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Shoppers seek gas savings at the supermarket

Advocates warn against potential pitfalls of gas point programs

By Liz F. Kay, The Baltimore Sun

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Faith E. Wachter doesn't normally spend as much as \$17 on shampoo in a single shopping trip. But by stocking up on haircare products recently, the Ellicott City resident saved more than \$4 on gasoline for her car — and just in time for a drive to the beach.

In they look for ways to spend less on fuel, more Marylanders are headed to the supermarket.

Several chains are rewarding loyal customers with points they can redeem for discounts at the pump. And with the cost of a gallon of gas up a dollar from last summer, consumers say they are comparing the different programs — and, in some cases, shopping accordingly.

"It's like buying a winning lottery ticket," J.D. Taylor said as he filled up at the Safeway gas station in Catonsville.

"How can you lose?" the Woodlawn man asked. "The card is free."

Consumer advocates caution against the potential pitfalls of such programs. It's true, they say, that customers might save money, as long as they don't let the lure of discounts change their regular shopping habits.

But because it costs retailers money to offer and promote such discounts, they say, prices in general might be lower if they didn't exist in the first place.

"I don't think consumers benefit by encouraging these programs," said Joseph Ganem, a physicist at Loyola University Maryland who has written a book on how consumers are deceived by numbers.

"These companies are paying a lot to implement them," Ganem said. "You're paying for that."

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The supermarket programs are pretty similar: for every dollar you spend, you earn a point. For every 100 points you redeem, you get a 10-cent-per-gallon break when you fill up at the pump.

As gas prices have climbed this year, so has the popularity of supermarket discount programs.

Participation in Giant Food's Gas Rewards program has increased by 5 percent in 2011, according to a spokesman. Giant has nine stations in Maryland, Washington and Virginia, spokesman Jamie Miller said, but customers may also redeem points at participating Shell stations.

Chris Brand, a spokesman for Martin's Food Markets, speaks of the instant gratification customers experience when they swipe their bonus cards at the pump and see the per-gallon price drop.

"That's always a thrill. I know I like it," he said.

And as gas prices increase, Brand said, "people begin to pay a little more attention to their points."

The average cost of a gallon of regular unleaded gasoline in Maryland has fallen from a near-record \$4.04 in May, according to AAA Mid-Atlantic, but remains high compared to a year ago. A gallon averaged \$3.66 on Friday, up from \$2.66 on the same date in 2010.

Maryland law prohibits the sale of gas below cost, according to Chuck Ulm, assistant director of the field enforcement division of the state comptroller's office. But under an opinion issued by the office to a state attorney general's office, combining cash with point redemption qualifies as payment, he said.

While the several programs are broadly similar, they differ in the details: How quickly the points expire, how many may be redeemed at one time, and how much gas can be purchased during a single visit.

Brand said pulling up a second vehicle for discounted gas while the pump is still active is prohibited for safety reasons.

Supermarkets offer different ways to collect additional points. At Safeway, customers may earn double points by buying gift cards — though cards that are redeemable at Safeway itself are not eligible, to prevent double-dipping, spokesman Greg Ten Eyck said.

Martin's and Giant have partnered with suppliers to offer points to customers for specific purchases. Wachter, for example, bought five bottles of Pantene shampoo and conditioner to earn 200 extra points — giving her enough to save 40 cents per gallon for her trip to the Delaware shore.

Wachter said she doesn't believe in "buying a discount." But she uses Pantene regularly, so she took the promotion as an excuse to stock up.

"It did prompt me to read the weekly circulars a little more closely," she said. "In this case this is something I would spend money on anyway."

Wachter, who says she drives about 2,000 miles a month, takes several approaches to saving on gas.

She just switched to a Hyundai Elantra because it does not require premium fuel. She typically gasses up at Costco, which sells fuel and other products to members at a discount. When she has accumulated 200 Giant points — enough for a 20-cent-per-gallon break — she heads for Shell.

"I tend to hoard the gas points until it really makes a difference," she said.

Wachter said she probably wouldn't participate in the program if the Giant in Elkridge and the Shell station were not convenient to her home.

That's the reaction some Safeway customers have to the chain's Reward Points program, which enables discounts at five Safeway gas stations in the Baltimore area, in Bel Air, Catonsville, Edgewater, Perry Hall and Pasadena.

"If you have a Safeway fuel station near where you live, you think this is wonderful," said Ten Eyck, the spokesman. "It's not effective to earn your loyalty unless there's a Safeway fuel station somewhere near your home."

For some, the program seems to work.

"I definitely have become more of a Safeway shopper," said Roxanne Umphery of Catonsville, who also uses her Safeway Club Card to earn an additional discount of three cents per gallon.

Crystal Brown's husband uses the points she earns at Giant to help fuel his SUV. "It makes a big difference," the Owings Mills woman said.

Ganem, of Loyola University, said consumers should consider not only price, but the total cost of making a purchase.

Ganem, the author of *The Two-Headed Quarter: How To See Through Deceptive Numbers and Save Money on Everything You Buy*, compared buying products to earn a discount to driving across town to chase cheaper gas or to redeem a coupon. Consumers would use up gas and time — both limited resources.

Ganem said the gas discount programs are intended to be complicated to make price comparison difficult.

"My belief is a lot of the confusion is to make it impossible for you to make rational decisions in the marketplace," Ganem said.

Stores must spend some money to put these programs in place, he pointed out, and those costs drive up the prices of all the products sold.

"Obviously they're getting more economic benefit than the cost of running these programs," he said. "Since it's costing them money to confuse you, they must be getting a lot more money back than they're spending, or they wouldn't do it."

"It would be better for consumers if there were none of these programs and if you simply paid the market price for what it was when you bought the item," he said.

Miller, the Giant spokesman, took exception to this, saying he thought Giant customers saved not only through gas rewards but also through additional corporate branded items and other sales.

Still, Ganem said, he uses the Giant program himself — and has saved as much as \$4 in a transaction.

"If I save money, then it helps," he said.

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Supermarket gas reward programs

Three chains in the Baltimore area give customers a point for every dollar spent, and offer 10 cents off per gallon of gasoline for every 100 points redeemed. But other details vary.

Safeway

Up to 1,000 points can be redeemed in one purchase, for up to 30 gallons, at Safeway stations. Points expire at the end of the month following the month in which they were earned. Gift cards earn 2 points per each dollar spent, and prescriptions earn 50 bonus points.

Giant

Up to 2,200 points can be redeemed in one transaction, for up to 35 gallons, at Giant gas stations and participating Shell stations. Points expire after 30 days. Bonuses can be earned by buying combinations of products listed in the weekly circular.

Martin's Food Markets

Same as Giant, except only 30 gallons can be purchased at the discount price and points can be redeemed only at Martin's gas stations.

Sources: The supermarkets.



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