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Contact: Tim Sansbury, Public Relations, 513.231.5115 tim@jzmcbride.com or Will Sikes will@jzmcbride.com

Loyalty Reward Programs: The Antidote to Economic Stimulus Payment Shrinkage

Rewards Cover Luxuries, Necessities and Charities for Consumers Who Want to Restore Value to their Rebate Checks

Double-dipping -- Spending the Rebate with a Business that Offers Reward Points, Miles or Cash Back -- Gives Beleaguered Consumers a Way to Fight Back

CINCINNATI (May 23, 2008) – Escalating gasoline and grocery prices mean the economic stimulus check that Washington promised in February has lost some of its luster in May. Gas has risen about 75 cents a gallon and food costs are up 5 percent in the lag time.

But millions of Americans are well positioned to reclaim lost financial ground by combining their rebate checks with rewards, points, miles and cash back offerings from loyalty marketing programs that span nearly every sector of the economy.

In fact, U.S. consumers hold 1.3 billion memberships in loyalty reward programs, more than four times the national population, according to loyalty marketing publisher COLLOQUY. The average household belongs to 12 reward programs, with active participation in four to five.

“A windfall of money from the government combined with free rewards ... What’s more American than double-dipping?” said Kelly Hlavinka, COLLOQUY managing partner. “Reward points and miles are ready-made to stimulate the stimulator. Savvy consumers know the benefits they accrue from their favorite reward programs, so they can stretch their rebate dollars without having to wade through the clutter of offers that are popping up to lure rebate spenders.”

Hlavinka added, “Rewards, like the rebate check itself, may not turn the economy around, but for consumers hit from all sides, they offer something equally important, a sense of fighting back. However you decide to use your rebate check, there is a reward program to expand its value, whether it’s travel, shopping, investing, healthcare or education, or maybe just buying gas and groceries. Some programs enable you to donate earned points or cash to a charity.”



According to COLLOQUY, U.S. consumers hold 254 million memberships in airline frequent flyer programs; 238 million memberships in financial services and credit card reward programs; 137 million memberships in specialty retail reward programs; 124 million memberships in grocery reward programs and 107 million memberships in department store reward programs. These are the top five sectors for loyalty memberships.

Approximately 130 million U.S. households will receive stimulus payments that are the centerpiece of Washington's \$160 billion plan to give the economy a shot in the arm. For a qualifying family of four, the anti-recession check is worth up to \$1,800.

Luxuries

Travel – Through Delta's *SkyMiles* program, buy miles between April 1 and June 30 and receive a mileage bonus of up to 40%. For example, buy 20,000 miles and receive an 8,000-mile bonus.

Big Ticket Buy – Use Best Buy's *Reward Zone* program to buy a \$2,000 flat screen TV and receive up to \$120 in cash rewards – enough to buy 2 iPod shuffles for the kids.

Personal Gym – Purchase a \$1,800 treadmill using the Dick's Sporting Goods *Scorecard* program and receive cash rewards up to \$80 – a sum that will cover hand weights and a sleek new workout outfit.

Necessities

Gasoline – Earn points on every purchase at Speedway and Super America through the *SpeedyRewards* program. Redeem points for up to \$12.50 off a gas tank fill-up.

Mortgage payment – Adding a mortgage to a Citi *Thank You Rewards* banking portfolio earns bonus points each month, plus points each time a mortgage payment is made with a Citi checking, debit or credit account. Points can be redeemed toward the repayment of an educational loan.

Telecom – Charter Communications' *Live it with Charter* program allows customers to earn points on money spent for everyday use of phone, cable and internet. At 15 points per dollar, paying this utility bill leads soon enough to an Alaskan cruise or posh hotel stay.

Charities

Environmental Protection – Purchases made using a Ducks Unlimited *WorldPoints* Visa card results in a Bank of America contribution to Ducks Unlimited wetlands



conservation efforts, at no extra cost to the cardholder, and earn the cardholder points that can be donated to Ducks Unlimited or redeemed for merchandise.

Education – Customers that make purchases using TARGET's *REDcard* get a donation to the K-12 school of their choice and earn points that can be redeemed for rewards.

Disaster Relief – Rebate payments spent with Hilton earn *HHonors* points that can be donated for cash contributions to the International Federation of Red Cross (IFRC), including the South Asia IFRC fund.

ABOUT COLLOQUY

COLLOQUY comprises a collection of resources devoted to the global loyalty-marketing industry. The flagship resources are COLLOQUY Consulting, a loyalty consulting practice, COLLOQUY®, a magazine serving the loyalty-marketing industry since 1990, COLLOQUY.COM the most comprehensive loyalty web site in the world, COLLOQUY's Research and Education divisions. Together they provide a worldwide audience of 25,000+ marketers with consulting, news, editorial, educational and research services across all industries and around the globe. COLLOQUY magazine subscriptions are available at no cost to qualified persons at www.colloquy.com or by calling 513.248.9184.