



RETAIL FUEL SOLUTIONS

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RFS PIPELINE

Volume 1 Spring 2007

Welcome to RFS Pipeline. We have compiled articles of interest regarding events and changes in our industry. RFS Pipeline will be sent to you quarterly.

Loyalty Do's and Don'ts

For retailers looking to delve into loyalty or improve upon what they've already started, Anton Bakker, President of Outside Networks, Norfolk, VA., has a short list of do's and don'ts;

- ✓ **Multiple methods.** Look for a program that allows for different types of reward structures, which offers customers variety over time.
- ✓ **Cover all fuel brands.** Multibranded retailers should find a program that can access all their gasoline brands, so the entire chain can participate.
- ✓ **Consider automated recruitment.** Taking the pressure off people and putting the recruitment element on technology may be a way to address challenges with employee training.
- ✓ **Item level tracking is key.** Without it, retailers will not be able to distinguish items or be able to track the effectiveness of brand- specific promotions.
- ✓ **First - mover advantage is critical.** Loyalty programs, if done well, can encourage consumers to forgo competing locations, so that the first player to engage the market may have an advantage.
- ✓ **Scout out merchandise vendors who can help.** Vendor participation may help fund the rewards system a retailer needs to float the program in a cost- effective way.
- ✓ **Have the ability to communicate the program.** Without communication, customers will not know what they may be missing. So, point- of- purchase signage, audio messages or video feeds can play important roles.
- ✓ **Link rewards to what is psychologically important.** This may be fuel rewards but it could also be an intangible, such as the convenience of post-pay.



Reprinted from CSP, February 2007

PUMP UP THE VOLUME

Looking for an enticing promotion to lure customers into your store? How's this for an attention getter, borrowed from the Web site of Virginia Beach, VA- based Farm Fresh: "A customer...recently paid just \$.698 per gallon for 10 gallons of gas." Meet one of the most popular marketing tools being used by supermarkets nationwide. Fuel programs wielding promotional discounts have been hotter than ever over this summer, as gas prices climbed above \$3 a gallon. Retailers and industry observers now expect that there's no looking back.

- The basic premise of these programs is that by letting shoppers earn discounts toward gasoline purchases when they shop in the supermarket, retailers will gain more loyal shoppers and a broader customer base. Grocers with on-site gas pumps, and even those without, are testing the waters with specials that tie into specific product categories and/or private label programs, and in many cases link up with existing loyalty card programs.

Reprinted from *Progressive Grocer*, September 11, 2006.

CLARK ENHANCES MASTER CARD PROGRAM

Clark Brands, LLC, Naperville, Ill., has announced enhancements to the Clark Platinum MasterCard Program. Customers who apply for the card can earn up to 8 percent in rebates on their purchases with the card at Clark stores everyday. For the first two billing cycles, all customers earn 8 percent in rebates on gasoline and items they purchase at Clark stores and they will earn 2 percent in rebates on purchases made everywhere else. After the introductory period, customers can earn up to 8 percent in rebates on Clark purchases, depending upon their level of total spending each month on the card. The more they purchase, the more they can earn, up to 8 percent. Customers will earn 1 percent in rebates on all other purchases. There is still no annual fee for the card.

Reprinted from *NG Industry News* August 2006



Kroger splashes out with seven-island mega-stores

Grocery giant Kroger says it still expects to invest nearly \$2 billion this year on capital projects such as new stores and remodeling, despite downbeat forecasts from Wal-Mart watching analysts who say the grocery sector is ripe for consolidation.

Kroger chairman and CEO David Dillon says Kroger will continue to focus on what the customer wants. The company's projections, he told investors at a dinner meeting recently, assume the market will remain "very competitive."

...In all, Kroger will spend \$1.7 billion to \$1.9 billion on capital projects this year, up from \$1.3 billion in fiscal 2005. A good chunk of it will go to build new –style mega stores dubbed Kroger Marketplace. The outlets are double the size of a standard Kroger grocery store and dedicate up to 40% of floor space to non-food items....One new site, a brick and glass affair with synthetic stucco slated for Hebron, KY., will also have fuel pumps on seven islands.

Kroger has opened Marketplace stores in Salt Lake City and Phoenix, and two in Cincinnati, its home town. Ten more sites will arrive in the Cincinnati-Dayton-Northern Kentucky region by year's end. The new stores cost about \$9 million apiece and are meant to take one-stop shopping "to the next level," according to Kroger.

Kroger is also adding fuel centers at a furious pace – about one every 10 days on a national basis. The firm's financial results show it does better when a store has a fuel center. In its second quarter ended Aug. 12, total sales increased 9.2% to \$15 billion. Identical supermarket sales where fuel was offered jumped 7.9%, compared to just 6% at sites where there are no fuel islands.

The new program launched in May offers a 10cts/gal discount for every \$100 spent in a store, on one fill up.

At the end of August, the company operated 2,477 supermarkets and multi – department stores in 31 states under two dozen different banners. It also has 773 C – stores and 608 supermarket fuel centers.



Reprinted from Oil Express October 2006