

takeaways

LOYALTY

The Next Level

BY DREW MIZE

If you have not implemented a loyalty program you should be thinking about it — now. Your competition likely already has a program in place and their new services and programs will steal your customers and make it even more difficult for you to take theirs.

If you do have a solid loyalty program in place, you have already been through the evaluation and ROI process, built and distributed the cards and marketing materials, evaluated consumer purchase behaviors, and built various promotions and programs to increase sales. And you have proven that a loyalty program really can increase the bottom line. So now what?

Don't stop there; you have only just begun. Don't forget about adoption and retention to stay competitive. Your loyalty program will only remain successful until your competitors replicate it, so you must stay ahead of them by adding new loyalty features that will keep them always trying to catch up.

And what about the consumers who aren't signing up for your loyalty program? Are there additional services or features to offer that could accelerate the adoption rate?

RESTORE LOST CONVENIENCE

Whether you've been forced to disable post-pay pumps due to local laws or you did it simply to stop gasoline theft, the net result is penalizing the honest consumer who prefers to pay with cash. Restore convenience by offering a card that will enable a pre-pay dispenser for post-pay.

When consumers sign up with a driver's license or some other identification, you know exactly who is using the card and the account is automatically disabled in the event of a drive-off. With a pump authorization card, you restore convenience, which in turn instills loyalty. You don't lose customers to the competitor and you stop gasoline theft.

.....
Your loyalty program will only remain successful until your competitors replicate it, so you must stay ahead of them.
.....

HAVE YOUR OWN STORED VALUE CARD

Why let another company manage your prepaid card program when you can do it yourself, and take advantage of all the benefits. By managing the cash and float, and branding the program to your company, you ensure that consumers spend money where you want them to: your store.

OFFER AN ACH ALTERNATIVE

When you offer your consumers a card that they register with their bank account, payments then become an ACH payment instead of credit/debit. It's a flat-fee alternative opposed to the typical credit/debit model, and most

ACH providers offer a guaranteed model that does not put you at risk of non-sufficient funds.

For a typical credit/debit transaction, for example, a 12-gallon fill-up at \$2.79/gallon, using a rate of \$.02 + 2 percent of the transaction amount, will cost you 69 cents. Compared to a flat, per transaction ACH fee of around 15 cents, you've just put 54 cents back to the bottom line. And if you offer a 3-cent per gallon discount to the consumer who uses their ACH card, you still gain 18 cents. You win and the consumer wins.

LEVERAGE THE SAME CARD

Each feature within your loyalty program will resonate with some segment of your consumer base, but leveraging programs on the same card will guarantee an increased overall adoption rate. No one forgets to use their loyalty card to receive promotional discounts, but ACH payment increases if the loyalty card they just used is also the payment card.

Additionally, combining rewards from various programs really makes an impression on the consumer. It's powerful when you offer 3 cents off per gallon for using a loyalty card; it's even more powerful when you extend an additional 3-cent discount for using the stored value or ACH payment feature.

Loyalty programs don't stop with the successful implementation of a rewards program. If you haven't implemented some type of loyalty program that is putting more dollars to the bottom line you should be, but don't stop there. There are new features available now, and your competitors will outsmart you if you don't believe in the power of today's loyalty options to stay ahead. ○

Drew Mize is the vice president of product management and marketing at The Pinnacle Corporation. He can be reached at dmize@pinnaclecorp.com.