



# Loyalty lift

## Three retailers reap rewards of loyalty programs

By Angel Abcede

**Reading, writing** and arithmetic may be the traditional “R’s” of education, but for convenience store and petroleum retailers traveling up the loyalty learning curve, those R’s have more to do with recruits, returns and rings.

In other words, retailers launching loyalty efforts are seeing that success only comes with recruiting customers to participate in the program, getting more of them to return to the store and increasing the average sale.

CSP caught up with three companies that have initiated such programs within the past year. Automated Petroleum and Energy Corp. has launched a program that uses fuel discounts to encourage repeat business. Triple J-Mar Petroleum employs a five-state program that ties a wide array of retailers together—everyone from fast-food restaurants to professionals such as lawyers and dentists—so customers can earn points redeemable at all participating merchants. And Waring Oil signed on with a popular program that uses radio frequency identification (RFID) tags to initiate loyalty transactions.

They’ve each had varying degrees of success so far, but all are looking to continue the efforts as a way to increase profits and build business.

### Fueling up

**Aaron Fox, marketing manager, Automated Petroleum and Energy Corp., Brandon, Fla.**

▶ **The program:** BounceBack, a program that gives customers a 3-cent discount on fuel.

▶ **Program supplier:** CITGO, Houston

▶ **No. of stores on the program:** 60

▶ **No. of stores in the chain:** 71

▶ **Program in place:** One year

▶ **Response:** Fox began testing the program at 10 sites and has since rolled it out to 60 of the 71 stations that the company supplies. “It’s going great,” he says. “And the loyalty seems to be there.”

Dealers who have been forthcoming about the program’s success say their margins have increased by 1½ to 2 cents. At dealer stores that Fox describes as being very aggressive at promoting the

program, he’s seen volume increases of at least 1% every month since the time the individual retailer has initiated the program.

With BounceBack, retailers get a 3% discount on the sale, while the customer gets a flat, 3-cents-per-gallon rebate. The transaction typically works in favor of the retailer.

But not all locations are doing as well as others. “The only limitations are self-imposed,” and the program can be successful if dealers actively encourage customers to join the program, Fox says. “At those sites where [the program is] not doing well, we’ll probably just allow it to die. But those who are doing well look as if they’ll continue to do so.”

▶ **How customers sign up:** Customers apply for the program by signing up for a CITGO Plus credit card. A retailer

may opt to include the CITGO prepaid cash card into its system of rewards as well.

▶ **Supplier thoughts:** The BounceBack program has been in the field a little over a year and in the past six months, participation has increased tenfold, according to Brad Dean, marketing programs manager, mid-Atlantic region, CITGO.

Addressing the concern that such programs are merely giving away fuel margins, Dean says the program is designed to encourage use of the CITGO plus card and as a result, builds loyalty. But retailers have been using the program in innovative ways, such as offering 5-cent, 10-cent and 15-cent fuel discounts based on a customer buying certain car-wash packages. Such strategies tie rewards to higher-margin items.

## Wide-ranging kick

### Juli Charlesworth, co-owner, Triple J-Mar Petroleum, Wanatah, Ind.

► **The program:** KickBack, a five-state rewards program that involves merchants from fast-food restaurants to lawyers, c-stores to boat sellers.

► **Program supplier:** KickBack Points LLC, Twin Falls, Idaho

► **No. of stores on the program:** 3

► **No. of stores in the chain:** 3

► **Program in place:** One year

► **Response:** Overall, Charlesworth believes she has yet to see the full potential of the KickBack program, although the results at one of her locations have been “fantastic.”

She has observed the commitment many customers have with the program and believes people actively patronize the retail locations within the KickBack network. Locally, a garden shop and a

combination lumber yard and grain elevator business all see loyalty traffic from the KickBack program. In addition, each business informs their customers of the promotions going with other retailers in the network.

Designed to allow non-competing retailers to participate in a sophisticated loyalty program, KickBack lets customers earn reward points redeemable at any retailer within the network. Vendor-sponsored giveaways augment the program, Charlesworth says. KickBack also offers monthly and yearly prizes, giving customers an incentive to use the card. She says another plus is that the KickBack rewards all types of customers whether they pay by cash, credit or check.

► **How customers sign up:** Signage and store employees inform customers of the program. From there, the cashier gives the interested customer a card,

which the customer can use right away. However, in order to redeem reward points, the customer has to register, providing pertinent information by filing out a brochure, phoning in their registration or doing it online at the company’s Web site.

► **Supplier thoughts:** The program overall is “moving very quickly,” says Patrick Lewis, CEO of KickBack. In the past year, the company has doubled the number of locations where the card is accepted, now more than 250 sites, with the backbone of those sites being c-stores. Lewis expects to have 350,000 card holders by the end of the year.

Lewis says the program will expand to include gift cards, phone cards and check verification. The motivation lies in allowing retailers to consolidate uses for the terminal that processes the loyalty points.

## Waiting for numbers

### Doug Greenough, retail operations director, Waring Oil Co., Vicksburg, Miss.

► **The program:** A rewards program that gives customers RFID tags to initiate transactions.

► **Program supplier:** Outsite Networks, Norfolk, Va.

► **No. of stores on the program:** 6

► **No. of stores in the chain:** 41

► **Program in place:** Three to four months

► **Response:** The initial response has been good, says Greenough, but so far numbers have fallen short of projections. Still, he says the company knows that building the customer base takes time. He also believes that they are “shy” on the numbers because at the same time, they were involved in switching

customers from the Shell-Texaco credit card to the ChevronTexaco card.

On an anecdotal level, he’s seen the effect the program has had, with customers preferring stores that have the program.

Greenough is looking forward to analyzing data from customers to get the opportunity to interact more with their repeat customers. “We can even send them birthday cards,” he says.

But above all else, Greenough says the sophistication of the system was its biggest draw. The system had an audio element that encourages people to sign up for the program, integrates into his pumps and in-store point-of-sale devices, executes the rewards process and provides transaction data.

► **How customers sign up:** A device attached to the pump uses an audio

message to encourage the customer to sign up. The interested customer goes inside and fills out an application printed in the store. Customers have a choice of providing personal information or remaining anonymous. The cashier then activates an RFID tag and gives it to the customer.

► **Supplier thoughts:** Outsite has grown from being in 40 sites a year ago to more than 400. Bolling Sasnett, vice president of sales and marketing, says growth has primarily come from the track record Outsite has been able to document. The data collected from customers shows that in many cases, the system persuades customers who fill up at three to six locations during a month to visit the loyalty site more often.

“What’s driving our growth is that the system is working,” Sasnett says. ■