



Coexistence of loyalty programs: an opportunity? A case of Galp energia

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Abstract (EN)

Thesis Title: Coexistence of loyalty programs: an opportunity?

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The development of Loyalty programs is an effective strategy used by companies in order to get customers satisfied and increase the retention levels, which most of the times leads to higher profitability. Currently, with the growing trends in the market, customers are more demanding and companies must work on the development of efficient tools to keep up with their business.

Therefore, this study aims to analyse how two different loyalty programs of Galp coexist in the market by understanding what customers mostly want to, in which channels they should be and finally, to understand if it represents an opportunity for Galp?

A survey conducted to Portuguese citizens showed that customers prefer loyalty cards that provide them with direct discounts. Furthermore, customers also like to have discounts in other services with these same cards, as well as cards in the format of an online application. Moreover, the transition to the online channel presented to be more significant in the young-adult segment, which is the segment that is more online buyer.

Finally, by measuring what customers most preferred and complementing these results with the internal information of Galp, it was possible to conclude that Galp should invest on the development of the two programs as they complement each other and can be great tools to keep customers satisfied and enhance company's value.

Keywords: loyalty programs, retail, customer satisfaction, customer retention, profitability, partnerships, digital loyalty programs, Galp

Resumo (PT)

Título da Tese: Coexistência de programas de fidelização: uma oportunidade?

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O desenvolvimento de programas de fidelização é uma estratégia eficaz usada pelas empresas, de modo a manter os consumidores satisfeitos e aumentar os níveis de fidelização que, na maioria das vezes, se traduz em receita. Atualmente, com as crescentes tendências do mercado, os consumidores estão cada vez mais exigentes e por isso as empresas têm que trabalhar no sentido de desenvolver os mecanismos e ferramentas certas para manter o seu negócio sustentável.

Assim, este estudo pretende analisar como dois programas de fidelização da Galp convivem no mercado, analisando as preferências dos consumidores relativamente a estes serviços e percebendo em que canais se devem investir, de maneira a que se traduza numa oportunidade de crescimento para a empresa.

Um questionário direcionado para a população portuguesa foi realizado, revelando uma preferência por cartões que oferecem descontos diretos, descontos em outros serviços, bem como cartões em formato digital. A transição para o canal online revelou ser mais significativo para o segmento jovem-adulto, uma vez que é o segmento que mais compra online.

Por fim, medindo as preferências dos consumidores e complementando a informação da Galp, foi possível concluir que a Galp deverá investir nos dois programas que tem, uma vez que se complementam e oferecem aos clientes o que eles procuram, sendo uma grande mais-valia pois conseguem reter muito mais clientes, através do aumento dos seus níveis de satisfação e aumentando o valor da empresa.

Palavras-chave: programas de fidelização, retalho, satisfação dos consumidores, retenção de consumidores, lucro, parcerias, programas de fidelização digitais, Galp

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Table of contents

1. Introduction	7
1.1 Problem statement	7
1.2 Key Research Questions	7
1.3 Methodology.....	8
2. Literature Review	9
2.1 Loyalty programs.....	9
2.2.1 Loyalty Programs in retailing industry	10
2.2 Managing customer satisfaction and customer retention.....	10
2.3 Managing Loyalty Programs Partnerships.....	11
2.4 Online Loyalty Programs.....	12
2.5 Profitability of the Loyalty Programs	14
3. Case study - Galp	16
3.1 The Oil Market analysis	16
3.2 The Portuguese Market.....	16
3.2.1 The Oil Retailing Industry	17
3.3 Galp:	17
3.3.1 Company Profile.....	17
3.3.2 Retail Market Characterization	18
3.4 Loyalty Programs	18
3.4.1 Loyalty necessity background.....	18
3.4.2 Managing partnerships.....	20
3.4.3 Revenue generation.....	21
3.5 Programs evolution.....	22
3.5.1 Managing the issues.....	22
3.6 <i>Cartão Continente</i>	23
3.6.1 Managerial and strategic issues.....	23
3.6.2 Targeting Criteria and loyalty strategy	23
3.7 <i>Cartão Mais por Menos</i>	24
3.7.1 Value proposition.....	24
3.8 Cartão Continente vs. Cartão Mais por Menos	25
3.9 Benchmarking.....	25
4. Market Research	27
4.1 Research purpose.....	27
4.2 Demographic factors.....	27
4.3 Galp	28

4.3.1	Galp’s consumption habits / Galp’s supply frequency.....	28
4.3.2	Brand associations	29
4.2	Loyalty programs	29
4.2.1	Consumption habits	29
4.2.2	Which attributes customer’s value in loyalty cards? A customer’s profile characterization 31	
4.2.3	Final choice.....	32
4.3.3	Going online	33
4.4	Young segment.....	33
4.4.1	What do young people value the most in loyalty cards?.....	33
4.4.2	Final choice – the “young-adults” purchase intentions.....	33
4.4.3	The online channel at the eyes of the young-adult segment.....	34
5.	Conclusions	36
5.1	What are customers looking for and what do they value?	36
5.2	How are the different loyalty programs perceived by the customers?.....	36
5.3	How is the coexistence of the two loyalty programs? Is there cannibalization of efforts?	37
5.4	In which channels does Galp need to invest for each program? How can the digital channel be used to align all the tools used?.....	38
6.	Recommendations	39
7.	Limitations and Future Research	41
8.	Teaching Notes.....	42
8.1	Synopsis.....	42
8.2	Target audience and teaching objectives of the case study.....	42
8.3	Teaching Plan	43
8.4	In-class discussion	44
9.	References	45
10.	Other References.....	49
11.	Appendixes	51

1. Introduction

It was Monday morning, Nuno and his team were sitting together at a meeting, discussing the importance of the loyalty programs and their impact to the company. Specifically, regarding *Cartão Continente*, a powerful loyalty program resulted from the partnership between Galp and Sonae that makes this dream team very proud of. As the discussion evolved, they realized there were a percentage of customers they were not able to reach only with *Cartão Continente*. Aware of the crucial role customers play in the success of such programs, other loyalty tools were created, trying to make an alignment with the tools already used.

Understanding the importance of the loyalty programs for company's performance, they deepen the importance of having a good knowledge of the client, as a success factor for the loyalty programs. That is, it is crucial to have a good customer database and to create tools sufficiently strong, in order to "auto-segment" the client for each type of program. Thus, they started wondering how different loyalty programs can be explored and how they live together in the market. How well does Galp need to know their clients, to better assess the mechanisms of the existing loyalty tools?

1.1 Problem statement

As Galp is a company with a major impact in the Portuguese economy and with strong direct and also national competitors, it has to constantly be one step ahead from its competitors, in order to guarantee its market leadership, which is only possible by understanding the challenges and opportunities it faces. For all of this, the purpose of my research is to evaluate how two loyalty programs, based on completely different tools, can work together in the market in which Galp operates and how can it be an opportunity for Galp by engaging in the online channel?

Having said that, I will conduct my thesis under the title "Coexistence of loyalty programs: an opportunity?"

1.2 Key Research Questions

The purpose of this study is to answer the following questions:

RQ1: What are customers looking for and what do they value?

RQ2: How are the different loyalty programs perceived by the customers?

RQ3: How is the coexistence in the market of the two loyalty programs? Is there cannibalization of efforts and sales?

RQ4: In which channels does Galp need to invest for each program? How can the digital channel be used to align all the tools used?

1.3 Methodology

In order to conduct this case study and answer the proposed questions, both primary and secondary data were used. Concerning the primary data, qualitative and quantitative data was collected. For the qualitative research, I was provided with a Welcome Session at Galp, with some members of the Marketing department, in order to help me understand the research problem. Moreover, a focus group was conducted as well as an interview with Paulo Madeira, member of the CRM marketing team. For the quantitative research, an online survey was conducted targeting the Portuguese individuals with more than 18 years-old.

Regarding the secondary data, for the purpose of the literature review, scientific articles were used in order to enrich the theoretical research. Furthermore, other sources of information were gathered, such as company public reports, company internal reports and websites.

2. Literature Review

In this chapter the main topic of loyalty programs is introduced with special concern in the implications for companies: their importance in the retail sector, how can they create value and profitability for companies and also in which channels should they be.

2.1 Loyalty programs

The loyalty program mechanism was firstly launched by Airlines companies in 1980 (Berry, 2013) and nowadays is commonly prevalent across different industries, such as retail, travel and financial. These types of programmes have been a field of research by several authors who consider loyalty programs great tools to increase the overall value of a company by retaining existing customers (Dowling & Uncles, 1997). It is a program based on a reward scheme aiming to reward customers for its purchase by delivering a special treatment to its members. According to Lacey, Suh & Morgain, 2007, customer loyalty programs refer to defensive marketing strategies to increase and building relational attitudes and behaviours amongst customers to a particular brand or firm.

With the increase of competition between companies as well as the demanding customers, companies have been looking for ways to keep their value and increase their revenue growth (Mauri, 2003 & Leenheer and Bijmolt, 2008). Thus, as firms become more customer oriented and determined by customer demands, it is necessary to keep meeting customers' needs and expectations. This way, they need to develop barriers to contest competitive entry by getting its customers loyal (Aaker, 1991). Therefore, in response to this, it has been developed a new generation of Customer Relationship Management (CRM) practices, which is the loyalty program (Bhattacharya, 1998).

Over time, these types of mechanisms have been gaining importance in the market and have become a key element of CRM, as they have a particular and important role in developing relationships and retaining customers. (Mauri, 2003 & Leenheer and Bijmolt, 2008). By engaging in CRM strategies, firms acquire knowledge about their customers and guarantee an interaction with them. By doing so, companies are able to differentiate themselves from the competitors and encourage customers to change their purchase behaviour accordingly the store chain that most reward them. (Dick & Basu, 1994). Moreover, the use of loyalty programs enables companies to get detailed information about their customers and also to identify, monitor and influence their choices, which allow companies to deliver specific targeted marketing activities (Ailawadi et al. 2010 & Liu, 2007).

According to Kopalle et. al. (2012), there are two types of loyalty structures. One is regarding the frequency of rewards, namely frequency rewards programs (FRP) with the form of “buy X amount/collect X points, get a reward”; and the other is regarding customer tier program (CTP) on the form of “buy X amount/collect X points, qualify for a tier”. Hence, each structure is chosen accordingly the industry: for businesses that embolden frequent purchases, and are transaction-focused, frequency reward programs are used. Conversely, for businesses with high-commitment, higher price point and relationship-focused, the customer tier programs are more common.

2.2.1 Loyalty Programs in retailing industry

In the retail industry, these programmes have proven to be an important asset too. Retailers have come long way to be one step ahead over the competitors, market and retailing environment changes (Stoel & Ha, 2014). Hence, companies felt the need to start developing mechanisms that would ensure repeat purchase behaviour within their target market, in order to transform potential customers into loyal ones.

Further, in the retail arena, as stated by Allaway et al (2003), the retailers put their efforts on the development of loyalty programs in order to create store traffic and increase not only the basket size, but also the frequency aiming to get deepen relationship with retailers customer base.

However, it might be difficult for retailers to achieve the desired levels of loyalty without customers first having some degree of customer satisfaction (Seymor and Rifkin, 1998). Thus, for this to result, according to Luxton (1998), customers must find the programs valuable to them. Monetary rewards and price discounts offered to customers have great impact on customer satisfaction and loyalty (Dowling and Uncles, 1997; Liebermann, 1999; and Smith and Sparks, 2009). Seymor and Rifkin (1998) found that satisfied holders of loyalty programs, such as loyalty cards, are more loyal and less price sensitive, prevailing a positive relationship between satisfaction and loyalty. (Omar et al., 2007; Vesel and Zabkar, 2009; and Sunny Hu et al., 2010).

2.2 Managing customer satisfaction and customer retention

Oliver (1996) defines satisfaction as a measure of meeting customers’ expectations and it is frequently perceived as a result of the activities inherent to the purchase and consumption

process. Further, satisfaction is the appraisal of the overall experience with goods and services over time (Johnson and Fornell, 1991; and Fornell, 1992)

According to Söderlund (2006), loyalty comprises numerous dimensions, such as repurchase and repatronize intentions. Repatronize intentions is defined as “the customer's estimation of the probability that s/he will return to a supplier” (Söderlund & Colliander 2015) which is influenced by satisfaction.

Since some authors suggest that creating satisfaction amongst customers is an effective way of retaining them (Sejin Ha & Leslie Stoel, 2014), this topic is considered a key agent for firms to engage in loyalty programmes, as it leads to “repeat purchase behaviour and enhance retention by providing incentives for customers to purchase more often and in larger volumes (Söderlund & Colliander 2015). Thus, in order this to happen, loyalty programs must have a structure that motivates customers to make purchases (Michael Lewis, 2004), offering them valuable rewards in exchange, which is the major reason customers take in consideration when evaluating such programs (O’Brien & Jones, 2005 cited by Michael Lewis, 2004). According to Omar et. al. (2010) customers who are satisfied with the rewards provided by firms/retailers are more loyal to the store, which in turn enhance the value of the company’s offer.

Finally, as customer satisfaction affects the retention levels of a company, it represents a rich asset for future profits. Therefore, companies must put their efforts on satisfying its customers for profitability in the long-run (Dekimpe et al., 1996, cited by Sejin Ha & Leslie Stoel, 2014).

2.3 Managing Loyalty Programs Partnerships

As market conditions have been changing over time, it is more and more important that companies have the capacity to respond to customers’ needs and deliver them complex solutions (De Meyer, 2012). In order to face and respond to these growing trends, companies must go far beyond by developing the necessary tools to adjust their products and strategies and ultimately, companies need to rethink their existing business models (London and Hart, 2004; Weiser et al., 2006).

Due to the growing trend in networking, new globalizations and competitive pressures (Stuart & Martinez Lucio, 2005), the number of loyalty program partnerships have been increasing. These partnerships are considered strategic alliances between companies aiming to strengthen

their relationship by sharing resources in order to get mutually relevant benefits (Gulati, 1995). In fact, the majority of researchers highlight the importance of cooperation between companies as it allows them, aside from the resources, to access critical knowledge, bringing together a range of different and complementary skills and experiences into a partnership (Bryson et al. 2006; Rein et al., 2005; Warner and Sullivan, 2004; Kolk, 2013), which is a source of competitive advantage that enhances the power of the loyalty programs.

According to Dorotic et al. (2011), a loyalty program partnership refers to a programme where “multiple firms jointly participate in one program and members can earn and/or redeem reward from participating firms”. Such partnerships allow firms to reduce the associated costs, to attract a larger customer base, to increase customers participation rates and to get crossover effects across partners.

There are two types of partnership loyalty programs. In the first type, there exists a dominant firm’s loyalty programme, with complementary partners that manage the overall program. As for the second type, there is the same level of partnership of the loyalty programs (Lett. M. 2015)

Moreover, these types of partnerships constitute an important asset for companies as it increases the demand and satisfaction for the loyalty program, which allows a higher customer retention and finally it generates an exchange relationship between companies, which is not possible for a firm working by itself (Dyer & Singh, 1998; Lemon and Wangenheim, 2009). Thus, it requires an effective management, through the coordination of the relationship and also to have in mind the potential strengths and weaknesses of such partnership strategies.

2.4 Online Loyalty Programs

Due to the growing improvements of information technology, marketing analytics, and consumer interface platforms, there have been many exciting developments in loyalty practices recently which result in new challenges and opportunities for companies (Mark Lett, 2015). Hence, as it is becoming more popular over time, companies need to engage on ways in order to improve the design and the specificities of their existing programs.

Gartner (2013) predicted a significant increase on the mobile payment market, due to the impact of internet technology that would reach US\$721 billion with 450 million users within the following 5 years. Such growth represents a huge opportunity for companies to develop

online programs for its customers, as it provides a two-way communication with them before and during the purchase, enhancing the relationship between both parties. This in turn, allows companies to target customers' needs, generating more satisfaction, retention and resultant profits.

Furthermore, with the raise of online retail markets, most retailers are replicating their offline strategies to online channels (Lim & Lee, 2015). Thus, the big challenge in these cases is to reintroduce the current customers in the new online era in order to keep up with the competitors (Liu & Yang, 2009). This movement from offline to online loyalty programs is particularly desired for companies as it entails in a new marketing and cost structure, as follow:

- 1) By replacing the plastic/paper cards and catalogues to online lists, companies reduce its costs and contribute to the environment protection.
- 2) Companies are able to develop loyalty programs personalizes and customized for specific customers, according their needs and what they value (Ziliani & Bellini, 2004).
- 3) It allows companies to make real time measurements, by taking control of their customer data, data entry, communication and offers (Ziliani, 2012)
- 4) Companies have the possibility to interact with participants and also to check their progress toward rewards (Ziliani, 2012)

Moreover, according to Neslin et al. (2006), by engaging in the online channel, companies are able to make a costumer multichannel segmentation, identifying the customers preferences according to their demographic data. Research have shown that gender is not a predictor of channel preference ans usage (Konus et al., 2008; De Keyser et al., 2015), whereas in the human-computer interaction, there ir a gap in favour of males regarding Web usage (Van Deursen and Van Dijk, 2014).

As for the age of customers, researchers have found that older customers are more likely to prefer loyalty programs touchpoints in print (offline). Conversely, the youngest customers have a higher likelihood of preferring online touchpoints, with a curvilinear positive relationship. This result suggests a higher inclination for online channels for young subjects, as they are more accustomed to the online media (Magee 2013 & De Keyser et al. 2015).

Therefore, for retailers who are trying to redesign their printed (offline) loyalty programs, they should try to digitalize the reward catalogue and the loyalty coupons since it is the simplest way to shift from offline to online channel, without having to interfere with the information system of the company (Leva & Ziliani, 2016).

2.5 Profitability of the Loyalty Programs

Since the launch of the first loyalty programs back in 1980s, researchers and firms have been suggesting a positive association between customer loyalty and profitability. Therefore, companies have been attempting to improve their customer loyalty by developing loyalty programs. (Brady, 2000)

In order for such programs being valuable for firms, they are settled based on specific membership requirements involving the trade-offs between attracting a wider customer base and enhancing customer convenience and quality which will generate profitability (Liu & Wang, 2009).

However, there still exist some studies suggesting that profit contribution of loyalty programs is not as good as it might look (Dowling & Uncles, 1997; Lal & Bell, 2003; Shin & Sudhir, 2010). According to a study of McKinsey, companies that spend a lot in loyalty programs tend to have 10% lower profit margins than those of their competitors. Further, some authors argue that “the overall effectiveness of loyalty programs diminishes as markets become saturated” (Dorotic et al., 2012; Kopalle et al, 2003; Liu & Yang, 2009).

In order to fight that tendency, firms need to understand which are exactly the key factors that guarantee the profitability of the loyalty programs (Lim & Lee, 2015). Moreover, the same authors suggest that there is a different impact on loyalty programs' profits depending on the channels used. That is, the effect is different whether a company engages in a traditional/offline channel or in the online channel. Thus, firms need to strive on different channels in order to assure the profitability of such programs.

The success of the loyalty programs are based on the customers' needs and expectations and market circumstances. As mentioned before, loyalty programs are strategic marketing defensives that companies engage to attract and retain existing customers by making them satisfied with the company and with its offers. Thus, in order to profit from its loyalty programs, managers must realize that such mechanisms are only beneficial if customer preference is dynamic and that customers are unmoved to the difference between retailers,

which condition is only verified in online markets. If, on the other hand, customer preference is relatively stable or if dynamic but customers are sensitive to the differentiation between stores, the profits resulted from loyalty programs are not significant and do not worth the investments made by the companies (Lim & Lee, 2015).

Conversely, according to the same study of Lim and Lee (2015), even if managers do not get any valuable profit of loyalty programs in offline markets, they still should keep investing in such schemes, but specifically for online markets, as the profit gains are higher if the value of the transaction data gathered is high.

3. Case study - Galp

It was the beginning of the 20th century. The first premium fuels started to appear, resulting in a differentiation of the oil industry. It was the time where fuel additives had popped up. In order to retain as much customers as possible, fuel companies began to compete with each other. Customers were no longer seeking for the best location, but started seeking for the best price and the best service that stores could offer. As many other business, Galp, already a market leader in the Portuguese market, was facing numerous risks. The several companies operating in the market, the customers' new purchase intentions, the appearance of low-cost stores and the differentiation of products and services, were suffering big changes in the sector. Aware of the risks at stake, Galp had to come up with innovative solutions in order to mitigate those risks and keep the business sustainable.

It was then implemented a partnership with Sonae, the market leader in the retail sector. Aware that half of the Portuguese customers use mechanisms of discounts, Galp came up with a successful loyalty program, for the B2C segment, with the goal of enhancing the scope of Galp's retained clients – *Cartão Continente*.

As time passed by, after the implementation of *Cartão Continente*, the marketing team of Nuno Vaz Neto (Paulo Madeira) and Alexandre Machado, realized it was necessary to keep investing in marketing efforts, namely loyalty tools, so they could keep influencing the customers shopping behaviour and keep them retained. *Cartão Mais por Menos* was then created, a loyalty tactic tool used to complement *Cartão Continente*, and reach new target.

Dilemma: how the coexistence of two different loyalty programs can be an opportunity for Galp?

3.1 The Oil Market analysis

Since the discovery of oil in the 19th century, there have been great changes in the industry. Passing through a huge growth, as well as a global crisis, the market has been changing throughout the years. According to studies of Bloomberg, we are living in the era of the oil industry's death, due to mainly the transition to a new energy economy. Huge technologies improvements, such as photovoltaics and electric vehicles, compete and destroy the oil markets.

3.2 The Portuguese Market

Before start studying Galp, it is important to make a brief framework of the market in which it is insert.

3.2.1 The Oil Retailing Industry

Before their liberalization in the oil retailing market, prices were defined by the Government, meaning that all companies operating in this market had to practice the same prices. Back then, the market was led by the three major players – Galp, Shell and BP; and by the independents (at the time, small independent operators, which used to buy the products to the major companies, to resell it later in their own private stations) - White Pumps.

In January 2004, with the liberalization of prices, a new era for the retail market has started.

Companies were free to set their own prices, leading to a big increase of the competition between them. New players entered in the market (the new independents) with low-cost strategies – these included hypermarkets and *marcas brancas*; representing a huge threat to the major companies, as they destabilized the market and could, ultimately, affect their value.

Therefore, as any other company which wants to protect its business, the major players started to “fight back”. This represented the starting point for the major change in the market. According to Paulo Madeira “it takes just one company to do it, so all the other companies follow the strategy”, describing perfectly the behaviour of the players within this arena.

Nowadays, the Portuguese market is led by the major players Galp, BP, Cepsa, Repsol and Prio. However, the independents are still a key concern.

3.3 Galp:

3.3.1 Company Profile

Galp Energia was constituted in 1999, a corporation managing the oil supplier Petrogal and the gas supplier Gás de Portugal. It is an integrated energy player, initially owned by the Portuguese state, and now a vertically integrated company resulting from successive capital transactions between 1999 and 2008.

Galp Energia is Portugal’s primary oil and gas group, operating in the Exploration & Production segment, Refining & Marketing segment engaging in the refining, retail, distribution and wholesale marketing of oil products. It also operates in the Gas & Power

segment, by producing, distributing and selling natural gas. Its activities are located in Portugal, Spain, Brazil, Africa and East Timor.

By the end of 2016, Galp held the leadership position in Portugal, with a retail market share of around 30%, a turnover of €13.119 million and a network of 1436 in service station in 11 countries.

3.3.2 Retail Market Characterization

The retail market is divided in two types of clients: the professionals and the particulars, corresponding to the B2B and B2C segment, respectively. Approximately 55% of the clients are distributed in the B2C segment, while the remaining 45% (approximately) are in the B2B segment. (exhibit 1, figure 1)

Since the B2C segment represents the major part of the total market, Nuno's team put their efforts trying to find new ways to keep their customers satisfied and also to deepen their relationship with them. However, this is only possible if Galp has a worth knowledge of the B2C customer.

According to the data provided by Galp, it is worth mentioning that in 2015, the price, location and fuel quality, were the top 3 factors of choice for a fuel company (exhibit 1, figure 2). Therefore, having in consideration that Galp possesses several gas stations in residential areas, it remains the most preferred brand among customers, followed by the Hypermarkets, Repsol and BP (Exhibit 1 – figure 3).

Thus, as customers are sensitive to these three factors and existing low-cost competitors that could eventually “steal” customers from Galp, it was decided that Galp would have to innovate through the development of strong loyalty programs in order to meet the customers' satisfaction requirements, by providing discounts and promotions.

“The B2C customer is a sentimental one, strongly affective with the company, which requires a particular attention” – Paulo Madeira.

3.4 Loyalty Programs

3.4.1 Loyalty necessity background

Let's go back in history. It was 1990, up until here there was no differentiation in the fuel retail market. It was merely composed by a network of stations, only with personalized

service, and the competitors were practicing the same prices and offering the same products – at the time just petrol (normal and super) and diesel. Therefore, there was a fuel commodity.

“There was passivity in the market, and as a consequence, Galp’s marketing and communication were not strong, as there was no incentive to invest in such assets in a stagnant market” – explained Paulo

In the beginning of 1990, as a result of the constant threats from the Government to liberalize the fuel markets, companies started thinking in new feasible solutions that would differentiate themselves from the competitors, and guarantee the profitability of the station, in case of market liberalization.

It was then when it emerged the first moment of differentiation: the first additional businesses came up and companies started to differentiate by introducing the first stores, the automatic car wash services and the car maintenance shops.

However, the core business of Galp were fuels, so in order to develop a strong strategy, particularly for the store business, Galp had to find a strategic partner for that purpose. Having in consideration the dimension of the company and the business knowledge, the first alliance with Sonae was created. In 1992, Galp and Sonae formed the company *Sempre a Postos* and the first convenience stores M24 opened up (a store model opened for 24 hours).

In the following couple of years, Galp took the opportunity to expand the business in the new establish network by this first differentiation strategy. After realizing that “differentiation” was key for success, in 1998 Galp aimed further and developed what would be the first loyalty cards of the brand – *Fast*. *Fast* was a points card scheme that allowed customers to exchange them for different offers (e.g.: 1€ fuel discount in exchange for 200 points) available at catalogue. This happening was the second differentiation event.

Loyalty cards are programs designed to reward regular customers and to encourage them to repeat the purchase. Moreover, they are rich sources of customer data collection for companies that offer these programmes. Thus, at the time, *Fast* cards launch was a tremendous success, and allowed Galp to collect 600.000 customer profile records. In other words, Galp was not only able to develop its own customer data base, but also enrich its relationship with them.

Due to this big success, other companies felt threatened and it did not take much time until BP decided to launch non-personalized cards in the markets, reaching way more than 600.000 clients. However, even with fewer customer cards, since Galp had access to a personalized data base that BP did not have, this allowed Galp to target exactly the customers it wanted, based on the information it had and to keep its leadership position over BP. (exhibit 2)

As for the most of the other international markets, in January 2004, the liberalization of fuel prices marked the third and last event of differentiation. Companies started looking for ways of exceed themselves and extract more value from a more competitive market by the development and launch of fuel additives, leading to the appearance of the first premium fuels. Two coincident events were then at stake: on one hand, prices were liberalized and new players entered the market; on the other hand, the fuel's supply had increased.

As for Galp, it started selling the first *Hi-energy* fuels, which would be the new base offer for the company, and *G-Force premium* fuels appeared one year after. By following this strategy, Galp reached a position in the market as the company with the best quality for liquid fuels offered at the service stations.

Nevertheless, once again, the other major players – BP, Repsol and Cepsa – followed the same differentiation strategy and rapidly Galp lost its competitive advantage. Moreover, with the entry of the low-cost stores of the big food retail brands such as Jumbo, Leclerc and Intermarché; the general customers became more price sensitive and started to look for promotions and discounts, with the purpose of taking advantage of the lowest prices. (exhibit 3)

As a second response to market changes, the traditional brands as Galp, shift their strategy by starting decreasing prices, which in fact was not the best strategy to use, as the impact on the margins were huge. The major distinction between Galp and the low-cost brands is their final intention, which was on taking people to their stores. This way, they were able to renounce on the margins and set low prices, without affecting its core business (exhibit 4, figure 7). Yet, for great ills, great remedies and according to Paulo “with the evolution of the market there was a natural need for Galp to develop new and more robust tools to retain its clients”.

3.4.2 Managing partnerships

Already in a partnership with Sonae – the retail leader and owner of *Continente* – for the store businesses, Galp decided to keep working with it, in order to develop mechanisms that would

work accordingly customers’ preferences, once the cards point scheme, by this time, were losing strength in the market. (exhibit 4 – figure 8)

Once more, Galp chooses Sonae as partner for the following reasons:

1. A partnership between two major companies in the retail sector would generate traffic in both ways. That is, Sonae moves a lot of people and can have a strong dynamic of sending customers to Galp and in turn, with over 100 million contacts each year, Galp has also great dynamic sending clients to Sonae. For Paulo “this reciprocity is the big trick that assures results and advantages for both parts”.
2. The partnership would generate and ensure national coverage
3. It is a simple mechanism yet difficult to replicate.
4. There would be a cost sharing between the two companies

3.4.3 Revenue generation

The two main advantages of partnerships is the strengthening of the value proposition and the impact in costs. As for Galp, partnering with Sonae, would leverage the loyalty levels and decrease the inherent costs (cost sharing). Thus, when creating partnerships, it is analysed the relationship between the value generations and the total margins.

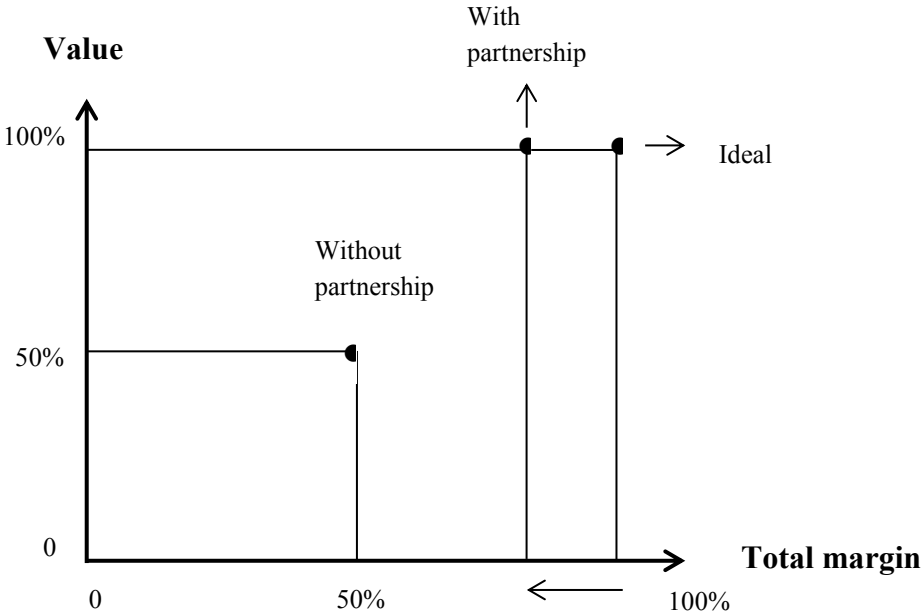


Fig.1 – Value/Margin relation (source: Galp)

Galp's volume of sales is divided into three segments: *Rodovia* (the free customer), Partnerships and Particulars, in which, for the retail market, more than 50% of the volume is regarding loyalty customers.

By developing partnerships, Galp ensures the value generation, resigning of just a small parcel of the margin. That is, if Galp did not have any partnership, selling only for *Rodovia*, on a best case scenario, its revenues would be huge. However, if *Rodovias'* customers decided to go away, Galp's revenue would decrease by 50% (higher % margin on lower value). With Sonae as partner, Galp is able to increase its volume levels, keeping the margins high and mitigating the risk of losing customers (lower % margin on higher value).

3.5 Programs evolution

By the time this alliance was assured and consolidated, Galp and Sonae created a promotion called *Vice-Versa* that pretty soon reached a volume of sales of 25% at the service stations and increased levels of loyalty of about 750.000 clients. (exhibit 5- figure 9)

Up until 2012, *Vice-Versa* promotion was keeping the desired loyalty levels, as well as the sales and the overall performance. However, at the same time, the fuel retail market was falling down (exhibit 5 – figure10). As expected, the competitors tried to develop similar campaigns with similar partnerships, (exhibit 6) but Galp/Sonae was still the best one.

3.5.1 Managing the issues

The value-proposition of *Vice-Versa* consisted in offering discount coupons of 5 cents/lt to be used at Galp, for customers who would make purchases at *Continente* with values superior to 30€, and for Galp's customer the same discount coupon to be used at *Continente*, for those who pays more than 15€ when refuelling. (exhibit 7 – figure 12)

However, this strategy stagnated and it could not reach more than 20% of sales. This was a huge problem, mainly because the partnership was at stake. Already had resigned of important assets when the partnership was created, Galp could not throw everything away with Sonae, and in 2012 the both partner companies enhanced the value proposition of *Vice-Versa* by developing a new one supported in a card: promotion Galp/*Cartão Continente*.

3.6 *Cartão Continente*

Launched in 2012, *Cartão Continente* is currently the strongest loyalty tool used by Galp. Its value proposition consists on:

1. Providing discounts in card to every customer who shop at *Continente*.
2. Possibility to accumulate budget in card for customers who make purchases over 30€.
3. Possibility to use the accumulated budget in *Cartão Continente* at Galp, when refuelling.
4. Contribution to the minimum discount of 2% on *Cartão Continente*, by showing it at the gas station, when refuelling.

3.6.1 Managerial and strategic issues

By the time Galp decided to continue its partnership with Sonae, it had to balance the pros and the cons of the strategic alliance. Clearly, and as mentioned before, the pros were very solid, but the big disadvantage for Galp was the fact of giving up of its own customer data base, created at the launch of *Fast Card*.

Nuno's team was aware of these weaknesses and put their efforts developing the strengths of *Cartão Continente*. Even though it represents losing its own data base, Galp still would win by reaching more customers and prospects. Paulo explained that "even though Sonae is the owner and have access to a customer data base, from one day to another, Galp had access to a new one – in a limited format – of about 3.500.000 families. Whereas prior to the partnership, it only had records of 1.500.000 active families." Moreover, "Galp reached a new dimension by entering in the Universe of Sonae's purchases", which is a big benefit for Galp.

3.6.2 Targeting Criteria and loyalty strategy

The targeting segmentation for the B2C market is based on the shopping behaviour and on the factors of choice for a station. Yet, for *Cartão Continente*, Galp knows that its utility is transversal to different segments of the B2C market, which are the following: (exhibit 7 – figure 13)

1. The price seekers
2. The promo seekers
3. Price promo seekers
4. Loyal customers

5. Location seekers
6. Quality fuel seekers

Thus, in order to define a strong loyalty strategy for this specific program, Galp divides the segments in two categories: customers who have *Cartão Continente* and customers who do not have *Cartão Continente*. According to Paulo “this will help us understand where we have control over the customer”. By using the targeting information of the market based on the use or not of *Cartão Continente*, “we will create our own segmentation and the strategy will consider the segmentation based on the presence and utility of *Cartão Continente*, which in fact, is the most effective way to know the customer and to communicate with him”. In order to do so, it was created a matrix dividing Sonae’s customers and non-Sonae’s customers, which allowed the marketing team to distinguish the customer’s needs and identify the right tool to use for a specific customer. Reaching 80% of the Portuguese families, the biggest parcel of customers’ segmentation, *Cartão Continente* is used exhaustively to target those specific ones. Yet, for the remaining 20%, Galp has to use different strategies.

3.7 *Cartão Mais por Menos*

The remaining parcel of the structure is concerning completely different customers which do not react to the same campaigns used for *Cartão Continente*. Therefore, for different customers, different strategies are required. These different customers are either the ones who do not have *Cartão Continente* but use Sonae, or those who neither use *Cartão Continente* nor go to Sonae. As for Galp, these last ones are the major problem, as are the customers that Galp do not have information about. According to Paulo “I will have to create targeting criteria and engage in CRM strategies in order to develop a good customer data base”. Thus, Galp decided to create a tactic loyalty card – *Mais por Menos* – addressed to those specific customers that are not retained by *Cartão Continente*.

3.7.1 Value proposition

Cartão Mais por Menos is a card based only in immediate discounts (exhibit 7 – figure 14) and owned exclusively by Galp for the B2C segment. It has small partnerships with GPL Auto, Dacia, Opel, SCP and Movijovem (exhibit 7 – figure 15), meaning that it is available only for clients of those groups, which allows Galp to develop its own customers data base. For that reason, the costs associated are low and Galp has the ability of communicate directly with its customers.

3.8 Cartão Continente vs. Cartão Mais por Menos

With two different approaches, *Cartão Continente* have currently approximately 3.500.000 cards, while *Mais por Menos* has around 250.000 cards launched and 1/3 of them are being used by customers (exhibit 7 – figure 16). By comparing the two loyalty programs, at the eyes of the customer, the discount value and the use of the accumulated money in card at *Continente* are the big strengths of *Cartão Continente*. However, the coupon's expiration date as well as the need for a minimum value in purchases at *Continente*, are its main weaknesses. (exhibit 7 – figure 17)

On the other hand, the immediate discount of *Cartão Mais por Menos* is perceived by customers as a big strength. Yet, its limited partnerships and low accessibility (as not every customers have access to it) are the two major weaknesses.

3.9 Benchmarking

The biggest competitor of Galp in loyalty programs is BP. This company started to be a direct competitor by the time Galp developed its first *Fast* point cards, but it was only when BP established its partnership with *Pingo Doce*, one of the majors food retailing company, through the launch of the card *Poupa Mais* that stimulated the competition Galp had so far.

Poupa Mais is a loyalty card that competes with *Cartão Continente* by providing direct discounts at BP through the accumulation of discounts on the various purchases made at *Pingo Doce*.

Thus, despite of competing directly with Galp at the level of the fuel brand (exhibit 8, figure 18), with *Poupa Mais*, BP also became a direct competitor in the category of promotions and discounts, being the second most popular partnership among users (exhibit 8, figure 19). Comparing with Galp/*Continente*, the partnership BP/*Pingo Doce* has been increasing its attractiveness over time (exhibit 8, figure 21) mainly due to its strength on offering immediate discounts (exhibit 8 – figure 22). Therefore, there has been a major proximity regarding the number of BP card holders and its respective use, compared to Galp (exhibit 8 - figure 20)

Despite this threat, Galp/*Continente* is still the partnership with higher loyalty levels and when it comes to preference and awareness, Galp is clearly the favourite. (exhibit 8 – figure 23)

As for the communication, on the other hand, BP is much stronger. According to Paulo Madeira, “the communication for BP/*Pingo Doce* is aggressive, as they are selling with 20 cents/lt discount. Whereas we, at Galp, are a bit more conventional and we do not throw ourselves into the market with that kind of communication”.

4. Market Research

In order to face the dilemma of Galp, a market research was conducted through an online survey (exhibit 9), a focus group (exhibit 10) and an interview (exhibit 11).

4.1 Research purpose

The market research was conducted in order to understand how different loyalty programs, based on different tools, are perceived by customers, with emphasis for the young-adult segment. According to this, to infer whether it is an opportunity for Galp to invest in such programs or not, and in which channels?

The research had the purpose of understanding customers' associations towards Galp and its loyalty programs, namely *Cartão Continente* and *Cartão Mais por Menos*. Thus, the survey was given to Portuguese people, with more than 18 years old, as Galp is a Portuguese company and their loyalty programs are designed according the Portuguese market. Further, literature confirms a higher likelihood for the “young-adult” segment to engage in online channels. Thus, in order to have more accurate results, I found it relevant to infer the associations of customers belonging to different age groups and compare them. Also, the focus group was composed by participants with different ages and both women and men.

The online survey was available for two weeks, during the month of April and had 306 valid responses. The survey aimed to evaluate two different loyalty cards and the analysis was made in SPSS and excel (exhibit 12/13). Through the SPSS analysis mostly frequencies and cross-tabs were conducted. As there were only non-metric variables, it was used the chi-square test to confirm the relevance of the assumptions made, which were validated with a p-value less than the significance level of 5%.

Additionally, the focus group allowed to reinforce and complement the main ideas obtained through the answers of the online survey and also to get wider opinions from the respondents, as it promotes a better discussion of the topic and allows the participants to have a clearer idea concerning the loyalty cards offered.

Finally, the interview was done by Paulo Madeira, from the CRM Marketing team of Galp.

4.2 Demographic factors

The online survey had a sample of 306 respondents divided by gender, age, residence, occupation and annual income.

The majority of the respondents were female - 69%, and 31% were male. (exhibit Furthermore, the main respondents were aged between 18-25 (45,8%), followed by the 36-50 years old respondents (23,2%), the 26-35 (15,7%) and lastly, the ones with more than 50 years (15,4%). In order to get more accurate results, the sample was divided in two segments: the respondents aged between 18-25 and 26-35, were considered the young-adults, while the ones aged between 36-50 and more than 50 years old, were considered the adults-mature. This division was made in order to help achieving more specific results and conclusions for the partnership with *Movijovem*, which target are customers from 18-30 years old.

Most of the respondents live in Great Lisbon (47, 1%), followed by other regions of Portugal (15, 4%) and only 7, 5% were from Porto area. Yet, as Galp is present in every areas of residence, according to Galp's information, it does not make sense to study the impact of location, meaning that onwards the location will not be study. As for the occupation, most of the respondents were employees (53, 3%) and 34% were students. Lastly, as for the income, the majority of the respondents (36, 3%) earn between 15000€ - 35000€.

Regarding the Focus Group, it was attended by 8 participants, 4 males and 4 females, aged between 24 and 61 years old, 2 of them were students (master and undergraduate) and 6 members were employed.

4.3 Galp

To analyse this section, the respondents were asked if they use or have ever used Galp's services. Based on their answers, the respondents were then divided in two segments: Galp and Non-Galp. As the Non-Galp are only 16 respondents, and in order to have more accurate conclusions, the analysis will be only based on those who use or have used Galp's services at least once, which are 290.

4.3.1 Galp's consumption habits / Galp's supply frequency

Concerning the frequency of fuel supply, the respondents were asked how many times do they use Galp, based on a previous question made regarding car ownership or if they drive often. The respondents, who said yes, were then divided according to their Galp's consumption habits: frequent customers (69,7%) and non-customers (27,9%).

4.3.2 Brand associations

In this section, the great majority of the respondents associate Galp mainly as a company with high quality products (65, 9%), with associated discounts (47, 2%) and with a wide offer of products (22, 4%). This information support the one provided by Galp. Likewise, the tested products (18, 6%) and the personalized service (13,4%) are also characteristics that customers associate with Galp.

The Focus Group also gave insights in this matter and the information obtained goes in accordance with the survey answers. Most of the participants associate Galp with the characteristics mentioned above. Nonetheless, there was one participant who said that he avoids going to Galp as he is not satisfied with the service provided at his area of residence; and there was one who said that even though he perceives Galp as a trustful brand regarding the products it offers, quality is not a priority for him, since he is more price oriented.

4.2 Loyalty programs

As for this topic, firstly the respondents were asked if they were familiarized with Galp's loyalty programs, and for those who said yes (60,7%), were then asked to specify which ones. *Cartão Continente* is the most known, with 53,4% of awareness and *Cartão Mais por Menos* the least known (9,3%).

Moreover, in the focus group everyone knew *Cartão Continente* and no one knew *Cartão Mais por Menos*.

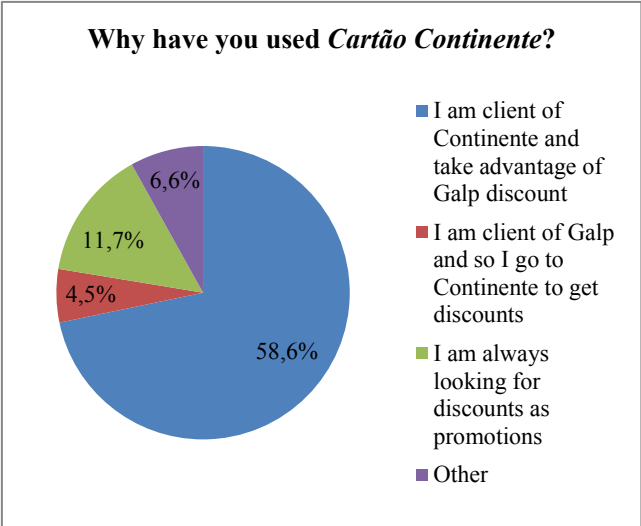
Comparing both of them, according to the analysis of the survey, 81,7% of the respondents have already used *Cartão Continente* and only 8,3% have used *Cartão Mais por Menos*.

This huge difference is due to the higher awareness of *Cartão Continente*, for being in the market for longer time, while *Cartão Mais por Menos* is still a pioneer thus, it is less known for the majority of the respondents.

4.2.1 Consumption habits

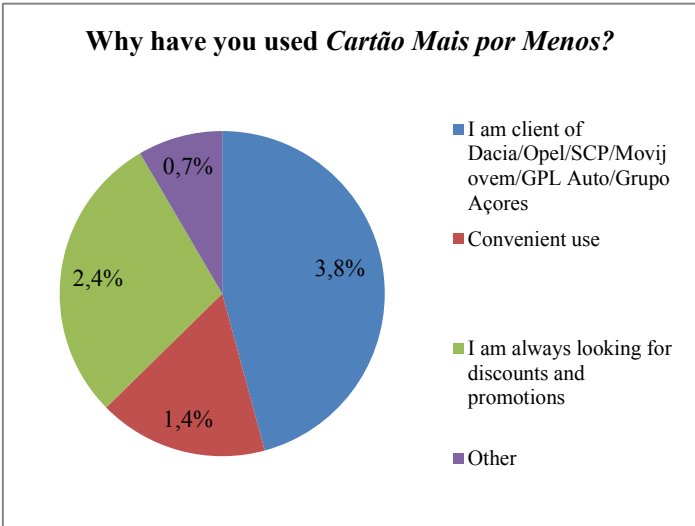
In this regard, the respondents were asked specifically for each card, how many times have they used them and the reasons behind it (either for those who have use it and for those who have not).

Relatively to *Cartão Continente*, most of the respondents who use or have used it, it is because they are *Continente's* clients and take advantage of the discount offered to use at Galp (58.6%), while only 4,5% is the other way around.



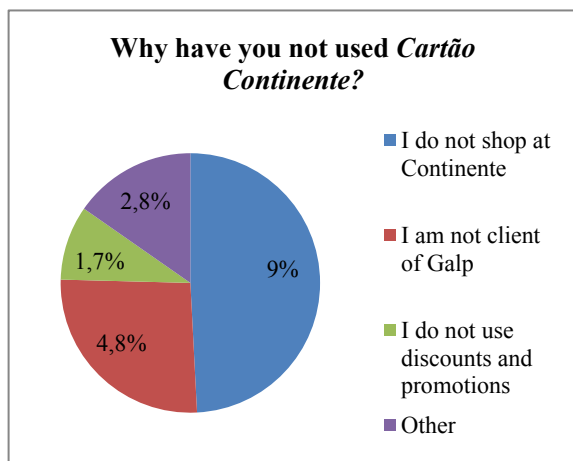
Graphic 1 – Why have you used *Cartão Continente*?

When it comes to *Cartão Mais por Menos*, the ones who use it or have used it it is mainly because they are clients of *Dacia/Opel/SCP/GPL Auto/Grupo Açores* and *Movijovem* and are aware of the partnership with Galp and use the card.

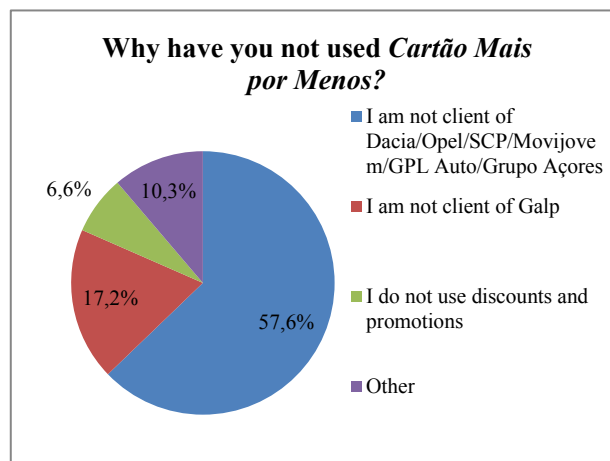


Graphic 2 – Why have you used *Cartão Mais por Menos*?

Furthermore, the reason why the respondents do not use *Cartão Continente* is mainly because they do not shop at *Continente* (9%), and the same for *Cartão Mais por Menos*, those who do not use it, is either because they do not know the card - results of the survey and mainly the focus group – and because they do not have access to it.



Graphic 3 – Reasons not to use *Cartão Continente*



Graphic 4 – Reasons not to use *Cartão Mais por Menos*

4.2.2 Which attributes customer's value in loyalty cards? A customer's profile characterization

According to the results of both the survey and the focus group, it was possible to define a customer profile based on what they most value in a loyalty card, with the intention of assessing the customer's preferences with a specific card.

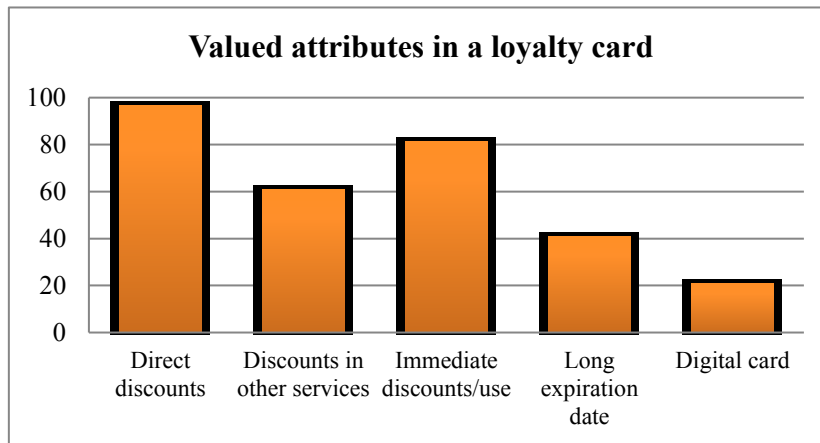
According to the survey, the attributes valued in a loyalty card are first of all, the direct discounts provided (99,6%), followed by the possibility of use discounts in other services (60,7%) and the immediate discounts ¹(81,4%).

In the focus group, all the participants had preference for direct discounts, which it revealed to be a factor of choice between Galp and other brands.

Despite of not being the first factor of preference, the long expiration date is also valued (40,7%), as well as the possibility of having a digital card (20,7%).

Indeed, in the focus group, 5 participants complained about the short expiration date of most of the cards.

¹ Immediate discounts are the ones that can be used immediately after fuel supply. Whereas direct discounts are those in which the customer make a fuel supply and get the discount.



Graphic 5 – Which characteristics of a card would make you get loyal?

As direct discounts is the most preferred characteristics of a card, comparing again the two cards *Cartão Continente* and *Cartão Mais por Menos*, the biggest advantage of *Cartão Mais por Menos* is offering what customers most seek (71%), which in turn is the biggest disadvantage of *Cartão Continente* (64,5%). Moreover, the possibility of use the discounts in other services (store) is with *Cartão Continente* is mostly valued (74,8%), which goes alongside with is already done, indicating an advantages of this programs.

By analysing the data, the cards offered by Galp are then allocated accordingly customer preferences. For discounts in other services, *Cartão Continente* matches what they prefer. As for direct discounts, immediate use and long expiration date, *Cartão Mais por Menos* is the suitable one. On the other hand, for digital card, either *Cartão Continente* and *Cartão Mais por Menos* match customer preferences.

4.2.3 Final choice

After being showed with the two programs and after evaluate its advantages and disadvantages, the participants were asked which card would they use, in which 59,3% preferred *Cartão Continente* over *Cartão Mais por Menos*.

This difference can be explained by the higher level of awareness of *Cartão Continente*. However, the p-value did not validate the relationship between the variables “final choice: *Continente* or *Mais por Menos*” and “which cards are you familiarized with.

Nevertheless, after analysing the data, the questionnaire was discussed with a group of people, which was possible to infer that even though most of the respondents find *Cartão Mais por Menos* more purposive, *Cartão Continente* is the one they know. Consequently, *Cartão*

Continente was the final choice. Further, in the focus group, all the respondents preferred *Cartão Mais por Menos* at the end.

4.3.3 Going online

When asked about the possibility of using an online app, in which could be possible to insert the existing loyalty cards, avoiding the traditional use of coupons and cards and allowing customers to charge money to use in different services of Galp, the great majority said yes (83,1%).

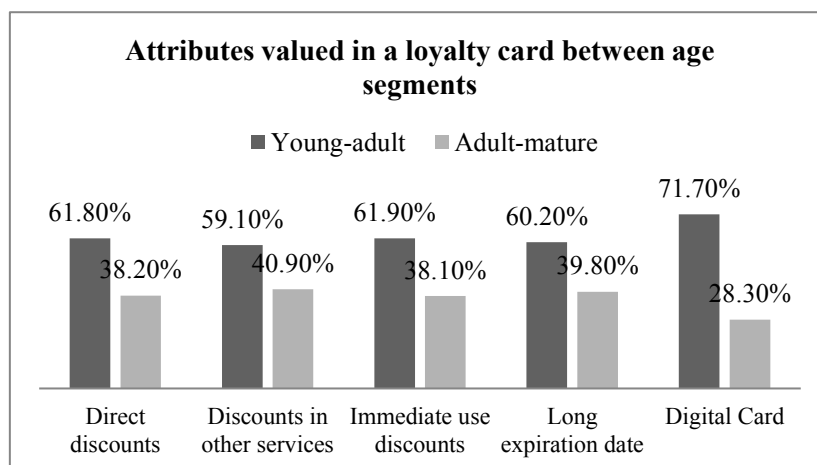
In the focus group, the 8 participants also would have liked to have an app integrating different cards and services. In fact, the youngest participants were the ones who showed more enthusiasm with this possibility.

4.4 Young segment

After analysing the general perceptions regarding Galp and loyalty cards, it was studied the same variables for the different age groups.

4.4.1 What do young people value the most in loyalty cards?

For this sector, even though the p-value had not revealed statistically significance between the age of the participants and the attributes valued, there is an evident difference for the preference of a digital card in the young –adult segment (71,7%), comparing to adult-mature one (28,3%), which results go hand in hand with the ones taken from the focus group.



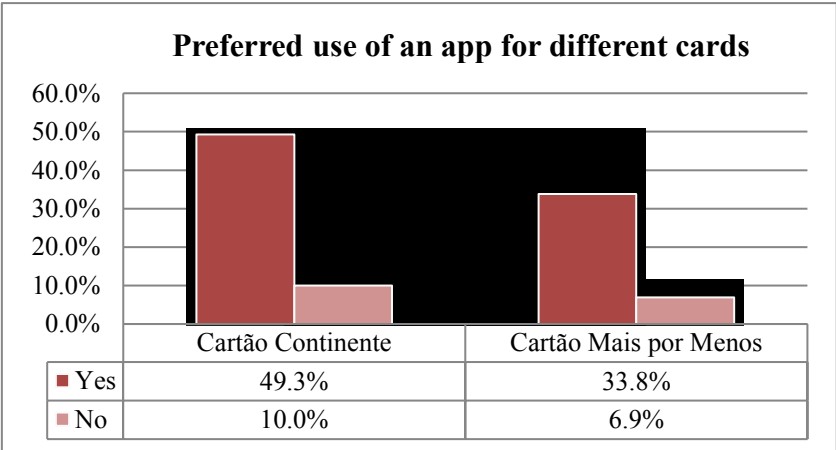
Graphic 6 – Crosstabs: which characteristics of a card would make you get loyal per age group

4.4.2 Final choice – the “young-adults” purchase intentions

As for this section, the relationship between the age of the participants and the final choice between *Cartão Continente* or *Cartão Mais por Menos* was tested and did not reveal significance. Yet, the preference for *Cartão Continente* is higher in the young-adult segment due to the level of awareness of this card within this segment. This assumption was tested and it showed a statistically relevance.

4.4.3 The online channel at the eyes of the young-adult segment

When asked about the attributes that are most valued in a loyalty card, the digital attribute, as already mentioned, was more relevant for younger participants (71,7%). The association between the final decision of *Cartão Continente* and *Cartão Mais por Menos* with the possibility of having an app integrating different cards and services, reveals that most of the respondents who responded “yes” to an integrated online app, would have liked to have it either for *Cartão Continente* (49,3%) and *Cartão Mais por Menos* (33,8%).

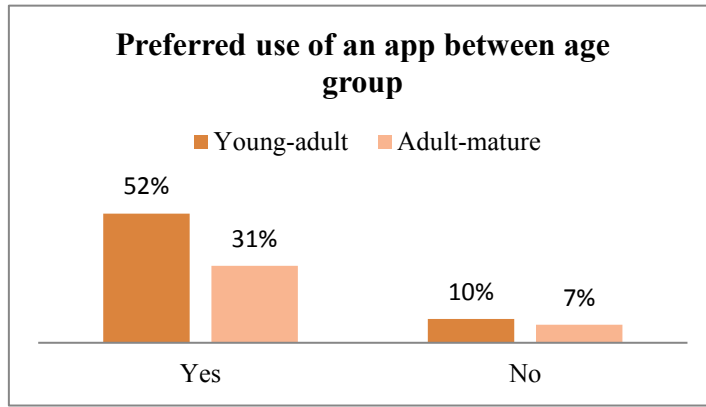


Graphic 7 – Crosstabs: interest on the possibility of having an app for the two different cards

Once again, *Cartão Continente* is mostly chosen, most likely due to its higher awareness and accessibility for customers, since most of them have it and find it advantageous to align their card with an online app. The relationship was tested and there was no significance.

Finally, the young-adult segment is the one who better prefer the use of an application that integrates different cards and services. Moreover, this insight also fits the valued attribute of integrating a digital functionality in a loyalty card.

The relationship between the variables “age” and “app” were tested and found to be irrelevant. However, the results show a higher number of responds for the young-adult age group (52%) comparing to the adult-mature (31%).



Graphic 8 – Crosstabs: interest on possibility of having an app per age group

5. Conclusions

The aim of this research was to understand how Galp is using two different loyalty programs based on different loyalty tools, how do they coexist together and how can this coexistence can be an opportunity for Galp.

In this sense, four research questions were designed along with a complete market research aiming to understand the customer's associations regarding Galp and the most valued attributes in loyalty cards, among the different age groups.

5.1 What are customers looking for and what do they value?

According to the answers obtained in the focus group and the survey, customers are mainly looking for loyalty cards that offer them direct and immediate discounts. Moreover, customers also search for loyalty cards that provide them with the possibility of having discounts in other services. Those three are the characteristics commonly preferred within the age groups.

Hence, it is evident that the partnership with Sonae is a great added value for Galp since it provides partially what customers want, resulting in the increase of the satisfaction levels, which in turn will lead to customers' retention.

Conversely, direct and immediate discounts are more valued for customers, which is something that *Cartão Continente* does not provide, but rather *Cartão Mais por Menos*. Since *Cartão Mais por Menos* offers exactly what most customers seek for, those are the features in which Galp needs to invest.

5.2 How are the different loyalty programs perceived by the customers?

Through the case study and data analysis, it was possible to understand that *Cartão Continente* is the loyalty card most known and mostly used by the customers. Whereas *Cartão Mais por Menos* remains unknown for the great majority.

Customers perceive *Cartão Continente* as accessible and reachable to every customer, with the main advantage of providing discounts in store, as well as the possibility of accumulate and save money in card. Consequently, customers find this card attractive and usefull.

In contrast, according to the insights taken from the focus group and online survey, customers consider unfavourable *Cartão Continente* not providing direct and immediate discounts, as well as requiring making purchases at *Continente* in order to get discounts at Galp.

Concerning *Cartão Mais por Menos*, customers consider it a great tool, since it provides direct discounts. The survey respondents and focus group participants indicated that *Cartão Mais por Menos* is very attractive. However, most of the respondents do not know this card and find it disadvantageous to be available only for some clients. Consequently, the limited partnership and little disclosure of the card are the biggest restrictions.

Once again, it is possible to conclude that Galp should keep investing in this program

5.3 How is the coexistence of the two loyalty programs? Is there cannibalization of efforts and sales?

Cartão Continente and *Cartão Mais por Menos* are two different tools designed for different segments and with different purposes.

As explained, *Cartão Continente* is a result of the partnership with Sonae and it is a loyalty card with a robust value proposition, carefully analysed by the two partners Galp and Sonae. It aims to target the largest amount of customers, by being accessible for every customer who purchase at *Continente*, *Lojas Meu Super*² and Galp.

In order to reach more customers, Galp strategically created *Cartão Mais por Menos*, with a different value proposition and different specificities, a program aimed not only to retain Galp's customers, but also to bring more customers through the creation of strategic partnerships with different companies.

Thus, it is possible to conclude that there is no cannibalization of efforts and sales between the two programs. The insights from the online survey and the focus group allowed reinforcing the internal information of Galp for the following reasons:

First, *Cartão Continente* has a higher awareness in the market. Therefore, at an early stage of *Cartão Mais por Menos*, customers will most likely use *Cartão Continente* as it is the one they know better and have access to. Secondly and most relevant, the fact of most of the respondents who use *Cartão Continente*, use it because they are clients of *Continente* and take advantage of its discounts to use at Galp, indicates that even if customers have the possibility of having *Cartão Mais por Menos*, they will still keep using *Cartão Continente* – different cards for different needs. Meaning that, in order to have direct discounts, customers would

² Store belonging to Sonae

use *Cartão Mais por Menos*, whereas for the use in other services – which is the third most preferred attribute – *Cartão Continente* is most used and preferred.

5.4 In which channels does Galp need to invest for each program? How can the digital channel be used to align all the tools used?

As mentioned above, there is no cannibalization of efforts, but the decision between *Cartão Continente* and *Cartão Mais por Menos* is relatively close among customers. Thus, in order to *Cartão Mais por Menos* worth the investments made by Galp, the company needs to develop and engage in innovative ways of providing customers what they aim to.

The data analysis revealed there was also a preference for the attribute “digital card” which was bigger for the young-adult segment. Moreover, the study revealed an interest for an app that integrates different services of Galp and with wide functionalities. Once again, this preference was higher for the “young-adult” segment.

Thus, the main conclusion is that Galp should engage in the online channel, by not only providing direct discounts, but also a range of additional services. Nonetheless, according to the information provided by Galp, the virtualization is already being planned, with a specific online offer that will allow developing different value propositions in function of the target segments. Thereafter, as the results show a better preference for these channels in the “young-adult” segment, which according to Galp it represents only a small parcel (around 20%) of their market, Galp should develop an online app for that segment and for *Cartão Mais por Menos*, addressed to the customers of *Movijovem*. This way, it would take advantage of the existing partnership and would decrease the associated costs.

In conclusion, and also to respond the dilemma of Galp, the coexistence of two loyalty programs is indeed an opportunity for Galp, if the cards are endorsed to and perceived correctly to customers, and also if Galp engages in the online channel.

6. Recommendations

My recommendations for Galp will be both for *Cartão Continente* and *Cartão Mais por Menos*, but mainly addressed to this last one.

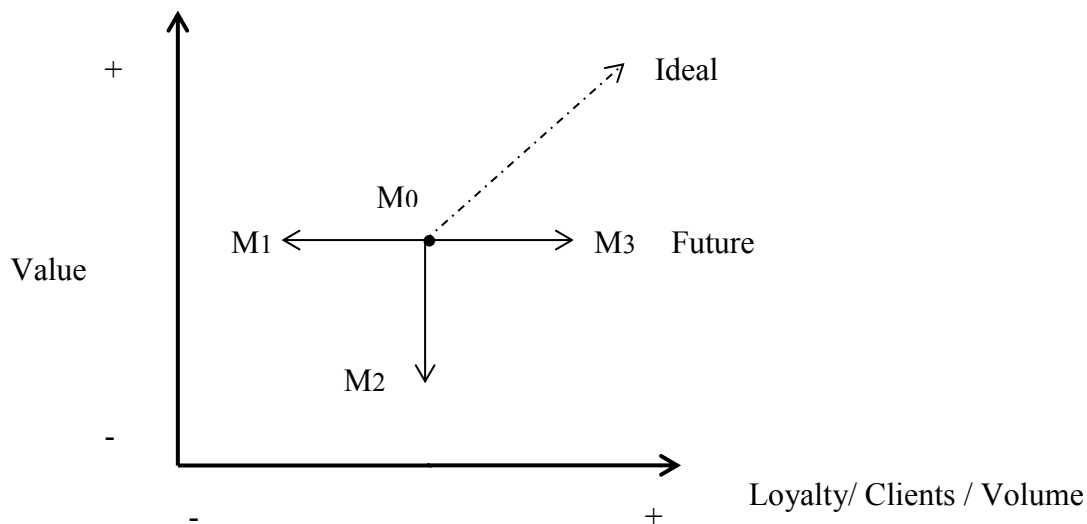
Based on the collected data from the focus group and the questionnaire, what customers look for in loyalty cards are direct discounts. The discounts provided in other services are also valued by customers, but with less preference comparing to the first attribute mentioned. Therefore, my first recommendation is regarding *Cartão Continente*.

As *Cartão Continente* is the one most known in the market and also the most preferred partnership, I believe Galp should try to negotiate with Sonae an update version of the card, providing customers what they most want to. In order to do this, Galp should develop partnerships and work beyond the family environment, explicitly young segments.

As for *Cartão Mais por Menos*, it is a card that indeed offers what customers want, but most of them either do not know the card or do not have access to it. Hence, Galp should first of all, invest on the promotion of this card and also extend the partnerships for *Cartão Mais por Menos* in order to make it available for a wider range of customers and ultimately, increase the retention levels.

Moreover, investing in *Cartão Mais por Menos* would enable Galp to create a solid customer data base, which would be a big advantage for the company. However, as explained during the case study, working “alone” with no partnerships brings high costs to the company. Therefore, doing so, it would only be valuable for Galp if the value proposition of the card was strong enough and disruptive in the market. This way, I recommend Galp to invest in an online app for the “young-adult” segment, where Galp has already clients, through the partnership with *Movijovem*. The transformation to online would be positive for Galp and it could be reinforced with an online catalogue and a range of additional services from Galp and also from *Movijovem*.

By doing so, Galp would be able to strengthen its partnership with *Movijovem*, at the same time creating its own loyalty program, increasing the loyalty levels over time by adjusting the value proposition according the customers’ needs, lighten the cost associated and increasing the overall value, which can be illustrated in the following graphic:



Graphic 9 – Introduction of Cartão Mais por Menos in the app format

M0 represents the launch of *Cartão Mais por Menos*. If Galp does not innovate and keep the same offer, it will eventually start losing customers (M1) as it is quickly outdated by other offers. Therefore, to respond and face the decrease of the loyalty levels, it will have to provide discounts in fuel for its customers in order to get them back. However, by providing discounts, its overall value will fall (M2). Conversely, Galp will want to increase the value and loyalty levels, which is only possible if develop value propositions that go beyond discounts in fuel. Thus, the integration of the online app with *Cartão Mais por Menos* with the offer of additional services, either from Galp and Movijovem, would allow Galp to get fully customer loyalty with the highest possible value, as it would be able to provide customers additional services they value, removing the main focus on price which releases the costs. This represents the future (M3).

7. Limitations and Future Research

The aim of this study was to understand how two different loyalty programs living together in the market, can be an opportunity for Galp. Due to the fact of being studied two different cards with two levels of awareness, there are some limitations in this regard.

Firstly, as most of the participants of the focus group and questionnaire did not know and use *Cartão Mais por Menos*, the biggest difficulty was to reach an equivalent number of answers for *Cartão Mais por Menos* as for *Cartão Continente*, which limited the sample. Hence, the first limitation was regarding the sample, as it could be larger for the users of *Cartão Mais por Menos*.

For future research, a focus group with the target consumers of *Mais por Menos* would allow to have more reliable insights about their perceptions of *Mais por Menos* and also about their preferences.

Moreover, the majority of the respondents were aged between 18-25 years old and 36-50, which might have biased the study. Additionally, even though it has a significant number of valid answers, the sample obtained was not representative of the entire market of Galp. Once again, a larger sample could provide more accurate results.

Finally, future research should study the impact of an online strategy directed for the “adult-mature” segment and also to understand which are the drivers that influence their behaviour towards Galp’s loyalty programs. Moreover, it would also be interested to study the impact of the loyalty programs’ communication on customer’s purchase intentions.

8. Teaching Notes

8.1 Synopsis

The present case aims to understand and measure the effectiveness of the launch of a new loyalty program, complementary to *Cartão Continente*, the major successful loyalty program of Galp.

Galp *Energia* is Portugal's primary oil and gas group, operating in the Exploration & Production segment, Refining & Marketing and Gas & Power segment. It was first constituted in 1999, a corporation managing Petrogal and Gás de Portugal and it is now a vertically integrated company operating in five countries.

Within the retail market, Galp has two types of clients: the professionals (B2B) and the particulars (B2C) representing approximately 45% and 55% of the market, respectively. With the growing evolution of the oil retail market, the competition has strongly increased, and Galp had to respond to this growth by developing the right tools so it could keep one step ahead of the competition and retain as much customers as possible. As the B2C market is the major one, for the purpose of the study, only this segment will be considered.

Over the last 27 years, the oil retail industry has been suffering different changes. If back in the 1990's the market was undifferentiated, nowadays, as a result of different "revolutions", the market offers a wide range of services at different prices.

In order to face and go along with the market challenges and competition, Galp created a partnership with Sonae – the leader in the retail industry - in 1992, which resulted later in 2012 in the launch of *Cartão Continente*, the major loyalty program in the market.

Despite the huge success and huge impact this program represents for Galp, this company has to carry on the market trends and it verified that a new strategy had to be implemented, so it could reach customers *Cartão Continente* were not able to anymore. Thus, *Cartão Mais por Menos* was created, a card with a different value proposition, totally owned by Galp, strategically designed to have a tactic role of complement *Cartão Continente*.

Hence, it challenge that is imposed is to understand if the coexistence of such programs represent an opportunity for Galp.

8.2 Target audience and teaching objectives of the case study

This case study is designed to provide students with a better understanding of which kind of marketing challenges companies like Galp go through. Moreover, given its real applicability, it represents a good learning material for students. It can be introduced in the in the Marketing and Strategy related courses, under the topics of retailing, consumer behaviour, targeting and marketing-mix and with the following teaching notes:

1. Understand the importance of loyalty programs in the retail market.
2. Understand the importance of customers' preferences regarding loyalty programs and their impact on companies' performance.
3. Present students the importance of keep developing tools in order to retail clients.
4. Stimulate students' strategic thinking on a real life challenge, applying theoretical knowledge.
5. Acknowledge the relevance of good communication strategies and channels used, when developing loyalty programs, to retain a wider range of customers.

8.3 Teaching Plan

In order to get a good in-class discussion, students are expected to read the case in advance and be prepared to discuss it. I recommend students form random groups of 3 elements, and together perform as SWOT analysis for each card, in order to better understand the potential and also de specificities of each one in the market.

Moreover, students are recommended to read the following articles, so they can have a better knowledge of the topics covered.

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8.4 In-class discussion

Students should answer the following questions:

- 1) Characterize the trends of the oil retailing industry and what customers value.

Possible answers:

- ❖ Sensitive to price, convenience and promotions
 - ❖ More informed and demanding customer
 - ❖ Low-cost trends and customers less sensitive to quality.
- 2) Discuss the importance of developing good loyalty programs.
 - ❖ It generates customer satisfaction
 - ❖ More retained customers
 - ❖ More value for the company
 - ❖ More profits
 - ❖ It allows to meet customers' needs and expectations
 - 3) What should be taking into account when developing a partnership loyalty program?
 - ❖ Who have access to the data base?
 - ❖ Which kind of partnership loyalty program it is? Is there a dominant firm or there is the same level of partnership for both companies?
 - ❖ Understand the reasons behind the need to partner with other company
 - 4) What should be the future strategy for Galp?
 - ❖ Invest on the promotion of *Cartão Mais por Menos*.
 - ❖ Wide the partnerships for *Cartão Mais por Menos* to be accessible to much clients possible.
 - ❖ Engage in the online channel.
 - ❖ Study which are the most profitable customers.
 - ❖ Design an online strategy for them.
 - ❖ Design methods to better address customers through communication strategies.

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11. Appendixes

Exhibit 1 – Galp’s B2C market. Source: Galp

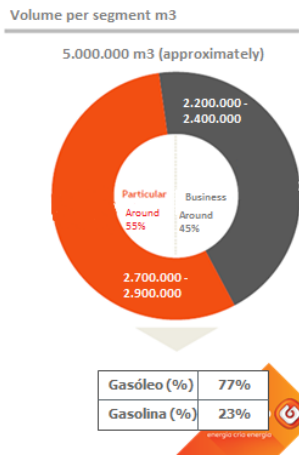


Figure 1 – B2C market dimension: volume per segment

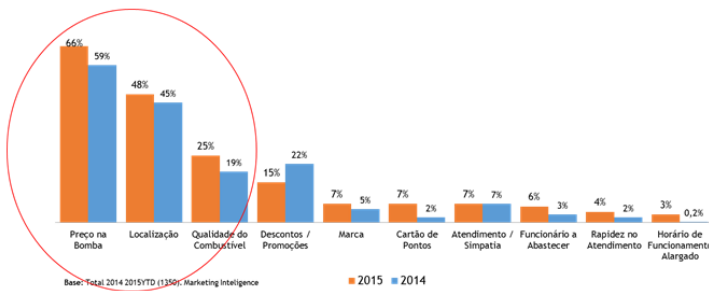


Figure 2 - B2C characterization: stations’ factors of choice

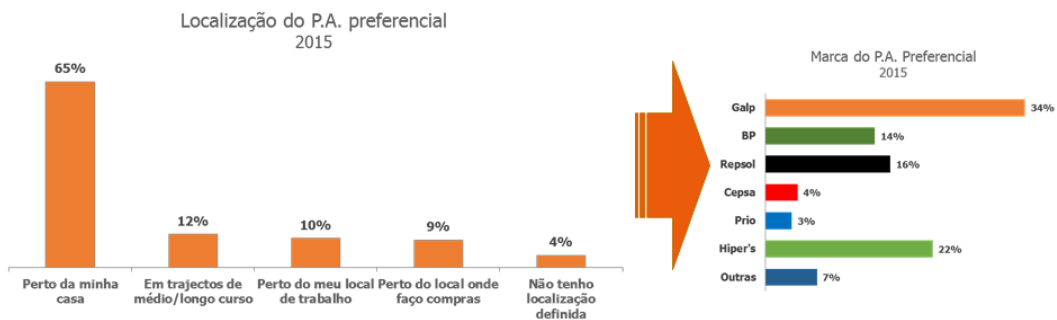


Figure 3 – B2C characterization: stations’ preferred location

Exhibit 2 – Galp’s main indicators. Source: Financial Report, Galp, 2003

(milhares de euros)	2000	2001	2002	2003
Volume de negócios consolidado	6.780.229	6.880.138	6.911.175	7.413.548
(1) EBITDA	593.933	508.463	532.987	649.191
(2) EBITDA ajustado	563.920	576.376	578.816	691.732
(3) Margem de EBITDA	11,3%	9,6%	10,7%	12,2%
(4) Margem de EBITDA ajustada	10,8%	10,8%	11,7%	13,0%
(5) EBIT	218.996	146.244	209.372	334.510
(6) EBIT ajustado	188.983	269.185	255.201	377.051
(7) Margem de EBIT ajustada	3,6%	5,1%	5,1%	7,1%
Resultado Líquido	45.155	96.853	114.521	247.446
(8) Cash Flow	463.105	355.435	395.515	495.057
(9) Cash Flow ajustado	418.261	332.821	390.341	463.757
(10) ROA após impostos	2,6%	1,6%	2,4%	3,7%
(11) ROE	3,4%	7,1%	8,0%	15,9%
(12) ROE ajustado	7,4%	5,7%	10,3%	13,9%
(13) ROACE	3,1%	4,3%	4,7%	7,7%
(14) ROACE ajustado	4,7%	3,7%	5,6%	6,8%
(15) Capital Empregue Médio	3.240.499	3.480.593	3.563.859	3.610.429
(16) Dívida Líquida Média	1.927.249	2.125.099	2.130.112	2.054.559
(17) Capital Próprio Médio	1.313.250	1.355.494	1.433.747	1.555.870
(18) Necessidades de Financiamento	-484.240	-21.638	-6.651	240.092
(19) Dívida Líquida / EBITDA	3,2x	4,2x	4,0x	3,2x
Dívida Líquida / EBITDA ajustado	3,4x	3,7x	3,7x	3,0x
(20) EBITDA / Juros Líquidos	8,2x	6,0x	7,3x	13,1x
EBITDA ajustado / Juros Líquidos	7,8x	6,8x	8,0x	14,0x
(21) Georing	61,3%	59,7%	58,8%	54,2%
(22) Debt to equity	158,5%	148,1%	142,9%	118,3%
(23) Autonomia Financeira	23,3%	25,0%	25,1%	27,6%

Figure 4 – Economic and financial indicators, 2000/2003

	2000	2001	2002	2003
Vendas de produtos petrolíferos (*) (milhões de tons)	7,3	7,1	6,9	6,9
Vendas totais Gás Natural (milhões de m³)	2.243	2.485	3.005	3.443
Carteira de Clientes (n.º)				
- GN (Industrial) (**)	171	199	223	232
- Clientes Distribuição GN	472.913	572.713	670.662	758.075
- Fiat Galp (Cartões activos)	858.585	953.441	997.241	1.100.000
- Galp Frota (Portugal)	230.000	255.272	248.843	269.800
- GPL Domésticos (estimativa)	1.800.000	1.750.000	1.700.000	1.700.000
- GPL Indústria/Comércio/Serviços (estimativa)	4.273	4.310	4.770	4.600
Retalho Mercado Ibérico				
- Número de postos rodovia	1.284	1.261	1.127	1.090
- Volume de vendas (milhares de m³)	3.078	3.196	3.120	3.131
Venda Média por Posto Abastecimento (continente) (milhões de lt)	2,4	2,5	2,8	3,1
Matéria Prima tratada nos refinatórios (milhões de tons)	12,5	13,3	13,0	13,7
Extensão da Rede de Gás Natural (km)	7.647	8.884	9.930	10.905
- Transporte	1.434	1.450	1.458	1.546
- Distribuição	6.213	7.434	8.472	9.359
Número de Efectivos Galp Energia On site (***)	5.170	4.880	5.031	5.390
Número de Efectivos Galp Energia Off Site (****)	4.346	3.830	3.668	3.487

(*) Exclui concorrência, inclui CPPE.
 (**) Na óptica da Cadena de Medida (contadores)
 (***) Inclui todas as empresas do Universo Galp Energia
 (****) Exclui Galggeste, SA, Galggest, Lda e Gesol

Figure 5 – Operational indicators, 2000/2003

Exhibit 3 – Criteria for a Gas Station. Source: Galp, 2016

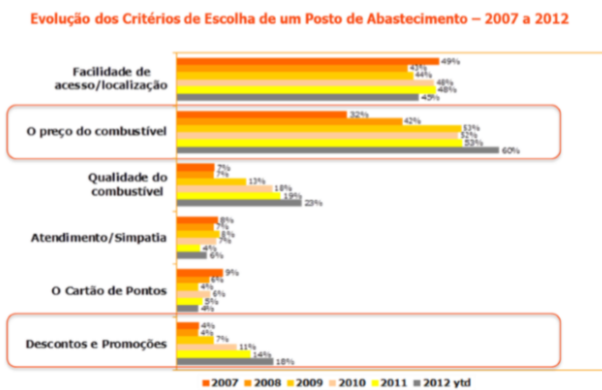


Figure 6 – Evolution criteria, 2007/2012

Exhibit 4 – Relationship of Clients Retention, Margin distributions and costs. Source: Galp

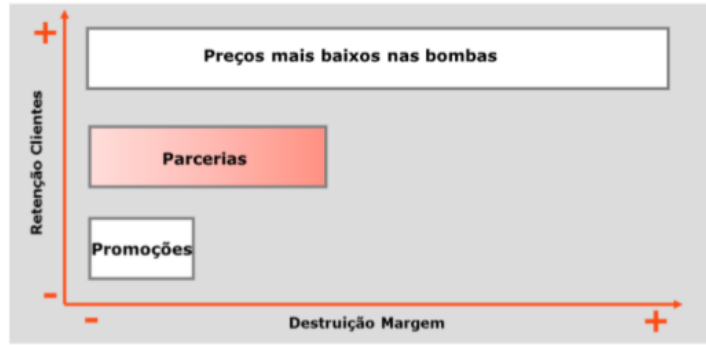


Figure 7 – Analysis of clients retention and margin distribution

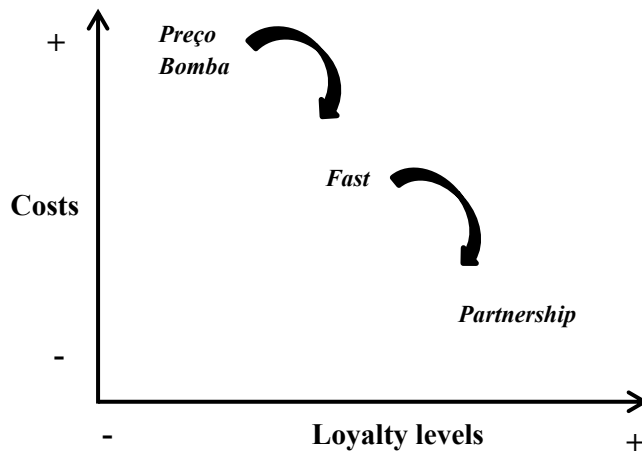


Figure 8 – Analysis of loyalty levels and cost

Exhibit 5 – Oil market data. Source: Galp

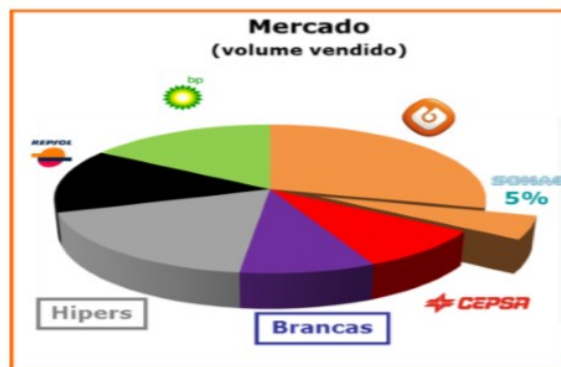


Figure 9 – Volume of sales by brand.



Figure 10 - Fuel market evolution

Exhibit 6 – Competitors. Source: Galp



Figure 11 - Competitors' campaigns

Exhibit 7 – Programs. Source: Galp



Figure 12 – Vice-Versa Program

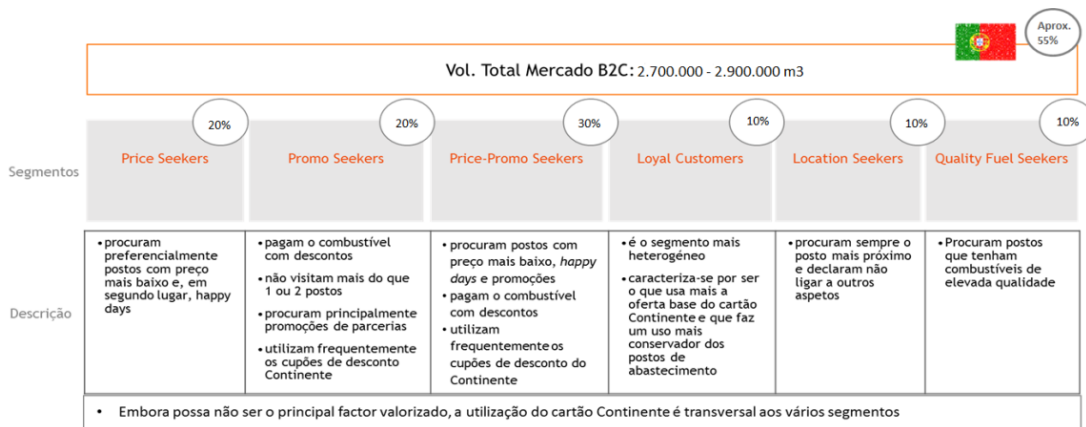



Figure 13 – B2C market segmentation

	Com Cartão Continente	Sem Cartão Continente
Sonae		
Não Sonae		

Figure 14 – Cartão Mais por Menos Loyalty matrix

GPL Auto	Opel	Group Açores	SCP	Movijovem
<p>Direct and immediate discounts of:</p> <p>1) Up to 7 cents/ lt in GPL Auto</p> <p>2) Up to 6 cents/ lt in gasoline and <i>rodoviários</i> fuels</p> <p><u>Expiration:</u> Valid for 4 years</p> <p><u>No membership fees</u></p>	<p>Available for clients who buy Opel vehicles of Flex Fuel Range.</p> <p><u>Expiration:</u> Valid for 2 years</p>	<p>Direct and immediate discounts in Gasoline and Diesel of:</p> <p>1) 1cent/ lt in every fuel supply less than 20 lt.</p> <p>2) 3 cents/ lt for fuel supply of 20 lt or higher</p> <p>3) 4 cents/ lt for fuel supply of 20 lt or higher if the consumption of the previous month is more than 50 lt.</p> <p>Exclusive for clients living in Azores</p>	<p>Discounts in store by presenting the SCP membership card.</p>	<p>Exclusive direct discounts for owners of <i>Cartão Jovem EYC</i>, aged between 18-30 years old of:</p> <p>1) 4 cent/lt in every fuel supplies less than 20 lt.</p> <p>2) 5 cents/lt for fuel supply of 20 lt or higher</p> <p>3) 6 cents/lt for fuel supply of 20 lt or higher if the consumption of the previous month is more than 50 lt.</p> <p><u>No membership fees.</u></p>

Figure 15 – Mais por Menos partnerships and value propositions




Programa de fidelização para o segmento B2C com ofertas em cartão Continente

- Oferta Base: Desconto Mínimo Garantido 2% (DMG)
- Oferta Permanente:
 - * 10 cent/lt nas Lojas Continente
 - * 8 cent/lt nas lojas Meu Super
- Energia3: 12 cent/lt
- Rebate de saldo

- Poupança
- Acumulação de desconto
- Rebate de Saldo

- # Cartões Continente – 3.500.000 famílias
- # Cartões Galp 1,5M de famílias



Ferramenta de Fidelização complementar, para os segmentos onde o cartão Continente não garante uma oferta sustentável para fidelizar clientes.

Ofertas distintas para cada cartão/ parceria:

- Desconto base
- Desconto adicional (função Vol. da transação e /ou do Vol. M-1)

- Desconto direto

- # Cartões emitidos -> 250.000

Figure 16 – loyalty tools characterization

Exhibit 8 – Benchmarking. Source: Galp



Figure 17 – Galp/Continente: customers' attributes evaluation

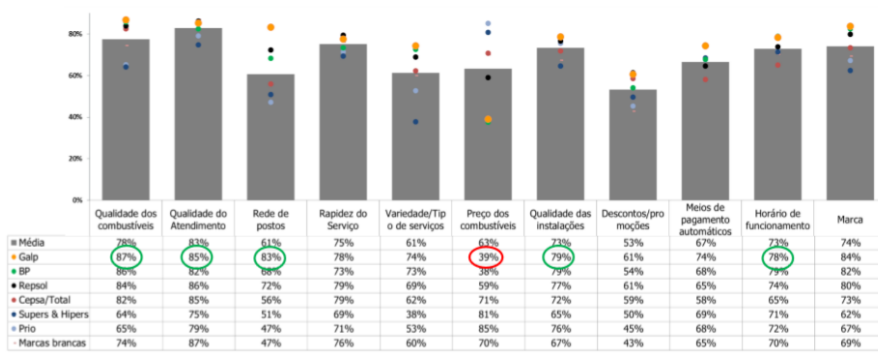


Figure 18 – Fuel's brand evaluation.

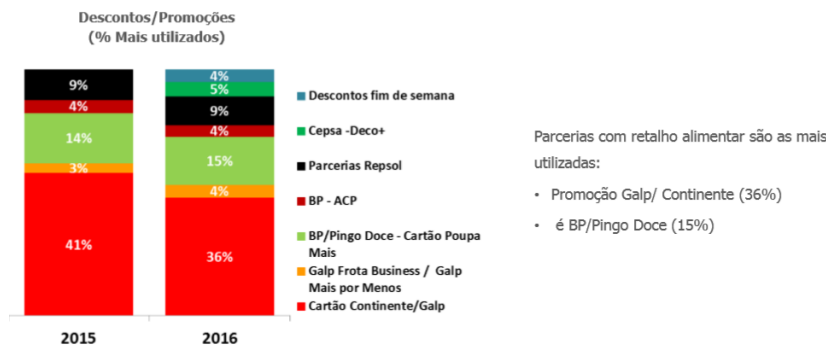


Figure 19 - Use of Discounts and Promotions for each partnership

ATRATIVIDADE DA OFERTA CARTÃO CONTINENTE NA GALP

Diminuição da atratividade (-5pp vs 2015) justificada pelo aumento da base de utilizadores da promoção.

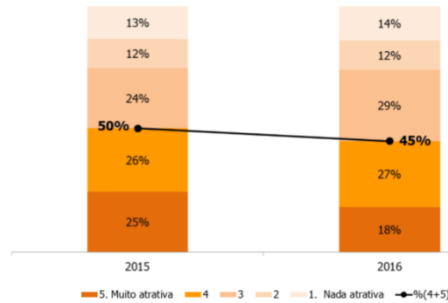


Figure 20 - Partnerships attractiveness – Galp/Cartão Continente

ATRATIVIDADE DA OFERTA CARTÃO POUPA MAIS

A parceria BP/Pingo Doce, com o seu cartão Poupa Mais, aumentou em +4pp a sua atratividade.

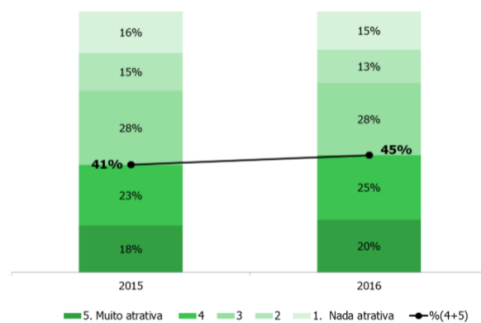


Figure 21 - Partnerships attractiveness – BP/Pingo Doce

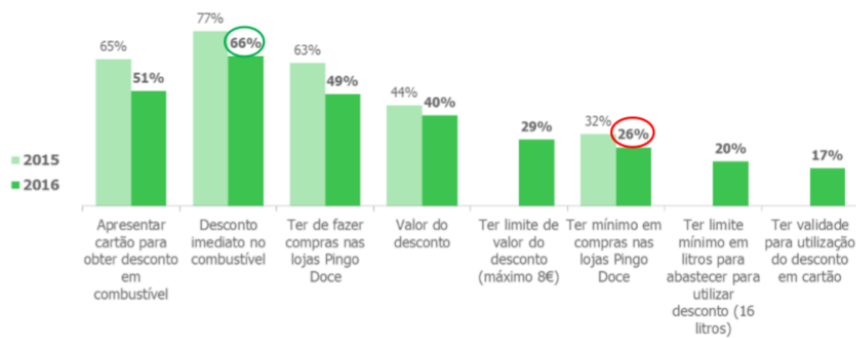


Figure 22 – BP/Pingo Doce: Customers' attributes evaluation

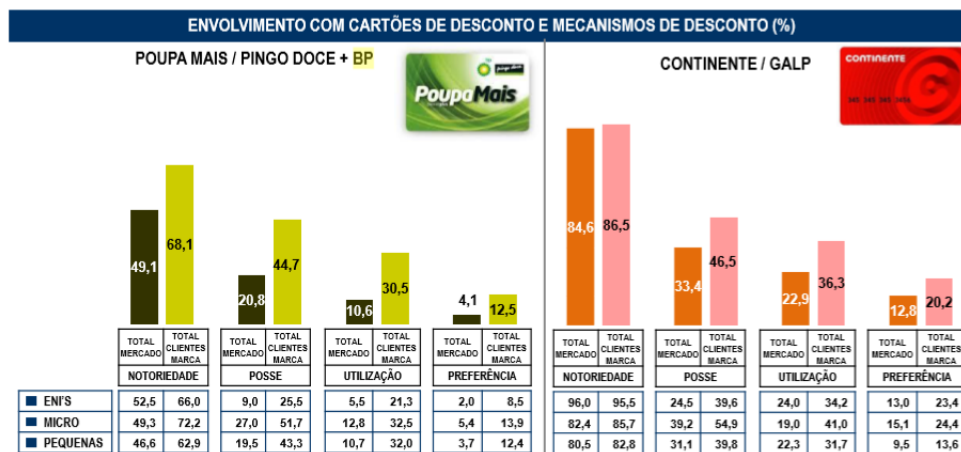


Figure 23 - Involvement with discount cards – Galp/BP

Exhibit 9 – Survey Galp

Dear participant

My name is Mariana Pimenta and I am currently finishing my master degree at Católica Lisbon School of Business and Economics. This questionnaire is intended for the elaboration of my thesis and I really appreciate your help. It aims to study two different loyalty programs of Galp, by collecting as much information as possible regarding consumer preferences.

The questionnaire does not take longer than 5 minutes to complete and your participation is extremely important. There is no right and wrong answers and all the collected data will be used for academic research and treated anonymously and confidential.

- 1- Are you client of Galp or have you ever used Galp's products and services?
- 2- Do you have car or do you drive often?
- 3- (if you answer yes in the previous question) How frequently do you supply at Galp?
 - a. Once a week
 - b. 2/3 times a week
 - c. 2/3 times a month
 - d. I do not supply at Galp.

- 4- Which characteristics do you associate with Galp regarding products and services? (3 options)
- High quality products
 - Wide offer of products
 - Personalized service
 - Tested products
 - Associated discounts
- 5- Are you familiarized with Galp's loyalty cards and discounts?
- Yes
 - No

6- (If yes) Which ones?

a. Cartão Continente



b. Cartão mais por menos



c. Via Verde



d. Vale desconto



e. Cartão Universo



- 5- Which characteristics of a card would make you get loyal? (3 options)
- Card with direct discount in fuel supply
 - Card with discounts in other
 - Direct use of the card/discount
 - Long expiration date
 - Digital card

Now you will be shown with two different loyalty programs of Galp:

- *Cartão Continente*

Cartão Continente is a loyalty program of Galp, resulted in partnership with Sonae, that offers discounts in card for clients who purchase at *Continente* and *Lojas Meu Super*. By shopping at *Continente*, clients can afterwards use the card's budget to use it at Galp gas stations.

It is not a card with direct discounts, but it allows to accumulate budget in card, for purchases at *Continente* equal or higher than 30€; to use the card's budget to use at Galp and also to contribute for the minimum discount of 2% of *Cartão Continente*, by showing it at Galp's gas station in the fuel supply moment.

- *Cartão Mais por Menos*

Cartão mais por menos is a card of exclusive access to **immediate direct discounts** up to 7 cents/lit in fuels' purchases, at Galp service stations' network.

It is a card which discount is for the fuel supply price and it is not possible to accumulate other promotions such as Galp/Continente.

This card has partnerships with *GPL Auto, Dacia, Opel, Grupo Açores, SCP* and *Movijovem* and it is only available for clients of these groups.

6- Have you ever used *Cartão Continente*?

- a. Yes
- b. No

7- (If yes *Cartão Continente*) Why? (1 opção)

- a. I am client of Continente and take advantage of Galp discount.
- b. I am client of Galp and so I go to Continente to get discounts.
- c. I am always looking for discounts as promotions
- d. Other _____

8- (If no *Cartão Continente*) Why not? (1 option)

- a. I do not shop at Continente
- b. I am not client of Galp
- c. I do not use discounts and promotions
- d. Other _____

9- Have you ever used *Cartão Mais por Menos*?

- a. Yes
- b. No

10- (If yes *Cartão Mais por Menos*) Why? (1 option)

- a. I am client of Dacia/Opel/SCP/Movijovem/GPL Auto/Grupo Açores
- b. Convenient use
- c. I am always looking for discounts and promotions.
- d. Other _____

11- (If no *Cartão Mais por Menos*) Why not? (1 option)

- a. I am not client of Dacia/Opel/SCP/Movijovem/GPL Auto/Grupo Açores
- b. I am not client of Galp
- c. I do not use discounts and promotions
- d. Other _____

12- Which advantages do you associate to *Cartão Continente*? (up to 3 options)

- a. Store discounts
- b. (non-direct) Discounts in fuel supply
- c. Budget use
- d. Possibility to save budget in cardPossibilidade de poupar em cartão

- e. Possibility to accumulate budget
 - f. Easy use
 - g. Convenient use
- 13- Which disadvantages do you associate to *Cartão Continente*? (up to 3 options)
- a. Card without direct discounts
 - b. Short expiration date
 - c. Not possible to use the discounts in the same day
 - d. Requirement to shop at Continente
- 14- Which advantages do you associate to *Cartão Mais por Menos*? (up to 3 options)?
- a. Direct discounts
 - b. Attractive discount
 - c. Possibility of being used without shopping at *Continente*
 - d. Easy use
 - e. Convenient use
- 15- Which disadvantages do you associate to *Cartão Mais por Menos*? (up to 3 options)?
- a. Limited card for few clientes
 - b. Not possible to accumulate budget
 - c. Card too much specific
 - d. Not possible to use in other services
- 16- Now imagine that, as cliente of Galp, you would have access to the 2 cards: *Cartão Continente* and *Cartão Mais por Menos*. By the time of the fuel supply of your vehicle, which one would you use?
- a. *Cartão Continente*
 - b. *Cartão Mais Por menos*
- 17- Lastly, imagine that Galp decided to create an online app, attaching the existing loyalty cards, avoiding the traditional use of coupons or cards and also that allow to charge money to be used either in fuels and in products and Galp's stores. Would you be interested to use?
- a. Yes
 - b. No
- 18- Gender
- a. Male
 - b. Female
- 19- Age
- a. 18-25
 - b. 26-35
 - c. 36-50
 - d. > 50
- 20- Residence area
- a. Great Lisbon
 - b. Great Porto
 - c. Other

21- Occupation

- a. Student
- b. Employee
- c. Liberal Professional
- d. Managers
- e. Retired
- f. Unemployed

22- Household annual income

- a. < 15000€
- b. 15000€ - 35000€
- c. 35000€ - 55000€
- d. 55000€ - 75000€
- e. > 75000€

Exhibit 10 – Focus Group Guidelines

Introduction

- Explanation of the purpose of the interview
 - Permission to use quotations
 - Permission to record the interview.
1. Are you clients of Galp or have you ever used it?
 2. How frequently do you use Galp?
 3. What are the factors of choice regarding the place you supply?
 4. Why Galp?
 5. What do you associate with Galp?
 6. Do you know any Galp's Loyalty cards? Which ones?
 7. What are the first loyalty cards and discounts that come to mind?

Explain cartão continente and cartão mais por menos

8. What do you think of each one?
9. Have you ever used any of these cards?
10. Which are the advantages and disadvantages of each card?
11. Do you go to Continente because of Galp? Or as you go to Continente, you go to Galp for the discounts?
12. How many times do you use *Cartão Continente*? And why do you not use it more often?
13. What do you like the most in *Cartão Mais por Menos*?
14. How do you perceive it?
15. What do you dislike in this card?
16. Between the two cards, what do you like and what you don't like?
17. Which one would you use in the fuel supply moment and why?
18. What do you think about the idea of having an app integrating these cards and additional services?

Exhibit 11 – Interview Guidelines with Paulo Madeira, CRM team – Galp

1. How was the need to develop loyalty programs? What do they consist of?
2. How important is the development of loyalty programs for Galp business? (positive and negative overall balance)
3. What are the competitive advantages of such loyalty programs? (customer and company perspective)
4. What were the major difficulties felt in the beginning?
5. Which target (demographics, psychographics and geographic) does Galp aim to achieve with each program? What is the current client of each program?
6. What are the partners of the programs and what were the criteria to choose them?
7. What is the program used to reach the target *Cartão Continente* is not able to reach? Is it only *Cartão Mais por Menos*?
8. How does the partnership with Sonae work?
9. What are the tools used for each program?
10. In which channel each program is?
11. How do you characterize the loyalty programs in terms of digital marketing? How do the strategies used work?
12. What are the direct and indirect competitors? How do you evaluate them regarding loyalty programs? Are there comparative studies?
13. Are there positioning studies of the brand comparing to competitors, concerning the loyalty programs?
14. How do you classify each partnership in terms of brand awareness and perceptual image? Are there comparative studies between partnerships?
15. How do you characterize the existing loyalty programs regarding communication, pricing, and customer service?
16. How revenue is generated with the loyalty programs?
17. Which are the KPI's that measure the success of loyalty campaigns? How have they been evolved?

Exhibit 12 – Spss Output Data Table – General frequencies

Table 1 – Gender

	Frequency	Percent
Valid Male	95	31,0
Female	211	69,0
Total	306	100,0

Table 2 - Age

		Frequency	Percent
Valid	18-25	140	45,8
	26-35	48	15,7
	36-50	71	23,2
	> 50	47	15,4
	Total	306	100,0

Table 3- Residence

		Frequency	Percent
Valid	Great Lisboa	144	47,1
	Great Porto	23	7,5
	Outra	139	45,4
	Total	306	100,0

Table 4 - Occupation

		Frequency	Percent
Valid	Student	104	34,0
	Employee	163	53,3
	Liberal Professionals	14	4,6
	Managers	15	4,9
	Retired	7	2,3
	Unemployed	3	1,0
	Total	306	100,0

Table 5 – Household annual income

		Frequency	Percent
Valid	< 15000€	85	27,8
	15000€ - 35000€	111	36,3
	35000€ - 55000€	61	19,9
	55000€ - 75000€	30	9,8
	> 75000€	19	6,2
	Total	306	100,0

Table 6 – car ownership

		Frequency	Percent
Valid	Yes	267	92,1
	No	23	7,9
	Tota l	290	100,0

Table 7 – How frequently do you supply at Galp?

		Frequency	Percent
Valid	Regularly at Galp	186	64,1
	Do not supply at Galp	81	27,9
	Total	267	92,1
Missing	System	23	7,9
Total		290	100,0

Table 8 - Which characteristics do you associate with Galp regarding products and services? (multiple answer)

		Frequency	Percent
Valid	High quality products	191	65,9
	Wide offer of products	65	22,4
	Personalized service	39	13,4
	Tested products	54	18,6
	Associated discounts	137	47,2

Table 9 - Are you familiarized with Galp's loyalty programs?

		Frequency	Percent
Valid	Yes	176	60,7
	No	114	39,3
	Total	290	100,0

Table 10 – Which loyalty programs are you familiar with?(multiple answer)

		Frequency	Percent
Valid	Cartão Continente	155	53,4
	Cartão Mais por Menos	27	9,3
	Via Verde	41	14,1
	Vale desconto	61	21,0
	Cartão Universo	29	10,0
	Total	290	100,0

Table 11 - Have you ever used Cartão Continente?

		Frequency	Percent
Valid	Yes	237	81,7
	No	53	18,3
	Total	290	100,0

Table 12- Have you ever used Cartão Mais por Menos

		Frequency	Percent
Valid	Yes	24	8,3
	No	266	91,7
	Total	290	100,0

Table 13- Why have you used Cartão Continente?

		Frequency	Percent
Valid	I am client of Continente and take advantage of Galp discount	170	58,6
	I am client of Galp and so I go to Continente to get discounts	14	4,8
	I am always looking for discounts as promotions	34	11,7
	Other	19	6,6
	Total	236	81,4
Missing	System	53	18,3
Total		290	100,0

Table 14 – Why have you used Cartão Mais Por Menos?

		Frequency	Percent
Valid	I am client of Dacia/Opel/SCP/Movijovem/GPL Auto/Grupo Açores	11	3,8
	Convenient use	4	1,4
	I am always looking for discounts and promotions	7	2,4
	Other	2	,7
	Total	24	8,3
Missing	System	266	91,7
Total		290	100,0

Table 15- Why have you not used Cartão Continente?

		Frequency	Percent
Valid	I do not shop at Continente	26	9,0
	I am not client of Galp	14	4,8
	I do not use discounts and promotions	5	1,7
	Other	8	2,8
	Total	53	18,3
Missing	System	237	81,7
Total		290	100,0

Table 16- Why have you not used Cartão Mais por Menos?

		Frequency	Percent
Valid	I am not client of Dacia/Opel/SCP/Movijovem/GPL Auto/Grupo Açores	167	57,6
	I am not client of Galp	50	17,2
	I do not use discounts and promotions	19	6,6
	Other	30	10,3
	Total	266	91,7
Missing	System	24	8,3
Total		290	100,0

Table 17- Which attributes do you value in a loyalty card? (multiple answer)

		Frequency	Percent
Valid	Direct discounts	280	96,6
	Discounts in other services	176	60,7
	Immediate discounts/use	236	81,4
	Long expiration date	118	40,7
	Digital card	60	20,7

Table 18 – Advantages of Cartão Continente (multiple answer)

		Frequency	Percent
Valid	Discounts in store	217	74,8
	(non-direct) Discounts in fuel supply	95	32,8
	Budget use	70	24,1
	Possibility to save budget in card	136	46,9
	Possibility of accumulate budget in card	160	55,2
	Easy use	87	30,0
	Convenient use	44	15,2

Table 19 – Advantages of Cartão Mais por Menos (multiple answer)

		Frequency	Percent
Valid	Direct discounts	206	71,0
	Attractive discounts	95	32,8
	Possibility of being used without shopping at Continente	153	52,8
	Easy use	112	38,6
	Convenient use	68	23,4

Table 20 – Disadvantages of Cartão Continente (multiple answer)

		Frequency	Percent
Valid	Card without direct discounts	187	64,5
	Short expiration date	141	48,6
	Not possible to use the discounts in the same day	172	59,3
	Requirement to shop at Continente	146	50,3

Table 21 – Disadvantages of Cartão Mais por Menos (multiple answer)

		Frequency	Percent
Valid	Limited card for few clients	196	67,6
	Not possible to accumulate budget	126	43,4
	Card too specific	163	56,2
	Not possible to use in other services	115	39,7

Table 22 – If you had the two cards, which one would you use?

		Frequency	Percent
Valid	Cartão Continente	172	59,3
	Cartão Mais por Menos	118	40,7
	Total	290	100,0

Table 23 – Would you be interested in using an app integrating the cards and different services of Galp?

		Frequency	Percent
Valid	Yes	241	83,1
	No	49	16,9
	Total	290	100,0

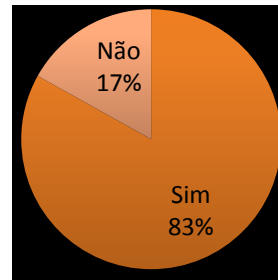


Exhibit 13 – Spss Output Data Table – Crosstabs

Table 24 – Crosstabs and chi-square study between the attributes valued in a loyalty card and the age group

Attributes	Age		Pearson Chi-Square
	Young-adult	Adult-mature	Asymptotic Significance (2-sided)
Direct discounts	61,8%	38,2%	,909
Discounts in other services	59,1%	40,9%	,252
Immediate use discounts	61,9%	38,1%	,918
Long expiration date	60,2%	39,8%	,652
Digital Card	71,7%	28,3%	,075

Table 25 – Crosstabs between final choice and age group

		Final choice		Total
		Cartão Continente	Cartão Mais por Menos	
Age	Young-adult	36.9%	24.8%	
	Adult-mature	22.4%	15.9%	
Total				290

Table 26 – Crosstabs and Chi-square between familiarity of loyalty cards and the age group

		Age		Pearson Chi-Square
		Young-adult	Adult-mature	Asymptotic Significance (2-sided)
Age	Cartão Continente	85	70	0,010
	Cartão Mais por Menos	16	11	0,782

Table 26 – Crosstabs and Chi-square between final choice and app with different services

		Final choice		Total	Pearson Chi-Square
		Cartão Continente	Cartão Mais por Menos		Asymptotic Significance (2-sided)
App	Yes	143	98	241	
	No	29	20	49	
Total		172	118	290	0,984

Table 27 – Crosstabs and Chi-square between the age group and the interest in an online app with different services

		App		Pearson Chi-Square
		Yes	No	Asymptotic Significance (2-sided)
Age	Young-adult	151	28	
	Adult-mature	90	21	
Total		241	49	0,469