

NEXT-LEVEL LOYALTY

Customer-specific offers, outside-the-box rewards and detailed data analytics are powering today's most successful loyalty programs *By Tammy Mastroberte*

RETAILERS THROUGHOUT THE CONVENIENCE STORE INDUSTRY know loyalty programs are an important part of the customer experience, from both a service and competitive perspective. But loyalty isn't what it used to be, as many chains are revamping and relaunching their programs to better engage and influence their shoppers.

Within the past six months, a number of c-store chains announced refreshes, including Birmingham, N.Y.-based Mirabito, operating more than 100 stores, and Tonawanda, N.Y.-based NOCO Express, operating 39 locations. There also have been many new loyalty programs introduced, such as Savannah, Ga.-based Parker's, with 53 locations; Kwik Trip Inc. in La Crosse, Wis., with nearly 600 locations; and Global Partners LP's Alltown Markets, based in Waltham, Mass., operating more than 70 locations.

"We decided to launch a loyalty program to

get a better understanding of our business at the customer level and understand how individual customers are shopping with us," Amy Murphy-St. Laurent, loyalty manager for Alltown Markets, told *Convenience Store News* about the new Alltown Advantage program launched through Kickback Rewards and P97. "We developed a strategy that would offer value to the customer and accomplish our business goals."

One of the biggest advantages of offering a loyalty program is collecting customer data and then using that data to personalize offers based on customer behavior. With today's business intelligence (BI) technology, customers can be segmented by their number of store visits, what they purchase, if they are a fuel-only customer and more. Retailers can push out coupons and offers relevant to their needs.

"I believe the customer base is getting savvier by the minute, and they are bombarded by an incredible amount of content from social media and more," Murphy-St. Laurent said. "If they are going to engage with retailers on a one-to-one basis, they want the retailer to be relevant to them and respect them as a shopper and what their habits look like."

Kwik Trip just launched its first-ever loyalty program this year, built custom for the chain through third parties, including a new app. The retailer has an in-house BI team that runs collected data through a BI tool so that analysts from marketing and loyalty can find new segments that "might be worthwhile to target with specific offers," explained David Jackson, digital marketing and loyalty manager at Kwik Trip.

"Even beyond the ability to change customer behavior, it's about knowing who is coming into our stores," Jackson shared. "... Now, we can see the times our loyal guests are visiting us, their age ranges and other demographic information. It's giving us a better idea of who our guests are, so we make better offerings as a whole."

Originally, Kwik Trip thought it would take a year of data collection before they could take actionable marketing steps with it. But, within the first couple months, they could identify coffee drinkers, fountain drink customers and other various segments, Jackson noted. Since launching earlier this year, the program already has 1.3 million members signed up and is expecting to reach 2 million by the end of 2018.

Creating Customer Benefits

One of the key aspects of any loyalty program is offering attractive benefits so that customers will join and remain active participants.



When designing Alltown Advantage, the chain opted for a points-based system using Kickback Rewards and P97 technology to offer customers the option of a card or app — and the app integrates a mobile payment option. Customers earn two points for every gallon of fuel purchased and two points for every dollar spent in-store. Points can be redeemed for a discount at the pump or in the store.

“Customers are earning points so they want to use the card or app, and that identifies them every time they shop,” Murphy-St. Laurent explained. “We collect that data and can analyze it to see customer frequency, the last time they shopped with us, and their monetary value. Then, we take that data and bring it into marketing.”

Alltown Advantage offers are communicated to customers via email, text and push notifications through the app, and the retailer can target them to specific customer segments, which it will be doing more of in the future.

This past year, many companies that have been in the loyalty game for a while have rethought their old programs to be more competitive and offer unique and attractive benefits to customers. At NOCO Express, the chain had a loyalty program for nine years, but only had 7 percent activity from its members, so it traded in its point-based system. Now, while customers can still receive cents off fuel, there’s also a monthly sweepstakes giveaway and a new app powered by Paytronix.

“Every time someone swipes their card, they get an entry into the monthly drawing,” said Jim DeFilippis, vice president and general manager at NOCO Express,

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explaining that the chain partners with local businesses to give out prizes based on the season. Also, if a customer visits eight or more times during one month, they begin to earn two entries each time they swipe their card. “We have had some people with 400 entries, and 1,100 with between 90 and 200 entries.”

NOCO has given away a \$1,300 picnic set, a \$500 gift card for tires, a tour of Niagara Falls, a lawn mower, a grill, a kayak and a fire pit. In September, the retailer will give away a generator. The company negotiates with local businesses and can often purchase the item at cost, although some will offer it to the chain free of charge. The prizes are even featured in the stores to garner excitement.

NOCO’s revamped program also offers member-only discounts inside the store, such as a deal on energy drinks or \$3 off propane. There are also free items every month that can be redeemed through the app. In order to collect data, the chain requires customers to register their cards — and the incentive to do so is the in-store benefits aren’t activated until they register, according to DeFilippis.

“They will only get the gas discount if they don’t activate it,” he shared.

At Kwik Trip, the chain offers a combination of benefits to its loyalty customers, including discounts, digital coupons and sweepstakes entries. The retailer used to have physical punch cards for milk, but has now turned them into “digital punches” where members receive \$1 off milk. The program offers similar rewards for bakery items and fountain drinks — changing it up every six months.

“We recently introduced a new sweepstakes feature where guests can use their visits as entries. So, if I have 15 visits, I can spend them as 15 entries, for example,” Jackson explained. “The first couple prizes included gift cards and unique experiences through various NFL [National Football League] sponsorships.”

Targeted Offers

Now that NOCO Express is collecting data on customers through the loyalty program, it will be targeting more offers to customer segments in order to personalize the experience. One example is a campaign sent out to 700 gas-only customers offering a free bottle of water. The chain saw a 40-percent redemption rate.

“We also want to reward our best customers who come in two to three times a week, so we can offer an instant

NOCO Express refreshed its loyalty program to now include a monthly sweepstakes prize giveaway.



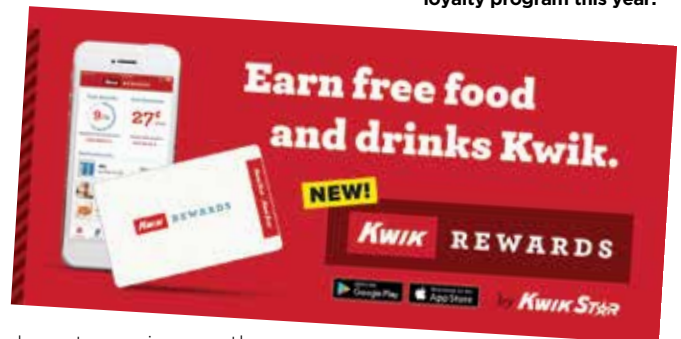
reward like a free candy bar, and we will also be offering a birthday reward,” DeFilippis said. “Through Paytronix and our app, if I send you a birthday reward, like a free cake item, if you don’t use it by the end of the month, it will remind you.”

At Kwik Trip, a general set of coupons goes out to members on the first of every month in order to keep people engaged and looking at the app. However, the chain is also starting to send out targeted offers based on customer behavior. For example, coffee drinkers will get a monthly coupon to come in between 3 p.m. and 7 p.m. and receive 50 percent off a premium cup of coffee, Jackson noted.

“We also just finished a campaign where we target lower-frequency members and offer them a special incentive to visit more often,” he said. “So far, we’ve gotten 30 percent of those members to double their visits compared to prior months.”

While some chains have personalized offers

Kwik Trip launched its first-ever loyalty program this year.



down to a science, others are still working toward this goal — but it should definitely be a present focus and future goal of anyone with a loyalty program, Jackson advised.

“Our biggest push is how to make the program more personalized and relevant to each member, and then utilize the loyalty program for other big projects down the line where it will help,” he said, noting the chain will be moving toward mobile payment and knowing who their customers are through the loyalty program will help with that. “Even things like curbside pickup in the future could leverage loyalty to make the experience more personalized.”