

# Loyalty Programs Empower Convenience Stores, Report Says

By Ed Finkel

Understanding the convenience store shopper is the focus of a 2018 report by loyalty technology company Excentus. The report examines how convenience retailers can stay relevant and establish a competitive advantage. The conclusion is that retailers must “get to know their customers better than anyone else, bridging the gap between the business side of growing revenue and the consumer side of knowing what shoppers want and expect.”

Based on a survey of more than 1,000 consumers, the report found that 22% of loyalty members will shop exclusively at

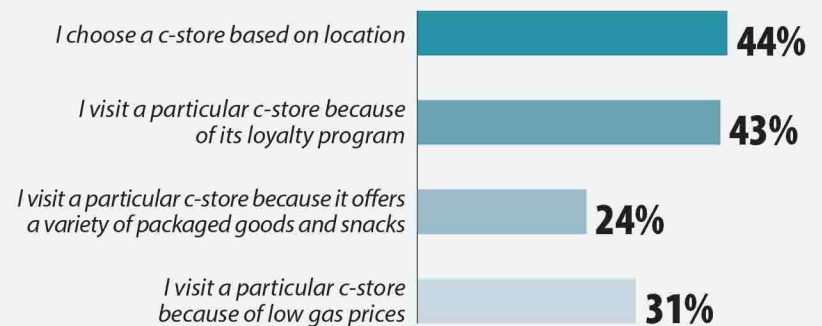
the store where they are members, and 51% will shop more frequently at those stores. About half say they are influenced to buy gas at c-stores where they hold loyalty memberships, and two in five will spend more than \$10 per visit overall.

Loyalty programs are finding their place among the traditional c-store value propositions of convenience, location and price, and this has led operators to rethink their strategies and pay attention to shopper data and the increased engagement it can bring, the report says. The survey found that 43% of c-store shoppers choose a store because it

## How does your membership in a convenience store loyalty program affect your shopping at the store/chain?



## How do you choose which convenience store to visit?



Source: Excentus' "Understanding the Convenience Store Shopper," 2018

offered a rewards program, almost identical to the 44% who choose based on convenience.

“Loyalty programs, defined in their broadest sense, have changed the value equation for consumers,” says Jeff Hassman, chief marketing officer at Excentus. “I don’t think that means convenience stores necessarily have to have a loyalty program to survive, but consumers are nuanced enough to recognize them, and that’s part of their decision on where to shop.”

Fuel savings and cash-back are typically the two most commonly sought rewards from c-store loyalty programs, as 39% of survey respondents said they prefer the fuel savings and 35% opt for cash-back. “For c-stores, the popularity of fuel savings rewards consistently increases foot traffic and in-store sales,” the report says.

Among those who do not currently participate in a c-store rewards program, 46% said they simply don’t shop at convenience stores, but the others are either unaware of loyalty programs available at their local store (26%) or have not been asked to join (18%).

Where do shopper marketers fit into this equation? Starting with out-of-store elements in the typical campaign, a well-designed loyalty program can give more power to communications channels like social and mobile, Hassman says. “You can deliver highly personalized content about things people care about, which makes the connection between the consumer and retailer much, much more powerful,” he says. “You can use data to understand customers, drive loyalty and change behavior in ways that are profitable.”

C-store operators are always thinking about how to use gas purchases to drive people inside the store. Targeted, path-to-purchase marketing at that intermediate step draws in those who didn’t have another purchase at the top of their minds, Hassman says. “They’re already on the lot,” he says. “How do you use loyalty programs, particularly in the digital channels, to be able to drive people from the pumps inside the store? The convenience store shopping experience is all about impulse.”

That tendency toward impulsivity continues inside the store, as does the potential of digital to influence the path to purchase, Hassman says. “In the pre-mobile days, [shopper marketing] used to be a flyer in the front of the store,” he says. “Now, with the right tools, you can change how people shop inside the store. That’s uncharted ter-

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ritory in a lot of loyalty programs. But I think that’s going to be the next wave.”

As customers’ expectations continue to evolve, c-store operators will need to realize that having a loyalty program isn’t enough. You need to have a good loyalty program or it will hurt your store’s brand, Hassman says. “It’s not just about what convenience stores are doing but about what the best loyalty programs are doing,” he says. “We have to look outside the c-store industry to see who’s setting expectations for our customers, and how do we meet or exceed those?”