C-Store Loyalty Report: 2023

Guest Engagement Matures

paytronix

The Guest Engagement Company

# Introduction: The Loyalty Relationship Deepens

Loyalty programs originated out of simple passion. If you love a product from a brand and buy a certain amount, you get rewarded for your behavior. But we've moved beyond this. **As guests' expectations have changed and technology has enabled new channels of communication, loyalty programs now go beyond acknowledging passion and aim toward building deep and mature relationships – what we at Paytronix call digital guest engagement.**

This report shows that, as loyalty programs have developed, they have adapted to various business segments. Convenience store (c-store) loyalty members look very different from quick-service restaurant (QSR) loyalty members, and both look different from their full-service restaurant (FSR) counterparts. Guests in these markets show differences in generations, days visited, day parts, and even how they redeem their rewards.

Despite their differences, loyalty members show surprising similarities. Loyalty members tend to order online or in-person, but rarely both. And as restaurant programs have continued to grow and thrive, convenience store programs are providing value to brands and their customers.

Here at Paytronix, we're always interested in the data and insights that drive better guest engagement through loyalty. Through this report, we've pulled from our industry-leading database to show how your brand can benefit. And we've tasked our team of experts with distilling that data into actionable insights that your team can use to enhance your loyalty marketing and start delivering more mature guest engagement to your customers.

All of this points to a complex relationship with loyalty programs than can't be expressed through a simple analysis. This report, therefore, breaks down loyalty programs through as many angles as possible to give the fullest, most detailed view of loyalty. **But across business segments and concepts, one thing is clear – Guests' relationship with loyalty programs grows deeper by the year.** It's a relationship that continues to flourish, especially as brands find new and surprising ways to engage.
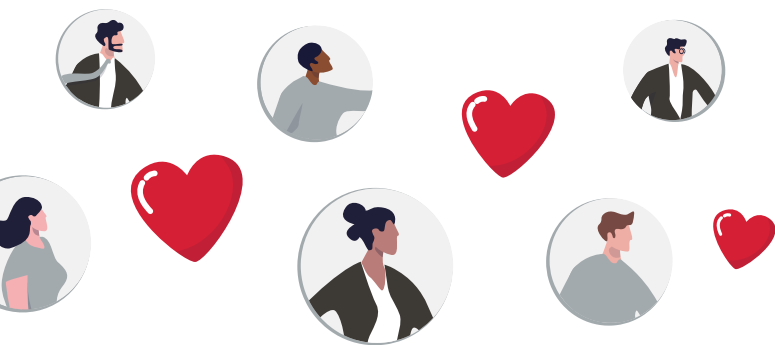
By the Numbers:

Overall Rise in Loyalty Members, January 2021-June 2023

19%

Rise in QSR Loyalty Members, January 2021-June 2023

19%

14.3%

Increase in average number of visits by c-store customers

12%

Difference between loyalty customer and non-loyalty customer spend in 2022

36-45

Age group with the highest percentage of loyalty members

Methodology

It's not enough to have data. People are already swimming in it. According to former Google CEO Eric Schmidt, humanity generates as much information in two days now as we did from the dawn of civilization through 2003. Paytronix proudly contributes to that prolific output by maintaining one of the largest databases of guest behavior in the hospitality industry – and it grows daily.

But Paytronix has something else – one of the deepest benches of data experts in the industry, as well as two decades of translating that data into actionable, helpful guest insights. The algorithms developed by our team support hundreds of individual brands and drive revenue in thousands of locations. Paytronix experts have reviewed the processes of competitors, and while some of them do great work, the results are not as repeatable or actionable. No matter how extensive the data is, it's the analysis that makes the difference.

All data referenced in this report is sourced from the Paytronix database of in-store and online transactions that occurred between January 1, 2020 and June 30, 2023, unless otherwise noted. Only merchants continuously operating loyalty programs between 2020 and 2023 were evaluated. No categories with fewer than five brands were considered in order to preserve anonymity.

There were comparatively few if any differences between concepts based on size. Loyalty trends were approximately equal within concepts, so no distinctions were made between enterprise, regional, and independent clients.

Due to changes in the composition of the merchant base between last year's report and this year's, there may be differences in the values reported. Any differences affecting trends have been specifically noted in the text.

Millions of points of data went into this report, and it's the product of passionate data experts who love sharing these insights with you. The team members hope you enjoy reading this report as much as they enjoyed researching it.
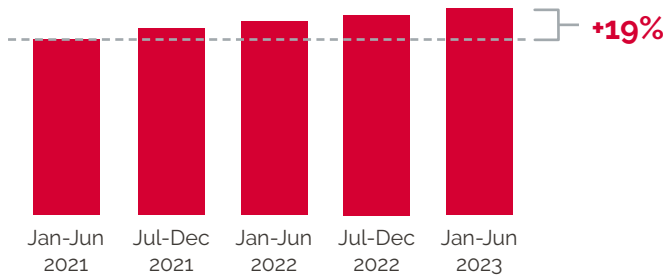

Hello, we're Kristin Lynch and Jeff Hoover, and we direct Paytronix's Strategy & Analytics, Restaurants and Convenience Stores, respectively. Throughout this report, we'll cut through the numbers to distill actionable takeaways found by our team and give you deeper insight into the trends.
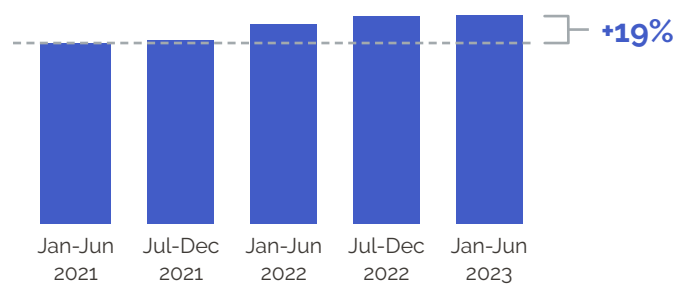
The Number of Active Loyalty Members Continues to Increase

Overall numbers of loyalty members rose 19% between January 2021 and June 2023, about 6% per year. There was a consistent year-over-year increase, showing that loyalty programs are a steady draw without significant seasonality.

Loyalty Members, by 6-Month Active Members

+19%

Jan-Jun 2021 | Jul-Dec 2021 | Jan-Jun 2022 | Jul-Dec 2022 | Jan-Jun 2023

C-Store Loyalty Members, by 6-Month Active Members

+19%

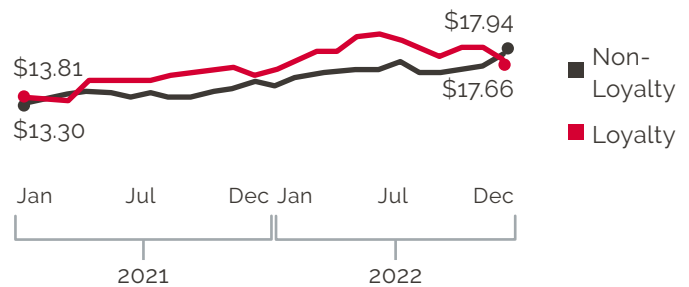Jan-Jun 2021 | Jul-Dec 2021 | Jan-Jun 2022 | Jul-Dec 2022 | Jan-Jun 2023

Loyalty Programs Drive Revenue

Past reports have shown that loyalty members consistently have larger check sizes than non-loyalty members, and this trend continues. Overall, loyalty members outspent non-loyalty members by approximately 5% month after month, and even when broken down by business segment this trend continued with few exceptions.

Loyalty vs. Non-Loyalty Average C-Store Check Sizes, 2021-2022

+10%
$15.80
$14.35
2021

+12%
$18.42
$16.47
2022

Non-Loyalty
Loyalty
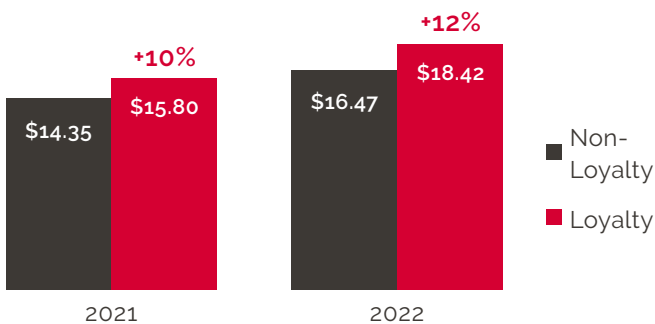
Loyalty vs. Non-Loyalty Average C-Store Check Sizes by Month, 2021-2022

$17.94
$13.81
$13.30
$17.66

Non-Loyalty
Loyalty

Jan | Jul | Dec | Jan | Jul | Dec
2021 | 2022

Convenience Store Loyalty Programs
Deliver

Convenience store customers love their loyalty programs. Not only do they visit at a rate that far exceeds restaurants, they also consistently outspend non-loyalty members at by greater amounts than restaurant loyalty members.

And, of course, convenience store loyalty members behave far differently than their restaurant counterparts. They are most likely to visit in the morning, giving convenience stores an edge over QSRs and FSRs in the morning coffee and breakfast category. They also are more likely to spend their rewards as part of their normal course of visiting, as opposed to using them as a treat later.

The generational mix for convenience stores is also unique, particularly in terms of in-store shoppers. Convenience store in-person shoppers are the only category in which 36–45 year olds, not 56+ year olds, lead in terms of spend.

Convenience stores also cater to guests unique to their concept: truckers. These guests punch above their weight in certain purchases and can be treated to encourage repeat business.

Insights from this section include:

- Convenience store loyalty programs provide the highest lift in check sizes of any segment, with loyalty member checks on average 12% higher than non-loyalty checks.

- Convenience store loyalty members tend to visit in the mornings on weekdays, and c-stores are the only concept that sees loyalty rewards redeemed on popular visit days.

- Email-eligible convenience store loyalty members are 100% more likely to visit than customers who do not give their email addresses.
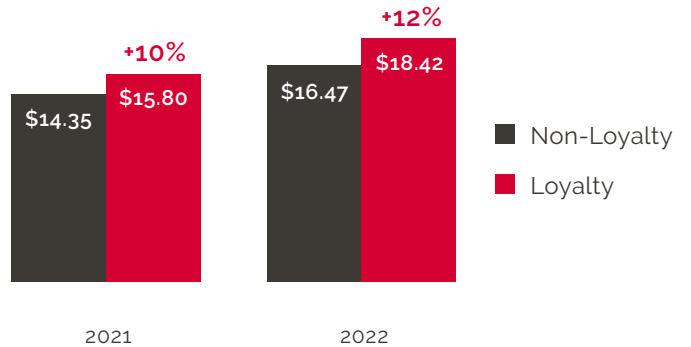
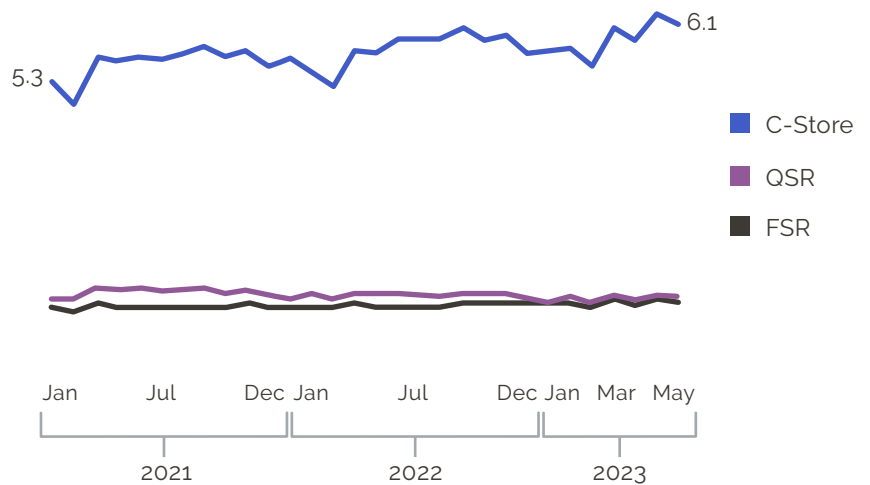# *C-Stores: Loyalty Programs Increase Check Sizes and Visits*

While this report demonstrates the ability of loyalty programs to increase revenue for all concepts, loyalty programs are particularly effective at increasing check sizes at convenience stores. And this increase in check size has only grown among convenience store customers, with no sign of slowing.

In addition, convenience store customers visited more since January of 2021 and have also increased their spend for items other than gasoline. As c-stores attempt to move into the QSR space and offer prepared foods and specialty drinks, loyalty members will continue to be a foundation to build these services.

Loyalty vs. Non-Loyalty C-Store Average Check Sizes, 2021-2022

JEFF'S INSIGHT

2023 saw a spike in the number of visits early in the year that wasn't present in 2021 or 2022. This is an indication that return to office is driving additional visits to c-stores for fuel and breakfasts.

Visits per Guest, by Concept

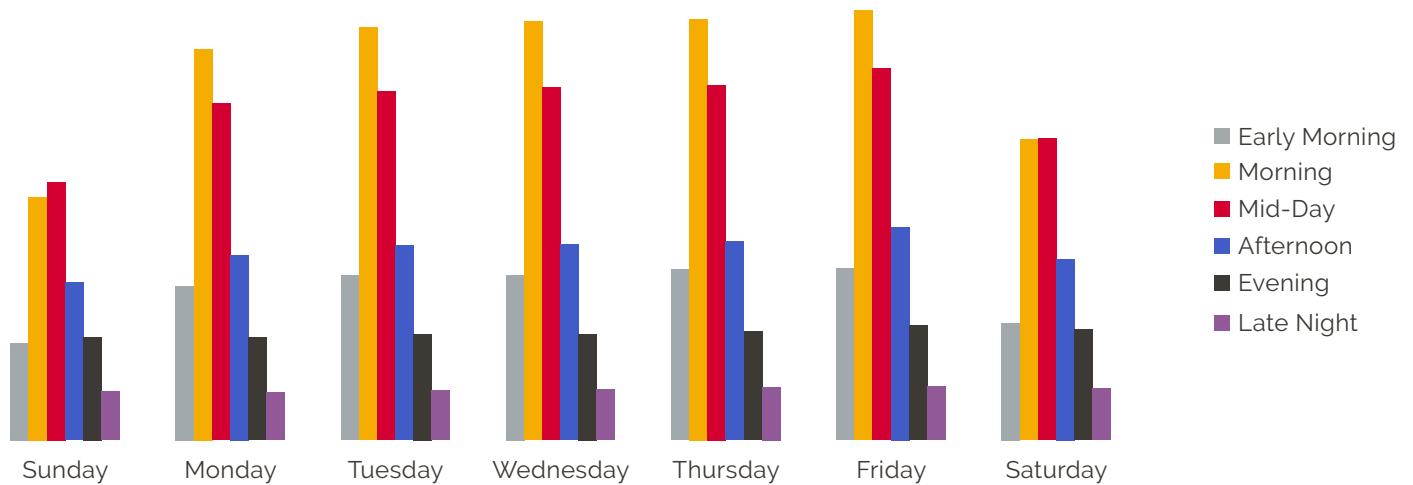### *C-Store Spend per Visit, In-Store Purchases Only*

JEFF'S INSIGHT

As c-stores provide more quality food and beverage options, they need to increase the incentives to come in-store. With more customers going out than ever, c-stores have an opportunity to demonstrate they are a viable option next to QSRs.

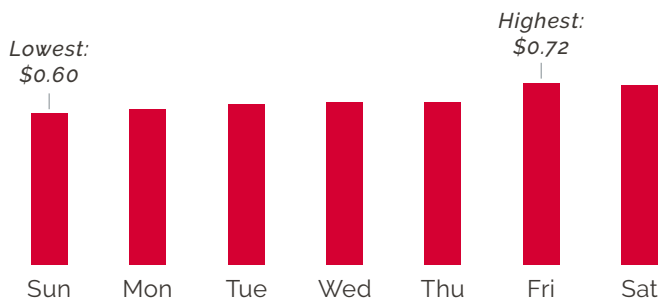**paytronix**

Every C-Store's Working for the Weekday

While the restaurant concepts dominate the lunch and dinner rushes, convenience store loyalty members prefer to visit in the mornings. That stop for fuel on the way to work or as part of a day working on the road is the main touchpoint for most convenience store customers, though there is also a preference for mid-day. And the weekend fuel-up gets pushed to Monday.

Rewards for convenience stores are usually spent on Fridays or Saturdays, although the difference isn't as great as at the other concepts. This is likely an indication that most rewards are spent on fuel, and they are spent as they are accumulated.

Percent C-Store Visits by Time of Day

Legend:
- Early Morning
- Morning
- Mid-Day
- Afternoon
- Evening
- Late Night

Mornings and mid-day visits are roughly equal on weekends. This is an indication that c-stores are among the first visits of the day.

Average C-Store Loyalty Discount, by Day

Lowest: $0.60

Highest: $0.72

Sun Mon Tue Wed Thu Fri Sat

QuickChek: The fact that c-stores are the only concept with a majority of morning visits combined with the number of visits to c-stores gives these brands an opportunity to provide value to customers. One brand, QuickChek, offered a "Free Coffee Friday" limited-time promotion to lure customers back.

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C-Stores Are *Popular With the Young People*

Convenience stores hold the unique distinction in that not only are they one of the most popular concepts among the youngest age groups, they are growing in popularity among those age groups faster than any other concept. The percentage of customers who are in two of the oldest demographics are also falling. Naturally, c-store stats are largely driven by fuel purchases, so these demographic trends are likely the results of working generations returning to the office.

*Percentage of Unique C-Store Guests by Age*
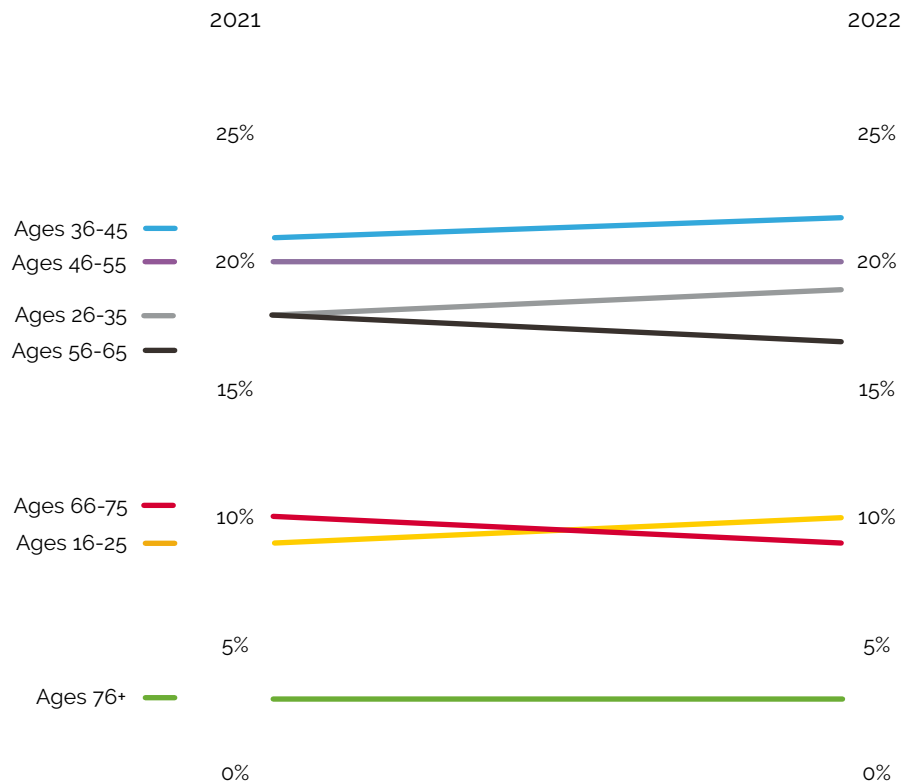
Reaching Your Most Devoted C-Store Guests

While a loyalty program can reach your best members, you can also increase visits overall by emailing customers.

C-store guests who opt to receive your emails are far more devoted than those of any other concept. C-store guests who are email eligible visit more than twice as often as guests who are not email eligible.

In addition, c-stores have a special subset of guests: truckers. These customers are unique in that their fuel spend is approximately six times higher than the average guest. While they make up only about 1% of clients, their particular needs make them a valuable segment.

C-Store Annual Visits by Email Eligibility

	Not email eligible	Email eligible
2021	18.48	42.80
2022	20.38	42.97
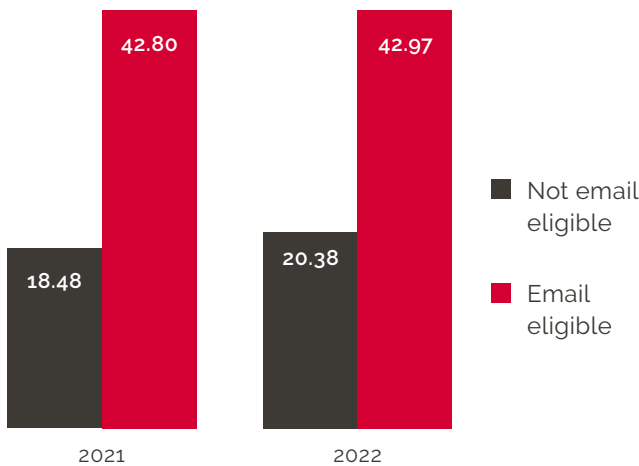
Truckers make up about

🏪 **1%** of visits

💵 **1%** in-store spend

⛽ **6%** of gallons purchased

JEFF'S INSIGHT

Break Time is a convenience store chain based in Columbia, Missouri, which broke ground as one of the first convenience stores to use a tiered loyalty program. Its "My Time Rewards" loyalty program leans on email to communicate with top-tier clients. The results were immediate: Within a month of launch, it saw a 25.6% increase in customer spend and continues to see returns.

Conclusion:
Loyalty Is Just the Beginning

As technology advances and artificial intelligence improves behavioral predictions, this digital guest engagement will only be deepened.

If loyalty were only about giving every guest a 10th sandwich for free, the trends highlighted in this report would have begun decades ago. Instead, the factor that made a difference was that each concept embraced loyalty, and used it to get to know their guests better. That knowledge has been leveraged to enhance the relationship between guest and brand.

In short, **loyalty has built digital guest engagement.**

As technology advances and artificial intelligence improves behavioral predictions even more advanced, this digital guest engagement will only be deepened. The knowledge of what a guest wants and when they want it, combined with a deep well of data, means that as guests change their relationships with brands, brands can change their offers to match. Like any good relationship, the needs of both partners mature and change as the participants themselves mature and change. Brands become more relatable, more giving, and more personable.

When loyalty is combined with other technologies, such as online ordering and messaging, the digital guest engagement only becomes more natural and, ultimately, more human, allowing brands to build relationships that are scalable and real. And that should be the goal for any brand seeking to connect with its guest: authentic and mutually beneficial relationships.

The future is relationships.

You and Your Guest Will Love
Paytronix Loyalty Programs

Your guests will love being able to:

Participate in fun and unique promotions and campaigns. Enjoy a dynamic experience by participating in engaging challenges and promotions.

Enjoy an improved experience. Guests already love your food. Connect them to your brand with added benefits and promotions.

Stay connected and never miss an opportunity. Make it easy for guests to stay up to date through their preferred channel, whether online, in the app, through email, or SMS.

Easily identify themselves. Online or on-premises, your guests will have multiple opportunities and avenues to identify themselves and accrue rewards.

Redeem points regardless of ordering preferences. Your guests will be thrilled to redeem and accrue rewards online, as well as on-premises.

Have their experiences and opinions heard. Surveys enable your guests to let you know their thoughts, fostering a deeper connection to your brand.

You'll love having the tools to:

Efficiently and effectively create campaigns. Save time executing targeted campaigns and promotions that will increase your guests' CLV.

Offer more than just discounts. Increase your top line by attracting guests with nontraditional incentives, such as subscription programs and secret menus.

Stay connected to your guests. Create messages on a variety of channels, including SMS, emails, and push and pull notifications, from a centralized location.

Acquire new guests. Expand your program by offering an omni-channel approach to guest acquisition.

Retain more guests. By offering the same benefits for online and on-premises orders, your guests will be encouraged to enjoy your concept more often.

Send targeted surveys based on POS activity. Deploy the message, collect and analyze results, and view individual responses in one platform.

With over 450 integrations, including over 40 integrations with POS systems alone, the Paytronix platform expands your ability to surprise and delight your customers.

For more information, visit **www.paytronix.com** or call **617-649-3300, ext. 5.**
Or visit **www.paytronix.com/resources** for more tips on how to improve your loyalty program.

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