

Walgreens Balance Rewards Customer Loyalty Survey
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STUDY OBJECTIVES

Gauge Walgreens customers' attitudes about and experiences with Balance Rewards as well as understand the loyalty program's effectiveness in changing consumer behavior. The survey was commissioned by Walgreen Strategy Watch, a corporate transparency initiative of Change to Win.

KEY FINDINGS

Unclear impact on consumer behavior

The study looked at how Walgreens customers' shopping behavior has changed in recent months and in response to participation in Balance Rewards:

- Only 3 percent of Balance Rewards members were not Walgreens shoppers prior to the program's rollout.
- Among shoppers who visit Walgreens at least once a month, Balance Rewards members and non-members are equally likely to have increased their spending at Walgreens (22% of members since joining vs. 21% of non-members in the past year).
- Only 41 percent of all customers who moved a prescription from Walgreens in 2012 due to insurance coverage issues have moved the prescription back.
- Among members who have opened a new prescription at Walgreens, eighty-four (84) percent do not say Balance Rewards is a key factor for taking this action.
- Among non-members, only 27 percent reported a high probability of joining the program.

Program not meeting demand for savings

The desire to save money is an important driver for nearly all Balance Rewards members (91 percent) to join the program. However, Balance Rewards may not be meeting consumers' expectations for savings:

- Only 16 percent of members believe they have actually saved a significant amount of money with the program. Nearly six in ten members (57 percent) feel either dissatisfied or ambivalent about their overall savings since joining Balance Rewards.
- Seven in ten members (71 percent) admit that they do not necessarily feel like smarter shoppers as a result of using the program. Nearly as many (70 percent) do not find that the Balance Rewards program makes their shopping experience more enjoyable.
- Three in four members do not feel that the program's deals are a fit with the items they usually purchase.
 - Of the members who receive e-mail promotions from the store, only half (53 percent) find the advertised products relevant to what they buy.

Members have trouble accumulating and redeeming points

The accumulation and redemption of points is a key feature of the Balance Rewards program. However, Walgreens customers may not be getting the full benefit of Balance Rewards' points system:

- Sixty percent of Balance Rewards members do not know how to redeem points or check their points balance, two of the program's most basic features.
- More than two-thirds of Balance Rewards members (69 percent) do not feel that it is easy to earn rewards.
- Eighty-three (83) percent of Balance Rewards members look for loyalty programs that give points or credits for *all* purchases made in the store. Balance Rewards gives points only on select items.
- Monthly Walgreens shoppers who have participated in the Balance Rewards program for more than 6 months report spending an average of more than \$75 at Walgreens in a typical month—which comes to about \$450 after six months.
 - However, among the nearly 70% of these same members who have yet to redeem points, they believe they've only accumulated less than 3000 points to date—less than a 1 percent return on consumer spend.

SURVEY METHODOLOGY

The Walgreens Balance Rewards Customer Loyalty Survey was conducted between May 20th and May 23rd, 2013 among 1134 Walgreens Balance Rewards members and 1005 non-members, using an email invitation and an online survey. In order to qualify for this study, all consumers must:

- Shop at drugstores at least once a year
- Typically shop at Walgreens at least once a year
- Have shopped at a Walgreens at least once in the past 6 months

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results.

In this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 2.9 percentage points (for members) and 3.1 percentage points (for non-members) from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample. The margin of error for any subgroups will be slightly higher.