

DRIVING ENGAGEMENT FROM CONVENIENCE RETAIL LOYALTY PROGRAMS

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OVERVIEW

Many convenience retailers were late to introducing loyalty programs but have been steadily progressing from punch cards to digital loyalty offerings through integrated mobile apps across the last 10 years. Today's loyalty programs attract customers with rewards, point accruals for discounts, and promotions. Yet, as the digital revolution continues to progress, many consumers find these types of benefits offer the bare minimum, providing a largely table-stakes loyalty experience. Convenience retailers run the risk of offering a generic—and largely commoditized—loyalty experience.

Convenience retailers have an active role to play in molding their loyalty program to build greater engagement with their shoppers. Appealing to customers with more than expected, transactional benefits is pivotal for elevating the convenience retail loyalty offering and building distinction from other loyalty efforts. Understanding shopper desires from loyalty programs will drive deeper engagement with loyalty programs and build affinity beyond rewards and discounts.



This research explores:



Convenience loyalty program membership and competition



Shopper perspectives on personalization



Shopper expectations of convenience loyalty programs



Loyalty program access and communication with members



How loyalty program members engage

KEY FINDINGS



Nearly three-quarters of convenience shoppers feel valued by convenience retailers where they are a loyalty member, but competition for loyalty use exists from several sources. Most loyalty members have multiple memberships, including fast-food restaurants, grocery, and drug stores.



Rewards, points, and discounts are the most expected benefits from a loyalty program; however, **exclusive offerings, mobile checkout, building a connection with store staff, and demonstrating loyalty to shoppers are more likely to differentiate a convenience loyalty program.**



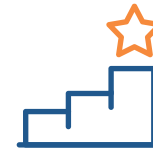
KEY FINDINGS



Loyalty members who receive more from a loyalty program than standard financial benefits are more likely to be engaged, visit convenience stores to try new products, and recommend the store.



Personalization is valued by loyalty members when it relates to rewards and discounts but could be considered intrusive if it requires asking loyalty members for too much information.



App-based loyalty programs can more effectively be used to offer members additional benefits beyond points and rewards, while providing a more seamless digital and in-store shopping experience.

RECOMMENDATIONS

- ★ Attracting new members to a convenience loyalty program based solely on rewards, discounts, and promotions has become increasingly difficult because most loyalty offers across retail and restaurants have similar benefits. **To differentiate their program, convenience retailers should highlight other aspects like exclusive offerings, alternative payment solutions that avoid swipe fees, and experiential benefits.**
- ★ Highlight the inclusive nature of the loyalty program and building a connection with store staff to **attract shoppers that value deeper, more meaningful, and intrinsically motivating factors for joining a loyalty program.**
- ★ **Personalization efforts should focus on tailoring rewards and discount offers based on shopper purchases.** Retailers should not expect that loyalty members will share additional information about themselves to further personalize the experience.
- ★ **App-based loyalty programs offer significantly more features and ways to communicate with members than physical cards or other methods.** Digital-native loyalty programs should be leveraged to communicate with members via text, capture more information regarding shopper tendencies, and offer more benefits outside of points and rewards.
- ★ **Measure the program's success based on actions or engagement points.** A loyalty program is more meaningful for building customer lifetime value when understood through engagement points with a brand rather than rewards delivered or discounts provided.



Convenience Retail Loyalty Program Membership and Competition

Many shoppers are members of several retail loyalty programs, which results in competition for both wallet share and attention. Nearly three-quarters of convenience loyalty program members (73%) associate themselves with convenience stores where they are a member. Similarly, 74% say they feel valued at that store. Given the number of loyalty members who indicate an attachment to a convenience brand, how retailers leverage this affinity will help distinguish their loyalty program from competitors and drive member engagement.

More than half of convenience retail loyalty program members (61%) are willing to go out of their way to leverage their membership at a specific c-store—even if it means driving five minutes out of their way. Additionally, only one third of loyalty members (32%) are likely to visit an alternative store that is more convenient if they are not a loyalty member of that closer store, which suggests that convenience shoppers will seek out stores where they are a loyalty program member, even when other options exist.

73% of convenience shoppers associate themselves with stores where they are a loyalty member.



Convenience shoppers belong to an average of 6.7 loyalty programs, 2.0 of which are convenience-specific.

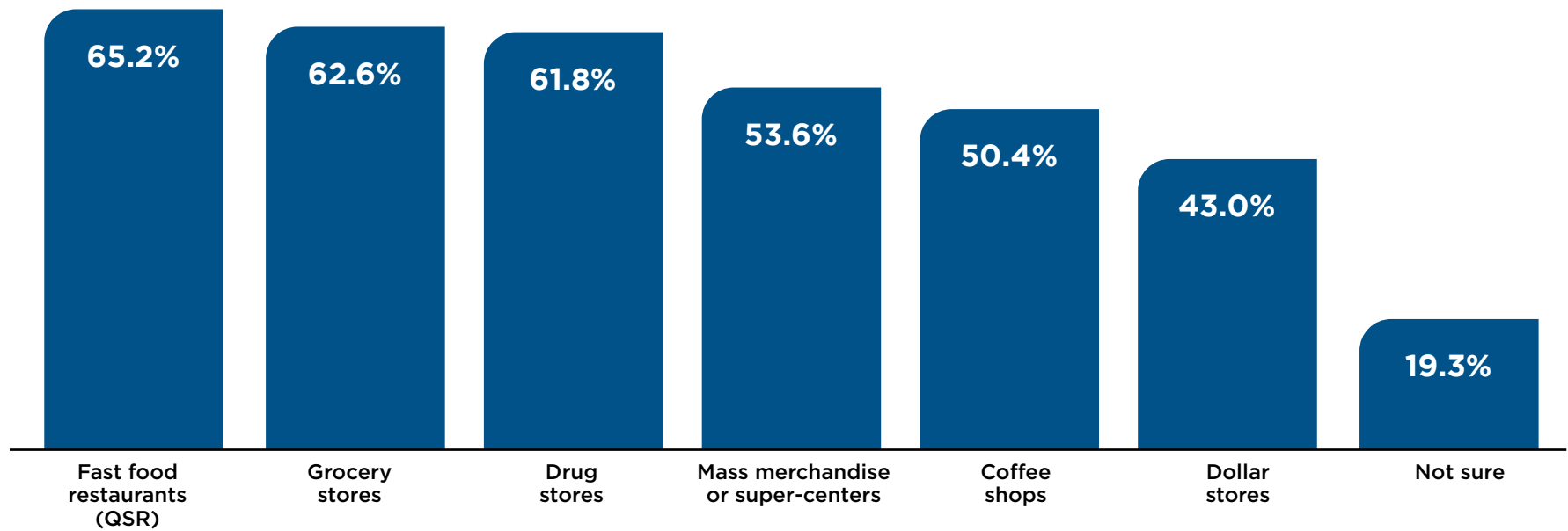
Despite the connection convenience loyalty program members demonstrate, many convenience shoppers belong to several other retail loyalty programs. A convenience loyalty member belongs to a total of 6.7 retail loyalty programs on average (brick and mortar or ecommerce retailers, not subscriptions). Of those nearly seven loyalty memberships, 2.0 are convenience-specific programs. Only 43% of convenience loyalty program members belong to a single convenience loyalty program, which suggests that convenience retailers have substantial competition for loyalty share.

Figure 1 displays the percentage of convenience loyalty members who also have a loyalty program membership with other types of retail. Over 60% of convenience loyalty members have loyalty memberships at fast-food restaurants, grocery, and/or drug stores, which are direct competitors to the c-store channel.

Given the sizeable percentage of other retail loyalty programs that convenience loyalty members leverage, competition is high for shopper attention. Standing out among a plethora of loyalty offerings is pivotal for consistent use of loyalty memberships and ensuring a steady increase in new members. Understanding what convenience loyalty program members value is important for identifying where the program should focus beyond traditional rewards and discounts.

Nearly two-thirds of convenience loyalty members also belong to a QSR loyalty program.

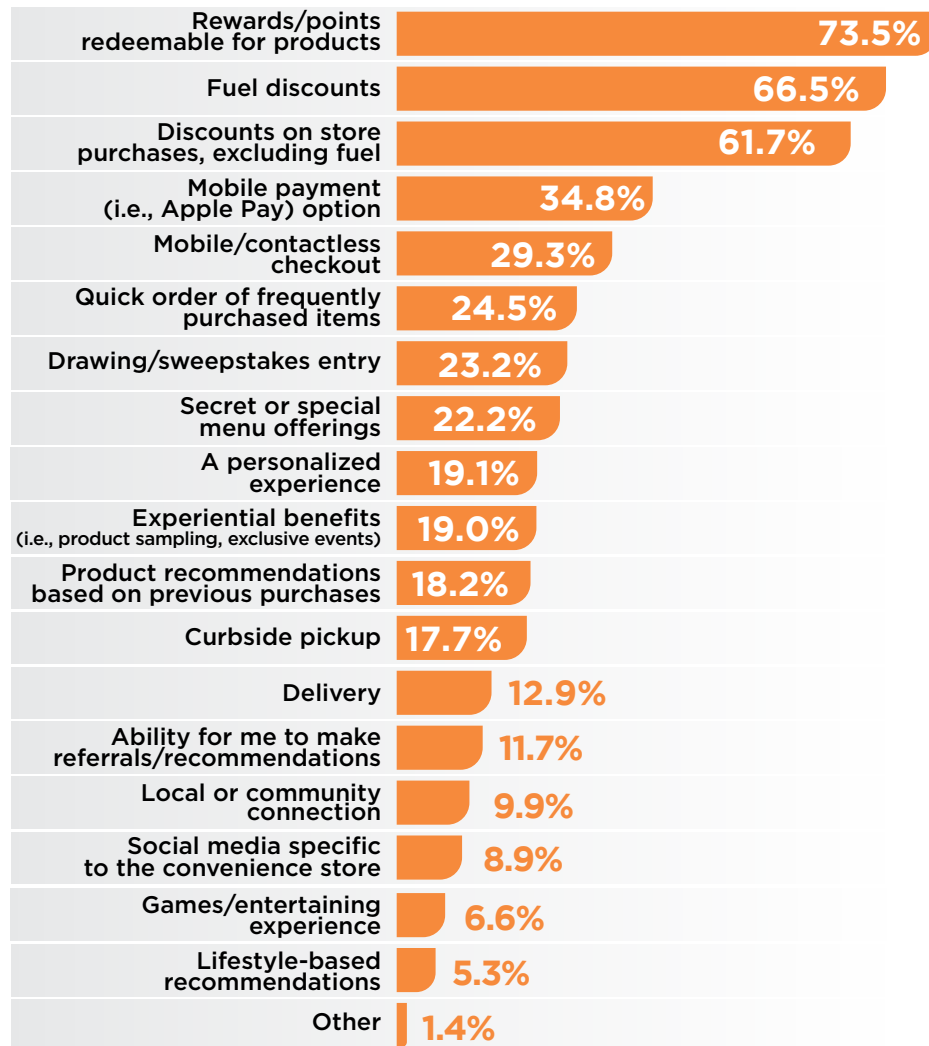
FIGURE 1: **CONVENIENCE LOYALTY MEMBERS WHO BELONG TO ANOTHER TYPE OF RETAIL LOYALTY MEMBERSHIP**





Convenience Loyalty Program Member Expectations

FIGURE 2: PERCENTAGE OF CONVENIENCE LOYALTY MEMBERS THAT EXPECT EACH OPTION FROM MEMBERSHIP



Rewards, points accrual for product redemption, and discounts are the foundation of most convenience retail loyalty programs. While these benefits are valued, other components have the potential to differentiate the program from competitors and build deeper engagement. For instance, 77% of convenience loyalty program members report feeling more connected to convenience stores that offer more than just discounts or rewards. Figure 2 outlines the options that members expect from their loyalty membership. Aside from rewards, points, and discounts, many of the top ranked options are related to making the shopping experience easier and providing members with exclusive offerings.

Redeemable rewards/points and fuel/store purchase discounts are the top expected loyalty program components. These benefits are table-stakes characteristics that most convenience loyalty programs provide. Next are mobile payment and checkout methods that deliver speed of service. With approximately one-third of loyalty program members expecting a convenience loyalty program to have a mobile payment and checkout option, this indicates that shoppers expect a unified experience between their loyalty membership, store app, and an easy checkout experience.

Approximately one-third of convenience loyalty members expect benefits that integrate with a mobile app shopping experience.

Nearly one-quarter of loyalty members expect exclusivity as part of the loyalty program, such as secret menu offerings, drawings/sweepstakes, and experiential benefits. These options could further unify a customer's shopping experience and distinguish their loyalty offering from competitors.

Almost 10% of loyalty members want the program to provide a local or community connection. While that may seem like a relatively small percentage compared to the other benefits in Figure 2, it is important to note that 59% of loyalty members say they feel more connected to convenience stores that have a presence in or care about their community. Additionally, 82% of loyalty members who expect the program to provide a community connection are more likely to feel valued by the retailer, compared to only 62% that feel valued by retailers that do not provide a community connection through their program. Moreover, loyalty members who believe convenience retailers should have a presence in the community are more likely to agree that the program aligns with

their personal values (65%) compared to only 30% of members that feel the program aligns with their values when the retailer does not have a presence in the community. Retailers can continue to drive deeper engagement with loyalty members by using their program to build a local rapport within the community.

What convenience shoppers value from their loyalty membership differs somewhat when shoppers provide input in their own words. Even when prompted for feedback about what loyalty members value, nearly 44% say they don't value other aspects beyond rewards, points, and discounts. However, 56% provided feedback that something other than monetary benefits are valued, as show in Figure 3.

Personally meaningful and motivating factors are highlighted by members as valuable aspects of the loyalty program.

FIGURE 3: ASIDE FROM REWARDS/PROMOTIONS/DISCOUNTS, WHAT DO YOU VALUE THE MOST FROM THE CONVENIENCE STORE LOYALTY PROGRAMS YOU BELONG TO?



*Percentage of all themes sums to 100% of those mentioned by respondents.

Many loyalty program members cite the value in a quality customer service experience and connection with store staff as another component of convenience loyalty programs. Also, a notable number of loyalty members feel important, included, and part of something bigger through the program. This indicates that shoppers are looking for deeper, more meaningful, and intrinsically motivating factors, such as a connection with store staff and a feeling of inclusion, which do not require additional program features and can help attract attention to a loyalty program.

A portion of members also believe the program shows loyalty to them—i.e., making the shopper feel valued and recognized. This sense that the convenience retailer is loyal to its members is pivotal for building a strong relationship. Most loyalty members (87%) report they feel more connected to convenience stores that show loyalty to them as a customer. Convenience retailers could

demonstrate how their program exhibits loyalty to the shopper in lieu of positioning the program to earn points and receive discounts.

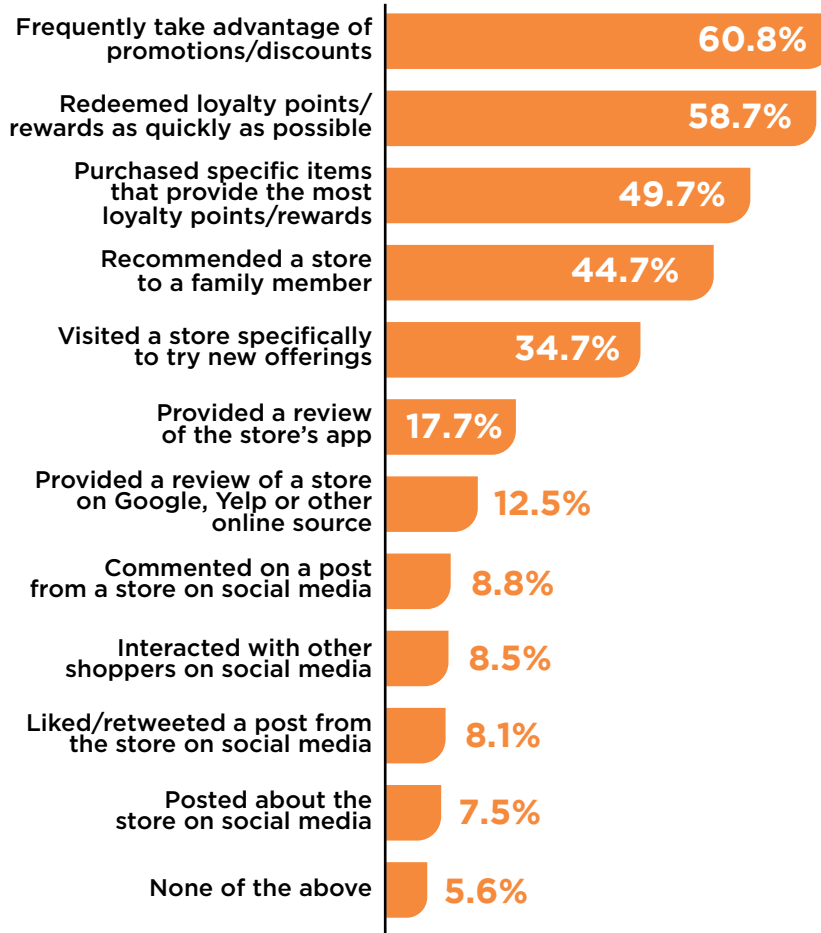
Finally, members list other characteristics such as personalization and past purchase tracking as valuable components of a loyalty program, as well as mobile ordering, last mile fulfillment options, and enabling more payment solutions. Although these features are likely already features of a convenience store's app, it shows how shoppers blur the lines between an app and a loyalty program, while highlighting the positive impact an integrated experience can offer.

87% of loyalty members feel more connected to convenience stores that show loyalty to them as a customer.



How Loyalty Program Members Engage

FIGURE 4: **PERCENTAGE OF CONVENIENCE LOYALTY MEMBERS THAT ENGAGE IN THE FOLLOWING WAYS**



Convenience retail loyalty program members' actions are revealing in that they show how members prefer to engage with convenience stores and at what touchpoints retailers can target current loyalty members and attract more members to the program. While we've already established that most loyalty members take advantage of discounts and redeem loyalty points/rewards, Figure 4 shows other ways that members engage.

Nearly 45% of convenience loyalty members say they have recommended a store, which suggests that retailers should be mindful of how they can incorporate recommendations as part of their loyalty program to generate positive attention and attract more users.

Only 31% of loyalty members feel they are rewarded for social media or online advocacy.

More than one-third (34.7%) of loyalty members state they have visited a store to try new offerings. This indicates an opportunity for retailers to leverage new products to attract loyalty members to their stores more frequently.

The relevancy of social media interactions among loyalty members or with the retailer's social channels are ranked low, with only one-quarter of loyalty members reporting they feel more connected to a convenience store that has a strong social media presence. This suggests that members are less likely to engage with social media compared to other types of action, but it does not

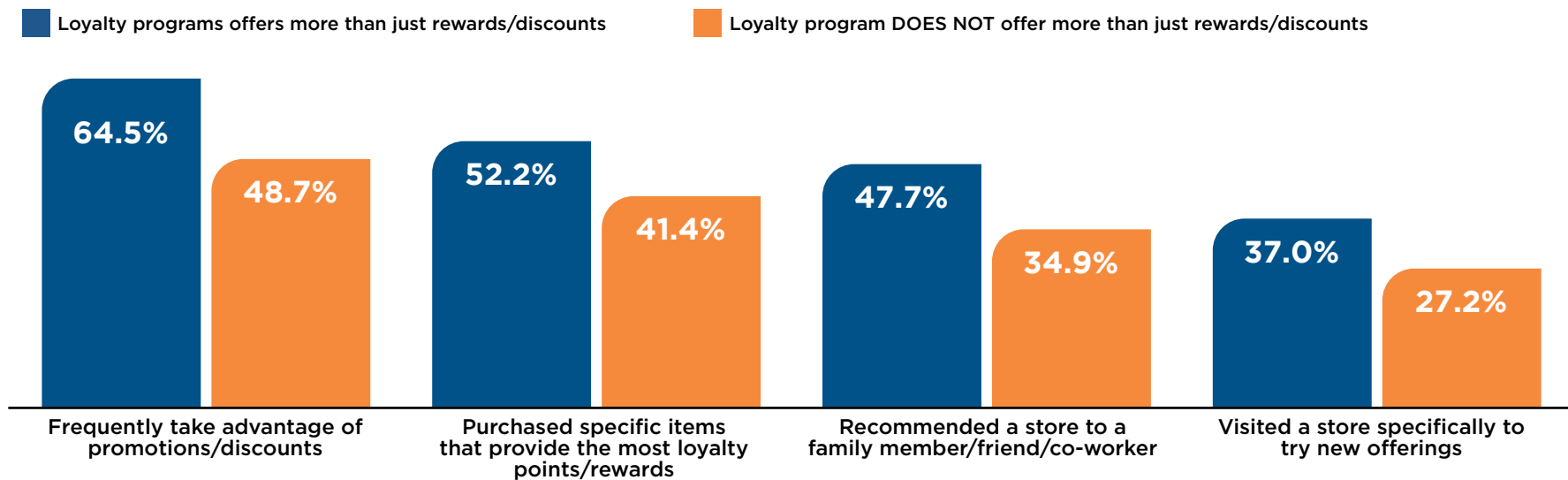
devalue a retailer's overall social strategy. One reason could be that loyalty members do not feel incentivized to use social media to demonstrate support for a convenience retailer. In fact, only 31% of convenience loyalty members feel they are rewarded for social media or online advocacy. To some extent, the nature of social media has "trained" loyalty members to expect something in return for their advocacy, and this expectation should be considered by retailers planning campaigns and active engagement with loyalty members via social channels.

Despite limited engagement with loyalty members via various touchpoints, convenience retailers can develop deeper alignment with shoppers. Only half (50.6%) of loyalty members believe the convenience store loyalty program they use most often aligns with their personal values. Understanding loyalty member personal values may be a challenge, but as the next section shows, a sizeable percentage of loyalty members are willing to share personal information.

Increased engagement with convenience loyalty members is linked to whether members believe the loyalty program offers more to them than just rewards and discounts. Figure 5 shows the percentage of loyalty members who have engaged with a convenience retailer based on whether they feel like the loyalty program delivers additional benefits beyond rewards and discounts.

Members who believe the loyalty program offers more than rewards/discounts are more likely to take advantage of promotions/discounts, purchase items that reward more loyalty points, and visit a store specifically to try a new offering. Thus, members who get more from the loyalty program than the standard benefits are likely to make frequent store visits. These members are also more likely to recommend a store than those who do not receive more benefits than rewards and discounts.

FIGURE 5: FREQUENCY OF LOYALTY MEMBER ENGAGEMENT BASED ON BELIEF LOYALTY PROGRAM OFFERS MORE THAN REWARDS/DISCOUNTS





58% of convenience shoppers say loyalty programs should anticipate their needs.



Impact of Personalization

Many retailers rely on personalizing outreach and offers to their customers to connect more closely with individual shopper needs or personas. Personalized offers and communication often originate through a retailer's loyalty program. Convenience loyalty members express a desire for personalization to be part of the loyalty program, but with some reservations. This is not atypical as most shoppers want personalization to be informative and provide guidance rather than coming off as intrusive.

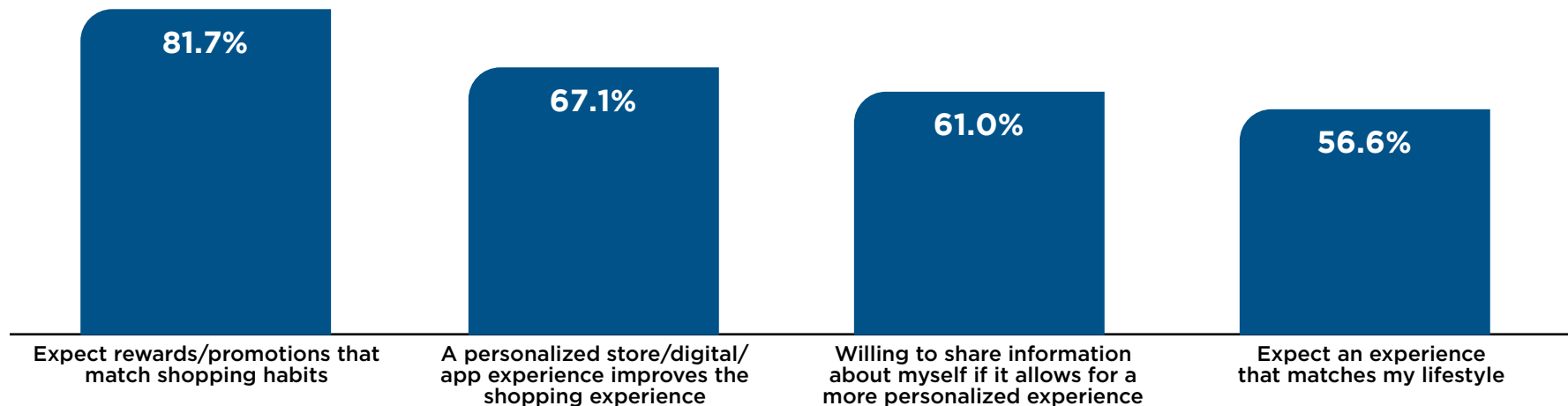
58% of convenience loyalty program members say loyalty programs should anticipate their needs as a shopper. While this does represent most convenience loyalty members, how retailers go about personalizing outreach and offers will determine how shoppers perceive these efforts. There is some difference in the form of personalization loyalty members expect, as shown in Figure 6.

Convenience loyalty members view personalization related to rewards and promotions positively. There is the expectation that direct financial benefits from the loyalty program should align with how the individual shops and what they purchase.

Two-thirds of loyalty members also want a personalized experience that stretches from the store app to the in-store shopping experience. This signifies that loyalty members expect a consistent, tailored

shopping experience regardless of whether they are on the app or in the store. Loyalty members also expressed less interest in sharing information about themselves or had expectations that the shopping experience match their lifestyle. Loyalty program personalization should focus on tailoring rewards to align with shopper purchasing behavior, though retailers should not expect members will readily share additional information about themselves to further personalize their loyalty experience.

FIGURE 6: PERCENTAGE OF CONVENIENCE LOYALTY MEMBERS WHO AGREE/STRONGLY AGREE WITH EACH PERSONALIZATION STATEMENT





Convenience retailers that successfully capture personal information about their loyalty members should experience a closer connection with these customers. Results show 82% of shoppers who are willing to share information will associate themselves with the convenience store compared to only 59% who will associate themselves with the retailer if they are not comfortable sharing information. Loyalty members who share information are also more likely to feel valued by the convenience store (83%) compared to 60% who report feeling valued if they are not willing to share information.

The information convenience retailers collect should assist with tailoring rewards, promotions, and discounts and not be used for communications that are unrelated to the primary benefits of their loyalty program.

Nearly 82% of convenience loyalty members expect rewards & promotions that match their shopping habits.

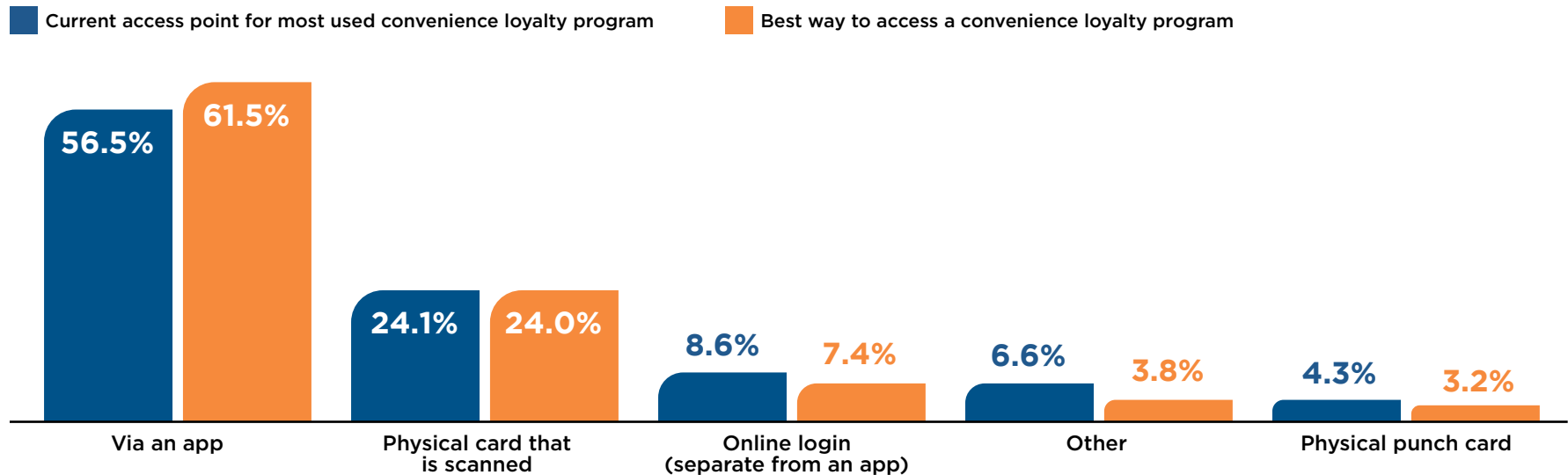


Loyalty Program Access and Communication

How members access the loyalty program and how the program communicates with members determines the types of benefits that can be offered, as well as forming how shoppers use the program. In recent years, convenience retailers have either moved to

or introduced their loyalty program through their store's app. Still, many convenience loyalty members report accessing the loyalty program through a source other than an app. Figure 7 shows how loyalty members access the program and the preferred method.

FIGURE 7: METHOD FOR ACCESSING CONVENIENCE LOYALTY PROGRAM



Most convenience loyalty members (94%) prefer the method they use to access their convenience loyalty program. This is likely due to familiarity and perceived ease of use, but it may limit the benefits loyalty members receive from the program. 57% of convenience loyalty members access the program through the store's app while a minority use a card that is scanned at checkout. A slightly higher percentage of loyalty members (62%) recognize an app as the best way to access the program. While 84% of loyalty members who have a physical punch card prefer this method, nearly all (98%) members who access the loyalty program through an app prefer this method.

App-based loyalty programs provide both loyalty members and retailers more options for providing perks and data tracking compared with other methods. Allowing for alternative payment methods, tracking past purchases, last mile fulfilment options, secret or exclusive menu items, and drawing

or sweepstakes entry are efficient to deliver via an app and provide retailers with more shopper data. App-based loyalty programs are also effective solutions for attracting more customers to the program while offering deeper engagement and connections beyond points and rewards.

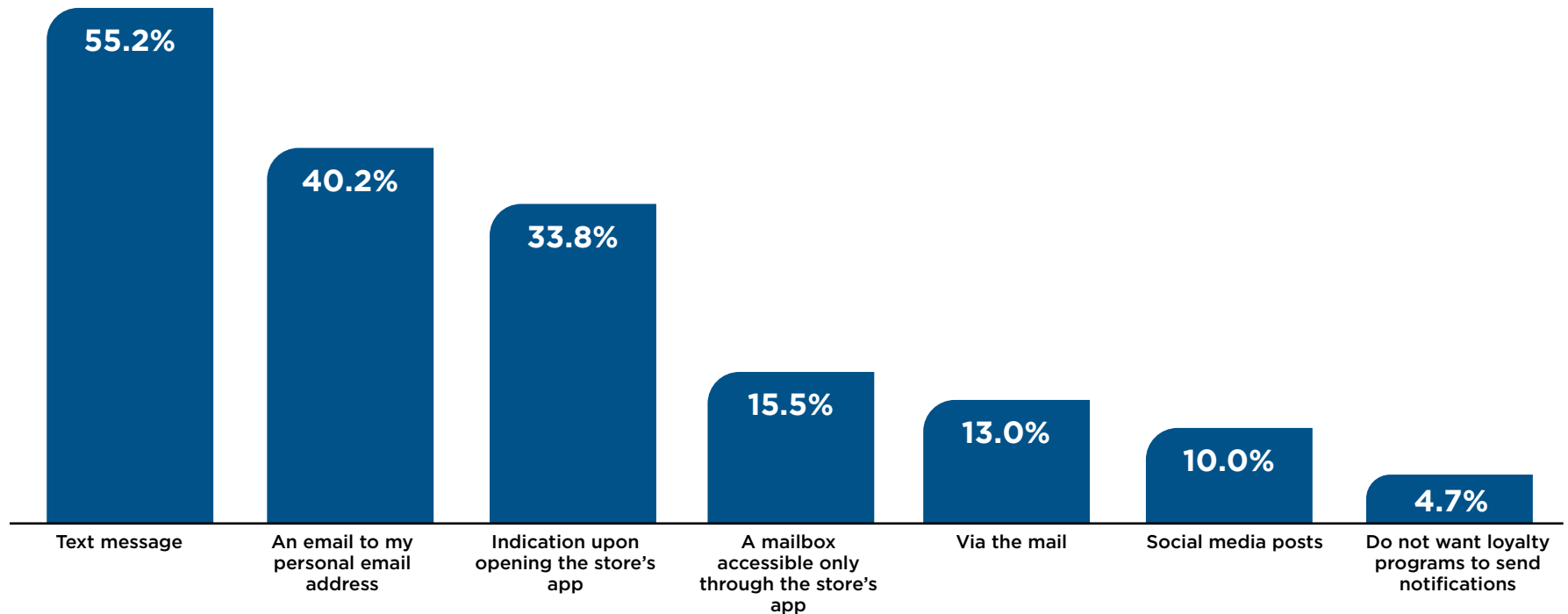
App-centric loyalty programs can provide more flexibility in how retailers reach their members. Figure 8 shows which methods members prefer for receiving notifications about loyalty program information, offers, rewards, etc.

Over 60% of convenience loyalty members prefer to access the program through an app.

Convenience retailers have the most potential to leverage text messages to communicate with loyalty members. In fact, text and direct emails are more preferred methods for notifications than through the app itself. Loyalty members may believe they are more likely to miss a deal or other offer that has a limited-time horizon unless the offer is sent via a text or email. Only 5% of loyalty members do not want convenience retailers to send any type of communication.

Loyalty members prefer a text message relative to other forms of communication.

FIGURE 8: **PERCENTAGE OF LOYALTY MEMBERS WHO PREFER EACH TYPE OF COMMUNICATION**





About this Study

This research is based on data from the NACS/ Bounteous Convenience Retail Loyalty Survey conducted in July 2022. The analysis is based on 1000 responses from individuals in the United States who belong to a convenience retail loyalty program.

Special Thank You to Bounteous

NACS would like to thank Bounteous for supporting this research study. Bounteous is a digital growth company that helps brands drive measurable business impact through data-driven strategies, disruptive digital experiences and modern marketing practices. Born mobile and rooted in software design, Bounteous thrives at the intersection of data, human behavior and technology. Learn more about [Bounteous](#).

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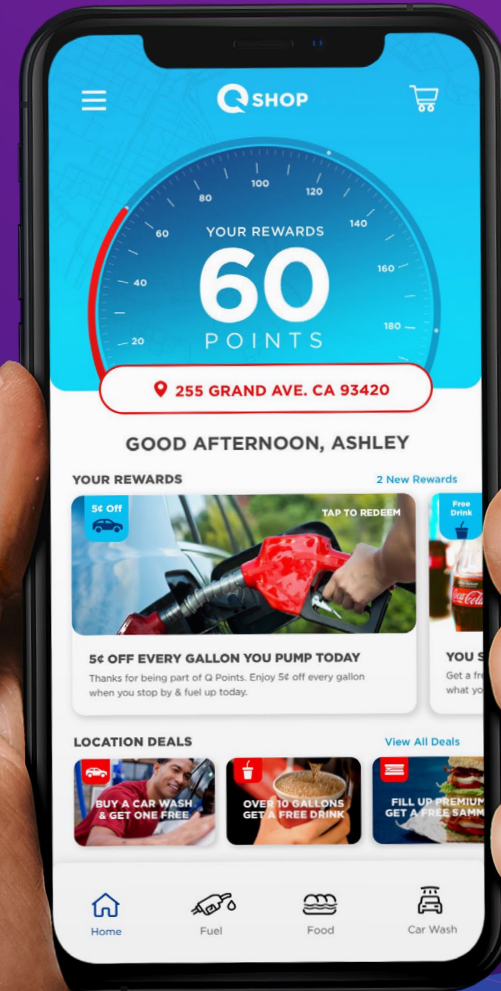
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