

Grocery Rewards Programs Consumer Insights

Key Insights

1. Grocery Tops Retail Rewards Membership

62% of consumers belong to at least one grocery store rewards program, with an average of two memberships per consumer.

2. “Immediate Rewards/Discounts” Most Preferred Reward for Grocery Members

“Immediate Rewards/Discounts at the Point of Sale” was rated by members of grocery rewards programs as the most preferred reward. 54% of members indicated they are currently receiving this type of reward from their grocery rewards program.

3. Choice of Grocery Store Moderately Influenced by Program Membership

15% of grocery rewards members indicated their membership was “Very” influential in their choice of a grocery store. An additional 39% indicated the membership was “Somewhat” influential.

4. Grocery Rewards Members Include More Gen X’ers Compared to Most Other Retail Programs

28% of grocery rewards members are aged 25-34 compared to 24% of all retail program members who fall in that age category.

5. Most Grocery Members Identified by Mag Card

93% of consumers who are members of grocery rewards programs indicated that the program uses magnetic 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 149 respondents completing detailed questions regarding Grocery rewards programs.

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Key Insight #1: Grocery Tops Retail Rewards Membership

62% of consumers belong to rewards programs for grocery stores making it the top retail category for rewards members thus indicating that the grocery category may be mature. Grocery store rewards programs will need to “up the ante” to attract and retain customers. Grocery members make 75% of their grocery store visits to establishments where they are a member therefore showing a relatively high level of loyalty to the programs. Consumers who are members of grocery rewards programs belong to 2 programs on average.

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
Grocery	62%	91%	2	75%
Coffee	16%	95%	1.3	84%
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%
Discount store	12%	93%	1.3	72%
Fast Food	6%	90%	1.4	48%

* Note: For the purpose of this study, “active” membership is defined as follows: having used the rewards program at least once since signing up for it.

Date: July, 2008

N = 1,000



Key Insight #2: : “Immediate Rewards/Discounts” Most Preferred Reward for Grocery Members

The top reward preferred by grocery rewards members is “Immediate rewards/discounts at the point of sale” and 54% of members indicated they are receiving this reward. “Discounted prices” was ranked as the second most preferred and is being received by 51% of rewards members. Coupons are a common reward received by grocery rewards members with 44% receiving coupons for discounts on a total purchase and 51% receiving coupons for discounts on specific items; however, these rewards are ranked sixth in preference for grocery rewards.

Grocery Rewards Program

Preferred Rewards (in Order from Most to Least Preferred)	Percent Receiving Rewards
1.) Immediate Rewards/Discounts at the Point of Sale	54%
2.) Discounted Prices	51%
3.) Cash Back	5%
4.) Discounts or Rebates on Gas	35%
5.) Free Merchandise or Upgrades	13%
6.) Coupons for Discounts on Your Total Purchase	44%
6.) Coupons for Discounts on Specific Items	51%
8.) Points or Miles Redeemable for Merchandise or Upgrades	11%
9.) Money Added to a Prepaid/Gift Card	1%
10.) Special Members-Only Benefits	16%
11.) Prepaid Gift Card	2%

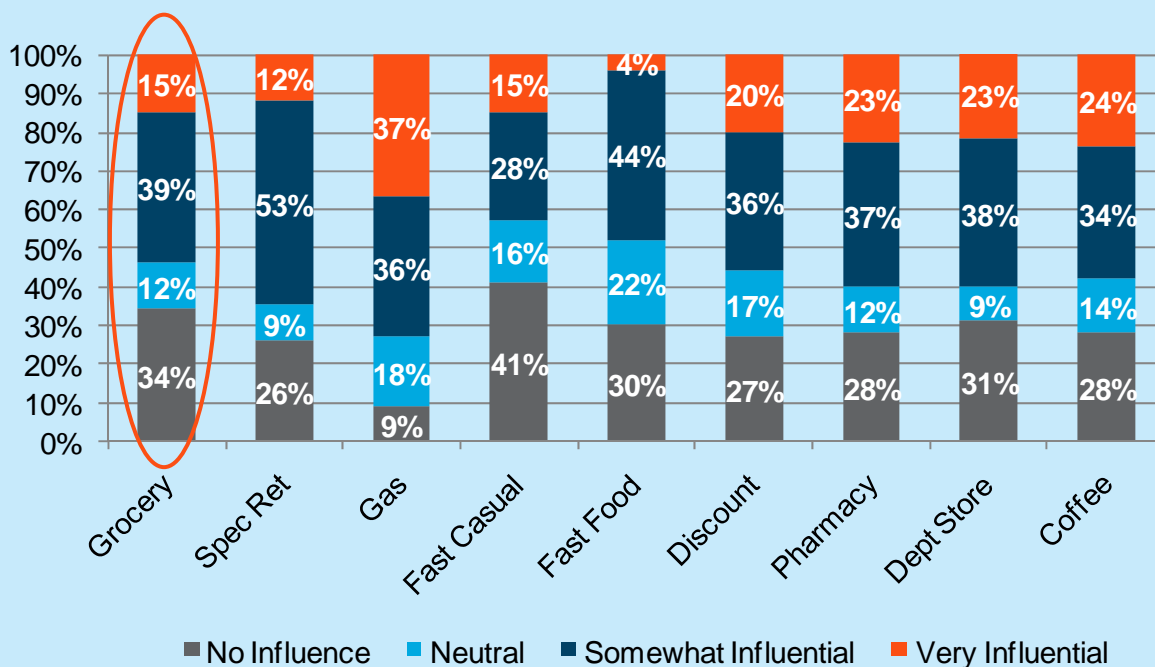
Date: July, 2008

N = 149

Key Insight #3: Choice of Grocery Store Moderately Influenced by Program Membership

15% of grocery members indicated their membership was “Very” influential in their choice of a grocery store. This value is relatively low compared to other retail categories (such as Gas, Pharmacy, Dept Store and Coffee Shops), and is on par with categories such as Fast Casual Restaurant. An additional 39% of grocery members indicated the membership was “Somewhat” influential indicating an opportunity for grocery stores to create and improve loyalty programs which will increase the influence factor with consumers.

Influence of Loyalty Membership on Choice of Retailer



Date: July, 2008

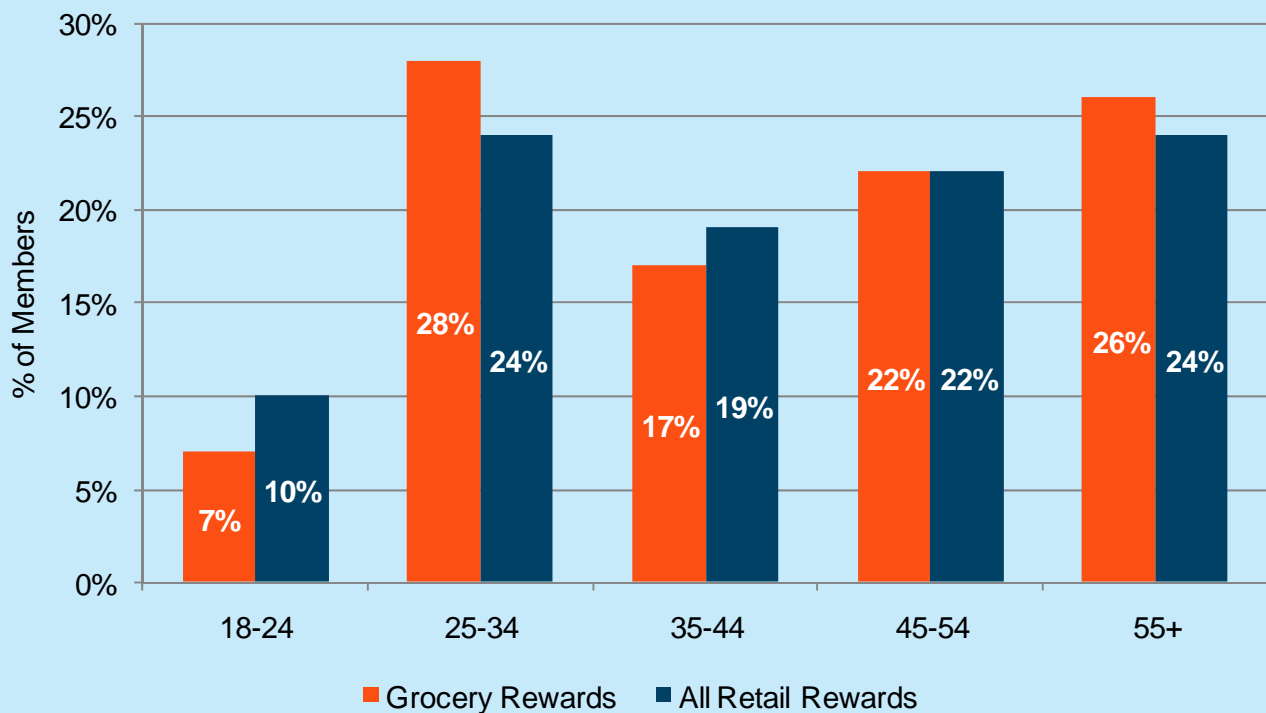
N = See Page 7



Key Insight #4: Grocery Rewards Members Include More Gen X'ers Compared to Most Other Retail Programs

28% of grocery rewards members are aged 25-34 compared to 24% of all retail program members who fall in that age category. (Fast Food rewards members have a similar number of Gen X'ers with 28%). Grocery members are more likely to be married compared to all retail rewards members (54% vs. 48%).

Grocery and Retail Rewards Members by Age



Date: July, 2008

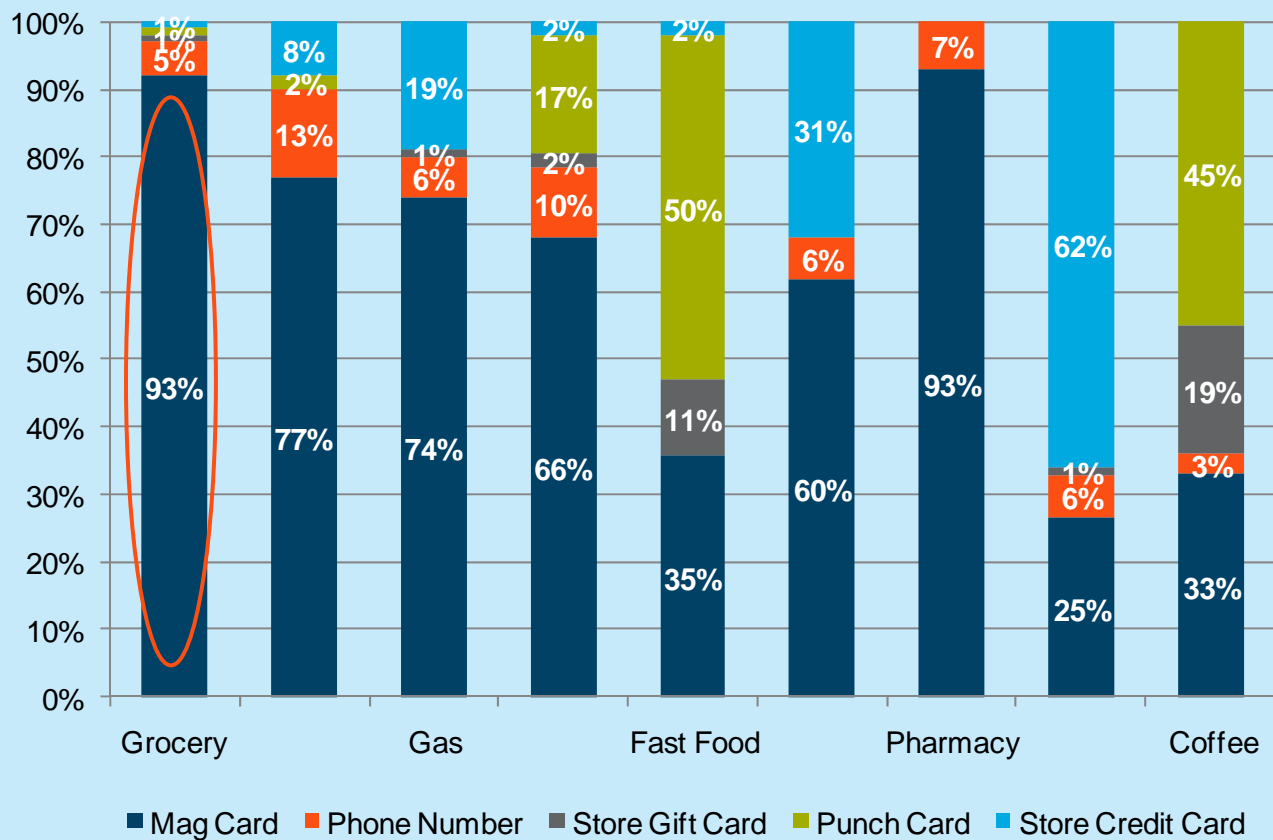
N = Grocery (149), All (1,000)



Key Insight #5: Most Grocery Members Identified by Mag Card

93% of consumers who are members of grocery rewards programs indicated that the program uses mag cards to identify them as a member. This provides an opportunity for First Data to bundle other mag stripe products (such as ConnectPay or Prepaid Cards) with the rewards products.

Technology Used to Identify Retail Loyalty Members



Date: July, 2008

N = See Page 7



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