alumni has become increasingly complex for those tasked with planning reunions, managing the annual fund, or acquiring new dues-paying members. Phonathon programs are waning in effectiveness, while magazines and other print pieces become increasingly more expensive. Emailing is probably the most cost effective way to reach all your alumni, but it also has challenges, especially among younger alums.

Most young alums dislike email, and prefer to communicate via texting, plus Snapchat, Instagram, or whatever the latest app is on their mobile phone. Millennials are quite adept at using technology to hide from marketers and those who want their attention. While the options to reach this audience are limited, without question, communicating with young alums via their mobile device will be the most effective way to cultivate and engage them.

Takeaway: Without a cultivation and engagement strategy, many millennial alumni will never see a reason to give back.
So What are the Mobile Options?

For most in alumni relations, the alternatives are limited. Text-to-give programs are still in their infancy and have limited success. And the mere suggestion of spending tens of thousands of dollars to develop a branded mobile app could threaten anyone’s professional credibility.

What do most institutions do to communicate and cultivate young alumni? Unfortunately, the answer has been to solicit them.

The conventional wisdom is to get young alumni in the habit of giving as early as possible. This belief has remained for decades, as the theory goes: “just get them to give a small gift, and they’ll be lifelong givers.”

But according to Blackbaud, a large donor management software company, their data contradicts that long held notion. The majority of today’s young alumni who give in one year, won’t necessarily give in subsequent years. While the reasons are not clear as to why they fail to give over time, the evidence indicates that millennials could benefit from a bit (or a lot) more cultivating before they receive their first solicitation.
Soliciting millennials before they are properly cultivated has resulted in many alumni asking to be listed as “do not solicit” and even “do not contact” on alumni rolls. While doing a mass solicitation can always shame a few alumni into giving, the outcome of such interactions is not likely to elicit long-term engagement or positive feelings toward your institution.

As one frustrated alumnus wrote:

“in the face of (writing) a monthly $210 check (for student loans), my getting asked for ‘anything you can give, even if its $10, $15...’ seems pathetic. That and the constant asking seems shameless.”

When alumni perceive that the only time they hear from you is when you’re seeking a donation, that perception cannot have a good, long-term outcome.

If you are ever going to engage this generation of young alumni over their lifetime, you must demonstrate your institution’s value to each of them. They must feel they are more than just part of the pool from which you extract donations.
CHAPTER 3
Discount Programs as a Loyalty Tool

The “job to be done” for higher education is to learn how to engage and cultivate millennials, despite the present economic challenges. The good news is, you don’t have to reinvent the wheel. Commercial loyalty programs were invented to incentivize people to engage with one brand or product over another. Why else would most every airline, credit card company, grocery store and retailer collectively spend billions on their loyalty programs?

Among nearly every loyalty program nationwide, the most common element of each program involves saving people money. Whether it’s offering reduced airfare or earning points that can be redeemed for free products, the fact is: **discounts work, and they can work for your alumni program too.**

The practice of using consumer discounts as an engagement and loyalty tool has a long history. Discounts appeal to the **universal desire of all consumers to get a product or service for less.**

**Takeaway:** Discounts have been used to incentivize behavior for over 100 years. With the right program, you can use discounts to engage alumni of all ages, especially millennials.
Discount Loyalty Programs: The Beginning

From the first coupon in 1887, to the popularity of product and grocery coupons, merchants have long understood the power of discounts. Traditionally, the merchant and consumer were the only beneficiaries of the transaction. But in the late 1970’s, AAA motor club introduced a way of using discounts to acquire and retain members.

AAA launched a **branded, private discount network** called “Show Your Card & Save.” It was a nationwide network of recommended hotels, restaurants and auto repair shops, to serve their members who traveled often and wanted the best service.

Not only did the merchants and consumers benefit from this partnership, but AAA saw a substantial spike in memberships. People with no real interest in AAA’s travel benefits were joining to take advantage of the amazing discounts.
DIY Discount Networks:
The Rise and Fail

After AAA proved the concept of using discounts in member-based organizations to attract and retain members, before long, it seemed every member group was getting into the discount business.

Members, merchants and organizations all loved these programs. Members loved the discounts because they often paid for the cost of membership. Retailers not only liked having new customers, but many businesses were owned by alumni who loved to support their alma mater by offering an exclusive discount. And organizations saw a spike in member engagement, as well as a subsequent increase in member retention and contributions.

But soon, the challenge of maintaining such a network became apparent. Although groups were able to sign up many local restaurants and other retailers, the challenge was to manage and sustain those merchant relationships over time.
For many member-based organizations, it was too hard to keep up with businesses that failed or changed hands. Valuable time was also spent following up with merchants who failed to honor their advertised discount offer.

Before long, organizations were faced with a dilemma. Should they cut back their discount program or continue supporting it? It wasn’t that the discounts programs weren’t popular. They were. For young alumni especially. It was difficult to consider scaling back a popular program, especially when constituents living out of state were asking for discounts they could use. It was a problem brought on by the success of the program. But the prospect of managing a big, nationwide discount program was daunting.

**Power and Pitfalls of Licensing Online Coupons**

To meet their nationwide demand, some groups turned to online coupon aggregators as a way to gain instant access to a nationwide discount network. Many were promised a low-maintenance solution that didn’t require much time to manage. Plus, online coupons could provide discounts to a growing nationwide constituency.

**Takeaway:** Online coupons can reach a nationwide membership, but they don’t offer enough value to entice members to engage.
Despite the promises, this model didn’t work as advertized. It became quite apparent that online discounts alone lacked the relevance and appeal of in-store discounts. Members wanted discounts at their favorite restaurants, at the local movie theater or at the hardware store. Online-only purchases were simply not applicable to everyday life.

But that hasn’t stopped the big-box retailers from trying to entice consumers to make their purchases online. The untold truth is, most consumers simply don’t shop online that often. 90% of all consumer purchases occur within 15 miles of our homes, and we prefer to shop in a store, rather than online.

According to the U.S. Census, in 2013 only 6% of all consumer purchases occurred online. For associations and member groups, this means discount programs with mostly online coupons are not relevant to the day-to-day lives of their members...94% of the time. Without local, in-store offers, members quickly ignored the discount program, causing retention and engagement to suffer.

**Takeaway:** Mobile delivered coupons are instantly relevant & popular with young alums because over 80% of millennials own smartphones.

**The Move to Mobile**

Now that consumers have adopted smartphones, it is their primary tool to communicate and transact business. The rapid adoption of this technology has caused the same type of monumental shift in retail commerce as happened in 2006 when credit cards became the preferred payment method over cash.
According to a 2013 Pew Research Center study, “smartphone ownership has occurred up and down the economic spectrum,” with a majority (58%) of Americans now owning a smartphone. Among millennials, the number of smartphone owners is over 80%. Further adoption of smartphones is expected to continue across all demographic groups.

And when it comes to using smartphones for coupons, nearly half of all coupon users want mobile coupons; and 47% want retailers to send coupons to their devices when they are in the vicinity of their store.

For those who understand the power of discounts as a tool of engagement, mobile delivered discounts provide a momentous opportunity to connect with constituents.
CHAPTER 4
Finding the Ideal Discount Program

Now that you understand a little about discount networks and how they are used to impact loyalty, let’s look at how to identify the type of program that is best for your alumni.

The goal is to get your alumni to engage with the discount program. When they use the program to save, your organization enjoys the resulting goodwill generated from each saving transaction.

As stated previously, some programs are better than others in attracting and engaging consumers. Here is a checklist of the most important features to look for in a discount loyalty program:

- **Private Network:** The vast majority of discounts should not be available to the general public.
- **In-store:** Most offers should be redeemed at a cash register (in a store, restaurant or retailer).
- **Popular Retailers:** Should have a good mix of big-box national retailers and popular regional & local merchants.
- **Dining Deals:** Casual and fine dining deals are popular, but so are discounts on fast food. A good program has a mix of both.
Deep Discounts: The average discount should be between 25%-50% off. Anything less than that is ho-hum.

Everywhere: Look for discounts in the suburbs & rural communities, not just in big cities.

Relevant Savings: Not only should there be discounts on dining and shopping (the most popular categories), but deals for auto, home, office, entertainment, travel & leisure, groceries, etc.

Easy Redemption: Because most alumni have smartphones, discounts should be searchable and redeemable on a mobile device.

Promotion: Discount loyalty programs should be your partner, and help you drive awareness and usage.

Branded: The purpose of the discount loyalty program is to promote your organization/institution. Make sure you are front and center so alumni give you the credit each time they save.

Customer Support: For alumni who have a problem signing up, or if they need help redeeming an offer, should have a toll-free number to call in a pinch.
CHAPTER 5
Success Stories

Many types of membership based groups have seen great success with their discount loyalty program. In addition to the AAA Motor club example cited previously, more recent case studies can demonstrate the effectiveness of using discount programs to engage and connect with constituents. Below are a few examples of how an organization or alumni group has used the Access® private discount network to accomplish a membership or engagement objective. (Some organizations have requested that they remain anonymous for competitive reasons.)

<table>
<thead>
<tr>
<th>Client:</th>
<th>National Service Club</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location:</td>
<td>Schaumburg, Illinois</td>
</tr>
<tr>
<td>Approximate Membership:</td>
<td>1 million</td>
</tr>
<tr>
<td>Goal:</td>
<td>Increase Member Retention and Engagement</td>
</tr>
<tr>
<td>Result:</td>
<td>Member retention increased an average of 13% over all membership categories. (Increase of 21,000 members in 12 months)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Client:</th>
<th>Hospitality Membership Group</th>
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</thead>
<tbody>
<tr>
<td>Location:</td>
<td>Grandview, Missouri</td>
</tr>
<tr>
<td>Approximate Membership:</td>
<td>100,000</td>
</tr>
<tr>
<td>Goal:</td>
<td>Increase Member Engagement by 25% after 1 year.</td>
</tr>
<tr>
<td>Result:</td>
<td>Member engagement jumped 577% in 12 months (measured by web visits)</td>
</tr>
</tbody>
</table>
### The Millennial Generation Gap

*What it Means to Alumni Organizations and What You Can Do About It*

<table>
<thead>
<tr>
<th>Client:</th>
<th>Confidential Client (Membership Organization)</th>
</tr>
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<tbody>
<tr>
<td>Location:</td>
<td>Los Angeles, CA</td>
</tr>
<tr>
<td>Approximate Membership:</td>
<td>6,100</td>
</tr>
<tr>
<td>Goal:</td>
<td>Increase Membership from 2300 to 5000 in 1 year.</td>
</tr>
<tr>
<td>Result:</td>
<td>Total members jumped 282% (from 2,310 to 6,524). Web traffic increased 673% (from 1,485 visits/mo to 9,995 visits/mo)</td>
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</table>

<table>
<thead>
<tr>
<th>Client:</th>
<th>Pennsylvania State Education Association</th>
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<tbody>
<tr>
<td>Location:</td>
<td>Harrisburg, PA</td>
</tr>
<tr>
<td>Approximate Membership:</td>
<td>180,000</td>
</tr>
<tr>
<td>Goal:</td>
<td>Add value for dues paying members, increase online engagement</td>
</tr>
<tr>
<td>Result:</td>
<td>Logins increased 449% in one year. New emails acquired jumped 294%</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Client:</th>
<th>Illinois Education Association</th>
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<tr>
<td>Location:</td>
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</tr>
<tr>
<td>Approximate Membership:</td>
<td>125,000</td>
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<tr>
<td>Goal:</td>
<td>Add value for dues paying members, increase online engagement</td>
</tr>
<tr>
<td>Result:</td>
<td>Logins increased 86% in one year. New emails acquired jumped 54%</td>
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<table>
<thead>
<tr>
<th>Client:</th>
<th>New Mexico Education Association</th>
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<td>Location:</td>
<td>Santa Fe, NM</td>
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<tr>
<td>Approximate Membership:</td>
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<tr>
<td>Goal:</td>
<td>Add value for dues paying members, increase online engagement</td>
</tr>
<tr>
<td>Result:</td>
<td>Registered users increased 61% in one year. New emails acquired jumped 119%</td>
</tr>
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Young Alumni Then & Now

How are today’s young alumni different from other generations?

Millenials face more challenges than previous generations didn’t. College is far more expensive, yet the need for a degree has increased. The value of a college degree has been diminished because so many millennials have degrees. In addition, the unemployment and under-employment rate for college grads is significantly higher compared with other generations. Could these circumstances account for a lack of engagement with their specific alma mater? Do Millennials require more cultivation before being asked to give? The numbers may tell the story.

**CULTURAL & SOCIAL CHARACTERISTICS**

**Population**
- What sets your Generation apart from others? (Pew)
- Iconic Event
- Preferred Team Sport
- Have a tattoo by age 30 (Pew and NBC)
- The “gotta have” computing device (DailyFacts)

**Average student debt** (PEW) (NYFED) (Adjusted for inflation)

**Rate of Participation in alumni giving** (CAE)

**Have some college education** (Pew)

**Main News source is TV** (Pew)

**Main News source is internet** (Pew)

**Technology use/Music & Pop Culture**

**Technology use/Work Ethic**

**Work Ethic/Respectful**

**EDUCATION**
- % of population that attended college at age 30 and below (AIE.org)  (Lumina Fdn.)
- % of college graduates that have a college job (PRB.org)
- Employer of the most college grads (SDR) (HuffPo)

**EMPLOYMENT OUTLOOK**
- Average unemployment rate after graduating college (BLS)
- After graduating college, % of workforce age 55 and older (Lumina Fdn.)
- % of jobs requiring college degree (PRB.org)
- Accepted financial help from parents after college (Intuit)

**MONEY**
- Median income for new graduates (ages 25-35) (US Census) (Adjusted for inflation)
- Household debt as a % of annual income (debt/income ratio) (CSA) (Adjusted for inflation)
- % of college graduates that have a college job (PRB.org)

**TECHNOLOGY**
- Sleep with their cell- phone at their bedside (UrbanTimes)
- Accepted financial help from parents after college (Intuit)

**Millenials**
- 97.5 Million
- Born in 1982-1999
- College Years: 2004-today
- Average annual college tuition (NCES) (Adjusted for inflation)

**Gen Xers**
- 46.6 Million
- Born in 1970-1981
- College Years: 1985-2003
- Average annual college tuition (NCES) (Adjusted for inflation)

**Baby Boomers**
- 74 Million
- Born in 1956-1975
- College Years: 1974-1994
- Average annual college tuition (NCES) (Adjusted for inflation)
CONCLUSION

For over 100 years, discounts have been used to attract consumers by leveraging the universal desire to save money. Discount loyalty programs are likewise proven to engage members within an organization, as long as the discounts offer real value and relevance. A good discount loyalty program will engage all demographic groups of alumni, but especially millennial or young alumni, who are particularly apt to use discounts. Alumni Access offers a branded, discount loyalty program that is both cost effective and flexible enough to accommodate alumni organizations of all sizes.

About Alumni Access®

Alumni Access is a discount-based loyalty program designed specifically to engage alumni/ae from institutions of higher learning. Alumni Access offers engagement tools like a customizable smartphone app and a savings website, aimed at delivering exclusive discounts that average between 25%-50% off. Alumni Access is the only alumni loyalty program licensed by Access®, the largest, private discount network in North America, and features over 150,000 places to save, including 600+ national brands and tens of thousands of local restaurants, retailers, boutiques, auto shops, and theaters.

Alumni Access is a division of TriQuest®, an industry leader in helping not-for-profit groups and organizations with engagement and fundraising. In the last few years alone TriQuest has helped hundreds of client groups engage tens of thousands of their constituents, and is directly responsible for raising well over $15 million. Some of the nation’s most recognized alumni and non-profit organizations trust TriQuest to help them reach and engage their members. They include alumni organizations like the University of Arizona, BYU, Iowa State, and Arkansas State University. TriQuest also work with other recognized not-for-profit groups like Key Club/Kiwanis International, US Youth Soccer, USA Volleyball, Optimist International Foundation and many more.

For more information about Alumni Access, go here: AlumniAccess.com