

## Consolidating loyalty cards yields maximum rewards

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There seems to be a loyalty card for every vendor in the marketplace these days but what has the recent loyalty card craze really rewarded the average Joe, aside from stretching the seams of his wallet?

Loyalty program memberships in the United States reached a record 2.1 billion this year with rewards accumulating \$48 billion annually, only two thirds of which are ever used, according to COLLOQUY's 2011 Loyalty Census. The average household accrues \$622 each year while being enrolled in 18.4 programs, of which only 8.4 are actively used, yielding \$205 in unredeemed rewards.

So what's the solution? Consolidation.

"Why collect points if you have no intention of redeeming them?" Jim Sullivan, director of advancement of enterprise loyalty at COLLOQUY, asked. "Consolidate your spending at the retailer you frequent most in order to maximize the incentive. Sometimes there's a better momentary deal at a place you frequent less but how practical is it long term?"

Sullivan noted that the industry's best loyalty programs are those that build long term, active memberships such as fuel programs, which grant a certain percentage off each gallon of gas for every dollar spent on convenience items.

"The fuel program with grocers is a great example, saving [customers] some real dough

while fueling business to the grocer and the petroleum company," he said.

Robert Bolduc, owner and CEO of Pride Stations and Stores, believes he has the best loyalty program in the marketplace with Triple Rewards and Preferred Savings.

"Triple Rewards is about 100 times more generous than anybody else's card for what you earn on every gallon of gas," he said. "In addition to earning points for free gas or store products, it also gives you special, lower pricing on many items within the store."

Pride Rewards offers customers 5¢ off each gallon of gas, as well as 5¢ off in-store and Subway purchases. Pride's Preferred Savings program, which is a card that links directly to the customer's checking account, reduces gas prices by 10¢ per gallon.

Bolduc noted that he's incorporated social media into Pride's loyalty program. "We're big on digital marketing and if you're a Facebook or Twitter fan or go into one of our stores and use Foursquare we give you a free item," he explained. "We want to keep the customer happy. We'll worry about the bottom line later."

Suzi Robinson, manager of public and community relations for Stop & Shop, maintained her company's program is largely beneficial to customers because the more they spend on groceries or at the pharmacy, the more they save on gasoline.

"Our [loyalty program] is extremely

competitive for many reasons and one is because we have our own gas stations. Where we don't we've partnered with Shell, which

creates convenience and availability," she said, noting that every dollar spent equals one point and for every 100 points 10¢ is knocked off the price at the pump.

Robinson said customers are also offered additional incentives to stack their points or earn bonus points through the purchase of certain items in the weekly circular.

Richard Smith, vice president of operations at F.L. Roberts, called his company's loyalty program the most rewarding because it's one of the few in the marketplace that offers point accumulation and savings at three different businesses: F.L.

Roberts fuel and convenience stores, Jiffy Lube and Golden Nozzle car washes. The company has also partnered with Big Y, allowing customers to redeem their gold and silver coins for 5¢ or 20¢ off each gallon of gas, respectively.

Smith said he's committed to "keeping customers engaged in the program," which is why F.L. Roberts sends out periodic e-mails with special incentives as well as

*See LOYALTY on page 18* promotions to earn bonus points. "In September, if you visit all three businesses and spend a minimum of \$5 at each, we'll reward [you] with an extra 3,000 points on your card and that's 25¢ off each gallon of gas," he explained.

Sullivan called such practices



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part of an industry-wide shift to make marketing more “localized” and “customer-centric,” something that will be in full effect by 2030.

“Most big brands have built big distribution systems to distribute to local markets but they’re increasingly under pressure to customize benefits to local tastes,” he said.

According to information released by COLLOQUY, “The New Marketing Reality [a future loyalty trend] will be the growth of consumer power – which will expand and multiply to the power of 10. Marketers must prepare for a time when a critical mass of consumers may set the terms of engagement with brands.”

