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Shoppers Prefer Grocery Discounts over Fuel Rewards

A new survey suggests that supermarkets might get more bang for their buck by discounting groceries instead of funding fuel rewards.

That's bad news for the motor fuel industry, which has relied heavily on fuel rewards partnerships with grocers to encourage repeat business.

In a March 2015 survey of 1,000 U.S. consumers, 72% said they'd prefer that grocers offer discounts in the aisle instead of at the pump.

Grocery discounts are the new value driver, according to LoyaltyOne, a Cincinnati, Ohio-based company that designs and implements loyalty programs and performed the study through its research arm, COLLOQUY.

"Fuel reward programs still have relevance and value, but our research and client engagements confirm they're also not a cure-all for building loyalty," said Dennis Armbruster, LoyaltyOne consulting managing partner.

Armbruster suggests that grocers "explore alternatives or additions to their fuel programs."

The preference for grocery specials is strongest in the densely populated Northeast, where 81% said they'd opt for grocery discounts over gas savings. It's weakest in the West but still represents the majority view with 65% favoring grocery discounts.

One of the industry's most sought-after segments -- millennials -- also prefer to save in the supermarket instead of at the pump. Among shoppers ages 25-35, 76% said they prefer grocery, rather than gas rewards. That's five percentage points higher than any other age group in a range spanning from 18 years old to over-65.

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