

CASE STUDY

Independent Assessment of a Loyalty Program

Industry: Fuel and Convenience Retail

Challenge

The senior executives of a large fuel and convenience retail chain requested an independent assessment of the return on investment and overall structure of their loyalty program. In particular, they wanted to **determine if they should terminate the program or restructure it and if so how**. They also sought advice on how to improve employee engagement and utilization of their technical capabilities related to the program.

Goals

- Develop framework to gauge current program performance
- Define key metrics for ongoing program evaluation, and construct for reporting/analysis
- Evaluate the current rewards structure and recommend adjustments
- Identify opportunities to leverage technology to enhance member engagement

Approach



To perform an in-depth analysis of the client's loyalty program, the Anthem team began by coordinating the collection of complex and disparate operational data sets, including member transactional data, enrollment data, online login and search data, and email response data. This holistic customer view allowed us to measure pre- and post- loyalty behavior over time.

In parallel, the team developed a financial model that reflected the program's structure and fixed costs, and supported sensitivity analysis utilizing as key inputs parameters describing customer purchase and rewards redemption behaviors, including degree of program participation and gross margin for different product categories. By inputting actual metrics generated from the analysis of operational data, this tool enabled us to accurately **calculate the program's ROI, and also to forecast the incremental financial impact of suggested modifications to the loyalty program's structure and resources**.

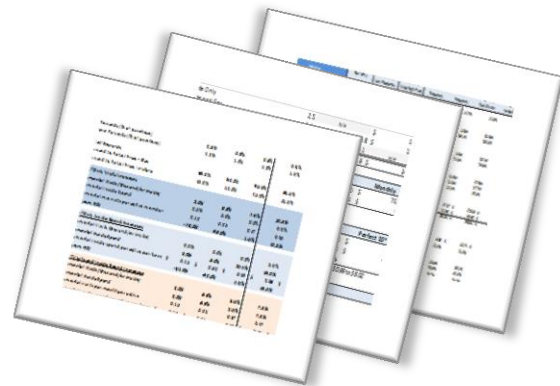
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Results

Our in-depth assessment proved to be highly beneficial to the fuel and convenience retail chain. The financial tool we created allowed them to understand the positive impact the program was having on their bottom line, and the executive team was able to reach agreement on retaining the program as a key strategic pillar. Potential alterations to the program in the future can quickly be evaluated by running “what-if” scenarios using the tool, providing a stronger financial basis for decision making.

Our work also included a suite of strategic recommendations intended to help **increase member engagement, and ultimately the short-term and long-term value of the program.**



Our recommendations included the following:

- **Restructuring the rewards schedule** based on observed member response instead of focusing on matching competitors’ programs
- **De-emphasizing stand-alone partner-funded offers** tied to low-volume products, and increasing emphasis on high-margin prepared food categories
- **Enhancing current technologies** and evaluating alternative technology opportunities (CRM, loyalty platform, mobile, POS personalization)
- **Increasing program visibility** at the stores, especially at the gas pump
- **Developing training/incentives** to engage employees and increase data capture
- **Better leveraging email** to reach members prior to store visits to help plan purchases

As part of the top-down recommitment to the program, the client implemented many of our recommended changes, including a simplified rewards schedule, new training guides to increase employee engagement, more targeted email offers, and new technological enhancements, especially in mobile development.

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Recognized by Inc. Magazine as one of the nation’s fastest growing companies, Anthem Marketing Solutions provides data-driven solutions to today’s omni-channel marketers, focusing on growing long-term customer value.