

2009 Fast Food (QSR) Rewards Programs – Consumer Insights

Key Insights

1. **Low Consumer Membership in Fast Food Rewards Programs**

Similar to 2008, only 6% of consumers belong to rewards programs for fast food restaurants in 2009, primarily due to the limited availability and newness of such programs

2. **“Free Merchandise or Upgrades” Most Preferred Reward for Fast Food Members**

Significantly fewer fast food rewards members indicate receiving free merchandise compared to last year (67% vs. 49%)

3. **Choice of Fast Food Restaurant Moderately Influenced by Program Membership**

Only 11% of fast food members indicated their membership was “Very” influential in their choice of a fast food restaurant. An additional 38% indicated the membership was “Somewhat” influential.

4. **Fast Food Rewards Members Rate Satisfaction and Value of Programs Lower Than Overall Retail Programs**

Only 17% of fast food rewards program members rated their satisfaction with the program in the Top-2 box (9 or 10), compared to 23% for overall retail programs.

5. **More than Half of Fast Food Members Use Rewards Membership Most Times**

60% of consumers who are members of fast food rewards programs reported that they use their rewards membership “every time” or “most times” when making a purchase.

About this Study

First Data Competitive Intelligence conducted the Consumer Loyalty Study with 2,449 U.S. consumers in April 2009. The study focuses on rewards programs with Financial Institutions (FIs), the travel sector and the retail sector. This CI Market Brief focuses on consumer insights regarding rewards for Fast Food (QSR) programs in the Retail sector. Sample size completing the survey for the retail sector totaled 1,249 with 97 respondents completing detailed questions regarding Fast Food rewards programs.

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Key Insight #1: Low Consumer Membership in Fast Food Rewards Programs

Similar to 2008, only 6% of consumers belong to rewards programs for fast food restaurants in 2009, primarily due to the limited availability and newness of such programs. Consumer who are members of fast food rewards programs belong to 1.3 programs on average. 91% of members have used the rewards program at least once in the last 12 months.

Retail Rewards Membership

Industry Type	% of People Who Belong to Rewards Program		% "Active" Memberships* (Among Total Memberships)	Average Number of Memberships (Per Participant)	
	2008	2009	2009	2008	2009
Grocery	62%	65%	90%	2.0	1.9
Book Store	--	44%	84%	--	1.2
Pharmacy	36%	39%	89%	1.2	1.2
Office Supply Store	--	36%	80%	--	1.2
Pet Store	--	34%	80%	--	1.2
Electronics Store	--	33%	85%	--	1.1
Clothing Store	--	28%	84%	--	1.7
Entertainment	24%	25%	86%	1.4	1.3
Casino Rewards Programs	--	23%	66%	--	2.6
Other Specialty Retail**	--	22%	85%	-	1.3
Fast Casual Restaurant	18%	19%	86%	1.6	1.6
Gas (Not Tied to Credit Card)	--	18%	93%	--	1.2
Coffee Shop	16%	15%	89%	1.3	1.2
Department Store (Not Tied to Credit Card)	--	10%	86%	--	1.3
Discount Store	12% [†]	9%	92%	1.3	1.2
Fast Food	6%	6%	91%	1.4	1.3
Professional Sports Team	--	2%	76%	--	1.1

[†] Indicates a statistically significant difference between 2008 and 2009 at the 95% confidence level

*NOTE: For the purpose of this study "active" membership is defined as follows: having used the rewards program at least once in the last 12 months.

Date: April, 2009

N = 97

Key Insight #2: “Free Merchandise or Upgrades” Most Preferred Reward for Fast Food Members

Significantly fewer fast food rewards members indicate receiving free merchandise compared to last year (67% vs. 49%). However, it remains the most received and preferred reward. The second most preferred, “Discounts at the point of sale”, the second most preferred reward, is received by only 25% of members, up from 11% last year. While 33% of members indicated receiving “Coupons for discounts on specific Items”, that reward is rated fifth in terms of preference.

Preferred vs. Received Rewards – Fast Food Programs

Preferred Rewards (2009) (In Order of Most to Least Preferred)	Percent Receiving Rewards	
	2008	2009
1.) Free Merchandise or Upgrades	67%†	49%
2.) Discounts at the Point of Sale	11%	25%
3.) Coupons for Discounts on Your Total Purchase	22%	33%
4.) Discounted Prices for Merchandise and Upgrades	15%	16%
5.) Coupons for Discounts on Specific Items	48%	33%
5.) Points or Miles Redeemable for Merchandise or Upgrades	17%	12%
7.) Special Members-Only Benefits	15%	11%
7.) Prepaid / Gift Cards	11%	2%
9.) Cash Back	7%	3%
10.) Discounts or Rebates on Gas	2%	3%
10.) Money Added to a Prepaid / Gift Card	2%	2%

† Indicates a statistically significant difference between 2008 and 2009 at the 95% confidence level

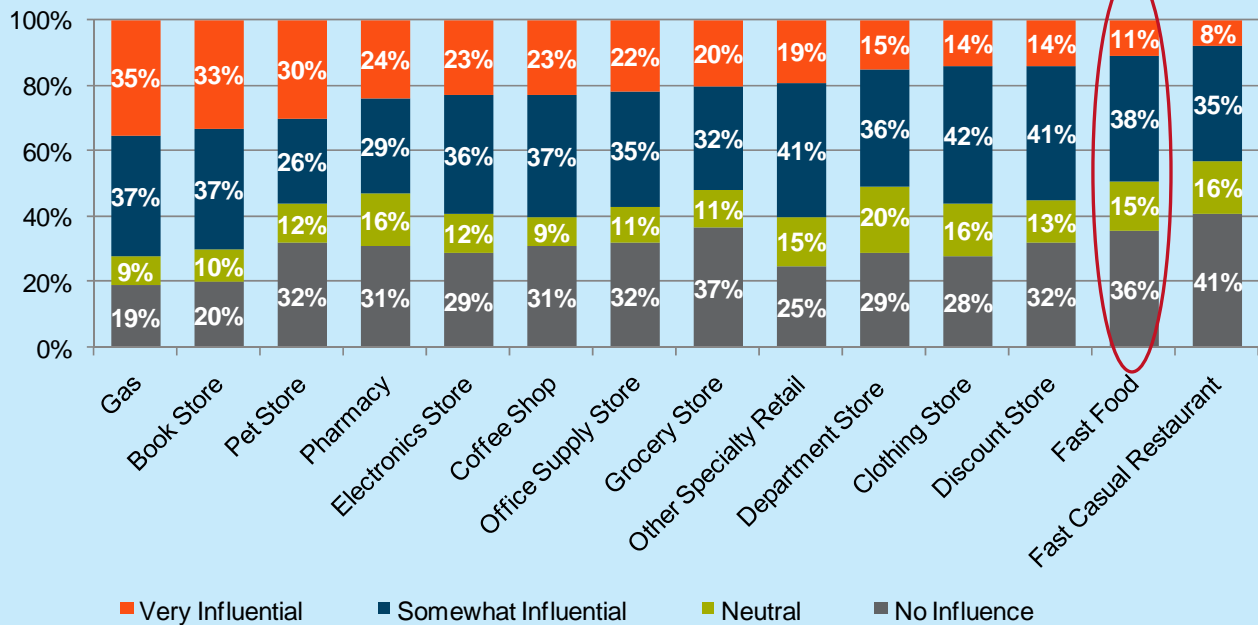
Date: April, 2009

N = 97

Key Insight #3: Choice of Fast Food Restaurant Moderately Influenced by Program Membership

Only 11% of fast food members indicated their membership was “Very” influential in their choice of a fast food restaurant in 2009. This compares to 4% of members in 2008 who reported that rewards membership was “Very” influential in the fast food restaurant choice. An additional 38% indicated the membership was “Somewhat” influential. This value is low compared to other retail categories (except Fast Casual). 23% of coffee shop rewards members, for example, indicated their choice of coffee shop is “Very” influenced by their rewards program membership.

Influence of Retail Loyalty Membership on Choice of Company / Retailer



Date: April, 2009

N = 97



Key Insight #4: Fast Food Rewards Members Rate Satisfaction and Value of Programs Lower Than Overall Retail Programs

Only 17% of fast food rewards program members rated their satisfaction with the program in the Top-2 box (9 or 10), compared to 23% for overall retail programs. Fast food members also rated the value of program (13% in Top-2 box) lower compared to overall retail programs (22%). Only Pet Stores, Discount Stores and Clothing Stores had lower satisfaction scores.

Satisfaction and Value of Rewards Programs

	Satisfaction (%9-10)	Value (%9-10)
Overall	23%	22%
Book Store	24%	27%
Coffee Shop	23%	21%
Grocery	22%	19%
Pharmacy	22%	21%
Gas (Not Tied to a Credit Card)	22%	20%
Electronics Store	21%	16%
Office Supply Store	20%	17%
Other Specialty Retail	19%	13%
Fast Casual Restaurant	19%	16%
Department Store (Not Tied to a Credit Card)	17%	10%
Fast Food	17%	13%
Pet Store	16%	16%
Discount Store	16%	11%
Clothing Store	15%	13%

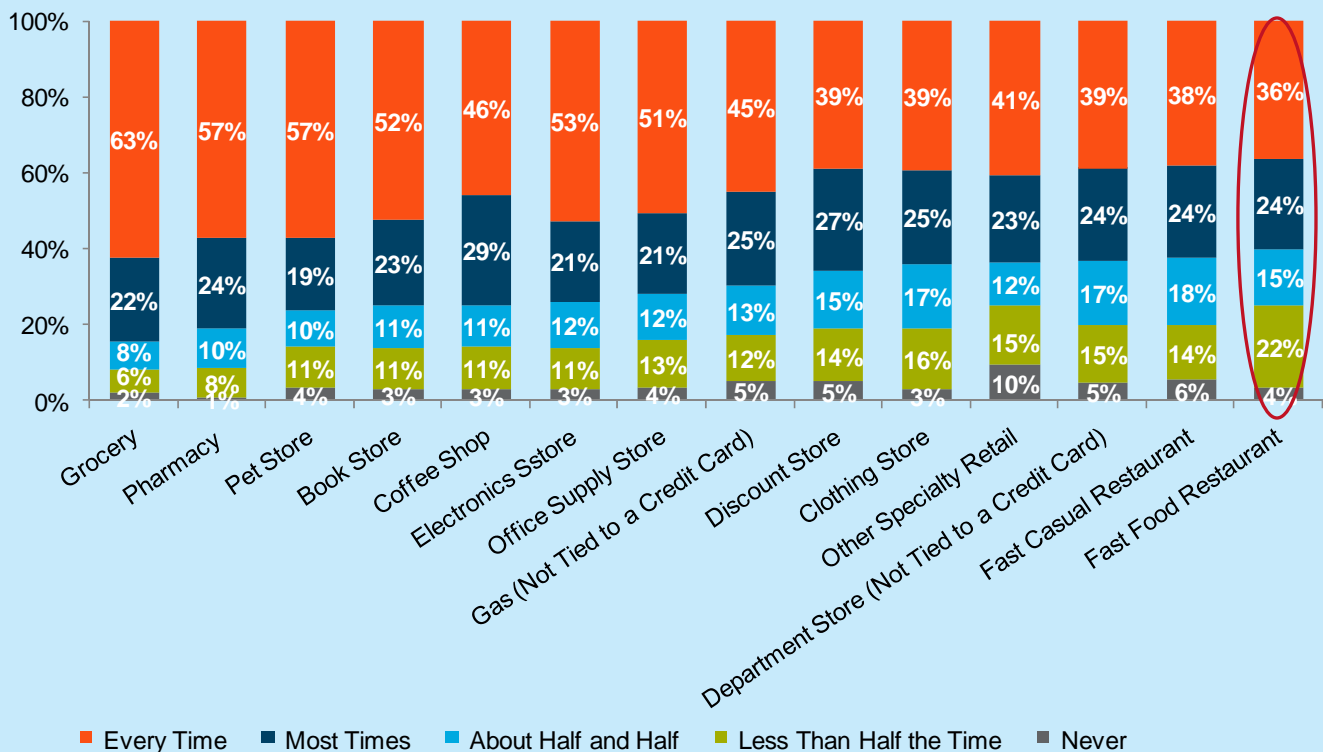
Date: April, 2009

Fast Food (n = 97)

Key Insight #5: More than Half of Fast Food Members Use Rewards Membership Most Times

60% of consumers who are members of fast food rewards programs reported that they use their rewards membership “every time” or “most times” when making a purchase. While the frequency of use by fast food rewards members is the lowest of the retail categories, it is comparable to fast casual restaurants.

% Using Rewards Membership While Making a Purchase
(Among Category Members)



Date: April, 2009

Fast Food (n = 97)