

# Fast Food (QSR) Rewards Programs— Consumer Insights

## Key Insights

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

Only 6% of consumers belong to rewards programs for fast food restaurants.

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

“Free merchandise or upgrades” was rated by members of fast food rewards programs as the most preferred reward. Two-thirds of members indicated they are currently receiving this reward.

**3. Choice of Fast Food Restaurant Not Influenced by Program Membership**

Only 4% of fast food members indicated their membership was “Very” influential in their choice of a fast food restaurant. An additional 44% indicated that the membership was “Somewhat” influential.

**4. Fast Food Rewards Members Younger Compared to Other Retail Programs**

22% of fast food rewards members are under age 25 compared to 10% of members of all retail programs.

**5. Half of Fast Food Rewards Programs Still Use Punch Cards**

50% of consumers who are members of fast food rewards programs indicated that the program uses punch cards to identify them as a member.

## About this study

First Data Competitive Intelligence conducted the Consumer Loyalty Study with over 1,000 U.S. consumers in July 2008. 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 the Retail sector. Sample size completing the survey for the retail sector totaled 500 with 46 respondents completing detailed questions regarding Fast Food rewards programs.

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

Only 6% of consumers belong to rewards programs for fast food restaurants primarily due to the limited availability and newness of such programs. Consumers who are members of fast food rewards programs belong to 1.4 programs on average. Members are somewhat loyal making 48% of their visits to fast food establishments where they are a member.

### Retail Rewards Program Membership

Industry Type	% of People Who Belong to Rewards Program	% "Active" Memberships* (Among Total Memberships)	Average Number of Memberships (per Participant)	Percent Visits to Store Using Rewards Membership
<b>Fast Food</b>	6%	90%	1.4	48%
Grocery	62%	91%	2	75%
Specialty Retail	51%	89%	2.1	75%
Pharmacy	36%	91%	1.2	88%
Department Store	21%	91%	1.6	83%
Gas / Fuel	18%	93%	1.3	75%
Fast Casual	18%	88%	1.6	48%
Coffee	16%	95%	1.3	84%
Discount Store	12%	93%	1.3	72%

\* For the purpose of this study, "active" is defined as follows: having used the rewards at least once since signing up for it.

Date: July, 2008

N = 1,000

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

In general, the rewards that fast food members receive do not always match with their preferences. “Free merchandise or upgrades” is the top preferred reward and is received by two-thirds of members. The second most preferred, “Immediate rewards/discounts at the point of sale”, however, is received by only 11% of members. While 48% of members indicated they receive “Coupons for discounts on specific items”, that reward is rated fourth in terms of preference.

### Fast Food Rewards Program

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

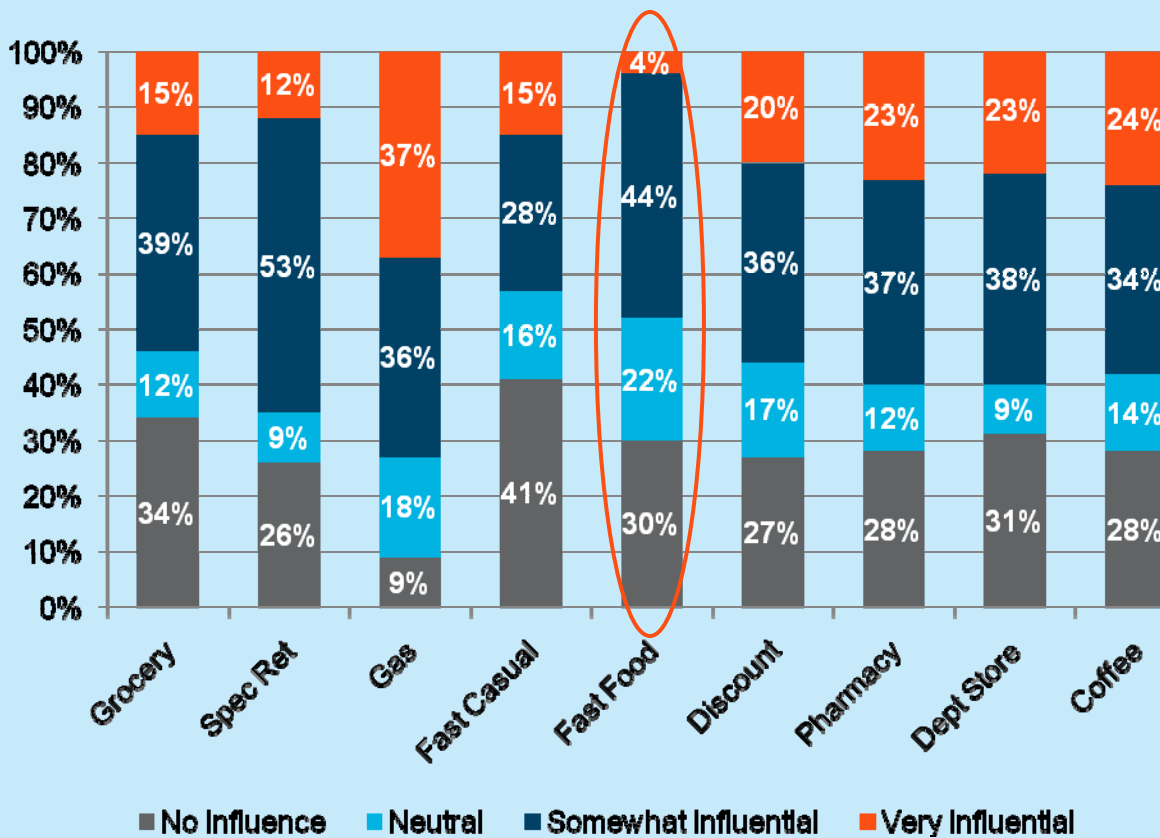
Date: July, 2008

N = 46

### Key Insight #3: Choice of Fast Food Restaurant Not Influenced by Program Membership

Only 4% of fast food members indicated their membership was “Very” influential in their choice of a fast food restaurant. An additional 44% indicated the membership was “Somewhat” influential. This value is low compared to other retail categories (except Fast Casual). 24% of coffee shop rewards members, for example, indicated their choice of coffee shop is “Very” influenced by their membership.

#### Influence of Loyalty Membership on Choice of Retailer



Date: July, 2008

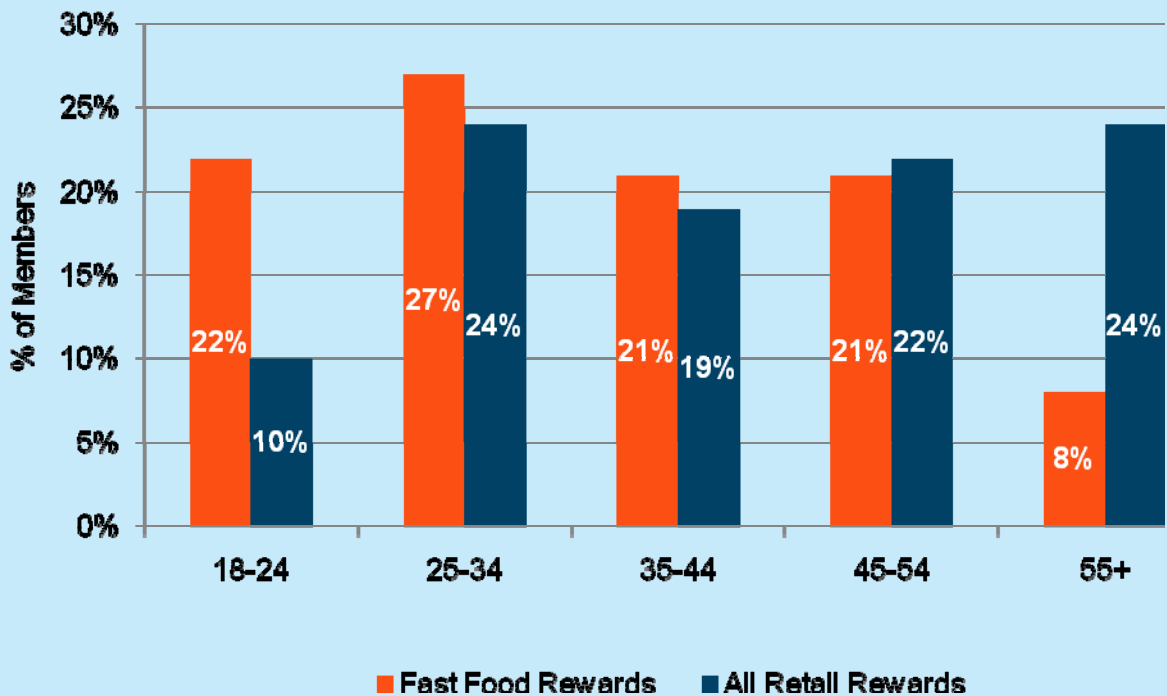
N = see page 7



## Key Insight #4: Fast Food Rewards Members Younger Compared to Other Retail Programs

22% of fast food rewards members are under age 25 compared to 10% of all retail programs. Only 8% of fast food rewards members are 55 or older, compared to 24% of all retail rewards programs. 37% of fast food rewards members also reside in larger households (4 or more people) compared to 23% of members of other retail programs.

### Fast Food and Retail Rewards Members by Age



Date: July, 2008

N = Fast Food (46) ; All (1,000)



## Key Insight #5: Half of Fast Food Rewards Programs Still Use Punch Cards

50% of consumers who are members of fast food rewards programs indicated that the program uses punch cards to identify them as a member. Only 35% of fast food programs use magnetic strip or barcode technology to identify their members. This indicates tremendous opportunity within the fast food industry, especially with the small and mid-size restaurants, to upgrade their rewards system.

## Sample by Retail Program Type

All 500 respondents were asked core questions relating to their retail rewards program membership and needs. In addition, respondents were randomly divided into subgroups to answer questions related to specific retail program types. The following table summarizes the sample size by retail program type:

Sample Sizes by Program Type								
Grocery	Specialty Retail	Gas/Fuel	Fast Casual	Fast Food	Discount Store	Pharmacy	Department Store	Coffee
n=149	n=146	n=70	n=105	n=46	n=70	n=73	n=71	n=92

