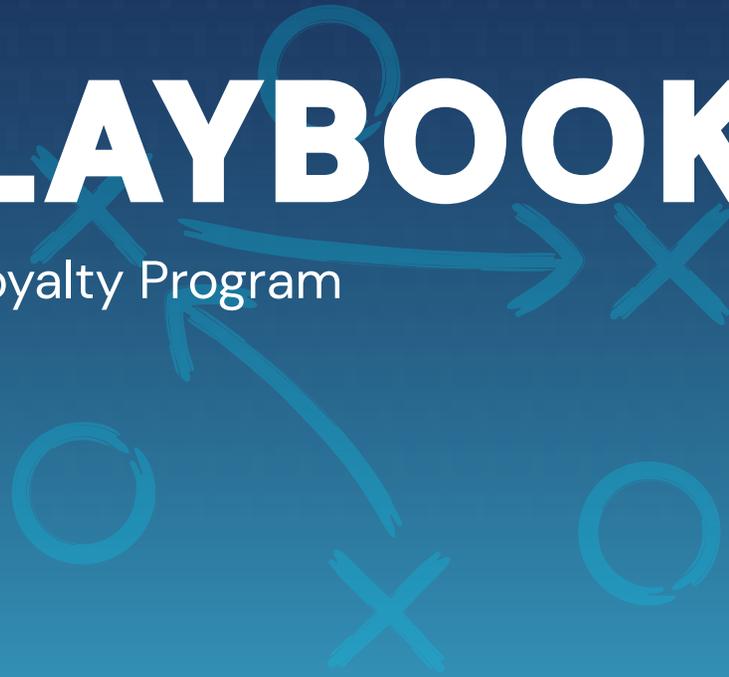**PDI**
TECHNOLOGIES

LOYALTY**PLAYBOOK**

A Guide to Help Maximize Your Loyalty Program

Loyalty is an outcome, not a program

It's not a software solution, freshly printed signage, or distributing plastic rewards cards

Managing your loyalty strategy and operation means designing intentional experiences to earn preferred brand position in your consumers' minds. Loyalty is about building affinity, attachment and trust with your consumers.

How do you do that?
By delivering excellent customer service and great experiences.
And every experience matters.

PDI Loyalty Solutions are used by hundreds of retailers to create personalized, digital experiences for their consumers. **Site execution** is the single greatest factor that will impact the performance of your loyalty program.

This Loyalty Playbook will lead you through best practices learned from running some of the most successful loyalty programs in the U.S.

Defining program success

Understand the 'formula' for loyalty success

PDI's goal is to help our partners gain a ***better understanding of their customers*** in order to ***drive deeper relationships*** through ***personalized customer experiences***. Your goal is to apply these findings and relationships to gain ***scale*** and ***customer engagement*** — resulting in incremental commercial value.

Most retailers have plenty of customers.
However, you might be earning only a fraction of your customers' wallet.
Most likely, you are not capturing 100% of existing customers' full value.

Customers **X** Visits per Customer **X** Spend per Visit **=** Financial Success
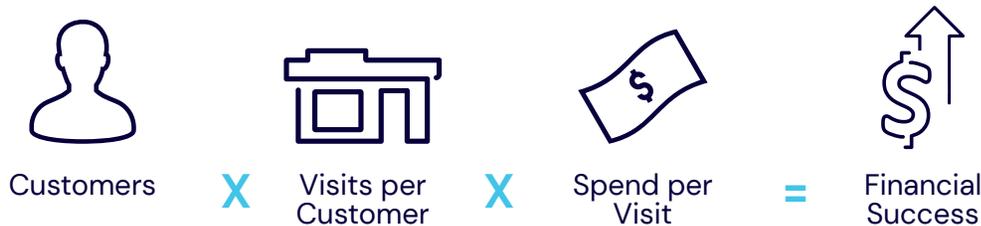
A well-managed loyalty program can directly influence all of these core components. It can bring you new customers, it can drive increased visits per customer and drive increased spend per trip.

The data tells us, time and time again, that loyalty customers are far more valuable than non-loyalty customers.

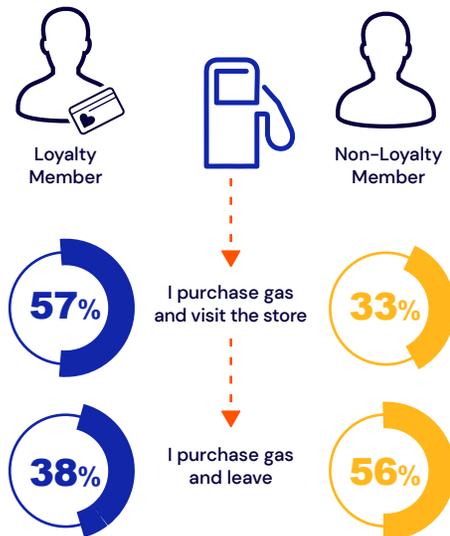On average, loyalty members spend **30% more** than non-loyalty members

Tracking Convenience Report, March 2023

Loyalty drives higher margin purchasing behavior

Fueling in-store Sales

Loyalty Members **VS** Non-loyalty members

Behavior when refueling

Loyalty Member

Non-Loyalty Member

57% I purchase gas and visit the store **33%**

38% I purchase gas and leave **56%**

Loyalty vs Non-Loyalty Spend per Inside Trip

Retailer A

+55%

$12.10

$7.83

Loyalty Member / Non-Loyalty Member

Retailer B

+30%

$9.30

$7.13

Loyalty Member / Non-Loyalty Member

Retailer C

+30%

$10.57

$8.12

Loyalty Member / Non-Loyalty Member
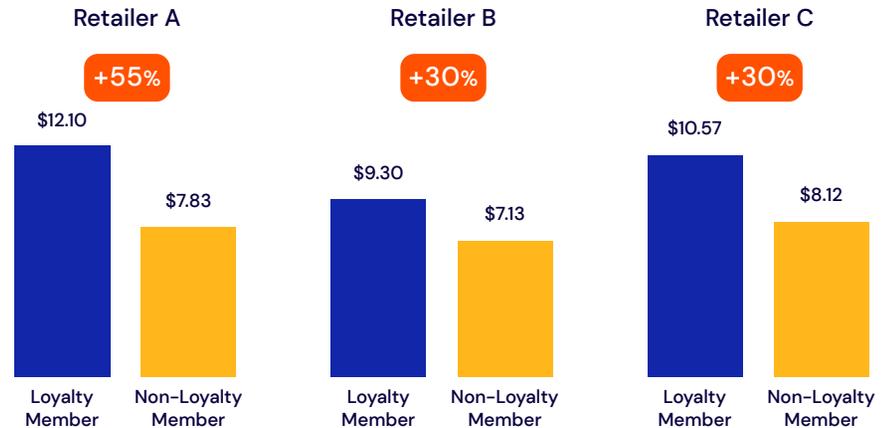
Top loyalty operators' data <u>consistently</u> shows a strong value gap between members and non-members

Loyalty culture

It starts at the top, but success is determined by front-line staff

Adopting loyalty into your culture starts at the top, with executive buy-in and should be measured at every level within your organization. Ultimately, the biggest differentiator for a successful loyalty program lies in the hands of your associates who serve your customers every day. If loyalty is not part of your culture, driven by leadership, the cashiers won't feel the motivation to work the program into every transaction.

Coach Tip:
Start at the top of the organization and gain alignment on success definitions by answering these important questions.

"Why are we investing in loyalty?

What does good look like?

What are the key metrics we want to track?

Is the organization bought in these are the "right" metrics to track?

How will we track these metrics?

Do we have effective bench-marks and trends?"

Assumption vs. Reality

Educate to debunk common misconceptions

ASSUMPTION

A loyalty program's primary objective is to earn NEW customers

VS

REALITY

Existing customers are more valuable than NEW customers

› It **costs 5x more** to acquire a new customer than it does to keep an existing one

› On average, 15% of a business's most loyal customers account for **55–70% of the company's total sales**

ASSUMPTION

There's no need to invest in existing customers because they're already loyal

VS

REALITY

Investing in existing customers helps create more loyal customers

› Returning customers spend on average **67% more** than first-time customers

In convenience retail, changing brands can be as simple as turning left vs right at the next light.

Competition for the right shopping "occasion" is fierce.

These are important concepts for your organization to grasp as they will help you ultimately determine your loyalty strategy and ROI. If your main goal with loyalty is to bring in new customers, you're missing the bigger picture. This is a bad model, where riches are showered upon new customers, while your existing and most loyal customers are treated as an afterthought.
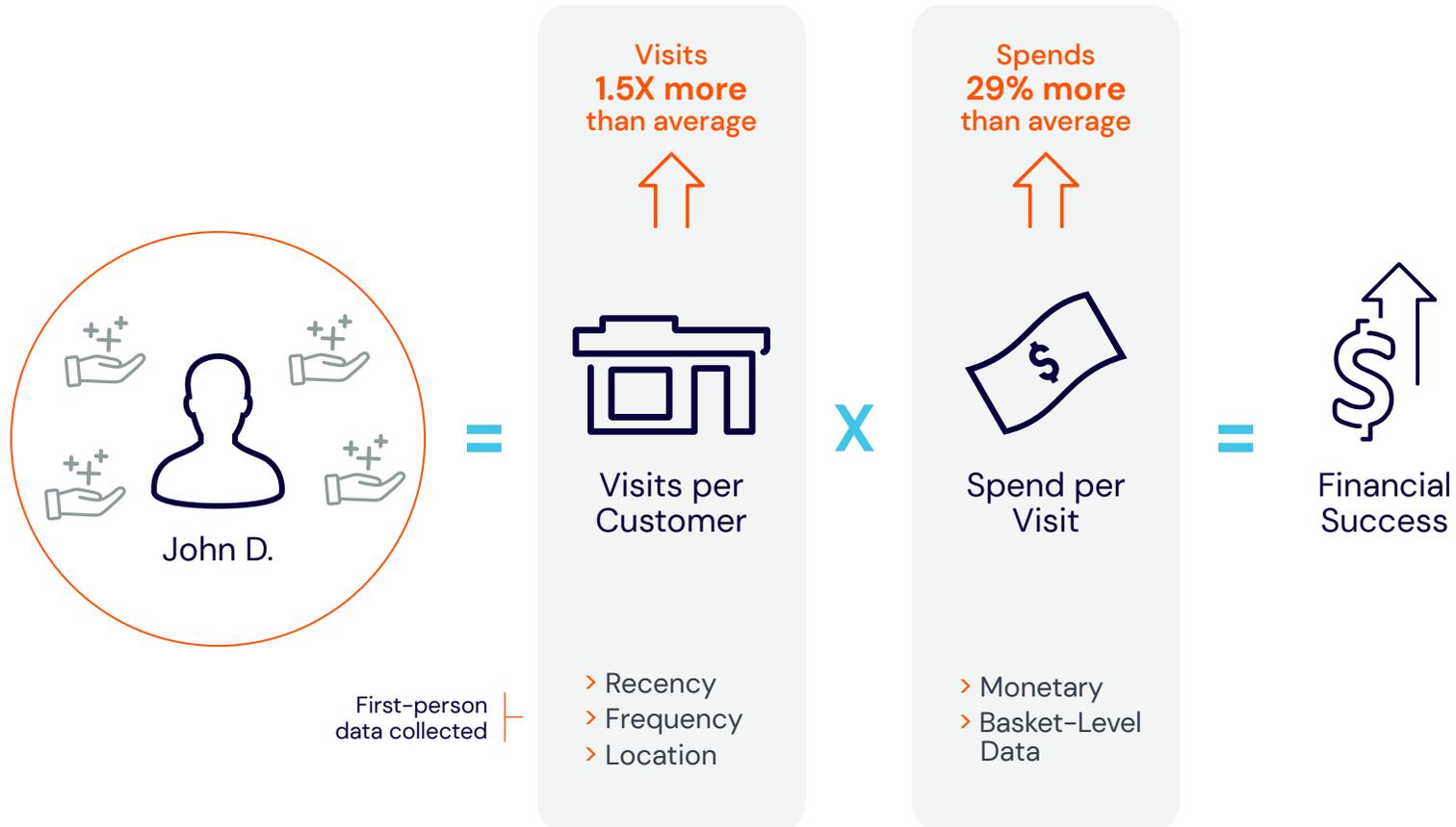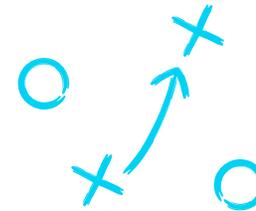
The reality is…

The average driver fuels up 4 times per month, yet most retailers only get **1–2 of these fill ups**

From anonymous to measurable

When you can identify & target customers individually and collect first party data, you're able to measure which loyalty offers and tactics return the best ROI

John D.

First-person data collected

Visits
1.5X more
than average

↑

Visits per Customer

> Recency
> Frequency
> Location

X

Spends
29% more
than average

↑

Spend per Visit

> Monetary
> Basket-Level Data

=

Financial Success

Program KPIs

Scorecard metrics to track program performance

When communicating Loyalty Program metrics within your organization, it's advised to regularly distribute updates on common "High Value" Success Metrics with predetermined frequency.

Narrowing the Success Metrics to just high value metrics helps your organization understand and follow trends over time.

Loyalty Penetration Example

Within this retailer:
– Top site: 56.0%
– Bottom site: 15.1%
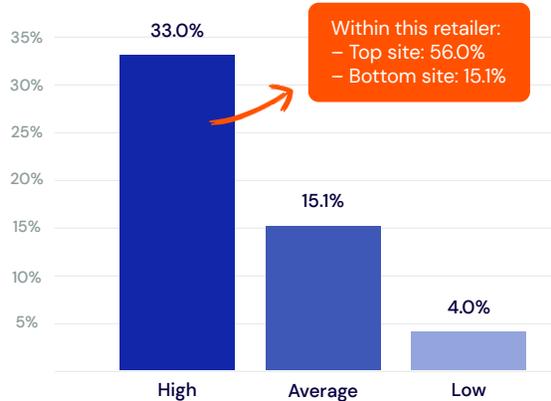
> Often difficult to obtain as loyalty and non–loyalty data historically reside in different data silos

> PDI integration with loyalty and back office enables retailers to track this important metric

> Loyalty penetration is critical as 30% customer penetration can represent over 80% of sales

High Value Program KPIs

Loyalty Registrations
> Total count of enrolled members; new enrollments during a specified time period

Monthly Active Members
> Count of members with 1+ transaction during the month

1st Transaction
> Count of members completing first loyalty transaction during a specified time period

Transaction Count
> Count of loyalty transactions during specified time period:
> • Fuel only • C–Store • Fuel & C–Store

Penetration Rate
> The % of total transactions that include a loyalty transaction

Issued Rewards
> Count and/or value of rewards issued during a specified time period

Redeemed Rewards
> Count and/or value of rewards redeemed

Redemption Rate
> Percentage of rewards redeemed

Program KPIs

Some additional metrics to help measure success

Ad Hoc metrics are generally more difficult to produce on a regular cadence and may require more advanced modeling that will differ from organization to organization based on resources available, BI platform, etc.

Ad Hoc Analysis

> Loyalty vs. Non–Loyalty benchmarks
  - Spend, gallons, etc.
> Full program ROI
> Cohort analysis

Additional Metrics:

> Number of card transactions
> Offer redemption and impact on margin

$$\frac{reimbursement}{rate} - \frac{discount}{rate} \times \frac{quantity}{issued}$$

> Average dollar spend on a loyalty transaction
> Average number of loyalty transactions made by Monthly Active Members
> Average gallons in a fuel loyalty transaction
> Average days between loyalty transactions
> Count of days since last transaction
> App downloads & MAUs
> Email and push metrics

Let's go, team!

What gets measured, gets done

Start with your Store Operations Manager or District Managers training Store Managers with a store management meeting prior to rollout. If you have training software for onboarding and training personnel, create a loyalty training module.
Be sure to educate on High Value KPIs and your organization's high-level loyalty strategy.

Store Managers

> Execute every day   > **Focusing on customer experience is critical in today's crowded loyalty space**

> Tie program performance to the store manager compensation package
>> – Employee incentives for loyalty execution
>> – Include loyalty in evaluation process for store performance
>> – Loyalty should be woven into the organizational fabric

> Develop personalized store goals so every manager has an opportunity to be rewarded for identifying areas of improvement

> Stores should be measured against individual past performance
>> – Store 1: 10% – August (current) > 15% September (goal)
>> – Store 2: 20% – August (current) > 25% September (goal)
>> – Credit new member enrollments to the store where the first loyalty transaction occurred
>> – Store managers should be given creative license to develop ideas for store and share best practices

Store Associates

> All employees should sign up and actively use the program
>> – Create employee-specific offers to encourage program familiarity and a reason to open the app to view all available offers

> Provide consistent training (new hire onboarding + routine refreshers)

> Give clear direction on how to engage customers about loyalty

> Tie additional bonus rewards for loyalty execution, rewarding top performing individuals and/or sites, such as:
>> – Discounted fuel and/or in-store items
>> – Giveaways (i.e. weekly drawing for gift cards or first choice on day/shift)
>> – SWAG or uniforms
>> – Free in-store items

Ask for loyalty every time

Leveraging your associates to drive loyalty activity

Training your MVPs is the single most effective way to drive loyalty activity and collect first-party data

1 Greet customers as they enter inside the store

2 Always ask "Are you a member of our rewards program?"

3 Upsell by knowing & promoting any relevant offers

4 Thank customers for their purchase *AND* loyalty

> " This item is a Buy 2 for $3 for Rewards Members. Would you like to buy 1 more? "

90% of surveyed consumers admit to impulse buying at least occasionally.

50% say they are more likely to impulse buy in-store.

Training your store associates is the single best tactic to upsell product and gain more rewards members.

If **YES**

Ask the customer to enter loyalty ID or scan their loyalty card

Remember:
Get the swipe or scan every time!

If **NO**

Grab a new card and swipe for the customer, letting them know:

"It only takes 2 minutes to register and begin saving"

The power of plastic

Physical cards provide a jump-start for enrollment — quickly converting anonymous customers to identifiable loyalty members

Physical plastic cards can be a good conversion tool. While many want to move to a digital-first or app-first loyalty program, plastic cards are still very popular with certain age demographics and geographic areas for speed and convenience.

Train your associates to scan a new card for customers who are not yet members and encourage registration. Customers will be able to swipe the card on every transaction and accumulate points/rewards until registered. Once registered, the member may transition to using an AltID or barcode instead of the plastic card.

Coach Tip:
Printed receipts display current available points/rewards status for members. Train your staff to quickly scan receipts to recognize unregistered cards and prompt to complete registration.

"

*Store Associates,
when handing out cards...*

"You are now part of the program and have earned rewards.... now download the app to take advantage!"

Loyalty Q&A

Here's how one of our most mature, best-in-class c-store rewards program operators answered an important question that every c-store operator should ask:

QUESTION

> What % of marketing should be done outside of my store?

ANSWER

> Take all of your money and sink it into training, incentivizing and re-training your store staff.

Returning customers spend on average **67% more** than first-time customers

> This retailer's response reinforces that the best way to drive consumer awareness *(and subsequent penetration)* is through a knowledgeable staff who can successfully engage customers already in their stores

Coach Tip:
When you have additional questions on best practices and optimizing your program, reach out to your assigned Program Development Manager (PDM).

On-site signage

Best practices for promoting your program on-site

Coach Tip:
Signage should lead with largest value offers. Everyday fuel discount or food & drink offers, with placement dictated by the offer.

› Store signage

- Treat your loyalty program as a sub-brand, with a recognizable name and logo featured consistently

  • Call out the Welcome Offer on all signage, promoting enrollment and include QR codes to help people easily download the app and create an account

  • Refresh your signage regularly and promote a variety of benefits on different versions

- Place signage in key areas of your site – at the pumps, near the register, entry/exit areas, the front counter and high-traffic areas; below are a few examples:

  • **PinPad Wrap** – Remind customers how to enter their Loyalty ID during every transaction

  • **Offer Signage** – Place on shelfs, coolers and windows near products

  • **Pump Signage** – Cover the canopy area with pump toppers, wash buckets, etc. to reach customers outside

  • **Outdoor Signage** – Grab attention by placing signage in high visibility areas, including roadside for passerby traffic

  • **QR Codes** – Place on signage, cups and other areas to promote enrollment or to open the app to view deals

› At the pump

- Design the pump prompts to be as simple as possible

- Provide instructions at pump to help members enter their Loyalty ID on every fuel transaction

- When available, use video messages to promote your rewards program, latest offers, and member pricing

› Receipts

- Remind members of available rewards and offers

- Provide fuel savings and/or current rewards balance

Pump topper examples

EARN A **FREE COFFEE** OR **FOUNTAIN DRINK** JUST FOR SIGNING UP.

EARN REWARDS   GET FREE STUFF   SAVE ON GAS

Marketing and promotion

The right message at the right time to the right person

Creating and managing a successful loyalty program requires the ability to communicate effectively with your existing loyalty members *AND* your non-loyalty customers.

Loyalty members

Communicate targeted and relevant offers that drive behavior and loyalty, using loyalty information such as:

> Contact information (email, phone)

> Communication preference
> (what are they responding to? what aren't they opening?)

> Purchase behavior
> (frequency, items purchased, basket size, etc.)

Non-Loyalty customers

Grow membership through acquisition marketing efforts

> Use your loyalty member data to create customer profiles/personas to help identify and reach more of your target audience beyond your site

> Understanding the value of loyalty members vs. non-loyalty members helps determine your cost per acquisition (CPA)

Marketing Tactics

Email, Push and SMS

> Use your CRM tool to reach loyalty members, promoting targeted and timely offers

> Use Push and/or SMS to drive members back to your app to view new offers

App/Website

> Provide relevant messaging in your loyalty app and website to reward active members, keeping them active, as well as generate interest for less-active members

Social Media

> Organic and paid opportunities exist; social media can be an effective, fun way to create stronger customer relationships; paid marketing, via geo-fenced retargeting, can be surprising effective, trackable and budget-friendly

Outdoor

> Billboards and other off-site signage may be the best way to reach potential customers traveling high-profile routes

Community Sponsorships

> Supporting your local community helps ensure they will support you in return

Acquisition events

Invite consumers to step behind the velvet rope

› Host a "member appreciation week" and/or ramp up acquisition with a week–long set of limited–time member–exclusive offers

  – For example, launch a new Welcome Reward offer

    • Promote as stacking with member appreciation benefits (i.e. LTO larger fuel discount cost is a lower investment for a guaranteed source of acquisition)

› By promoting special offers, giveaways, and other exclusive "member only" offers and rewards you'll be creating a feeling of FOMO (fear of missing out) with consumers in the store

› Keep it simple to start — promote the event at each location and thru available social media channels

› Create attention-grabbing in-store and forecourt signage

› If you have a card-based program, make sure you have plenty of cards on-hand at each location
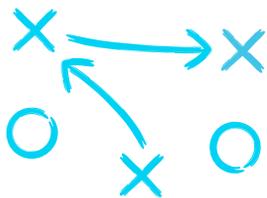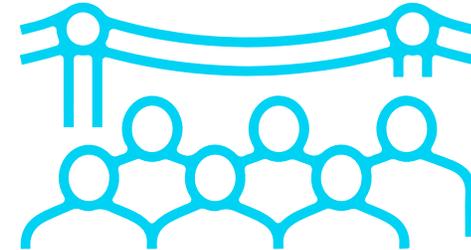
Loyalty generates success

Don't just take our word for it — check out these insights from the *2023 Convenience Store News Realities of the Aisle Study*

Loyalty programs are cited by c-store shoppers as the **NO. 1** element that has influenced their decision to visit a specific convenience store

TOP 3 reasons for <u>not</u> enrolling in a c-store loyalty program:

1 General disinterest

2 Perception that rewards require too many purchases

3 Perception that rewards/points are not valuable to the shopper

Millennials, in particular, are key c-store loyalty program users as 54% say they are both enrolled and active users.

Additionally, more than 60% of millennials rate the loyalty program at the c-store they visit most often as excellent/very good.

GEN Z IS MORE LIKELY THAN ANY OTHER GENERATION TO BE ENROLLED, YET INACTIVE

Offer strategy

What do customers want?

Loyalty is a combination of art and data-driven experimentation to test and learn. Use historical data to derive a hypothesis and form a baseline of current behavior. Then, create a campaign to test if a new offer will move the needle on changing a percentage of your customers' behavior. Loyalty programs can't force customers to buy/do something they don't want to do. However, every time a customer enters their Loyalty ID in your store, it's an opportunity for you to obtain additional valuable first-party data about their buying behavior which will enable future personalization.

Coach Tip:
It's better to give a little reward on something the customer wants versus a big reward on something they don't.

Customers have realistic expectations, give them the perception of value.

The Power of Fuel Savings

> Fuel Savings remain the **#1 motivation** for c-store shoppers to join a loyalty program

> Consumers generally **see higher value** in savings on fuel, even as low as 5c/gal is a motivator

> You **benefit from "breakage"** – not all issued rewards will be redeemed before they expire, nor do consumers fill up the max gallon limit

$2.00
Perceived Value

VS

$1.25
Actual Cost*
Assuming 90% redemption rate and 14 gallons average redemption

BUY 2
10¢/gal
on your next fill up

Offer strategy

Offer management best practices

Management of your offer strategy is determined by what products you are wanting to promote. Are you known for your coffee or fresh food selection? Create a club offer to reward members who frequently purchase your high margin items. Ex. Buy 6 donuts, get the 7th free!

For an effective program ROI, loyalty retailers must be working with vendors to help fund loyalty promotions. Top programs show a strong mix of BOTH vendor–funded as well as retailer (or store) funded item promotions.

Looking for offers?
PDI can help!
Ask your PDI Account Manager how PDI's Offer Network can help source offers from our network of top-selling brands.

Coach Tip:
Try new offer types after several months to keep things fresh.

Recommended offers

Get the scan or swipe everytime

Everyday value offers or "base offers" that are "always on" encourage members to enter their loyalty identifier on every transaction:

> **Everyday Basket Offer** | For every $1 you get x points

> **Everyday Fuel Offer** | For every gallon, you get x points

> Value Exchange | Recommended value exchange is 4% – meaning the consumer should earn 4% reward value per dollar spent

Ex: for every $25/in store, you earn 5c per gallon

Focus on new member "tipping point"

> Acquisition Offer

While first loyalty transactions are a high value metric, you want to minimize "one and done" driven by "coupon hunter" activity. This is the antithesis of what your program should be designed to achieve.

Data analysis across many programs shows the "tipping point" for new members comes at the 4th loyalty transaction

Your primary goal should be to motivate and incentivize new members to get to that 4th visit, so consider increasing the reward earned or the cents–per–gallon discount over the first 3 visits

Data–driven customer personalization

Creating targeted offers

By utilizing customer data to create cohorts based on shoppers' previous buying behavior in-store and at the pump, you can create offers customized to promote similar products or services not yet purchased. Here are a few examples:

> Send a discounted car wash offer to customers who bought fuel the prior month, but did not purchase a car wash

> Give your members options and let them self–identify
> *Ex. Ask members: "Do you want to receive 21+ offers?"*

The potential use cases for personalization are limitless!
Using your own proprietary criteria and hypothesis, query your data to identify qualifying members. Be sure to hold back a small percentage of members as a control group. Create one or more offers to test the messaging, offer value, and promotional period impact offer uptake.

> PDI offers a straight–forward method for "tagging" eligible members for your targeted offers

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Discovering new products and impulse buying

92% of consumers surveyed look to discover new products... *but just how, exactly?*

○ **59%** discover new products via personal research

○ **58%** discover new products through advertising

○ Yet, **96%** of consumers also expect retailers to inform them of new products

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A recent survey of 200 marketing leaders by Forbes Insights and Arm Treasure Data reveals that where personalization is being applied in a robust way, organizations are seeing positive results.

40% reported their customer personalization efforts have had a direct impact on maximizing sales, basket size and profits in direct-to-consumer channels, such as e-commerce, while another **37% point to increased sales and customer lifetime value through product or content recommendations**.

Offer types

Types of Offers	Definition & Examples
Merchandise Discounting (MD)	Member will see discount applied to a specific line item in the transaction. Types of Merchandise Discounts: • Percent off = Reduces the retail price by a configurable percentage *Ex. 25% off retail price* • Target Price = Replaces the retail price with a configurable, specific price *Ex. Buy 2 for $3.00 Ex. Buy a slice of pizza and fountain beverage for $2.99* • Discount/Coupon Amount = Reduces the retail price by a configurable amount *Ex. 50c off retail price*
Event-Based Offer (EBO)	Member earns reward for completing specific event. Available event-based offers include: • Registration *Ex. Register today and get 10c off/gal on your first 3 fill-ups!* • Log In *Ex. Log in to the app and get 100 points!* • PreAuth (Everyday cpg offer) *Ex. Get 5c off every gallon, every day!* • Redemption *Ex. COMPLETE ACTIVITY and get 100 points!* • Link a Card *Ex. Link a card to your Rewards account and get 100 points!* • Birthday *Ex. Happy Birthday! Enjoy 10c off/gal on your next fill-up!* • Anniversary *Ex. Thanks for being a ABC Rewards Member! Enjoy 10c off/gal!* • Store Check-in *Ex. Using the app, check-in to a participating store to earn a sweepstakes entry*
Multi-visit Basket	Member makes purchases toward a basket threshold. All purchases leading up to the threshold are tracked, and once the threshold is met (usually over multiple purchases) the member will earn a reward. • *Ex. Earn 5¢/gallon for every $25.00 spent inside the store. Exclusions apply*
Club Offer	A Member must purchase X items from a defined product group to earn Y reward. Qualifying items may be purchased in a single visit or over multiple visits. Club offers drive purchase volume on high margin items. • *Ex. Buy 6 coffees, get the 7th free*
Everyday C-Store Spend Offer	Member earns X reward per dollar spent in store. • *Ex. Get 20 points per dollar on non-fuel items.* Exclusions are configurable if the customer would like to exclude, for example, spend on tobacco, alcohol, or lottery tickets.

(continued on next page)

Offer types

Types of Offers	Definition & Examples
Everyday Fuel Offer	Member earns X reward per gallon. • *Ex. Get 20 points gallon* *Rewards are configurable per fuel grade if the customer would like to give 20 pts/regular, 30 pts/mid-grade, 40 pts/premium.*
Product Purchase	Member earns X reward for the purchase of a specific product or from a list of products. • *Ex. Get 200 points when you buy 1 candy bar* • *Ex. Get 500 points when you buy 2 candy bars*
Birthday Offer	A type of EBO. The member doesn't have to buy anything or take any action. The reward is issued on the configured date. The configuration can be set to issue on a specific date, a day of week, or the month of the event.
Anniversary Offer	A type of EBO. The member doesn't have to buy anything or take any action. The reward is issued on the configured date. The configuration can be set to issue on a specific date, a day of week, or the month of the event.
Bundle Offer	Member earns X reward for the purchase of a product from Product Group A and one item from Product Group B. • *Get 200 points when you buy a slice of pizza and a 20oz beverage*
Points Multiplier	Member earns 2x or 3x reward value. • *If everyday fuel offer is 20 pts/gallon, points multiplier would award 40 pts/gallon during a promotional period or for specific, tagged members (such as gold members)*

Loyalty program design & strategy

Program Options	Definition & Examples
Earn Points, automatic redemption for cpg at the pump	Members can earn points on all available offers they are eligible for. Points earned are exchanged for cpg discounts in increments of 5c. Member is prompted at the pump to use available points for the highest cpg discount available. If the Member accepts the discount, point balance is reduced. If the Member declines the discount, the points are untouched and remain available until redeemed or expired. BEST FOR: Brand whose business strategy focus is to increment fuel volumes. PRO: Automatic conversion is the easiest consumer experience. No need to even open the app to choose a reward. CON: While it's easier on the consumer to have an automatic conversion at the pump, consumers will predominantly be enjoying a "surprise and delight" experience. Members will miss out on other member offers.
Earn Points, automatic redemption for TLD at the register *(ticket level discount)*	Members can earn points on all available offers they are eligible for. Points earned are exchanged for ticket level discounts. Member is prompted at the register to use available points for the highest TLD available. If the Member accepts the discount, point balance is reduced. If the Member declines the discount, the points are untouched and remain available until redeemed or expired. TLD can only be redeemed inside, not for fuel. BEST FOR: Brand whose business strategy focus is to increment in-store purchases. PRO: Automatic conversion is the easiest consumer experience. No need to even open the app to choose a reward. CON: While it's easier on the consumer to have an automatic conversion when checking out, consumers will predominantly be enjoying a "surprise and delight" experience. Members will miss out on other member offers.
Earn Points, exchange points for items in Points Catalog	Members can earn points on all available offers they are eligible for. Points earned are exchanged within the app/website for items in the Points Catalog. Member must manually select which reward they would like to exchange points for. Points remain available until redeemed or expired, whichever comes first. Within the points catalog, we recommend including a cpg discount and a TLD. Other items could be coffee, food, RTD beverages, cpg snack and candy. BEST FOR: Brand who wants to give consumers choice on how to use earned rewards. PRO: Members must interact with Rewards UI (app/web) to redeem rewards. This provides another communication channel to bring awareness to new offers, brand messaging, upsell, etc. CON: Some consumers suffer from "app fatigue" and do not want to have yet another rewards app.
Earn cpg, redeem automatically at the pump	Members can earn cpg on all available offers they are eligible for, and cpg discounts can be stacked for deeper savings. Member is prompted at the pump to use the highest cpg discount available. If the Member accepts the discount, cpg balance is reduced. If the Member declines the discount, the balance remains untouched and available until redeemed or expired, whichever comes first. This is the Shell Fuel Rewards model. BEST FOR: Brand whose business strategy focus is to increment fuel volumes. PRO: Simple to communicate. Members earn, stack and redeem fuel discounts. CON: C-store-only customers might not find reason to join your program.

Financial forecasting

Formula to help with forecasting offer cost and ROI for a Fuel Discount offer

BUY 3
Monster
Energy

SAVE
10¢
off every gallon
up to 20 gallons

Input Values ↓

Offer Detail	
# of Sites	10
# of Forecasted Loyalty Units (per site)	100
Units Per Reward	3
Cents per Gallon Reward	$0.10

Redemption Forecasting	
Loyalty Penetration Rate	20%
Redemption Rate	90%
Avg. Gallons Redeemed	11
Max GallonsLimit	20

Product Details/Return	
Unit Cost	$2.99
Retailer Cost	$1.65
Gross Profit Margin	*44.8%*

Results →

Cost Per Reward	
Consumer Face Value of Reward	$2.00
Actual Reward Cost	$0.99
Discount %	**11%**

Return On Investment	
Total Units Sold	**5,000**
Total Sales	**$14,950**
Loyalty Sales	*$2,990*
Non Loyalty Sales	*$11,960*
Total Discounts	**$297**
Gross Margin	**$6,700**
Net Margin	**$6,403**

Incremental Units to Offset Cost	**222**

Lift Required to Offset Cost	**4%**

Download the Loyalty Offer Calculators @
pditechnologies.com/resources/report/loyalty-offer-calculators

Financial forecasting

Formula to help with forecasting offer cost and ROI for an Item Discount offer

BUY 2
Sparkling Ice
+Caffeine

$1 OFF
your purchase

Input Values ↓

Offer Detail	
# of Sites	10
# of Forecasted Loyalty Units (per site)	100
Units Per Reward	2
Reward Value	$1.00

Redemption Forecasting	
Loyalty Penetration Rate	20%

Results →

Product Details/Return	
Unit Cost	$2.99
Retailer Cost	$1.65
Gross Profit Margin	*44.8%*

Cost Per Reward	
Total Reward Cost	$1.00
Discount %	**17%**

Return On Investment	
Total Units Sold	**5,000**
Total Sales	**$14,950**
Loyalty Sales	*$2,990*
Non Loyalty Sales	*$11,960*
Total Discounts	**$500**
Gross Margin	**$6,700**
Net Margin	**$6,200**

Incremental Units to Offset Cost	373

Lift Required to Offset Cost	7%

Download the Loyalty Offer Calculators @
pditechnologies.com/resources/report/loyalty-offer-calculators

Game plan

Helpful checklist for any loyalty program

✔ Internal Alignment

> Identify your loyalty champions at every level of the organization
- Who needs more education to recognize the value of loyalty to their perspective area?
- How do you leverage your champions to infuse loyalty into your culture?
- How can compensation be tied to loyalty outcomes?

> Determine high value KPIs, format and frequency to share with internal stakeholders
- Who will prepare and present KPI trends and insights?
- How will the information be distributed?

✔ Store Execution

> Take a critical look at your store operations, putting yourself in the shoes of your customers
What can be improved?
- Are you displaying loyalty marketing collateral?
- Do your have plastic cards to distribute to consumers?
- Are your store associates prompting for loyalty and upselling on every transaction?
- Are your POS and pump loyalty prompts easily to follow?
- Do your receipts display loyalty balances?

✔ Program & Offer Strategy

> Is your rewards programs driving the results of your KPIs?
- Simpler is better. How can you simplify your program so consumers can easily understand how to earn and redeem rewards?
- Are you effectively leveraging your category management's relationships with cpgs to help fund offers and rewards?
- Is your acquisition campaign driving your expected membership growth rate? How can it be optimized?
- Which offers are returning the highest ROI? How often are you reviewing and revising offers?
- Are you successfully getting new members across the "tipping point" of the 4th visit? If not, where are new members falling out and how can you effectively reengage?
- How are you targeting and tracking engagement by demographics (gender, age, etc.) within your program?
- Is your app usage and marketing engagement metrics consistent with benchmarks? Test campaigns across each channel to prompt members to open the app and get rewarded by returning to your stores.

✔ Training

> Identify your primary trainers
- Know your key training areas, how often training occurs, and who will be responsible for training associates

> Performance incentives
- Are their incentives tied to loyalty performance? (i.e. new enrollments and loyalty penetration)

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