



April 2021

FEATURE

# Just Rewards

C-store loyalty programs provide critical consumer insights and a competitive edge.

BY TERRI ALLAN

 [Print](#)

 [Share](#)

 0 Comments (</issues/april-2021/just-rewards>)

Thanks to the year-old Casey's Rewards customer loyalty program, the Midwest convenience store chain is able to get a glimpse into guests' behavior. The program is helping to identify customers who fuel up at Casey's gas tanks but don't come in store, as well as patrons who purchase several slices of pizza for lunch during the week but don't come in for a whole pie on the weekend. The card, introduced in January 2020, "gives us the ability to market and target special incentives to loyal customers," explained Art Sebastian, Casey's vice president of digital experience.

Indeed, a growing number of convenience retailers such as Casey's have made great strides in recent years in better understanding customer loyalty. But for most there's still enormous opportunity to tap into the latest technology and data tools and explore shopper habits, as well as directly communicate with and entice customers, enhancing loyalty and driving larger basket purchases. "The c-store industry as a whole is early in the digital

transformation journey, including loyalty,” remarked Kevin Rice, co-founder and CMO at Hathway, which provides digital consulting and strategy to c-stores and restaurants. “What started out as old punch cards has progressed to earning points and redeeming, with some companies offering well-integrated digital programs.”

Lori Stout, senior director, product marketing, at Punchh, which also works with c-stores on loyalty and engagement platforms, agreed. “Loyalty programs are still emerging at c-stores,” she said. “Many operators are wrapping their heads around the opportunity, while acknowledging that it could be a big investment.”

Because of opportunities born of the pandemic, “many retailers have acknowledged the need to invest in customer loyalty, either by enhancing their current offer, or by developing a new program,” said Mike Flebotte, partner, the Business Accelerator Team, which helps retailers develop customer loyalty strategies.

## **ENGAGE AND REWARD**

C-store chains large and small have launched or enhanced loyalty programs in recent years. 7-Eleven’s 7Rewards program now claims some 40 million members, the retailer recently reported. Like Casey’s, New York-based Crosby’s Convenience Stores recently launched its first loyalty program, and according to Doug Galli, vice president, despite lower customer counts as a result of the pandemic, the My Crosby’s Rewards program is receiving a good response. Under the program, new members receive 10 cents off their first three gas fill-ups within 90 days of registering, an incentive that has been popular, he said. “Our main purpose was to better engage with our customers and to reward those most loyal to Crosby’s,” remarked Galli of the program’s launch.

“

Loyalty isn’t just a technology thing,  
but anything that motivates  
consumers to drive past a competitor  
and nest at your brand and offering.

The Casey's Rewards program, meanwhile, allows members to redeem points in three ways: Get cents off gasoline, use on in-store or online purchases or donate to Cash for Classrooms, aiding schools in local communities. The Iowa-based chain selected Punchh as its loyalty and engagement platform, enabling integration with point-of-sale, fuel pump and online ordering systems. "Our members like the offers," said Sebastian. "It's a good way to save and redeem offers for free merchandise and private-label products."

In December alone, Casey's saw "millions of offer redemptions," he reported. The plan for Casey's Rewards' inaugural year, according to Sebastian, was to build enrollment, while this year the program will add a reward referral capability and movement toward customized offers. As of January, the chain had enlisted some 3.5 million members in its loyalty program, exceeding initial expectations, Sebastian noted.

And at GetGo, the Pittsburgh-based chain's Fuel Perks + loyalty program rolled out two years ago to leverage its relationship with sister concept Giant Eagle grocery stores. The company's 15-year-old Fuel Perks offer, part of the grocery stores' Advantage Card loyalty program, was "reimagined" in 2019, according to Rug Phatak, chief director of marketing at the c-store chain.

"We took the part that customers love—the ability to spend at the supermarket and earn rewards at the gas tank—and flipped it so that customers can now earn rewards on their gas purchases and use as perks for savings off their groceries," he said. Two years into the transition, Phatak said, "It's a win-win for both the groceries and the c-stores, but most importantly, it offers a tremendous added value to customers." The company also launched the Advantage Pay program in 2019, allowing users to link their checking accounts to the Advantage Card.

## **GETTING PERSONAL**

Among some of the latest tactics c-stores are employing to drive effectiveness of loyalty programs are tying in with CPG vendors on special offers and targeting members via personalized messages and offers. My Crosby's Rewards, for example, awards 250 bonus points for purchasing two bottles of Poland Springs water and 150 bonus points for Lay's potato chips. "Both offers have been well received," Galli reported.

When it comes to communicating offers to loyalty members, Stout advocated that one size doesn't fit all. C-stores should consider "segmentation tools that allow for personalized offers," the Punchh executive said. "Personalization is paramount with loyalty programs," and retailers should understand when members shop, at which stores and what their

households look like, she continued. Some advanced loyalty programs send messages via their apps to members while they're fueling up at the pump, with "enticements to lure them into the store," Stout noted.

FE Perks, the app-based loyalty program at Indiana's Family Express chain, allows the retailer to personalize offerings. Thanks to the company's technology platform, "we have the capacity to tailor offerings that range all the way from subscription to cents-per-gallon rollback to club cards to bundles," said Gus Olympidis, president and CEO. "Personalization is essential. If you're a member of our Java Wave Coffee Club, you're not necessarily interested in our milk and eggs deal and vice versa," he explained.

At Casey's, meanwhile, personalized offers to loyalty members are just beginning. According to Sebastian, initial offers last year were "one-to-many, but now we're personalizing things a bit and offering one-to-some. Our hope is to get to a one-to-one program, where every offer is customized." To get there, the chain is investing in more technology, he noted.

## **FRICTION FREE**

As with other areas of store operations, the COVID-19 pandemic has played a role in the implementation and development of many c-store loyalty programs, particularly app-based and state-of-the-art car dashboard options. Hathway's Rice said that card and key tag loyalty programs are falling out of favor, "especially today, with people leery about handing over their cards. It's easier to use your phone." Olympidis said that's the case with Family Express' loyalty program. "FE Perks is delivered to the consumer in the most frictionless possible way," the retailer explained. "We have the capacity to radically reduce friction and touch by offering mobile tap and scan options. The elimination of touch is appreciated by the consumer in a COVID-sensitive environment."

The benefits of customer loyalty programs for retailers, meanwhile, are many. "The most significant benefits of customer loyalty programs for convenience retailers are the ability to increase the value of frequent shopper trips and the frequency of rare shopper trips," Flebotte remarked. Retailers cited larger basket rings and even added insights on store layout and merchandising.



The biggest challenge was in making our loyalty engine the centerpiece of the entire technology ecosystem.

Loyalty programs also can be key in driving customers away from competitors and in picking up market share. “At Family Express, loyalty is looked at from the prism of the consumer,” remarked Olympidis. “We often forget that ‘loyalty’ isn’t just a technology thing, but anything that motivates consumers to drive past a competitor and nest at your brand and offering.”

And of course, the data and insights generated from loyalty programs can be invaluable. Data from GetGo’s loyalty program is “helping our merchandising teams with things like assortment, planograms and resets,” Phatak said. Sebastian remarked that insights from Casey’s Rewards have aided the retailer in “driving adjacencies” in store, such as merchandising peanuts close to carbonated soft drinks. “The data is also helping us to understand trip missions,” he noted, so that the chain can segment members by “what they buy and time of day. That way, we can make sure the shelves are stocked with what they’re most interested in when they arrive.”

## **CONFRONTING THE CHALLENGES**

Implementing, managing and maintaining customer loyalty programs also carries some challenges. According to Stout, costs can be wide ranging, depending on the level of integration with other systems, with basic loyalty programs starting at levels “below tens of thousands of dollars.”

Olympidis pointed to not just the cost of technology, but to “the cost of human support that is necessary in order to maintain and refresh.” Casey’s investment in its loyalty program so far is “in the millions of dollars,” Sebastian reported. “We invested a lot of resources and people. We felt that while everyone has a loyalty program, not everyone has a good one.”

With the different buying points at c-stores, integrating the technology for loyalty programs can be more difficult than in other trade channels. “The biggest challenge was in making our loyalty engine the centerpiece of the entire technology ecosystem,” remarked Olympidis.

Total connectivity allows the technology solutions “to operate in harmony, as opposed to in individual silos that are indifferent to each other’s presence,” he noted.

For all the investment in c-store loyalty programs, they won’t succeed if they’re not consistently promoted. Retailers and experts agree that team members play a pivotal role in the programs’ viability. “You won’t acquire new customers just because you have a loyalty program,” explained Rice. Rather, “you must capture that existing customer. Train your store associates to talk about the program,” he advised. Sebastian added, “a good c-store loyalty program doesn’t work without getting all team members involved. Team members must understand and communicate the value of the program.” In addition to broadcast and digital ads to promote Casey’s Rewards, the chain trained staff via meetings and videos. That engagement has contributed to the program’s early success, he said.

While the c-store industry may lag other businesses in the development of customer loyalty programs, enthusiasm is high that that will soon change. Continued advances in the programs will ultimately drive change in store operations. In the next decade, c-stores will be “more digitally enabled,” Rice said. “Personalization will be a reality.” Sebastian agreed. “Loyalty apps know who a particular member is,” he said. “There’s no reason our team members shouldn’t know too and treat guests with that same level of personalization.”



### ABOUT TERRI ALLAN

Terri Allan is a New Jersey-based freelance writer, specializing in the beverage industry. She can be reached at [terri4beer@aol.com](mailto:terri4beer@aol.com) (<mailto:terri4beer@aol.com>) and on Twitter at [@terriallan](https://twitter.com/terriallan) (<https://twitter.com/terriallan?lang=en>).

#### Related:

[Consumers \(/category/Consumers\)](#), [Feature \(/category/Feature\)](#), [Retailer Focus \(/category/Retailer-Focus\)](#), [Trends and Research \(/category/Trends-and-Research\)](#)