



**Convenience
Retailing
University**
by informa...

From Points Programs to Category Power

Turning loyalty into a category advantage

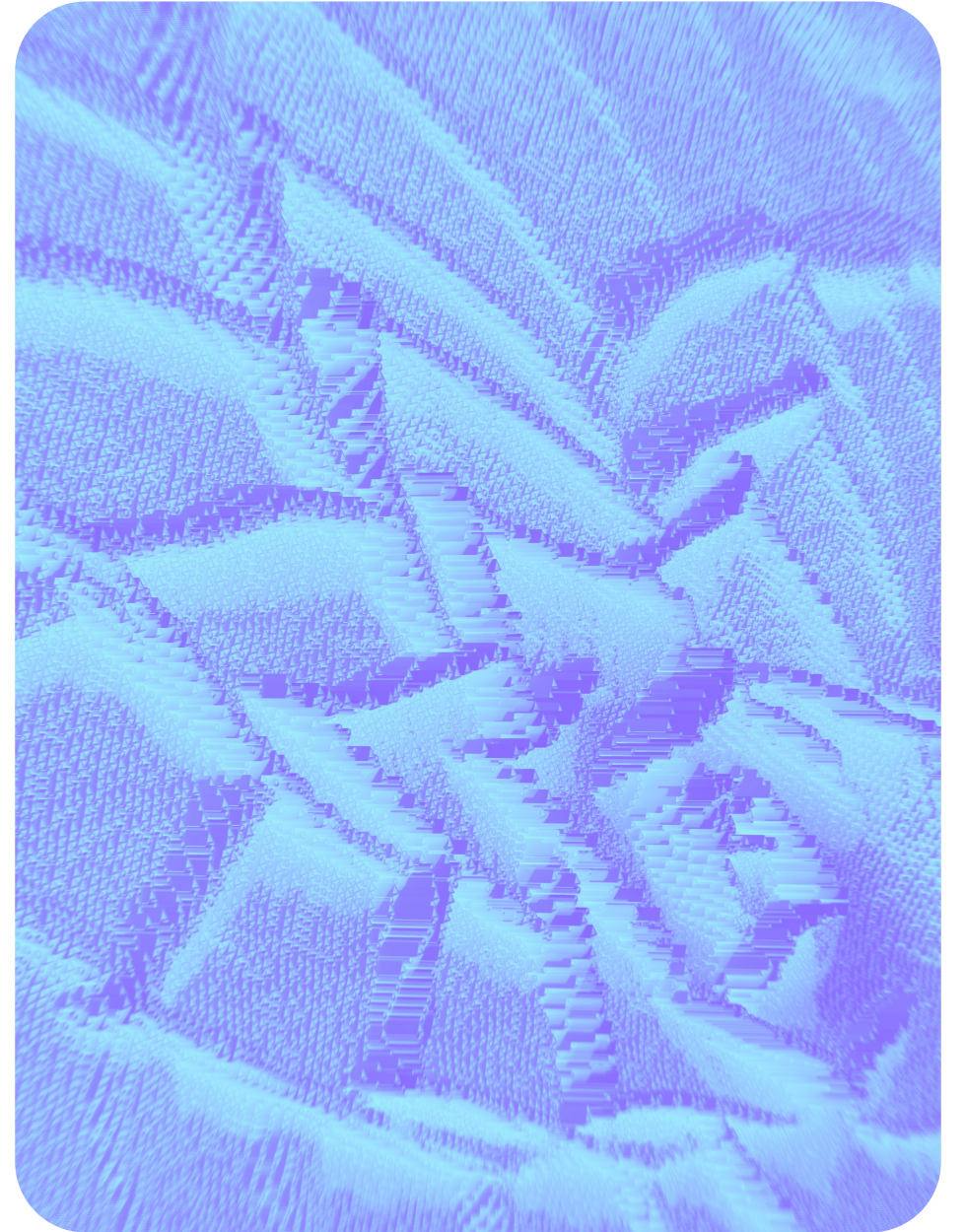


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 **NexChapter**





Hi, I'm (marketing) Mike

15+ years leading
marketing growth and
digital transformation in
convenience retail



I'm also (merchandising) Mike

An advisor to retailers,
empowering brands
to write their next
chapter of growth

 **NexChapter**



Merchandising's foundations are the 4Ps



A merchant is an individual or business that buys, sells, or trades goods for profit.

Merchants are responsible for Product, Placement, Pricing, and Promotion.

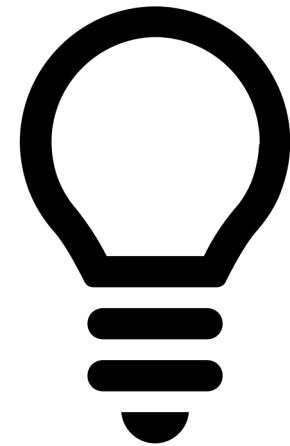
And the business was built on **loyalty**.

Merchants are still responsible for loyalty today

Loyalty



**What would it be like
if category managers
led with loyalty?**



Loyalty is a partner and grow opportunity

MARKETING

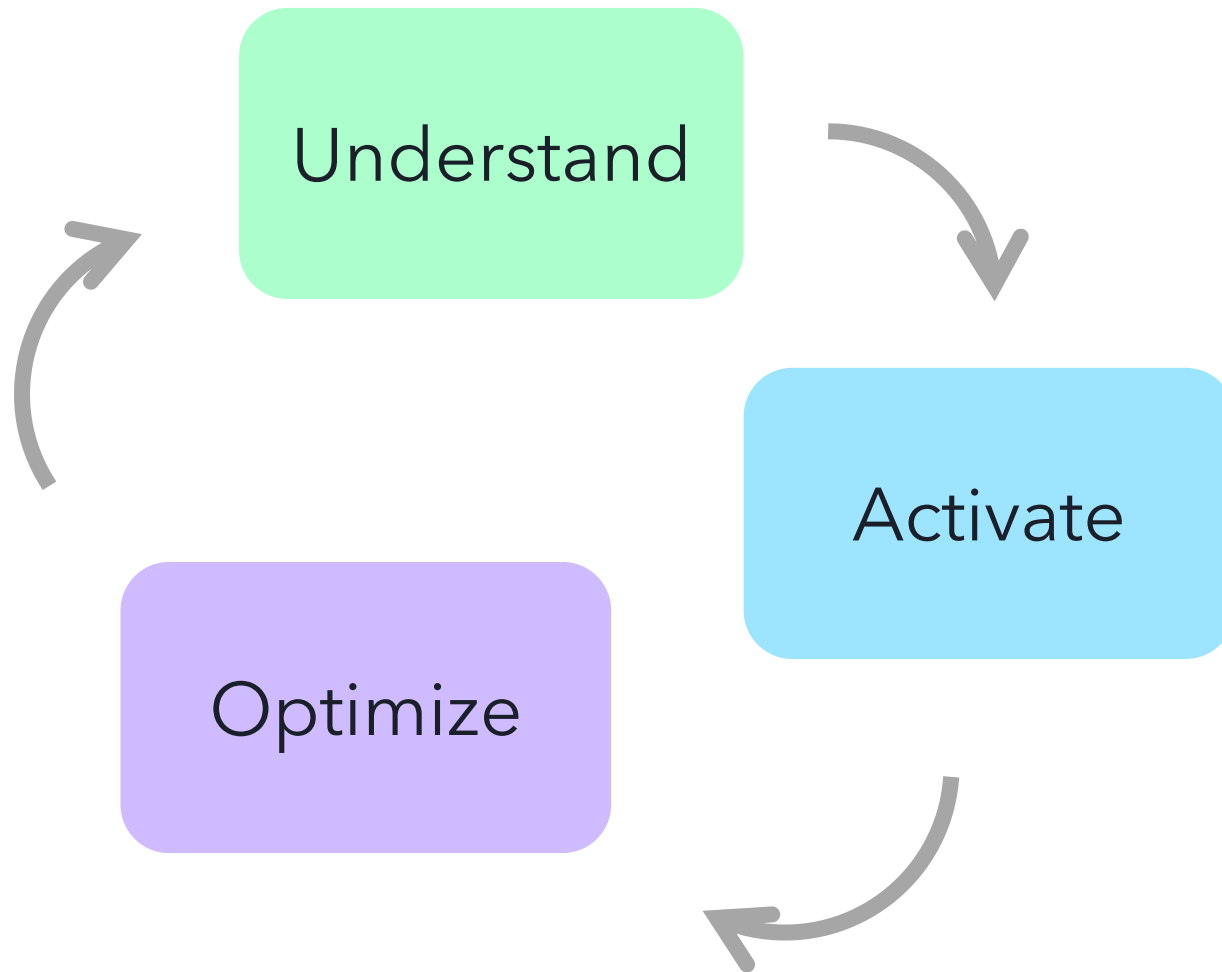
Loyalty proposition
Program rules
Rewards

+

MERCHANDISING

Segmentation
Promotions
Pricing

Category management is transforming



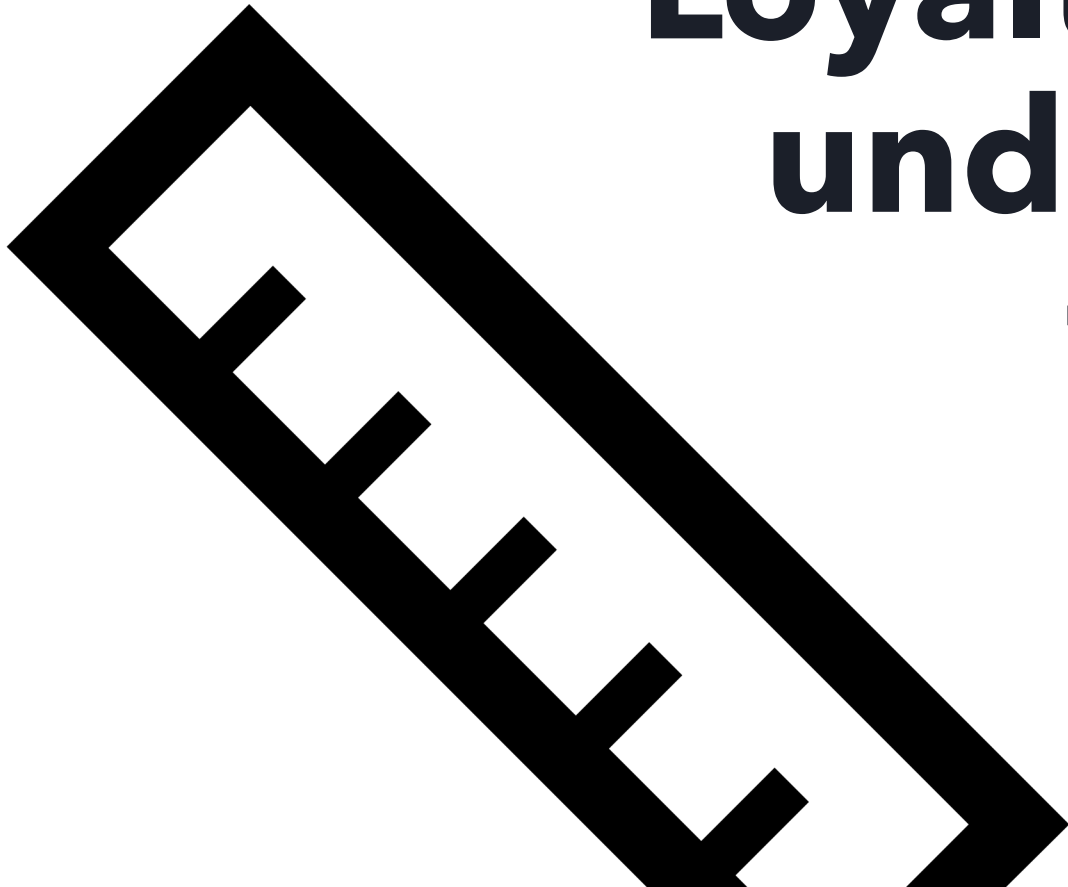
Loyalty will
power the way



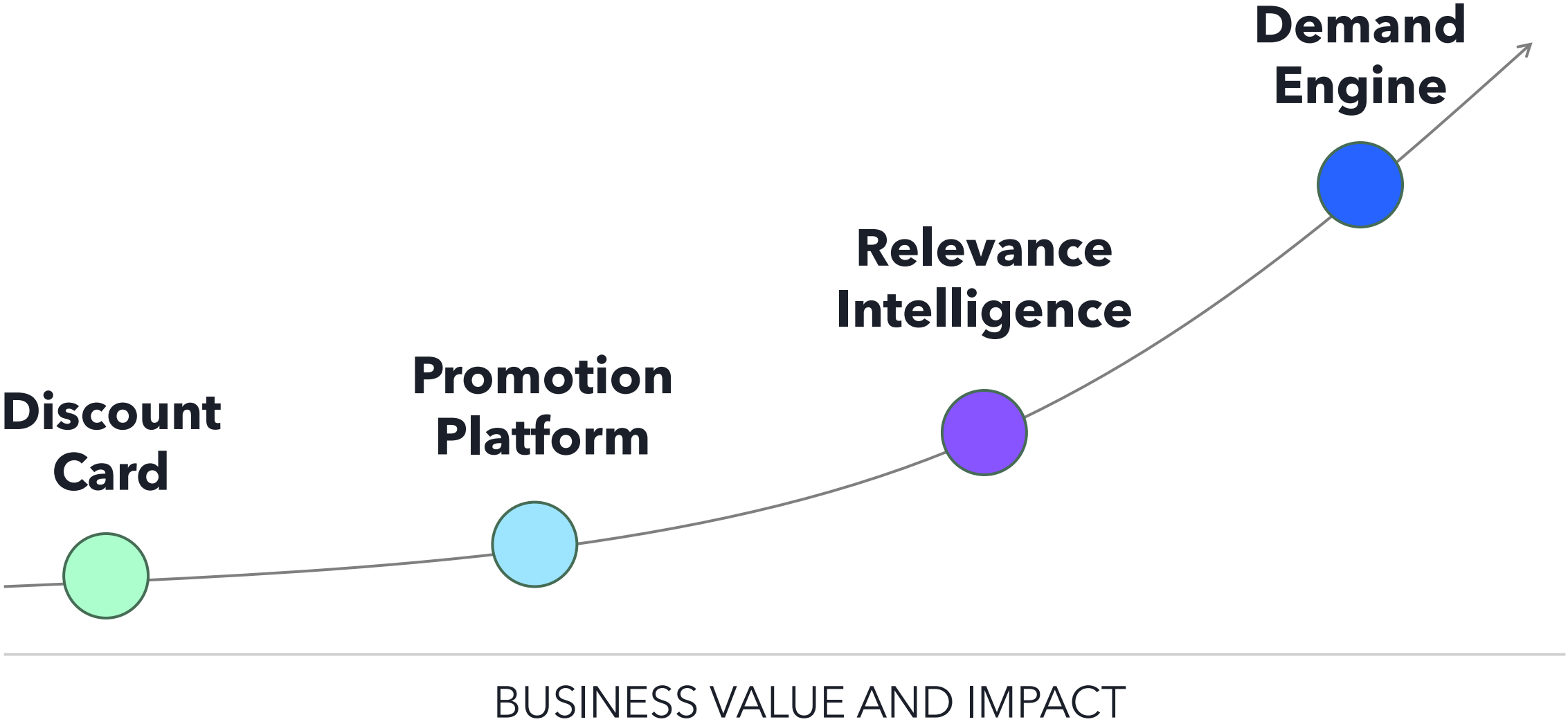
**Loyalty is more
than a tool for
marketers**



**Loyalty is a customer
understanding tool
for **merchants****



The loyalty evolution for merchants



From a promo platform...

- Blanket product discounts
- Fuel rewards with purchase
- Vendor-funded promotions
- Little to no personalization





...to a demand engine

- Personalized offers
- Higher engagement
- Missions-based insights
- Segmented communications

There are now **8Ps** of Merchandising



Product



Placement



Price



Promotion



Pace



Personalization



Partnerships



People

The four Ps are even more relevant with loyalty

4 Ps	Traditional	Loyalty-Enabled
Product	Sales data only	Relevance by preferences
Placement	Velocity-driven space	Trip-driven placements
Price	One price fits all	Elasticity by segment
Promotion	Blanket discounts	Personalized, incremental

Additional four Ps aren't possible without loyalty

More Ps	Enabling
Pace	Automation and scaling to react even faster
Personalization	Relevant offers and customer recommendations
Partnerships	Strategic collaboration through shared data
People	Decisions that contemplate long-term outcomes

Deep understanding of customers...



...and ability to activate 1-to-1

Product

The assortment planning process must use market trends and loyalty customer data, resulting in a selection of products that meets every customer's needs

- Identify what matters most to **high-value customers**
- See **emerging trends** with a customer-centric view
- Shape your mix to support **more profitable behavior**



Placement

Allocation can be informed by customer data, enabling shelf space to be driven both by demand and customer relevance

- Loyalty reveals **customer drivers**, not just velocity
- **Trip-based merchandising** reimagines shelf layouts
- Protects space for items crucial to key segments



Price

Balance profitability with competitiveness in the market, leveraging elasticity by segment to drive your approach

- Test and learn with different loyalty **cohorts**
- Understand true **drivers of choice** for your customers
- Create inherent loyalty value with **member-only pricing**



Promotion

Planning can align with strategic customer segments to drive profitable behavior change through incrementality by design

- **Behavioral targeting** and predictive forecasting
- **Personalized messaging** across every channel available
- **Centralized management** for review and optimizations



Deep Dive Hot Spot: **Promotions**

The spectrum of pricing versus promotions

**Shelf
Price**

**Member
Price**

**Reward
Offer**

**Stretch
Challenge**

Not every loyalty action is a pure price discount

*Structural
Value*

*Semi-
Structural*

*Behavioral
Purchase*

*Gamified
Incentive*

Bundling promotions with loyalty

No gating → easy **value**

2/\$4

1 at reg price

Gated → easy **upside**

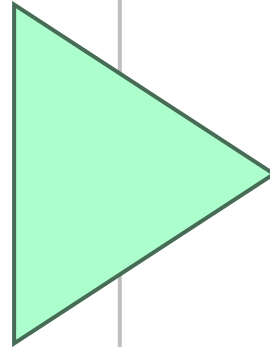
3/\$5

with **rewards**

Rewarding incrementality by design

Existing behaviors

**Morning
Trips**



Gap behaviors

**Prepared
Food**

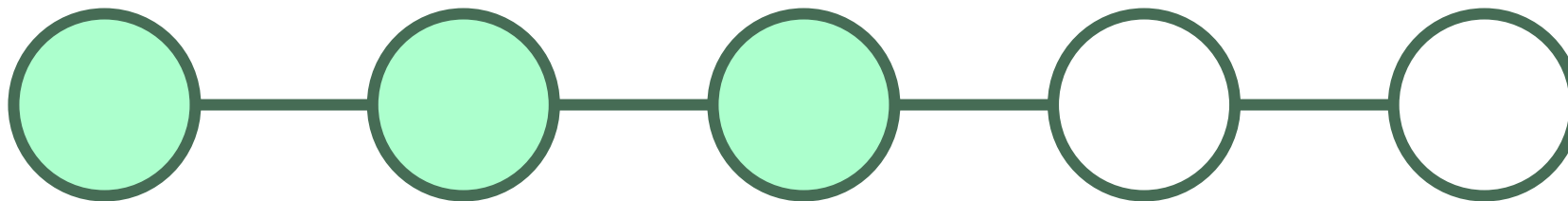
Gamifying 'stretch' challenges

Examples:

- "Buy energy 5 times this month."
- "Spend \$20 on snacks, get a reward."
- "Try 3 new items."

When to use:

- Drive frequency
- Grow categories
- Encourage new habits



**Earn 200
bonus points**

How to Shape Demand through Loyalty

You must embrace these Ps to maximize impact



Product



Placement



Price



Promotion



Pace



Personalization



Partnerships



People

Employing a new pace unlocks everything else

From reacting:

- Sales dropped → discount it
- SKU lagging → cut it

To shaping:

- Loyalty predicts what's bought next
- Offers targeted to change behavior
- Protecting SKUs driving top-tier trips



Pace

Loyalty should fuel your demand engine



Understand customers



Use predictive insights



Build relevance



Influence choices



Grow category value



Improve retention

Start with one category first

1. **Identify missions** and trip drivers
2. Build **structural loyalty value** through a mix of benefits
3. **Layer personalized activation** for targeted customer segments
4. Measure the **designed impact**



Personalization

Integrate loyalty into planning with partners

- Strategic alignment with partners will **drive joint value** through integrated execution and shared goals
- Seek out CPGs to co-fund loyalty-gated **promotions tied to category goals**
- Tie every test to a **scorecard up front**; don't be afraid to fail



Partnerships

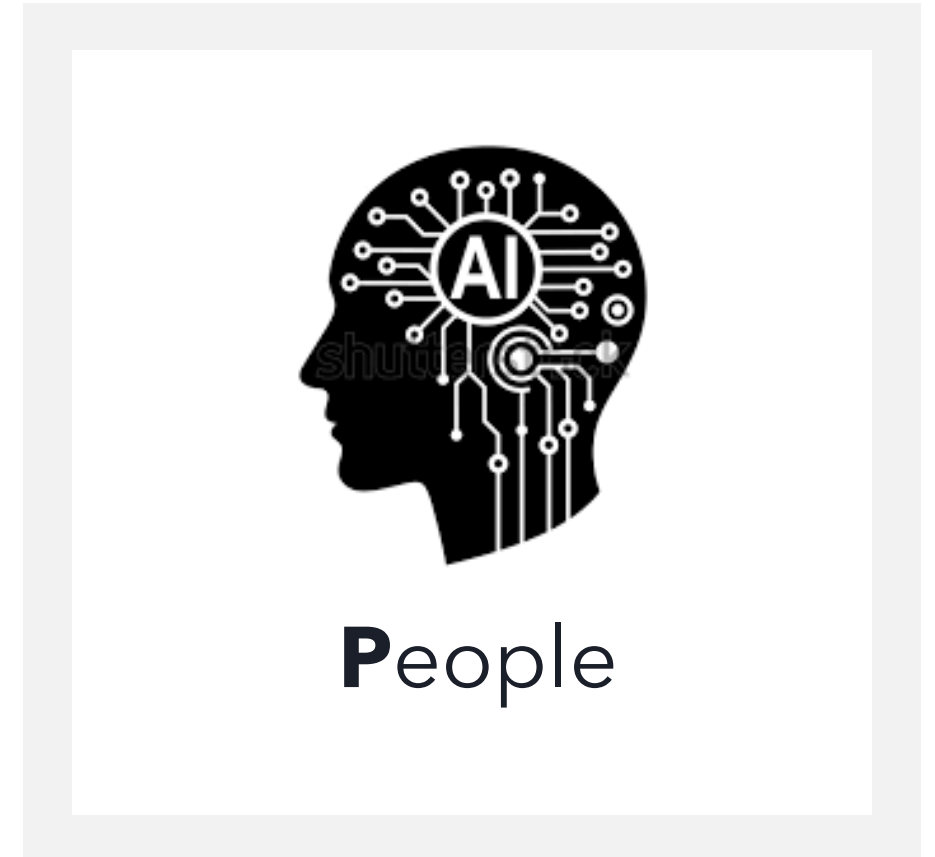
Make loyalty part of your everyday skillset

Incorporate loyalty everywhere:

- Daily tooling
- Deep team training
- Test, measure, scale impact

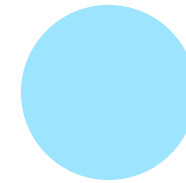
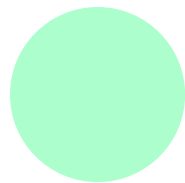
Collaborate deeply:

- Marketing to customers
- Technology to optimize
- Analytics for promotions



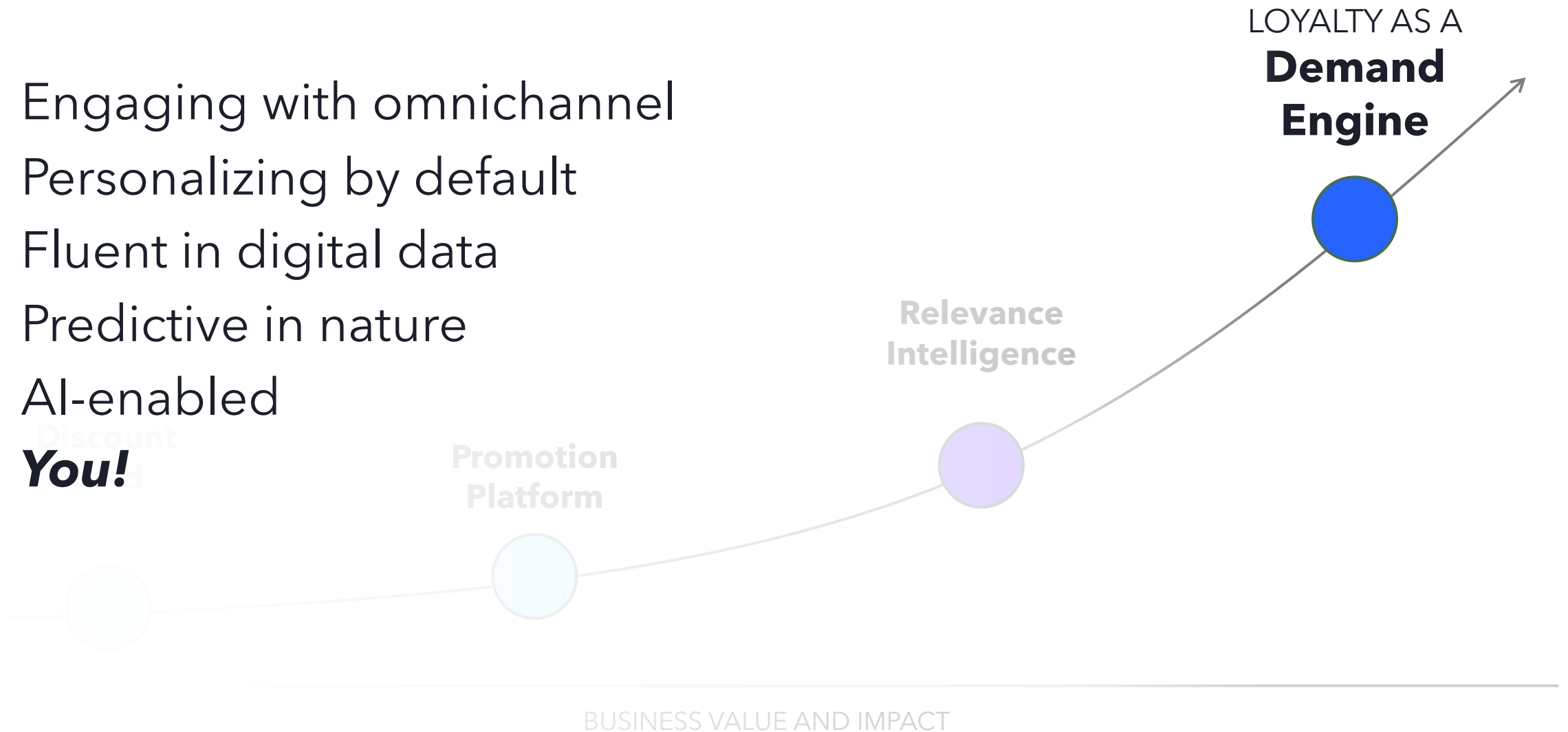
WHAT'S NEXT?

What is one decision you can shape next week guided by loyalty data?

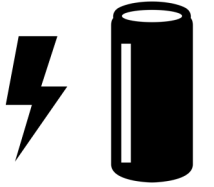


The new, loyalty-savvy merchant

- Engaging with omnichannel
- Personalizing by default
- Fluent in digital data
- Predictive in nature
- AI-enabled
- **You!**



A loyalty-led blueprint *example*



Objective: Use energy missions to grow foodservice attachment

Audience: Morning commuters identified in loyalty

KPIs: Incremental trips, sales, attach rate, basket margin

Loyalty Mechanics:

- Member pricing (6+ months) on energy to build habit [**pricing strategy**]
- Personalized bundles (energy + breakfast item) or trial offers (targeted discount) for cohorts under-penetrated in foodservice [**promotion**]
- Challenge: "10 visits this month = bonus reward" [**behavior stretch**]

The strongest categories
aren't built by merchants
who know products...



...they **are built by leaders**
who understand customers.



Ready for What's Next