

LOYALTY & REWARDS



CEO and Co-Founder of Drop, Derrick Fung.

How this Canadian Company is Shaking Up the Loyalty Landscape

While loyalty programs have become big business in North America, merchants continue to search for innovative ways to engage new and existing shoppers. Toronto-based Drop, a mobile app that entered the loyalty and rewards market in late 2016, set out to create a personalized and engaging rewards experience and has helped redefine the loyalty market in the process.

Despite traditional loyalty programs being designed and marketed as ways to reward frequent shoppers for their loyalty, it's typically difficult for members to actually earn and redeem meaningful rewards — so difficult, in fact, that many members become disengaged with merchant programs altogether.

One program, many merchants

Drop sought to solve the “too hard to earn, too hard to redeem” problem for consumers by creating a platform that rewards its members for their everyday spending. Its mobile app uses banking APIs to securely read credit and debit card transactions, after which points are passed onto members whenever they spend with a partnered merchant such as Starbucks, Uber, and Walmart, to name a few. This process results in multiple opportunities for Drop's members to earn points and redeem rewards to

member favourites, all within the app.

Since its launch, 1.5 million people in the U.S. and Canada have signed up for Drop — the majority of whom are ages 18-34 and within the highly sought-after millennial demographic. For most Drop members, their motivation to use the app has been the ability to bundle their purchasing power across many merchants and discover new and exciting brands through the platform.

Leveraging data and analytics

While the consumer appeal of Drop is apparent, Drop's CEO Derrick Fung says the app offers rewards for merchants that partner with the company as well. “At Drop, merchants come to us to try and accomplish various goals they aren't fulfilling in-house, whether it's acquiring new customers or driving existing customers to spend more frequently or more per visit.”

After fundraising \$21 million USD earlier this year in a Series A investment round, Drop has focused on building a truly personalized program. By leveraging consumer transaction and location data points, Drop aims to continuously improve the level of individualized experience for its members and partners alike.

Jamie Lincoln

Publisher: **Brian von Allmen** Business Developer: **Nina Theodoris** Country Manager: **Jacob Weingarten** Content Production Manager: **Ellen Asiedu** Lead Designer: **Michael Shea**
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Discover the hotel loyalty program worthy of front page news. *See inside.*

From the Pump to the Produce Aisle, New Loyalty Program Gives You More

Starting this summer, PC Optimum members will be able to earn points at more than 1,800 Esso stations on eligible fuel purchases, convenience store products, and car wash services — that adds up quickly

As companies compete for an increased share of the consumer's wallet, strategic loyalty partnerships spanning multiple brands can provide benefits for both retailers and consumers.

For retailers, loyalty partnerships can provide new opportunities to interact with consumers, leading to increased engagement with the participating brands.

For consumers, loyalty partnerships can be very attractive, especially when there is a good fit between the participating partners and the consumers' regular purchasing patterns. These joint programs allow consumers to capture more value by earning the same loyalty currency at multiple retailers.

The newly launched PC Optimum program, formed from the merger of the PC Plus and Shoppers Optimum programs, is a recent example of a strategic loyalty partnership, with the Esso brand joining the program this summer, and the Mobil brand already participating in the program.

Capturing loyalty program value from your fuels purchases

"The expansion of the PC Optimum program to Esso and Mobil stations is attractive for consumers, with earn rates that are competitive in the fuel industry but in a partnership model that provides increased opportunity for Canadians to extract significant value across a broad range of everyday

purchases," says Cheryl Seaward, Next Generation Loyalty Manager at Imperial Oil, which manages the Esso and Mobil brands in Canada. "The ability to earn points on three top everyday purchase categories, with some of the nation's largest retailers provides consumers with the exceptional ability to earn and redeem quickly."

"With more than 19 million combined cardholders prior to merging the Shoppers Optimum and PC Plus programs, we knew that getting customer input would be essential," says Jim Noteboom, Senior Vice President - Loyalty, at Loblaw Companies Limited. "They told us loud and clear that they wanted powerful earning ability and the addition of the Esso and Mobil brands to the PC Optimum program allows us to further deliver on that promise."

Canadians can soon earn PC Optimum points at more than 4,500 locations

Starting this summer, PC Optimum members will earn 10 points per litre on fuel, and 10 points per dollar on eligible convenience store or car wash services at Esso stations. Registered members may also receive targeted offers that allow for accelerated earning opportunities. PC Optimum members can also continue to earn points at Mobil stations as they do today.

Customers using a PC Financial Mastercard® at Esso and Mobil stations

will also continue to have the ability to accelerate their earnings on fuel with at least 30 points per litre, all in a single swipe.

PC Optimum points can be redeemed for almost anything at close to 2,500 Loblaw and Shoppers Drug Mart banner stores including Real Canadian Superstore, Atlantic Superstore, City Market, No Frills, Independent, Zehrs, Loblaws, Shoppers Home Health Care, and online at Loblaw-owned grocery websites, joefresh.com, and beautyboutique.ca.

"The introduction of the PC Optimum program at Esso and Mobil stations provides Canadians with a fantastic opportunity to accelerate their ability to earn points in one of Canada's largest loyalty programs," says Yan Côté, Retail Fuels Manager at Imperial Oil. "Members are excited about the additional value that earning PC Optimum points on their fuel purchases will bring, and Imperial is equally excited to provide Canadians with more opportunities to earn and realize more value."

Loblaw and Imperial are working together in earnest and will make consumers aware through advertising across all participating locations as soon as the program is available. The program is anticipated to launch this summer.

Gavin Davidson



Cheryl Seaward
Next Generation
Loyalty Manager,
Imperial Oil



Yan Côté
Retail Fuels
Manager, Imperial Oil



Jim Noteboom
Senior Vice
President, Loyalty &
Analytics, Loblaws



Joanna Walker
CEO & Co-Founder,
Loyalty & Co.

Extracting the Most Value from Your Loyalty Program

In our house, I'm responsible for our everyday budget and, with the cost of living going up, a nice shopping experience and value for my money are important to me. Being busy, I'd prefer not to spend my time deal hunting, so loyalty programs are a great

way to stretch my dollar. I am in a grocery store twice a week and fuelling up my car at least once a week, meaning combined loyalty programs offer considerably more value than standalone programs. In general, women belong to more loyalty programs than men and with increasing spending power, these programs have become a great tool to compete for our business. In the loyalty industry, personalized offers have been a buzzword for a long time but technology is finally catching up. Effective

loyalty programs use their data to reward you for what you want to buy — not for what they want to sell you. Redeeming points can really offset your expenses in a meaningful way, especially when the rewards are things you need on a routine basis. As consumers we have a lot of choices on where to spend our money, so pick a program that you love, consolidate your spending at the participating retailers, and get rewarded!

Coming summer 2018!



Get ready to earn *PC Optimum*
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Finding It Hard To Commit? Hotel Reward Programs Offer Choice

Contrary to the saying, “You can’t get something for nothing,” sometimes you can. As airlines need to put bums in seats, hotels need to put heads in beds, and loyalty programs help accomplish this by encouraging repeat visits.

But does one type of program offer better value to the consumer over the other?

According to industry insider Steve Allmen, Co-founder and President of Loyalty & Co., hotel programs give you more ways to earn benefits like free stays, and often get you there faster than traditional airline programs.

“Hotels have done a really good job of integrating other earn methods, apart from a stay, into their programs. Credit card partnerships, ties with other loyalty programs — any way that they can create linkage back into their business, they do, and sometimes that means going outside their four walls. Hotels have done this better than anybody in the loyalty space.”

A range of choice

Hotel chains also have properties to suit a wide range of consumers so that you can find a fit that works. “There are different levels of hotels in lots of locations,” says Allmen. “This offers value to regular customers and infrequent customers. Hotels are interested in the business traveller, but they’re also interested in people doing a staycation or family getaway.”

A good piece of advice from Allmen is to consolidate your hotel spend or loyalty earn. Not only will you earn rewards quicker, but hotel programs are able to better show their love for your loyalty. “What makes hotel loyalty programs unique is that they can better leverage their inventory, while offering more points at certain times, controlling the full guest experience, and running promotions like dine-and-stay,” he says. “Rewarding loyalty is a core tenet of their business.”

And when it comes to redeeming those hard-earned points? “You might actually get better value staying in a hotel for a week with almost the same amount of spend as you would get to take one flight from Toronto to Vancouver,” says Allmen.

Janice Tober



Steve Allmen
President & Co-Founder,
Loyalty & Co.

Trackable Earnings Give Hotel Loyalty Programs a Boost

Loyalty programs have grown in sophistication to match with new technologies, and mobile apps are emerging as a convenient tool for members. As the needs of hotel loyalty members evolve, some brands are adapting to the landscape and offering their guests new ways to track their perks.

One example is Choice Hotels, a hotel company with a portfolio of over 6,800 properties in 40 countries and territories — 325 of which are in Canada. Its Choice Privileges rewards program offers free membership and a free app for iOS and Android devices that allows guests to easily manage their accounts.

“We focus on making it seamless to book a property with us and encourage loyalty through a variety of rewards incentives,” explains Julie Chan-McConnell, Senior Director of Marketing and Distribution at Choice Hotels Canada. “It’s about improving the customer experience when searching for hotels. Our technology is also about extending the customer experience at the hotel.” The app offers suggestions on attractions as well as helpful information about airports and local transportation, becoming a handy guide for tourists and business travellers alike.

Checking in

Using the app, members can check their profile, points balance, redemptions, history of hotel stays, and more. Chan-McConnell also notes that, through the app, guests can “see their progress to Elite status moving up each

tier the more they stay at a Choice brand hotel.” They earn 10 points per U.S. dollar spent, with Canadian funds converted before points are tallied. Referring someone to the program can also earn bonus points for both parties.

The Your Extras program also rewards members with perks upon check-in for stays between Sunday and Thursday. If guests stay mid-week, they get to choose between accruing bonus Choice Privileges points, airline miles, or gift cards for Starbucks, Tim Hortons or Amazon.ca. Members can select which perk to receive right from the app and change their preference with each stay.

A program was recently rolled out in some U.S. hotels to include outside food delivery in the app, and Chan-McConnell notes that in-app communication with guests will continue to increase. “The app is a way to stay connected with customers who are travelling for both business and leisure.”

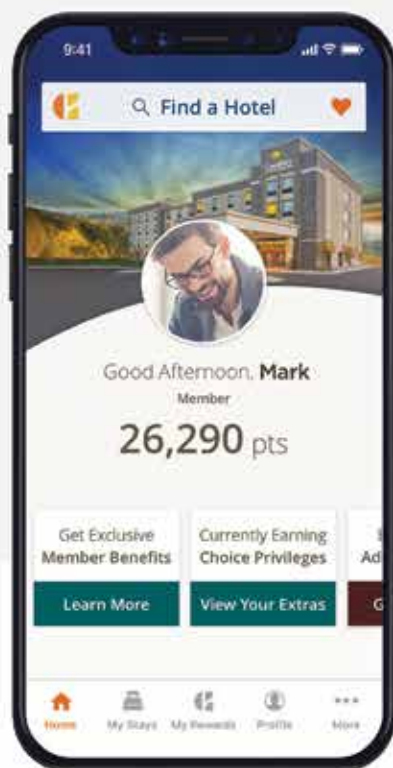
Ted Kritsonis



Julie Chan-McConnell
Senior Director, Marketing and Distribution,
Choice Hotels Canada



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The Douglas Vancouver, an Autograph Collection hotel.

A Loyalty Program That Gives You More

Canadians love rewards programs. Hotel rewards programs, in particular, offer travellers much more than a free night or a room upgrade — they offer unique experiences. So the announcement that three of the travel industry's biggest loyalty programs will merge into a single program, come August, is a huge deal.

The move, which will impact as many as 3.7 million Canadians enrolled in Marriott Rewards, Starwood Preferred Guest (SPG), and The Ritz-Carlton Rewards, has been eagerly anticipated since Marriott acquired Starwood in 2016.

For business travellers like Richard Wood, finding a good hotel rewards program is essential. "When you travel as extensively as I do, it's important to find a hotel loyalty program that you can really benefit from," he notes.

With a portfolio encompassing 29 brands and 6,500 properties in 127 countries, the new combined loyalty program will, in purely practical terms, simplify Marriott's operations. Members, however, will benefit

from receiving an even wider array of rewards.

"While the exact name of the new program has yet to be announced, it will be a single program with global earn and redemption capabilities," says Paul Cahill, Area Vice President of Operations for Canada. "Come August, we're moving to a single currency, which means members with Starpoints today will convert at a three to one ratio." All other reward members points will remain the same, but each member will have one account.

A simplified points system

For every dollar spent, members will earn 10 points at all hotel brands with the exception of Residence Inn, TownePlace Suites, and Element — where they will receive five points per every dollar spent. A total of 7,500 points will deliver a free night at a Category 1 hotel, while a luxury property or Category 8 hotel can be redeemed for 85,000 points. There will be no blackout dates for point redemption, meaning guests can claim a free night any day of the year including holidays when available.

The company has also overhauled its Moments marketplace, which sells everything from zip-line excursions to sumo wrestling tutorials. For the first time, loyal guests can both earn and redeem points by shopping for these experiences — 110,000 of them in all, across 1,000 global destinations.

Moments that last a lifetime

An SPG member since 2000, Wood has stacked enough "once-in-a-lifetime" moments for nine lives.

In March, he watched the Toronto Maple Leafs play the Dallas Stars from an exclusive suite with other SPG members and guests. Before the game he was invited to the Sheraton Toronto Centre for an exclusive meet and greet with former Leafs players Darcy Tucker and Shayne Corson, and a surprise appearance of the Stanley Cup. Wood redeemed a few more "moments", giving him two platinum seat tickets for another game and two jerseys.

Marriott will introduce a new single reservation system across all its brands. "The system will make the booking process easier, as you'll be able to find accommodations within any brand," says Cahill. And that's good news, since the company is expanding its footprint in Canada. It has recently added the AC Hotel in downtown Montreal and JW Marriott Parq in Vancouver to its list of properties.

"The ability to redeem my points at some of the world's best hotels has definitely enriched my global travel experience," says Wood, but it's those Marriott moments he just can't stop talking about.

Catherine Roberts

Getting the Most from Your Travel Rewards Program



Patrick Sojka
Founder,
RewardsCanada.ca

The merger of the Marriott Rewards and Starwood Preferred Guest programs is one that I imagine will be taught at universities around the world in the near future as a model of how to properly merge loyalty programs.

This is not the first time we've seen programs come together — airlines buy other airlines and hotels buy other hotels, and they typically swallow up the smaller one's loyalty program. What I would say is a first is how well Marriott has handled the complex integration of multiple programs with a combined membership of over 110 million people worldwide. They didn't have to appease the SPG membership base who were accustomed to much richer benefits, but they did. They gave instant status matches between the programs, brought elite benefits over to Marriott, and valued Starpoints handsomely at a one-to-three ratio with Marriott points. They took what is best from their programs and combined them into one.

There is some give and take, but for the most part the new program will be very rewarding. This will be especially true in the latter half of 2018 when many high-end hotels that would normally require a hefty amount of points to stay will be pricing rooms at nearly a 30 percent discount since the highest redemption category in the new program won't come into effect until 2019.

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CANADIAN SPOTLIGHT

Innovation in Loyalty

A New Horizon in the Loyalty Space

In planning new loyalty programs, it's essential to offer new ideas that will delight and retain loyal members and create new ones. SunClub Rewards is a Vancouver-based company with 20 years of experience in the travel industry and significant insight into the value of loyalty programs that put the member first. "After many disappointing experiences with other travel loyalty programs, I knew that we could do it better," says Wayne Hansen, Managing Director of SunClub Rewards.

Historically, Canadians collect rewards points and sit on their point balances, so by the time points are finally redeemed, their value has decreased. The answer is to offer members monthly compounded interest on their point balances. If a rewards program is sitting

on millions of dollars in prepaid points that are collecting interest, why not share the interest with members?

With their innovative new program, SunClub allows members to earn points by booking travel with any airline, cruise line, hotel, or tour operator, as well as through online shopping at SunClub Mall. Additionally, SunClub points are not subject to travel restrictions or blackout periods, they never expire, and they can be instantly redeemed for travel, at select retailers or cashed out with a prepaid Visa card. "We listened to what the public said and created a new, more innovative program that offers customers real value and many different opportunities to earn points," says Hansen.

The online space was launched with over 350 retailers in more than 33

categories including major online partners such as Amazon, Best Buy, The Bay, Walmart, and Home Depot. Brick-and-mortar retailers are now joining the program, increasing ways to earn more points and the number of places to use points through instant redemption opportunities.

With free membership and a high-value offering, the company has created a convenient program for its members — one that customers will want to join, use, and grow with.



For more information on the SunClub Rewards program and how it works visit sunclubrewards.com.

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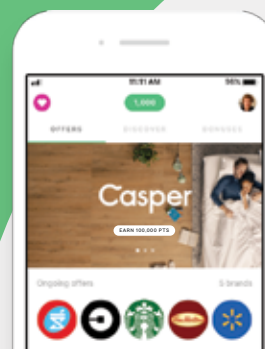


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*Canadians expect their loyalty experiences to be simple and rewarding.
RBC Rewards delivers a one-two punch with more ways to earn and redeem rewards.*

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RBC Rewards provides more ways for members to earn more points on their everyday purchases. Members can instantly receive cash back, discounts, and earn bonus points thanks to RBC's partnerships with leading brands. RBC Rewards members can also earn points for living a healthier lifestyle through RBC's latest partnership with Carrot Rewards.†

Simple and Personalized Redemption Choices

Many Canadians struggle when it's time to redeem their points — the process may

be challenging, they may not have enough points, or they have limited choices.

With RBC Rewards, members can choose to redeem their points for things that matter to them, like travelling the world, redeeming for the latest gadgets or gift cards for family and friends, investing in their future, paying down their debt, or buying everyday items — the list goes on and on.

RBC Rewards members can even choose how to redeem their points. Whether they prefer to browse the RBC Rewards online catalogue at home on their computer, use the RBC Rewards mobile app to book their next adventure,

or instantly redeem points in-store for day-to-day purchases like coffee or lunch, redeeming is as simple as earning.

When it comes to travel redemption value, RBC Rewards delivers a knockout punch. In fact, thanks to the flexibility of the RBC Rewards program, members redeem for travel more than anything else. With the RBC Visa Infinite+ Avion® card one of its most popular products, Avioners® have the freedom to fly without restrictions or blackout dates on over 130 airlines. Those looking to use their points for something beyond travel can also browse the full selection of redemption options through the RBC Rewards app.

For more information, visit rbcrewards.com.

Points that pack a real punch.

When it comes to your rewards experience, we're determined to make it the very best it can be. Earn points for staying fit with the Carrot Rewards† app, and spend them in-store on everyday purchases.

See how we're making every day more rewarding at rbcrewards.com

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