

2009 Retail Rewards Programs – Consumer Insights

Key Insights

1. Grocery Stores and Book Stores Highest in Retail Program Membership

65% of consumers belong to grocery store rewards programs with an average number of 1.9 memberships per participant. 44% of consumers belong to a book store loyalty rewards program.

2. Consumers Prefer Coupons for Discounts for Total Purchase

In general, the rewards that retail members receive do not always match with their preferences. While “Coupons for discounts on total purchase” is the most preferred reward, less than two-thirds (61%) of members indicated that they receive that reward as a member of a retail rewards program.

3. Consumers Rate Book Stores Rewards Programs as Highest in Satisfaction and Value

Among all of the retail rewards programs, Book Stores were rated by members as having the highest value (27% rated in Top-2 box) and highest satisfaction (24% in Top-2 box).

4. Retail Members Most Influenced by Gas Stations and Book Stores Program Membership

35% of consumers who are members of gas rewards programs and 33% of book store members indicated their choice of company was “very” influenced by their membership, compared to 8% of fast casual members who select a fast casual restaurant based on their membership.

5. Grocery Store Programs Used Most Often

Grocery Store rewards programs are used “every time” or “most of the time” by 85% of grocery rewards members followed closely by 81% of Pharmacy members who most often use their rewards program.

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 Market Brief focuses on consumer insights regarding rewards for the Retail sector. Sample size completing the survey for the retail sector totaled 1,249.

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Key Insight #1: Grocery Stores and Book Stores Highest in Retail Program Membership

65% of consumers belong to grocery store rewards programs with an average number of 1.9 memberships per participant. Grocery store members are very active with 90% of the memberships being used in the last 12 months. 44% of consumers belong to a book store rewards program with an average of 1.2 programs per member. Gas program members are the most active with 93% of members participating in the program during the last 12 months.

Retail rewards program members belong to an average of 5.7 membership programs.

Retail Rewards Program 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 a Credit Card) | -- | 18% | 93% | -- | 1.2 |
| Coffee Shop | 16% | 15% | 89% | 1.3 | 1.2 |
| Department Store (not tied to a 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 Teams | -- | 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

2008: N=1,000; 2009: N=2,249



Key Insight #2: Consumers Prefer Coupons for Discounts on Total Purchase

In general, the retail rewards that members receive do not always match with their preferences. While “Coupons for discounts on total purchase” is the most preferred rewards, 61% of members indicated that they receive that reward as a member of a retail rewards program. 54% of members, however, indicated they receive “Coupons for Discounts on Specific Items”; that reward is rated seventh in terms of membership preference.

Preferred vs. Received Rewards

| Preferred Rewards (2009) (In Order From Most to Least Preferred) | Percent Receiving Rewards | |
|---|---------------------------|------|
| | 2008 | 2009 |
| 1.) Coupons for Discounts on Your Total Purchase | 63% | 61% |
| 2.) Discounts at the Point of Sale | 46% | 44% |
| 3.) Free Merchandise or Upgrades | 39% | 31% |
| 4.) Discounted Prices for Merchandise or Upgrades | 49% | 53% |
| 5.) Cash Back | 14% | 14% |
| 6.) Discounts or Rebates on Gas | 22% | 17% |
| 7.) Coupons for Discounts on Specific Items | 62% | 54% |
| 8.) Prepaid/Gift Cards | 9% | 13% |
| 9.) Points or Miles Redeemable for Merchandise or Upgrades | 21% | 17% |
| 10.) Money Added to a Prepaid/Gift Card | 5% | 6% |
| 11.) Special Members-Only Benefits | 38% | 30% |

Date: April, 2009

2008: N = 500 respondents; 2009: N = 1,249 respondents

Key Insight #3: Consumers Rate Book Stores Rewards Programs as Highest in Satisfaction and Value

Among all of the retail rewards programs, Book Stores were rated by members as having the highest value (27% rated in Top-2 box) and highest satisfaction (24% in Top-2 box). The lowest rated retail rewards program in terms of satisfaction is Clothing Stores (15%) and Department Stores (10%) in terms of value.

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% |

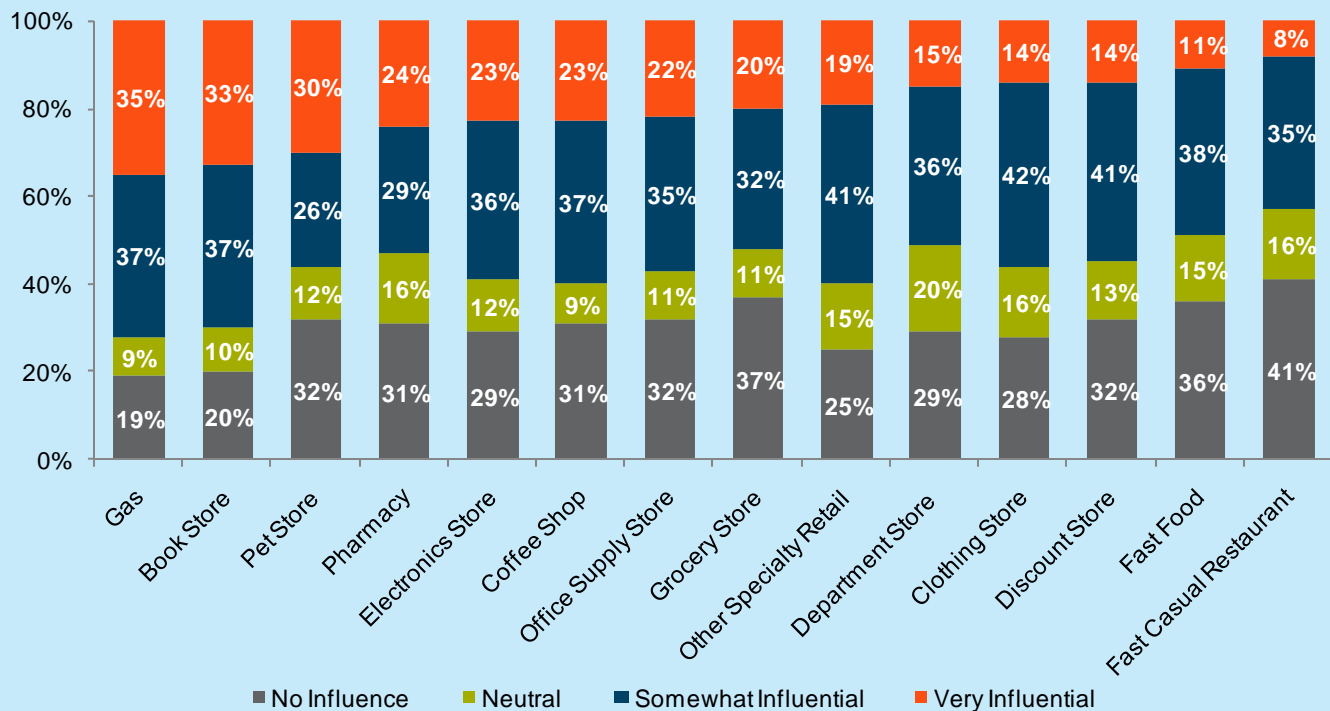
Date: April, 2009

See Page 7 for Sample Size

Key Insight #4: Retail Members Most Influenced by Gas Stations and Book Stores Program Membership

Loyalty program memberships have the largest influence on choice of gas stations, followed by book stores and pet stores. Loyalty programs for fast casual restaurants followed by fast food, discounts stores, clothing stores and department stores have the least influence on consumer choice.

Influence of Retail Loyalty Membership on Choice of Company/Retailer



Date: April, 2009

See Page 7 for Sample Size

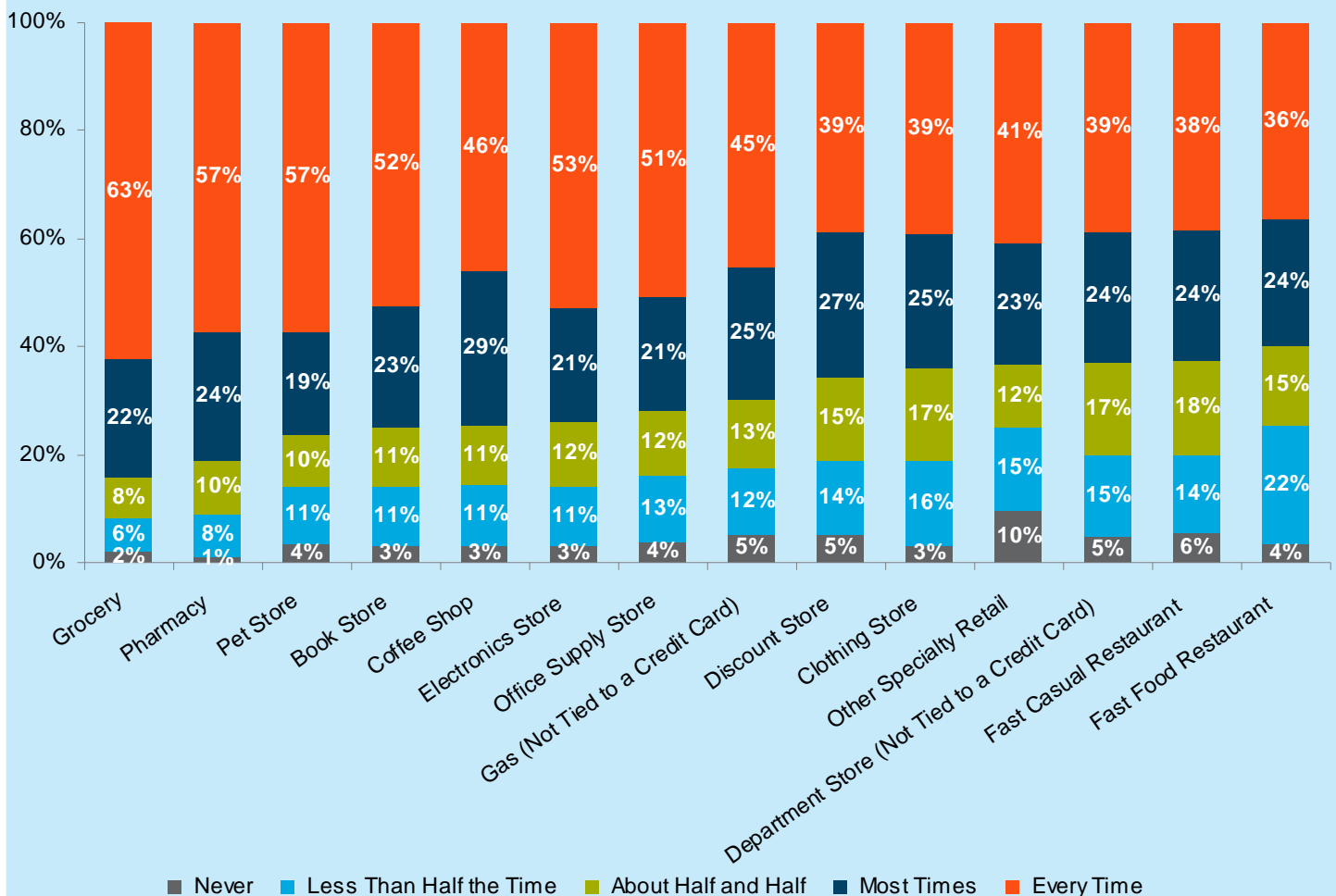


Key Insight #5: Grocery Store Programs Used Most Often

Grocery Store rewards programs are used “every time” or “most of the time” by 85% of grocery rewards members followed closely by 81% of Pharmacy members who most often use their rewards program.

Fast Food and Fast Casual are only used “every time” or “most of the time” by 60% and 62% (respectively) by program members.

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



Date: April, 2009

See Page 7 for Sample Size

Sample Size by Retail Program Type

All 1,249 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:

| Retail Sample Sizes | |
|-------------------------------------|-----|
| Food/Grocery Store | 143 |
| Fast Casual Restaurant | 142 |
| Fast Food Restaurant | 97 |
| Coffee Shop | 143 |
| Gas or Fuel | 149 |
| Discount Store | 106 |
| Pharmacy or Drug Store | 352 |
| Department Store | 101 |
| Book Store | 174 |
| Clothing Store | 166 |
| Pet Store | 108 |
| Electronics Store | 178 |
| Office Supply Store | 98 |
| Other Specialty Retail Store | 143 |