

# Why Fuel Retailers' Sweepstakes Will Crush Loyalty Programs

Greg Seei, Founder & CEO  
Robust Promotions



+



# Agenda

I plan to discuss the following issues:

- 1. Upcoming pressures on fuel demand**  
Growing volume will require stealing market share
- 2. Why loyalty programs and discounts won't help**  
Sales cannibalization, lack of engagement, and more
- 3. Why sweepstakes and promotions can help**  
Restaurants figured this out years ago



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Founder & CEO  
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# Giving away money never gets old.

After working on hundreds of promotion campaigns, I'm still surprised by what people do when they get a big check.

## Consider the story of James and Susan

- Snowbirds from the Northeast
- Fixed income, purchased a trailer in Arizona
- Financial pressures meant only being able to splurge by sharing a single entree at a chain restaurant
- Robust Promotions was running a sweepstakes campaign with this brand
- They won the grand prize—a free meal a week for a year
- **Their response:** “This is wonderful. Now whenever we go, we can each get our own entree.”



**“This is wonderful. Now whenever we go, we can each get our own entree.”**

# Challenges to Fuel Demand

What's lurking around the corner?



# Demand Destruction?

The pandemic accelerated many trends years ahead of where we might have otherwise been. Together with existing demand pressures, the road ahead for fuel retailers may be challenging.

## Things to consider

- Between **1-in-5** and **1-in-6** workers are forecast to work remotely after COVID-19
- “Miles per gallon” becomes “miles per week”
- **Fuel economy** will improve + growth in **EV penetration**
- Industry **consolidation** gives large competitors more room in margins to compete on price
- **QSR competitors** don't need to compete on price
- Growing volume means stealing market share



Sources: The Atlantic, TechCrunch

WSJ Wall Street Journal

## Shell Swings to Historic Loss as Pandemic Devastates Oil Demand

Still, Total said that while its European gas stations saw a 30% fall in demand for petroleum products in the quarter, by June it had rebounded to ...

...  
2 weeks ago



TC TechCrunch

## Work From Home is dead, long live Work From Anywhere

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May 18, 2020



CSO Convenience Store Decisions

## Fuel Prices Decrease as Demand Remains Low

“Pump prices are mostly pushing cheaper across the country as gasoline demand wanes over the past few weeks,” said Jeanette Casselano, ...

2 weeks ago



RW RetailWire

## REI is going remote and selling its corporate headquarters

Mr. Steele noted that REI's corporate team continues to work largely from ... to remote working and multiple satellite campuses proves effective? ...

Employees are divided on the question: PwC's Remote Work Survey about ...  
4 hours ago



# Households Shopping Index

2020 vs. 2019 Households Shopping by Channel

Week	Week Ending	Total	Beauty	Bodega	Club	Dollar	Drug	Food	Gas & Convenience	Liquor	Mass	Military	Online	Pet	Electronics	Home Improvement	Office	QSR
16	4/19/20	100	6	58	96	78	86	96	75	87	83	77	141	75	19	108	61	71
17	4/26/20	101	8	73	92	90	85	99	76	106	89	79	139	70	21	109	57	73
18	5/3/20	102	10	66	100	93	91	100	82	108	93	83	146	75	23	129	62	77
19	5/10/20	102	18	82	99	96	96	103	86	118	95	92	146	76	30	128	66	79
20	5/17/20	102	36	76	100	95	95	101	85	108	97	87	147	87	36	128	70	79
21	5/24/20	102	44	80	101	93	95	103	89	107	97	90	144	87	38	123	85	82
22	5/31/20	102	47	88	101	99	97	102	94	113	97	73	146	92	44	125	78	81
23	6/7/20	103	57	73	106	100	97	105	94	109	95	77	146	95	45	134	81	86
24	6/14/20	102	48	93	103	95	92	101	91	100	97	83	141	97	40	137	100	88
25	6/21/20	103	57	94	103	103	100	103	93	108	99	90	141	95	76	133	85	89
26	6/28/20	102	60	89	101	97	96	101	94	92	98	81	139	91	73	126	79	88
27	7/5/20	102	66	88	98	95	92	100	91	91	96	74	141	93	65	120	78	87
28	7/12/20	101	70	80	101	95	96	99	90	97	96	72	139	91	83	125	68	87
29	7/19/20	101	83	86	103	99	99	100	90	106	96	75	123	102	74	125	72	87
30	7/26/20	101	69	88	104	96	96	100	91	109	95	78	150	97	77	125	61	88

EARLY READ

Check back next week!

Channels not included in total column

## According to Numerator

- Visits are starting to stabilize in many channels, but growth in online penetration has held steady

## Implications

- Trip decline was already a major theme in recent years. Fewer visits to malls, big-box stores—and now offices

# Going Beyond “Loyalty”

Why it takes more than  
discounts to win

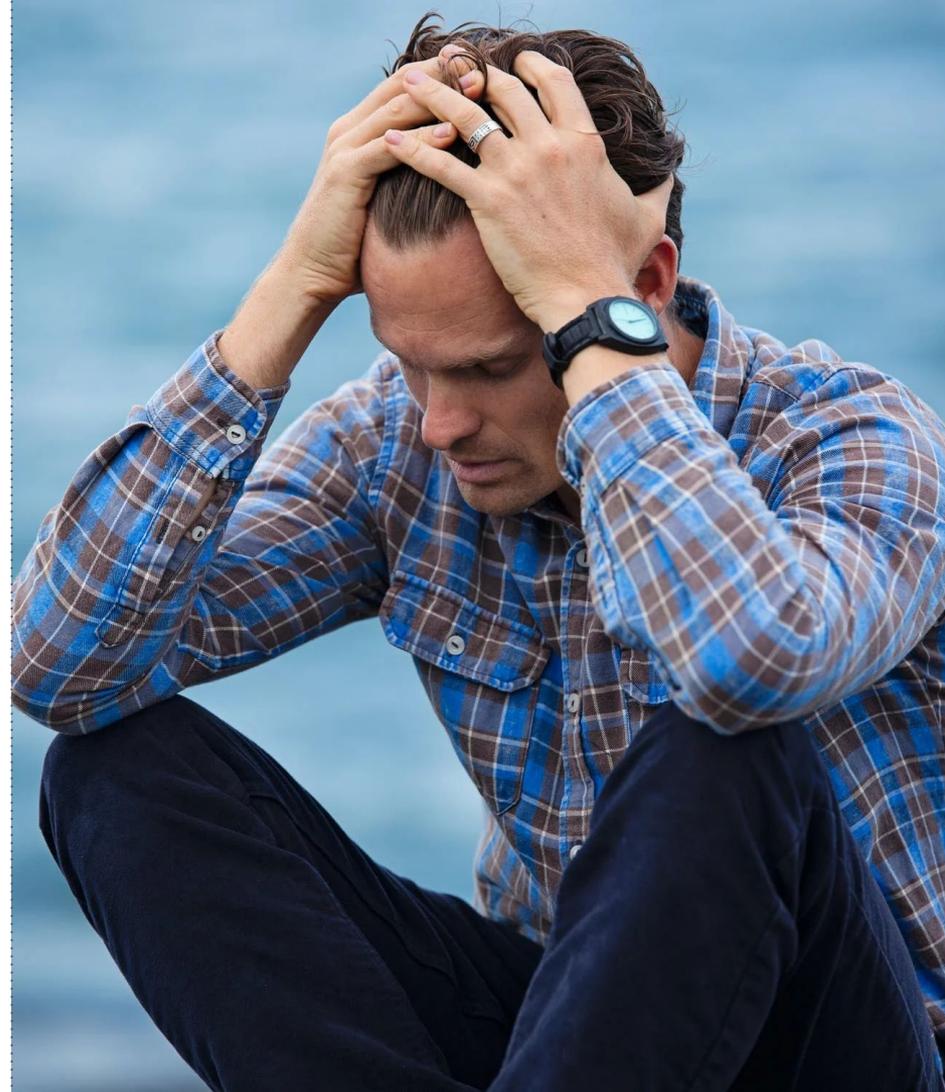


# Problems with “Loyalty”

Many retailers look to loyalty programs to attract new business and increase repeat transactions. This traditionally means fuel discounts and CPG-funded promotions.

## Problems with traditional loyalty solutions:

- Current customers redeem the discounts—leading to **cannibalization** of sales
- Traditional loyalty solutions **lack engagement tactics**
- **Expensive** to develop and deploy
- The levers of small price discounts and candy bar deals are **unlikely to resonate** with consumers who don't commute to work
- Consumers are loyal to restaurant brands, but **agnostic about fuel brands**



**Don't be a lemming;  
everyone is doing the  
same thing.**



**Shell Fuel Rewards**  
5¢ off per gallon

**BPme**  
~5¢ off per gallon

**ExxonMobil  
Rewards+**  
3% back on fuel

**QuikTrip QT Rewards**  
2% back on fuel

# Which Station?

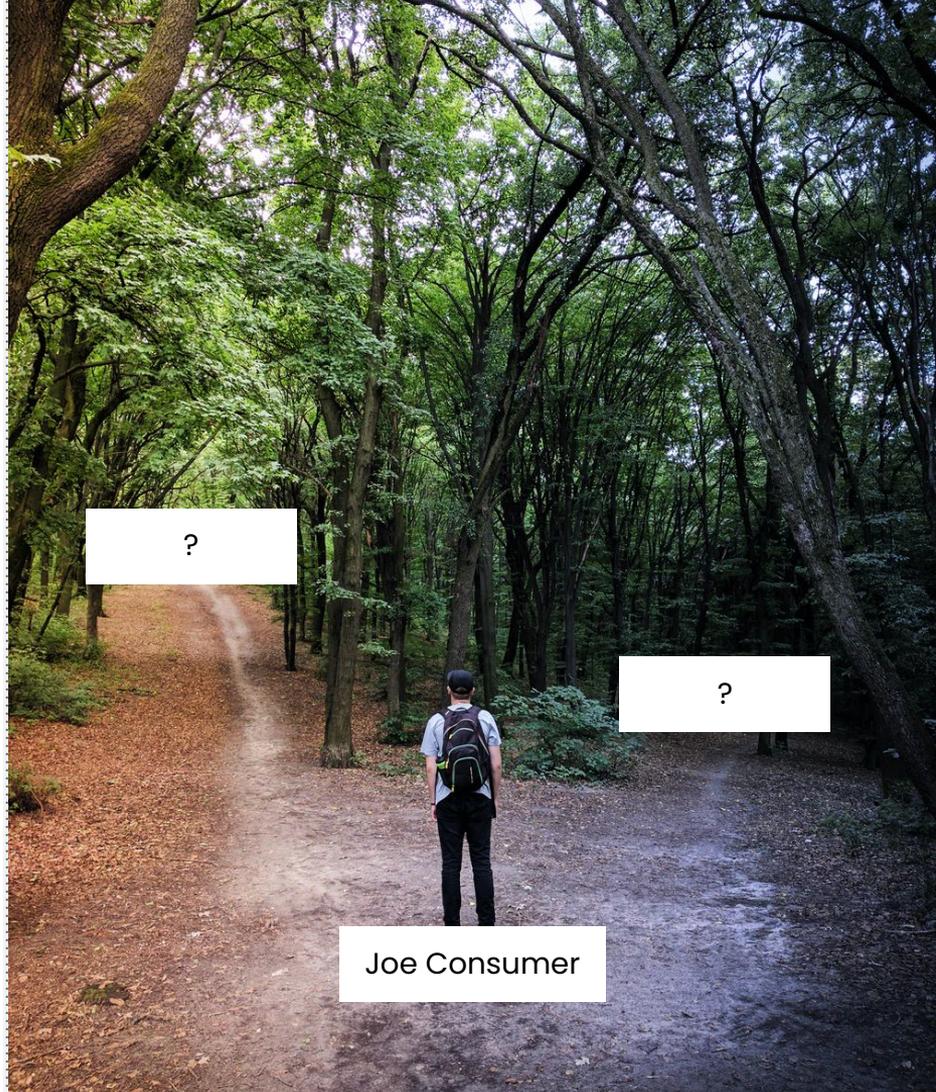
Faced with a decision between these two stations, which do you think is more attractive to a post-COVID consumer?

## Station A

“Save save 5¢ on gas if you download and pay using our rewards app.”

## Station B

“Whenever you pump at least 10 gallons—or spend at least \$10 inside the store—you’ll get a scratch card and have the chance to win big prizes!”



# Which Station?

Faced with a decision between these two stations, which do you think is more attractive to a post-COVID consumer?

## Station A

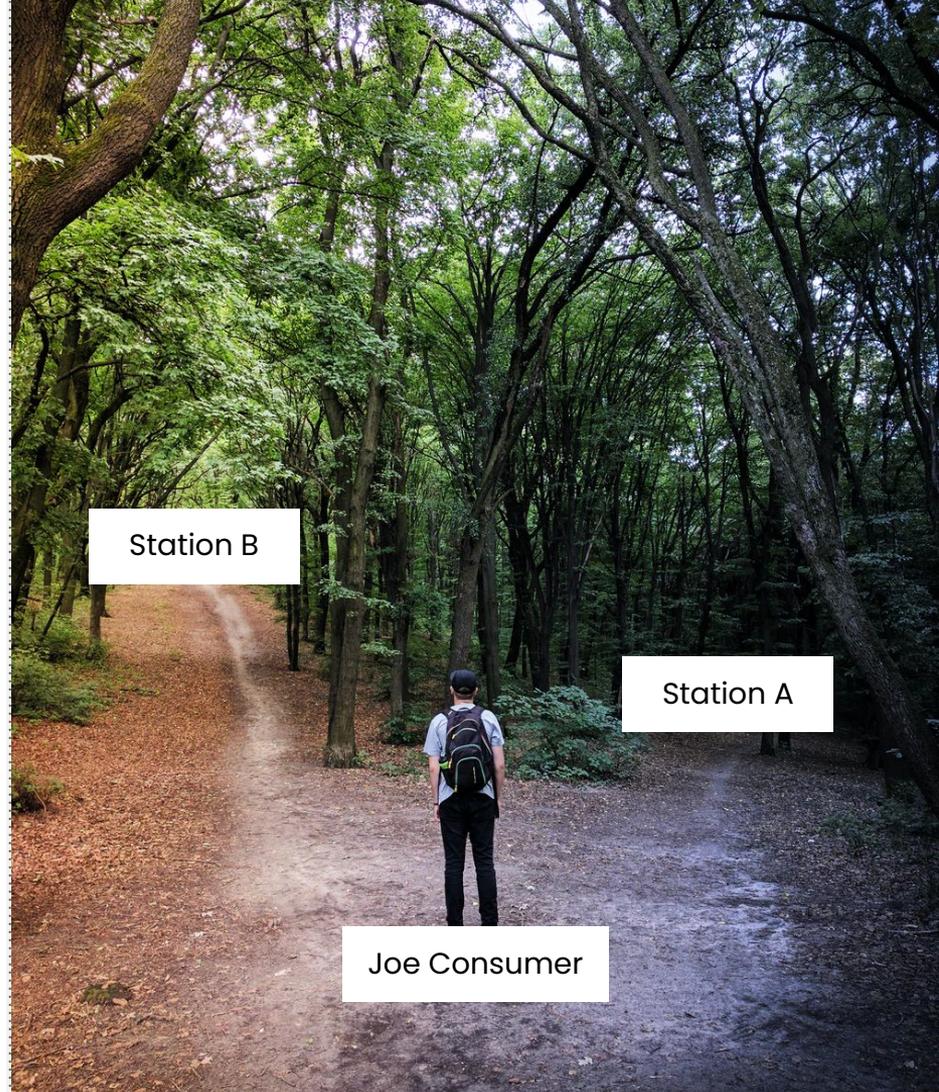
“Save save 5¢ on gas if you download and pay using our rewards app.”

**Translation:** You need to download yet another app, create an account, and enter your payment details—all to save a few cents

## Station B

“Whenever you pump at least 10 gallons—or spend at least \$10 inside the store—you’ll get a scratch card and have the chance to win big prizes!”

**Translation:** Simply spend your money here, and you can win free stuff. Maybe even a new car or cash!



# Free cars and cash prizes make the local news and change lives; 3¢ off a gallon doesn't.

When state lotteries announce their winners, and large companies announce the grand prize winners of their multi-million dollar sweepstakes programs, they generate an amount of earned media and PR akin to the old Ed McMahon Publishers Clearing House commercials, with a special impact on the life-changing impact that the prize has on a winner.

But has any brand ever really earned meaningful press mentions or changed a customer's life by offering 5¢ off a gallon of gas?

**The Illinois Lottery gives special mention to where each winning ticket is sold, providing PR for the retailer.**



We also celebrated some big instant ticket wins.



**\$7,200,000**

**WON IN  
WEST CITY**  
Circle K | 920 W. Main St.

**\$1,000,000**

**WON IN  
GLENVIEW**  
Chestnut Wines & Liquors  
1762 Waukegan Rd.



**\$1,000,000**

**WON IN  
LOCKPORT**  
Citgo | 1228 S. State St.

# Change the Value Proposition

How promotions and  
sweepstakes can help



# Learning from Restaurants

For years, restaurants have deployed effective promotions to change the rules of the game. Often faced against brands that have enormous strength and pull, this is a way that they've been able to move share from one to the other.

## A few takeaways:

- Restaurant brands often have the scale due to large franchise networks and unified and consistent branding across an entire portfolio of companies.
- Collectively, lottery-level prizes can help achieve prize scale that competes with large, deep-pocketed promotions from competitors.



# Challenges for Retailers

Unlike restaurants, fuel retailers have a unique structure that creates a few difficulties when organizing a promotion. However, we see ways to work around this.

## A few takeaways:

- Collectively, retailers can fund lottery-level prizes by pooling their resources together.
- This creates opportunities for independents who lack the scale to fund prizes on their own (prizes and legal costs alone can really add up for even the most modest sweepstakes).
- While restaurants can give away their brand, (i.e. free food for a year) retailers should focus on cash giveaways and large prizes as points of differentiation and to drive consumer excitement.



# Stop and Win™

This is why we created Stop and Win™ exclusively for independent fuel retailers. It's at a cost that's affordable for any retailer's marketing budget.

## In summary:

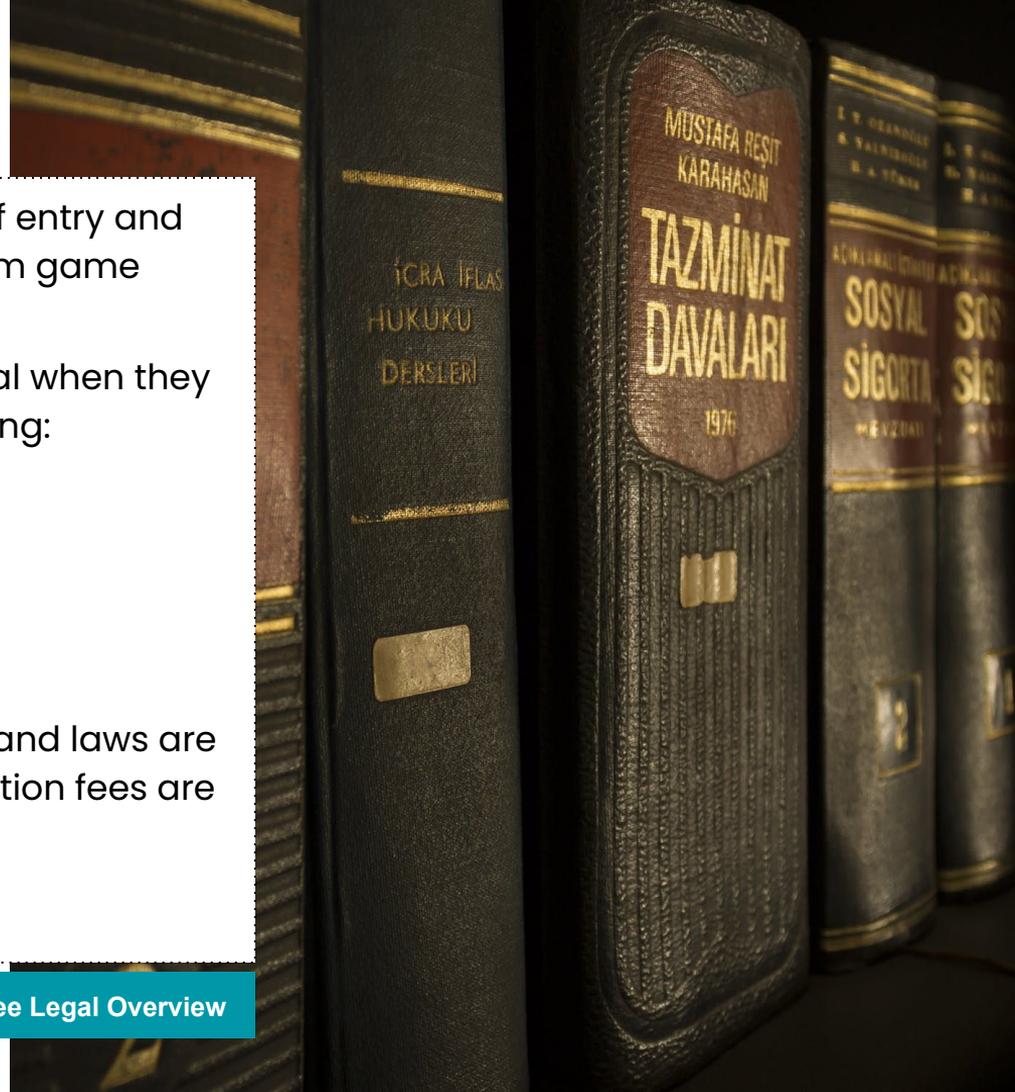
- ✓ Fund lottery-level prizes with a network as small as 100 locations
- ✓ Can be deployed across a single network or crowdsourced with a variety of chains and single-store operations
- ✓ **Anticipated ROI of 11x**
- ✓ **Currently signing up partners through September 1, 2020 and launching on October 15, 2020 (3 month program)**
- ✓ More scale = even bigger prizes



# Legalities

- ✓ No purchase necessary. Alternate means of entry and official rules are available upon request from game provider.
- ✓ Games, sweepstakes, and contests are legal when they incorporate no more than two of the following:
  - Skill
  - Prize
  - Chance
  - Consideration (payment)
- ✓ All state and local regulations, ordinances, and laws are complied with; all registrations and application fees are the responsibility of Robust Promotions, LLC.
- ✓ Legal representation: Loeb & Loeb LLP

[Click here to download our Free Legal Overview](#)



# Thank You. Questions?



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## More About Robust Promotions

- Robust Promotions is a 14-year-old award winning sweepstakes and promotional agency with a **proven track-record of success**.
- We've helped hundreds of businesses exceed their marketing goals through our promotions and sweepstakes.
- We originated Albertson's\* Monopoly Game, now in its 12th year, with \$250 million in prizes per year.
- We use the same law firm that handles the annual McDonald's Monopoly Game, which began in 1987.

\* \$60 billion in revenue, Fortune 500 rank #53

## Just Some of Our Clients

