



The Road to Rewards *Revisited*

The Rising Influence
of Fuel-Based Loyalty
Currencies and Their
Impact on Consumer
Behaviors, 2016

*An Excentus Consumer
Behavior Study*



Beating the Loyalty Program Slump

At a time when many U.S. loyalty programs face continued challenges of declining activity and increased competition, the annual consumer insights survey by Excentus and Ipsos uncovers current sentiment of U.S. consumers toward loyalty programs, their motivations to spend, and the value they place on specific loyalty currencies. The 2016 report, "The Road to Rewards Revisited," reveals a number of surprising new findings, while reinforcing trends identified in 2015: notably, the economic power and value of relevant, everyday rewards.

For the second consecutive year, fuel savings retained their #1 ranking as Americans' most preferred loyalty program currency. Reinforcing the value of fuel savings are two other data points: membership in the national Fuel Rewards® program grew more than 9% from 2015-2016, and consumer interest in saving at


the pump rose by 2% — even as gas prices dropped from an average \$2.79 to \$2.25 per gallon across the nation.

What else did the survey reveal? Membership in a loyalty program positively influences consumers' everyday spending activity, including when they shop, how frequently they purchase, how much they spend, and which brands they prefer. Likewise, mobile loyalty capabilities are on the rise in response to consumer demand, and Millennial consumers interact with rewards more frequently than older consumers — two topics that will be covered in subsequent reports.

Countering the Decline of Loyalty Program Activity

Loyalty programs that help consumers save on the cost of gasoline at the pump are beating the national loyalty trend — characterized by consumers who join loyalty programs, but never actually use them. For the second year in a row, consumers rank fuel savings as their preferred reward to earn and use the most. Their preference is backed by their actions: membership in fuel savings programs rose by 5 percentage points to 59% in 2016, up from 54% in 2015.

Consumers' embrace of rewards that lower the price of fuel also runs counter to the most recent industry data from Colloquy, which finds that loyalty program activity has dropped by 4.5% from 2013-15, even though membership rose by 26%; today's consumers join 29 programs, but are active in just 12.



Rewards that help consumers save on gasoline retain their top ranking as U.S. consumers' preferred loyalty program currency — able to boost loyalty program membership, influence shopper behavior, and deepen brand affinity.

Consumers' Preferred and Most Actively Used Reward: Fuel Savings

In 2016, consumers again chose fuel savings as their favorite loyalty program reward currency at 37%, followed by cash-back purchases (34%) — the same ranking as in the Excentus 2015 survey. In fact, consumers' preference for fuel-saving rewards remains high, whether gas prices are rising or falling. Preferred loyalty currencies, in order, are:



Because gasoline is an everyday commodity, rewards that help consumers save on fuel create the highest levels of earning activity with retailers and merchants. U.S. consumers ranked fuel savings (29%) and cash-back (30%) as the rewards they use most actively, with only slight regional variations. Both currencies deliver what consumers

across the nation want: everyday rewards, earned through everyday spending, that put money in their pockets.

Other actively used reward currencies include accumulated credit card rewards (18%); retailer-specific rewards (17%); instant discounts at the checkout (15%); retailer coupons

(12%); airline miles and grocer- or restaurant-specific points (tied at 10%); member-only promotions (8%) and hotel rewards (7%).



Rewards Programs Influence Consumers' Shopping Behaviors

The 2016 Excentus survey introduced several new questions about how loyalty rewards influence consumer behavior. Responses confirm a strong link between loyalty program membership and shopping behaviors.

More than one quarter (26%) of consumers say they shop more frequently at stores where they can earn rewards, while 17% plan their shopping ahead of time to take advantage of rewards and promotions, and 14% shop only where they earn rewards. Rewards are powerful enough to influence consumers' brand and retailer preferences: 13% said the ability to earn more rewards or save more money would prompt them to switch brands or shop at a different store even if that means traveling longer or going out of their way.

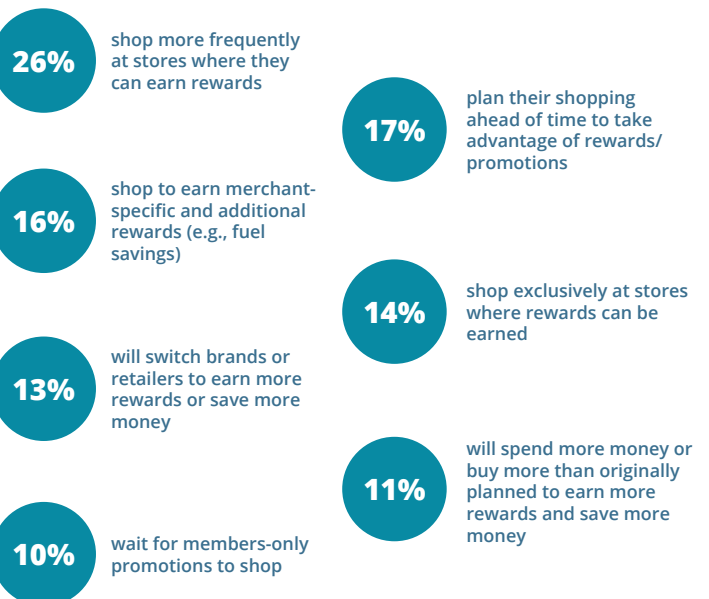
Similar results emerged in a back-to-school survey conducted in 2016, in which 81% of consumers said membership in a loyalty program influences where they shop, and 59%–86% said they rely on the same familiar mass merchandisers, online retailers and specialty retailers for school and holiday shopping.

Consumers Embrace Rewards Built on Everyday Spending And Everyday Savings

The 2016 survey data also reinforces the unwavering power of rewards that embed tangible value directly into consumers' everyday spending routines, and the redemption value of rewards that help consumers save on an everyday expense — like fuel.

Understanding the influence of rewards can help loyalty experts position their programs for success:

- The ability to earn rewards influences how frequently consumers shop, when they shop, how much they spend, and whether they remain loyal to a retailer or brand — or switch.
- Shoppers earn the bulk of their fuel discounts from grocery stores and gas-branded credit cards, but a growing number also earn rewards from a broader range of merchant categories, including restaurants, online retailers and convenience stores.
- Use of plastic membership cards fell 4 percentage points (22% from 26%) from 2015-2016, and younger consumers are far more likely than older consumers to monitor and manage rewards through branded mobile apps and the web.



Consumers Join Rewards Programs To Earn and Save Every Day

The running theme of survey responses: the more regularly and routinely consumers can save money, the more engaged they become with brands. Regular engagement connects rewards directly to consumers' everyday needs and habits, while widening the reach of brands' loyalty programs. As with the consumers we surveyed in 2015, respondents in 2016 say they join loyalty programs to save money "any way they can," and they want the ability to earn rewards from their everyday purchases.

Likewise, 65% of consumers surveyed in 2016 think it's important to earn rewards to save on fuel when gas prices rise (65%, up 1% from 2015) as well as when they fall (54%, up 2% from 2016). This is an important indicator; gas prices rose and fell significantly throughout 2015–2016 while membership in the Fuel Rewards® program rose from 54%–59%.

Other factors are at work, too. Socially-networked Millennials, for example, are more likely than older consumers to sign up for a loyalty program because of a social recommendation. So why do consumers sign up for loyalty programs?

Why Consumers Join Rewards Programs in 2016: Key Factors



They like saving money any way they can (47% in 2015)



They can earn rewards on everyday purchases (same as 2015)



They can make room in the budget for other purchases (same as 2015)



Someone recommended joining (new 2016 data)

Migrating More Loyalty to Mobile

As the deployment and management of loyalty programs evolves, a generational gap emerges in how consumers earn and manage their rewards.

Millennials (ages 18-34) are far more likely (38%) than older consumers to use mobile devices to manage rewards, while Generation X (35-54) and Baby Boomers (55+) prefer web-enabled services (38% and 44%, respectively). Older consumers are also more likely to rely on email for information about their rewards accounts.

Across the board, the use of plastic membership cards has dropped 4% from the 2015 survey — a sign that loyalty programs should be considering the move to a mobile environment if they haven't already.

According to [Silverpop's](#) "10 Key Marketing Trends for 2016" report, mobile data is increasingly critical for loyalty program success, especially as loyalty shifts to a "coalition" framework of like-minded retailers; within the coalition framework, consumers can earn and redeem universal rewards from a variety of merchants and retailers. The report notes that "2016 advanced capabilities around customer data management and unified customer identities are giving savvy marketers the ability to create loyalty programs that reach across channels and touch points to foster deeper levels of brand advocacy and play a more critical role in brand success."

Expanding Preferences for Earning

In 2016, consumers earned the bulk of their fuel savings from groceries (61%), oil/gas branded cards (21%), retailers (19%), and major credit cards (16%). However, there is steadfast interest in the coalition loyalty model for earning universal rewards across a variety of merchants and spending categories.

This increased demand can be seen in the rise of consumers' reported spending across other key

verticals, including restaurant/dining programs (up 4% from 2015 to 11%), travel programs (up 2% from 2015 to 10%), new-to-the-survey online merchants (7%) and shared-economy services (4%).

When asked where they like to earn rewards to save on fuel, consumers identified an even broader range of retail categories they frequent for everyday savings at the pump:



Rewards On the Horizon

U.S. consumers and the loyalty programs they join are changing, but the purpose of these programs remains the same: to attract new members and keep them actively engaged. New data underscores the intrinsic value that today's consumers place on rewards that help them save on the cost of fuel — their preferred loyalty program currency for two years in a row.

This data also sets the stage for loyalty in 2017 and beyond, making a direct connection between loyalty program membership and consumer behaviors. Consumers are moving beyond grocery store and credit card programs to earn fuel savings from a broader range of retailers, including restaurants, pharmacies, shared-economy services, travel brands and specialty merchants.

For merchants and retailers, the findings are clear: loyalty programs that skimp on delivering everyday value are missing critical opportunities to attract new customers, retain existing ones, increase foot traffic, and turn loyal shoppers into higher-value customers. Mobile technology has and will continue to make it much easier, faster and cheaper to leverage loyalty programs, particularly for the growing segment of consumers who rely on their mobile devices for life's daily activities.

Not least, however, is the ubiquity of a currency that delivers everyday value, is easy to earn and even more rewarding to redeem for consumers of every demographic across the country.

The upcoming "Road to Rewards Revisited" reports will explore loyalty's influence on shopper behaviors and rewards earn-and-burn activities, and the relationship between Millennials, rewards, the mobile channel and their behaviors.

Contacts & Media Requests



About Excentus

Excentus Corporation, a privately held company based in Dallas, provides industry-leading loyalty marketing and technology solutions to grocers, specialty retailers, convenience retailers and consumer packaged goods brands across the nation. Founded in 1996, the company's robust solutions also support the company's successful operation and growth of the nationwide Fuel Rewards® program. With its mission of easily lowering the cost of everyday life, Excentus and its customers have helped U.S. consumers save more than \$2 billion to date.

Learn more at www.excentus.com.



About Ipsos

Ipsos is one of the world's leading market research firms. With experts organized in five major research specializations and operating as One Ipsos, Ipsos help clients assess market potential and interpret trends, develop and build brands, create long-term relationships with customers, evaluate communications and measure public opinion. Learn more at <http://ipsos-na.com/about-ipsos/>

Methodology

The 2016 Excentus-Ipsos eNation survey of 1,120 U.S. consumers was conducted during August 15-17. It has a margin of error of +/- 3.1%.

Media Inquiries

Vanessa Horwell, ThinkInk

305.749.5342, x232
vhorwell@thinkinkpr.com

Nikkia Griffin, ThinkInk

305.749.5342, x239
ngriffin@thinkinkpr.com

