

Fueling the Fire: Loyalty Marketing Best Practices for Convenience Stores

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What is Loyalty?

- There are two basic varieties of retail customer loyalty:
 1. Deal Loyalty – you “rent a customer” for the duration of the promotion
 2. Relationship Loyalty – a customer gives you his/her business for reasons other than pricing or prizes

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Deal Loyalty

- Examples
 - Card holder pricing (e.g. Safeway)
 - Coupons
- Pros
 - Discounting is easy to implement
 - Everyone is attracted to cheaper prices
 - Lifts sales
- Cons
 - Loyalty is fleeting
 - Diminishes the “value proposition”

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Relationship Loyalty

- Takes deal loyalty to the next step
 - Uses data to identify truly loyal customers
 - Actually enhances store gross margins
 - Establishes a lasting bond with the consumer; one that supersedes price
- It is about “who are my most profitable customers, and how can I make more money from them?”

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Loyalty Pitfalls – AVOID AT ALL COSTS

- Programs rewarding “cherry pickers”
- Points programs with no short-term payout to the consumer
- No data analysis maximizing the yield of the program
- Believing that only the large operators can do it

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Flash Foods is...

182 Convenience Stores

Located in Florida and Georgia

Corporate Headquarters: Waycross, GA

Reward\$ in a Flash

Reward\$ in a Flash

Flash Foods Loyalty Goal

“Building customer loyalty is about serving the customer better, and the only way to do that is to understand what they buy, when they buy and what motivates them to buy.”



Reward\$ in a Flash

- Why Loyalty?
 - Infrastructure in place
 - Scanning in all stores
 - Wide area network
 - POS part of that network
 - Company Buy In
 - Endorsement by top management
 - Marketing department - taking ownership of program
 - Technology resources available



Reward\$ in a Flash

- Why Loyalty?
 - Timing
 - Strategy to stay ahead of competition
 - Several loyalty solutions within the industry to choose from



Reward\$ in a Flash

- Why Loyalty?
 - Why Pinnacle **Loyalink**
 - No additional hardware
 - Integration to Palm – allows for ease of use
 - Real-time rewards
 - Ability to process transactions in-house
 - Robust reporting features
 - Affordable cost



Reward\$ in a Flash

- Implementation Strategy
 - Initial Steps
 - Designed applications and cards
 - Determined initial and on-going promotions
 - Trained store personnel
 - Selected go-live date (April 18, 2005)



Reward\$ in a Flash

- “Loyalty Marketing Best Practices”
 - Learning’s for Flash Foods
 - Cards needed with bar-code and magnetic swipe
 - Advertisement and promotion of program to customers
 - Define program to customers
 - Gasoline promotion a plus to program



Reward\$ in a Flash



Start being rewarded for your purchases immediately!

Receive an instant reward when you complete the attached "Rewards in a Flash" application.

After you have filled out all the information, attach the application and give it to a sales representative in the store. You will receive a member's card immediately and start earning points with your next purchase. Each new member will also receive an instant reward with their first purchase.

Points are applied to your account when you present your card at the time of each purchase. Rewards will automatically appear on your receipt once you have collected enough points.

It's never so fun to spend, it's more you save!

How do I get started?

1. Fill out the attached Application and give it to a Flash Foods Sales Representative.
2. Receive your membership card instantly.
3. Present card with every purchase to collect instant points.
4. Receive rewards automatically for accumulated points.
5. Special promotions for "Rewards in a Flash" members.
6. Extra savings on featured products.
7. Sweepstakes and Instant Rewards.

Yes! It's that easy!

Apply Today!

Customer Application Program

Apply Today!

Inserts to be given to our sales representatives to collect.

Customer Number: **Member Sign-Up Reward** and you save more...

First Name: _____
 Last Name: _____
 Address: _____
 Address 2: _____
 City: _____ State: _____ Zip: _____
 E-mail: _____
 Date of Birth: _____ Sex: _____

Yes, I would like to receive this application.
 No, I would not like to receive this application.



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Reward\$ in a Flash



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Reward\$ in a Flash

- “Loyalty Marketing Best Practices”
 - Learning’s for Flash Foods
 - Variation on monthly loyalty promotions/drive customer sign-ups and transactions
 - Avenue needed to alert customer of rewards received



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Reward\$ in a Flash

Cooler Door Static & Window Banner

You Have To Use It To Get It

Use your Rewards in a Flash with every purchase and get...

- *2¢ OFF per gallon for every fuel purchase
- *1% BACK on all other purchases

*Exclusions Apply! See Inside for Details.

2 Liter
Coca-Cola
89¢

Only with your "Rewards in a Flash" Card.

Use your Rewards in a Flash with every purchase and get...

- *2¢ OFF per gallon for every fuel purchase
- *1% BACK on all other purchases

*Exclusions Apply! See Inside for Details.

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Reward\$ in a Flash

Loyalink - [Promotion Explorer]
File Window Activities Utility Help

Record ID: 000093 Entered: 04/14/2004 By: UNKN Modified: 07/06/2004 By: FLASH1

Promotion Information
Code: 1100 Description: Ongoing Points Program
Promotion Type: STD Tax Basis: POST Promotion Status: ACTIVE

Promotion Life
Start Date: 04/13/2004 Apply End Date End Date:

Qualifying Period
Qualifying Basis: PROMO Number of Days: 0

Maximum Limit
 Apply Maximum Limit
Maximum Basis: Number of Days: 0
Maximum Limit: 0

Sale Point
Sale Point: Inside

Promotions List:
000042-Free Fountain
000093-Ongoing Points
000098-Coke 2/\$3.99
000102-Automation Te
000103-Free Medium C
000105-Coke 2/\$3.99
000112-Coke 2/\$3.99
000113-Coke 2 Ltr-\$3
000115-Free Flash Ligh
000121-Gallon Milk 2/4
000122-Captain John C
000123-Cloverhill Home
000124-Discount for 1
000125-Coke 2 Ltr \$ 69
000126-Coke 2 Ltr \$ 69
000127-Coke 2 Ltr \$ 69
000128-Coke 2 Ltr \$ 69
000129-Coke 2 Ltr \$ 69



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Loyalink - [Promotion Explorer]
File Window Activities Utility Help

Record ID: 000129 Entered: 05/03/2005 By: FLASH1 Modified: 05/04/2005 By: FLASH1

Promotion Information
Code: Coke 2lr \$ 69 Description: Coke 2 Ltr \$69 All Stores
Promotion Type: STD Tax Basis: POST Promotion Status: ACTIVE

Promotion Life
Start Date: 05/04/2005 Apply End Date End Date:

Qualifying Period
Qualifying Basis: TRANS Number of Days: 0

Maximum Limit
 Apply Maximum Limit
Maximum Basis: Number of Days: 0
Maximum Limit: 0

Sale Point
Sale Point: Inside

Promotions List:
000042-Free Fountain
000093-Ongoing Points
000098-Coke 2/\$3.99
000102-Automation Te
000103-Free Medium C
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000122-Captain John C
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000124-Discount for 1
000125-Coke 2 Ltr \$ 69
000126-Coke 2 Ltr \$ 69
000127-Coke 2 Ltr \$ 69
000128-Coke 2 Ltr \$ 69
000129-Coke 2 Ltr \$ 69
Qualifying Rules
Benefit Rules
Publication Rules



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Reward\$ in a Flash

- “Loyalty Marketing Best Practices”
 - Learning’s for Flash Foods
 - Store level incentive to drive customer signups
 - Continued store level incentive to drive transaction volume

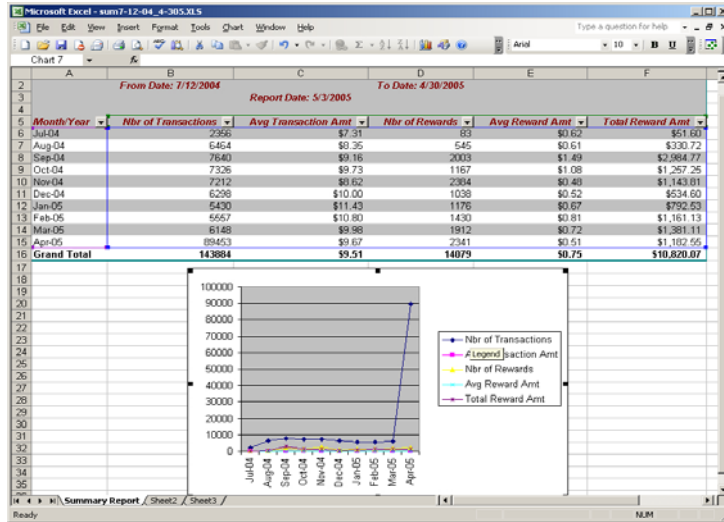


Reward\$ in a Flash

- “Loyalty Marketing Best Practices”
 - Learning’s for Flash Foods
 - Set a budget for loyalty rewards as percentage of loyalty sales
 - Understand how to monitor that goal



Reward\$ in a Flash



Reward\$ in a Flash

FLASH FOODS
115 - Jacksonville
For the Three Months Ending April 1, 2005

	CURRENT MONTH				YEAR TO DATE			
	Current Year AMOUNT	% of Sales	Prior Year AMOUNT	% of Sales	Current Year AMOUNT	% of Sales	Prior Year AMOUNT	% of Sales
SALES								
Grocery Sales-Outside	\$97,129	21.45%	\$83,486	23.28%	\$248,701	22.78%	\$199,900	23.27%
Gas Sales-Outside	355,686	78.55%	275,148	76.72%	843,035	77.22%	659,128	76.73%
TOTAL SALES	452,815	100.00%	358,634	100.00%	1,091,736	100.00%	859,028	100.00%
Grocery Cost Of Sales	73,244	75.41%	58,672	70.28%	185,862	74.73%	145,883	72.58%
Rebates	(2,676)	(2.76%)	(2,411)	(2.85%)	(7,049)	(2.85%)	(6,954)	(3.48%)
Loyalty Rewards Discount	237	0.24%	(74)	(0.09%)	-464	0.19%	882	0.44%
Inven. Short/Over					2,275	0.91%		
Gasoline Cost Of Sales	352,024	98.97%	263,209	95.66%	820,946	97.38%	629,208	95.46%
TOTAL COST OF SALES	422,829	93.38%	319,396	89.06%	1,002,498	91.83%	769,019	89.52%



Reward\$ in a Flash

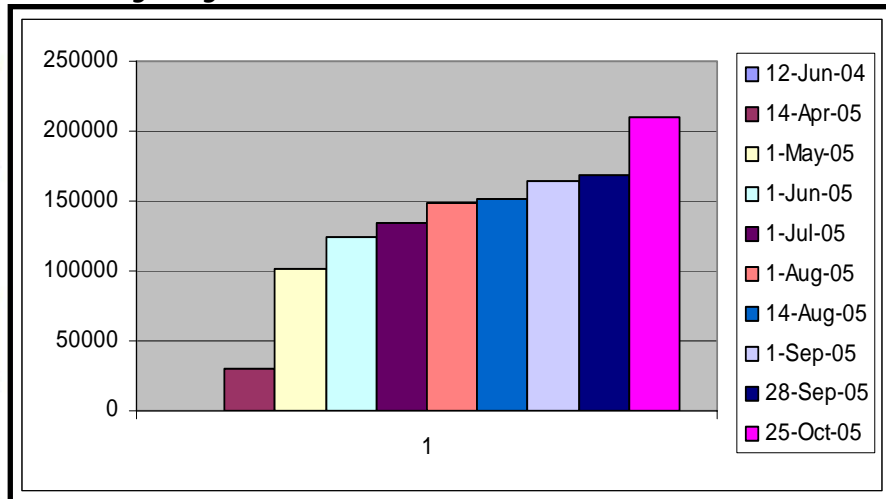
- Rewards in a Flash
 - Where we are today
 - Number of customers
 - Transaction count
 - Comparison of average transaction



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Reward\$ in a Flash

Loyalty Customer Count



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Reward\$ in a Flash

Loyalty Transaction Totals By Month

June	250,849
July	291,847
August	294,133
September	424,876
October	437,611 - 3 Weeks

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Reward\$ in a Flash

Average Transaction Amount Loyalty versus Non/Loyalty excluding gasoline

	Non/Loyalty	Loyalty
April	5.19	4.87
May	4.49	5.85
June	5.13	6.96
July	5.15	7.88
August	5.36	6.46
September	5.64	6.34

Flash
Foods

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Rewards\$

Flash Foods

in a

Flash

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Fuel Island Merchandizing




SEYMORE REWARDS YOU!

Free Stuff!

conoco superstop!

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Inside/Out Marketing



Traditional marketing

- Outside/in approach

Merchandizing at the fuel island

- Inside/out approach

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High Tech Loyalty Program



- Installed in April 2004
- Next-level loyalty program
- 49 C-stores throughout Mississippi & Alabama

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Seymore Rewards Program



Seymore Rewards program members are issued a tag—which, when used—allows our system to immediately recognize each customer, offer a brief welcome and reward updates, play audio promotions and, in the store, issue individually tailored discount coupons.

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Seymore Rewards Program



Technological vision

- Investment of \$550,000+ for system
- Ongoing software commitment
- Wireless, web-based system in all stores
- Customized loyalty program
- Real-time rewards for customers

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Seymore Rewards Program



To date, more than 130,000 customers have been issued Seymore Rewards program tags, creating a viable database for our company and allowing us to track promotions, buying habits and more.

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Seymore Rewards Program



EVERYTHING we do in an outward and visible way for our customers revolves around Seymore and our loyalty rewards program.

Seymore—our fish mascot—is representative of our CEO's motto:

“Customer service is our only product.”

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Seymore Rewards Program



Tags issued must become tags used.

SUPER STOP! is approaching 30% overall tag usage, with some stores topping out above 50% in tag usage for gas and inside sales—a record percentage.

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Working With Vendors



To generate greater tag usage, we form close partnerships with our vendors for additional marketing dollars and random incentives and clubs.



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Working With Vendors



- Pepsi 99¢ 2-liters—December promotion
- Pump audio, pump toppers & billboards
- Sales up 36% above last year
- Only difference: Seymore Program



Program Support



- We offer excellent point rewards, random giveaways and clubs for our customers:
 - 2,000 points on sign-up (\$2 off on gas)
 - Milk & Coffee Clubs
 - \$1 off gas coupons
 - Special promotions, including concerts, prizes, etc.
- We dedicate \$25,000+ each month in our marketing budget to maintain these rewards/giveaways

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Program Support



To generate greater tag usage via our employees, we:

- Offer cash incentives for employees to encourage the use of tags (not sales of tags);
- Implemented a Mystery Shopper program to test whether the tag is mentioned to every customer, every time they shop.

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We Are Seymore



You will see our little Seymore fish everywhere on the SUPER STOP! seascape.

- All signage/pump toppers, clings, inside signage
- All pump audio
- Employees t-shirts issued quarterly
- ALL traditional advertising

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Seymore Loyalty Program



Pump Toppers



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Seymore Loyalty Program



Static Clings



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Seymore Loyalty Program



Danglers



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Seymore Loyalty Program



Employee T-Shirts, Events



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Seymore Loyalty Program



The new twist in the marketing mix provided by the Seymore Rewards Program is that we can now DIRECTLY target specific customers and customer groups. Database and access to our customers is unheard of in the C-store industry.

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Seymore Loyalty Program



Variable Data Direct Mail Program

Our goal: Get non tag users and low activity tag users back into the store to use their tags.

Note: The average direct mail return response is 1 to 3%.

We expected a greater return on variable data; one-to-one, as we know they signed up and “raised their hands” to show interest.

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Seymore Loyalty Program



Overall response: 6.35%

- Meridian first wave—12.8%
- Selected mailings 10.3%, 9.8% and 7.9% respectively

As time passes, more come in.
Recipients are HOLDING the postcards!

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Seymore Loyalty Program



New Innovations—Selling the Tag

- \$4 for Seymore Rewards Tag
- \$2 off instantly on gas
- Perceived value: Think Sam's Club
- Cost of tag/quality of clubs, points and incentives makes it worth something
- Direct mail to reinforce

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Seymore Loyalty Program



New Innovations—

Double Points Wednesdays

- Implemented to celebrate Seymore's birthday
- Hit 45% tag usage for fuel; 29% tag usage inside sales on last Wednesday of promo

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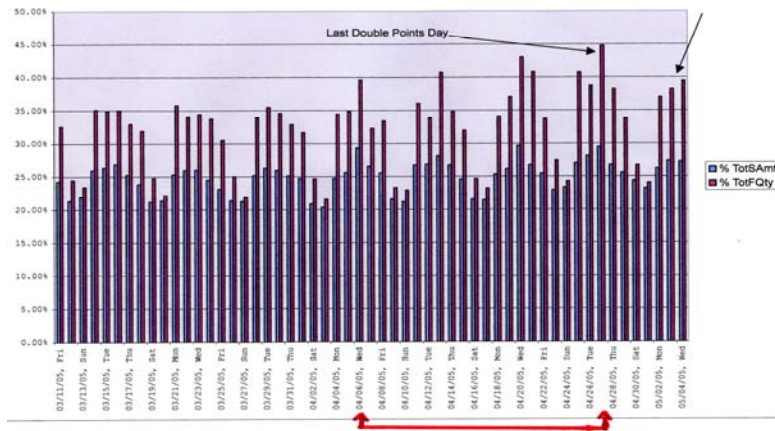
Seymore Loyalty Program



Double Points Wednesdays

Double Points Analysis

These figures still very high and beat all weeks prior to the promotion.



It Only Gets Better



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