

EPSILON & BP

2016 CRM Marketing Plan

January 12, 2016 Rev.

2016 CRM Marketing Plan

Overview

SWOT

CRM To Drive Fuel Volume - Overview

Objective: Learn more about Driver Rewards members and non-DR to build loyalty among BP consumers.

Goal: Increase fuel volume by 67mm, 10mm to come from Loyalty

Tactic	Gallons
Acquire and engage 700,000 non-loyalty members from fuel campaigns and promotions Convert 44,000 (6.3%) to DR of whom, 45% are active and 25% Low Risk VAP segment Active members will contribute 3.8 transactions per month (avg)	2.43mm
Increase transactions by one for 174,000 active DR members (174,000 x 10.5 gal = 1.8mm)	1.83mm
Reactivate 20,000 of inactive DR (currently 1.6mm) to fill up once (20,000 x 10.5 gal = 0.2mm)	0.21mm
Total incremental gallons from Driver Rewards	4.47mm

2016 Plan Impact If Goals Achieved

	Today (Nov'15)	2016 Current Trend	2016 As Planned	Difference vs Trend
Total Driver Rewards members	2,379,272	2,654,272	2,698,605 YE	+ 44,332
Active members (90 day)	637,645	703,645 YE	730,645 YE	+ 27,000
Average active rate (90 day)	26.8%	26.6%*	26.9%*	+ 0.2%
Average frequency (??)	3.8	3.8*	3.8*	-
Total gallons from Driver Rewards	-	325.8 MM	330.3 MM	+ 4.5 MM
Average loyalty penetration	11.8%	12.5%*	12.6%*	+ 0.2%

- +4.5M incremental gallons
- Increased active rate and loyalty penetration over base scenario

Assumptions:

- +7.5K new active DR registration/mg
- -2K DR become inactive (90d)/mo
- 10.5 gal fill-up
- DR = 34% of loyalty volume
- Overall volume constant

Source: Dec Scorecard

^{*} Average of Jan-Dec

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Challenges	Solutions
Research shows consumers don't understand the value of the program or how to use loyalty card at the pump.	 Educate with engaging content (i.e. video, calculator) Inform consumer to register phone number for use at pump as an option to using loyalty card
One channel for communication	Utilize other channels
Segmentation of communication is only by VAP.	Use augmented data, VAP and attitudinal attributes to understand members shopping behavior and interest to better target members with relevant content and 1:1 offers.
The reward is not inspiring members to use the program.	Develop partnerships with C-stores and brands that offer relevant rewards to DR members beyond monetary savings. Use PromoEngine to understand consumer engagement and deliver relevant offers if unengaged.

Approach

2016 CRM APPROACH

PART 1: Three promotions driving fuel volume & name acquisition

PART 2: On-going data enhancement to understand consumers

PART 3: Personally relevant CRM tactical execution

Drive Fuel Volume

- Design promotions to drive fuel volume
- Convert most valuable leads to DR & engage with targeted offers

Differentiate Brand

- Capturing & enhancing consumer profiles positions BP as a listening leader
- Deliver "Expert in Jeans" content via CRM channels which inspires brand loyalty on personalized level



name acquisition

Promotions w/



Non-Loyalty Database (700k)



Driver Rewards (+44K)

PART 1: Promotions Driving Fuel Volume & Name Acquisition

- Three promotions scheduled for 2016 (Q2-Q4)
- Promotions are responsible for acquiring 1mm non-DR names/email addresses

Q2 Diamond



Q3 Olympics



Q4 Seasonal



Part 2: On-going data enhancement to better understand consumers

Create personalized and relevant content based on a 360-degree view of consumer spend, attitudes, and lifestyle

1 st Party Data		3 rd Party Data					
Non-Fuel Purchases	TotalSource Plus (TSP)	Automotive Dimension	Attitudinal Segmentation*				
Combined with fuel purchases, provides a complete view of how consumer interacts with the BP brand	Demographic, financial, lifestyle, and transactional data elements provide insight into consumer needs, preferences, and behaviors	Provides insight into fuel needs	Provides insight into attitudes and preferences when buying fuel				

^{*}Make BP's existing primary research attitudinal segmentation (e.g., Quality Conscious, Quality & Amenities, Clean Safe and Save, etc.) actionable via classification model

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Part 2:

Benefits of data enhancements

- Additional insights
- Enhanced messaging
- Informed marketing strategy
- Critical for attitudinal segmentation
- Critical for predictive model development (e.g., acquisition, retention, win-back)

Part 2: 3rd Party data enhancement recommendation

Demographic	Lifestyle	Financial	Triggers	Market Trends	Auto
Gender Age Range Marital Status Education Ethnicity Occupation HH Size # Adults # Children Age of Children Family Composition Dwelling Type County Code	Niches 3.0 Automotive Work Motorcycle Riding Boating RV Vacations Traveler ATV	Income Net Worth Oil/Gas Card	New First Child Newly Married Newly Retired College Grad Pre-Driver Empty Nester New Mover	Upcoming Retirees NASCAR	Make/Model/ Year – Up to 6 vehicles Class Code Fuel Type Manufacturer Style Code Mileage Code First/Last Seen Date # Vehicles/HH # Cars/HH # Truck/HH

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Ultimate Data Package

Demos	Lifestyle	Financial	Triggers	Market Trends	Auto
Gender Age Range Exact Age Marital Status Education Ethnicity Occupation HH Size Number of Adults Number of Children Age of Children Family Composition Dwelling Type County Code DMA Homeowner Length of Residence	Niches 3.0 Automotive Work Motorcycle Riding Boating RV Vacations Traveler ATV	Income Net Worth Oil/Gas Card Liquid Resources Target Value Score All Marketers	New First Child Newly Married Newly Retired College Grad Pre-Driver Empty Nester New Mover Pre-Mover	Upcoming Retirees NASCAR Other Rewards Card User Debit Card Rewards User Auto Insurance Premium Discount via Telematics Retail Texter	Class Code Fuel Type Manufactur ers Code Style Code Mileage Code First/Last Seen Dates # Vehicles/HH # Cars/HH # Truck/HH

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Premium Data Package

Demos	Lifestyle	Financial	Triggers	Market Trends	Auto
Gender Age Range Exact Age Marital Status Education Ethnicity Occupation HH Size Number of Adults Number of Children Age of Children Family Composition Dwelling Type County Code DMA Homeowner Length of Residence	Niches 3.0 Automotive Work Motorcycle Riding Boating RV Vacations Traveler ATV	Income Net Worth Oil/Gas Card Liquid Resources Target Value Score All Marketers	New First Child Newly Married Newly Retired College Grad Pre-Driver Empty Nester New Mover Pre-Mover	Upcoming Retirees NASCAR Other Rewards Card User Debit Card Rewards User Auto Insurance Premium Discount via Telematics Retail Texter	Class Code Fuel Type Manufactur ers Code Style Code Mileage Code First/Last Seen Dates # Vehicles/HH # Cars/HH # Truck/HH

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Regular Data Package

Demos	Lifestyle	Financial	Triggers	Market Trends	Auto
Gender Age Range Exact Age Marital Status Education Ethnicity Occupation HH Size Number of Adults Number of Children Age of Children Family Composition Dwelling Type County Code DMA Homeowner Length of Residence	Niches 3.0 Automotiv e Work Motorcycle Riding Boating RV Vacations Traveler ATV	Income Net Worth Oil/Gas Card Liquid Resources Target Value Score All Marketers	New First Child Newly Married Newly Retired College Grad Pre-Driver Empty Nester New Mover Pre-Mover	Upcoming Retirees NASCAR Other Rewards Card User Debit Card Rewards User Auto Insurance Premium Discount via Telematics Retail Texter	Class Code Fuel Type Manufactur ers Code Style Code Mileage Code First/Last Seen Dates # Vehicles/HH # Cars/HH # Truck/HH

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Part 3: Data in action – 1st party data + attitudinal segmentation

- Fuel purchase detail (frequency, amount, fuel grade, etc.)
- Non-fuel purchase detail (frequency, amount, c-store vs. car wash, etc.)
- Attitudinal segment

Objective

Increase engagement with BP

Strategy

Customized messaging based on what is important to consumer and how they interact with BP

- Acquire: Highlight services and amenities that appeal to attitudinal segment
- Grow: Leverage BP transactional data to help find opportunities for "one more sale"
- Reactivate 1: Leverage BP transactional data or predictive model
- Reactivate 2: Highlight products, services, or amenities that may appeal to consumer's attitudinal segment

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Part 3: Data in action – TSP

- Basic demographics (age, income, HH size, # children, geo region)
- Niches 3.0 segmentation

Objective

Increase DR program engagement

Strategy

Relevant communications – "they understand me", "BP fits my life"

- Acquire: Target those Niches where DR members over-index vs. US population
- Grow: Customize creative and messaging to increase member engagement with DR program
- Reactivate: N/A

Part 3: Data in action – Automotive Dimension

Objective

Increase loyalty to BP – make sure the next fuel purchase is a from BP

Strategy

Relevant communications that recognize a consumer's potential for purchase – "BP knows my fuel needs"

- Vehicle class
- Fuel type
- # vehicles in HH

- Acquire: Target consumers with higher potential based on number of vehicles owned
- Grow: Triggered messages based on an increase in number of vehicles in the household or a change in vehicle class that may lead to increased fuel spend
- Reactivate: Approach similar to Grow

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Part 3: Data in action – TSP Triggers

- Newly retired
- Newly married
- New mover
- · Pre-driver in HH

Objective

Reach consumers following a life event to cultivate loyalty

Strategy

Triggered and customized communications immediately following a life event

- Acquire: Retired and planning to travel? Join DR and save money
- Grow 1: Recently married or have a new driver in the house? Pool your savings via phone number loyalty ID or Visa linkage
- Grow 2: Ensure that new movers are aware of BP stations within 5 miles of their new residence
- Reactivate: Approach similar to Acquire and Grow

PART 3: CRM Contact Strategy

Non-Loyalty Leads

- Objective: Impact fuel volume through communication to nonloyalty consumers as well as Driver Rewards
- Broad application of supporting "Expert in Jeans" content: can be delivered to leads as well as value-add to DR members
- Non-Loyalty Database as a vehicle for Driver Rewards acquisition

Driver Rewards

- Objective: Optimize engagement across Driver Rewards program through CRM
- Develop more engaging content based on DR research to address key challenges: Educational video, pulse surveys, savings calculator, loyalty ID messaging, etc.
- Leverage partnerships to offer relevant, non-COPG rewards
- Cross-channel approach to communication, particularly to new and lapsed members (Email, digital retargeting and SMS alerts, Website)

Driver Rewards

- Diamond Launch support
- Premium fuels campaign
- Visa Linking offer
- BP Visa Invitation to Apply
- Monthly Newsletter
- Cross-channel Driver Rewards acquisition
- Feedback solicitation, survey and testimonials
- Data-driven Tailored Stories, e.g.
 - Fuels
 - Site refresh
 - Travel/driving tips

- Onboarding to encourage new members to transact
- Engagement to increase transactions among actives
- Offer testing to reactivate lapsed members

Driver Rewards Contact Strategy - SMS

Objective: Use other channels to communicate to Driver Rewards members -SMS

Benefits

- · 68% smart phone penetration in US
- Higher engagement 90% of SMS messages are read within 3 minutes of receipt
- Solid open rate 95%
- Instant communication

<u>Plan</u>

- Communicate once a week based on transaction data (i.e. update on their rewards)
- Provide special offers for reactivation
- Message based on how often they purchase
- Links to videos, website
- · Enter contest/sweeps

Recommendation: Due to cost, BP to perform research in Q1 to determine if this is a desired communication channel with DR members. If research proves a need, we can execute in 2nd half of 2016.

Driver rewards contact strategy – other channels

Objective: Use other channels to communicate to Driver Rewards members

- Online display campaigns to require \$600k investment from media budget. Example:
 - \$180k new member target (\$15k/mo)
 - \$120k lapsed member target (\$10k/mo)
 - \$300k high value active target (\$25k/mo)

Campaigns

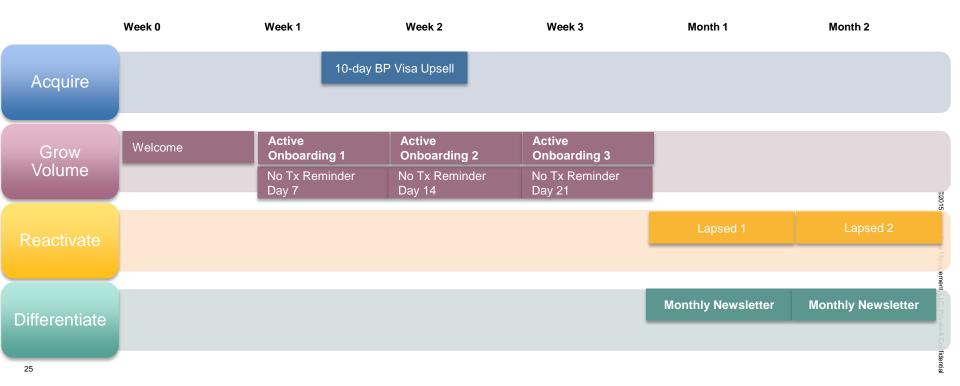
- Target new members to improve onboarding and active rate (some receive just email, others receive email and media ad)
- Use transactional data to target inactive members who are most likely to reactivate (provide an incentive/offer)
- o Create an offer (i.e. Live Nation) for active members to inspire one more incremental purchase

Next Step

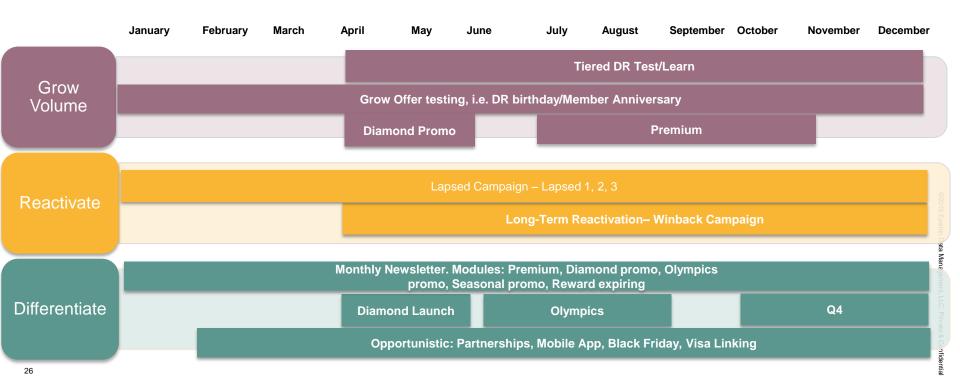
Meet with Mindshare to learn about plan and how best to measure for success.

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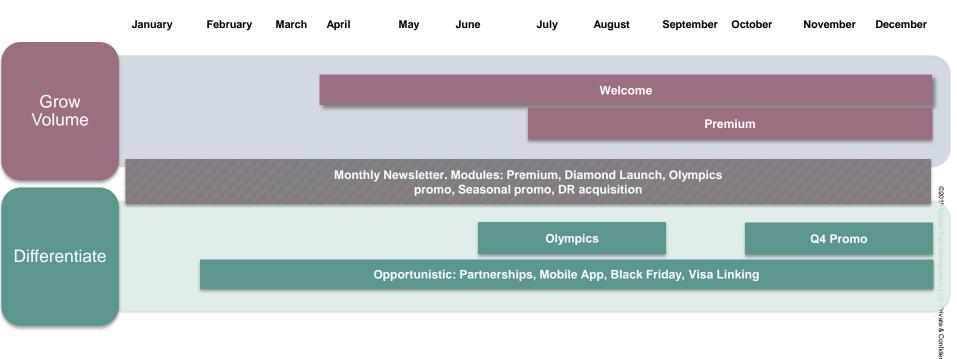
Driver Rewards Contact Strategy – New Members First 60 Days



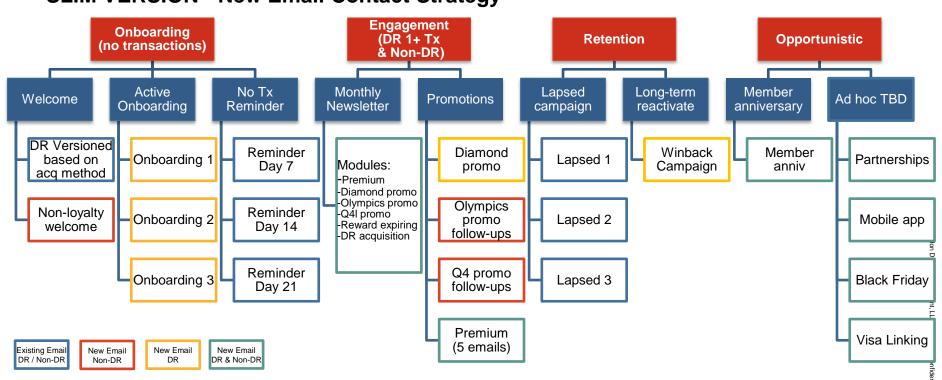
Driver Rewards Contact Strategy – Email Existing Members



Non-Driver Rewards Contact Strategy



SLIM VERSION - New Email Contact Strategy



Newsletter Editorial Calendar

	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec
Superbowl, Oscars, Grammy's												
Visa Linking												
Diamond												
Orby's corner - Educational												
Premium												
Olympics												
Q4 promo												
Video content												
Pulse Survey/Question of the month												
Feedback Thumbs up/thumbs down												
Brand Engagement/Evergreen Content												
Promotional												
Lifestyle												

Test and Learn

Test and Learn Recommendations

Reaching the right audience at the right time with the right message is critical for CRM. Our test and learn recommendations address those concerns while supporting overall goals for 2016

Acquire

- Leverage analysis on current DR members to test customized messaging and content
- Develop look-alike model in Q3 or Q4 to find best DR candidates

Grow

- Focus on active, low risk VAP segments
- Test various offer structures with KPI of incremental sales
 - Test and offers will support planned engagement tactics and promotions

Reactivate

- Short-term inactive members are being addressed via testing in Q4 2015; will implement in 2016
 - Offer testing recommended after Q1
- Long-term inactive members should be addressed via retention and/or win-back models in a phased approach
 - First phase is a no-offer test for model development
 - Second phase is offer testing to those members who did not respond to a nooffer communication

Proposed 2016 Analytic Roadmap Goals for 2016

- Acquire and engage non-loyalty members from fuel campaigns and promotions (1MM gallons)
- Increase transaction rate for active DR members (6MM gallons)
- Reactive inactive members (1.5MM gallons)

	JAN	FEB	MAR	APR	MAY	JUN	Jul	Aug	Sep	Oct	Nov	Dec
ANALYTIC INITIATIVES				Diamond Product Launch			Olympic	Olympics Integration				
Enhancement to current practice	nt implementation plan			DR progr • Predictive (requires	ram e DR attrition TSP data) analysis of po	reflect revised model otential for up-						
Additional customization		attitudinal se via classificat SP*** data)		email and • EASE (E	Establish member engagement (i.e., email and web) measurement plan EASE (Email Activity Segmentation and Evaluation)							
Program diagnostic tool				measure lifecycle progress tokenizat	ion (some me	cluding vidual member etrics require	•	of DR vs. BP tokenization)		membe BP Visa non-loy • Analysi	er vs. non-loya a vs. non-loya alty (requires s of 360 degre er purchases (ee view of DR
ONGOING SUPPORT Q1 – Q4	Monthly s	n test design segment scori predictive mod	ing and migra	tion analysis	sis, as neede	d						

^{**}Loyalty program refers to DR only for now but plan to include BP Visa and BP PL, pending data availability

^{***}Data dependencies are listed in red



Reward Budget Offers

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DR Conversion

- Every other monthly newsletter, non-loyalty names addressed with DR conversion offer
- New active DR members contribute average 3.8 transactions per month
- 2.6% conversion rate based on GAG Promo results
- Offer budget: \$116K

DR Conversion via Monthly Newsletter											
	Jun	'16 Total									
Reach	175K	345K	511K	673K	1.7MM						
Convert to DR		2.6	6%		-						
New DR Members	4.6K	9K	13K	18K	44K						
Incremental gallons (2016)	578K	815K	724K	318K	2.4MM						

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Driver Rewards Diamond Promotion

Rewards Budget: \$343,000

Objective

Drive awareness and purchase of the new Invigorate fuel Goal

Fuel purchase to add average one fill-up from 56.4K
 DR members (592K gallons)

Participation rates based on latest Give a Reward Promotion results from campaign to existing DR campaign

DR Diamond Promotion								
Audience size	1.41 MM (opt-in)							
Participation rate	4.0%							
Total participants/conversion	56.4 K							
Gallons contributed (10.5/fill-up)	+ 592 K							

Offer Budgets

Goal	Tactic	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Acquire	Newsletter DR Conversion Offer			\$11,944		\$23,577		\$34,908		\$45,944	\$116,372
Grow Volume	Diamond DR Promo	\$171,500	\$171,500								\$343,000
	Member Anniversary	\$3,926	\$3,974	\$4,028	\$4,075	\$4,142	\$4,190	\$4,270	\$4,318	\$4,411	\$37,333
	Black Friday								\$51,811		\$51,811
	Holiday Offer to Top 20%									\$88,220	\$88,220
	Non-COPG Offer					TBD	TBD				\$-
Reactivate	45/61/90 Lapsed Offers	\$242	\$242	\$242	\$242	\$242	\$242	\$242	\$242	\$242	\$2,176
	Winback	\$5,141	\$5,246	\$5,354	\$5,459	\$5,575	\$5,683	\$5,807	\$5,922	\$6,053	\$50,240
Total		\$180,809	\$180,961	\$21,567	\$9,776	\$33,537	\$10,115	\$45,227	\$62,292	\$144,870	\$689,153

2016 CRM Marketing Plan Summary

- Engage 3rd party data through TSP data package (level of package will be determined based on 250k spend) to better understand both DR and non-DR consumers and segment based on BP attitudinal segments (QA, QC, CSS) and to determine which consumers own premium cars to target for Premium campaign
- Use TSP and automotive data to:
 - Customize creative and messaging to increase DR and non-DR engagement with emails
 - Augment VAP segment with share of spend based on number of vehicles owned
 - Modeling for potential acquisition and win-back tactics
 - Learn about DR and non-DR consumers to provide relevant rewards, offers and communications in 2017
- Utilize media (social retargeting, display and programmatic) to communicate to DR members with relevant offers for onboarding, reactivation and increase of incremental gallons
- Increase email communication to DR members and create a new contact stream for non-DR members to foster BP brand loyalty
- Utilize Adobe Experience Manager to deliver personalized website experiences for both DR and Non-DR members. (Working with Digitas to explore the use of the tool for mybpstation.com)

Aspirational

- Use TSP ultimate data package (see slide #17) to acquire deeper knowledge of DR and non-DR consumers
- 1st Party Data Non-fuel purchases provides a complete view of how consumers interact with the BP brand
- TSP Triggers Triggered and customized communications immediately following a life event (i.e. Recently married or have a new driver in the house? Pool your savings via phone number loyalty ID or Visa linkage)
- Set up SMS as a channel for communication with DR members
- Provide segmented offers to new DR members who do not transact based on media acquisition (i.e. Tap Joy)
- Target those Niches where DR members over-index vs. US population
- Versioning of newsletter and other email communications to provide relevant content to different segments (i.e. niche, demographics, lifestyle, etc.)

Enhance CRM Capabilities

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Enhance CRM Capabilities

<u>CRM</u>

- Allow for integration of Synchrony data
- · Add fields for additional data points
 - TSP attributes
- PromoEngine DR (Phase 2 and Non-DR)
- Q4 Mobile App integration
 - Push notifications
 - Offer repository

Next Steps

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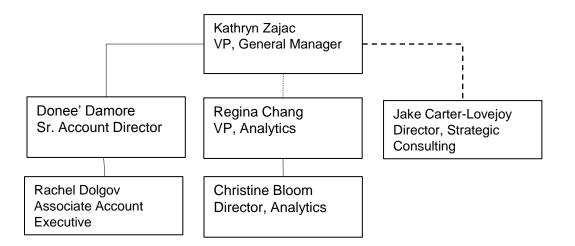
Next Steps

- Discuss evolution of SOW for 2016
 - Email creative
 - Loyalty partnership strategy
- Review and discuss 2016 retainer

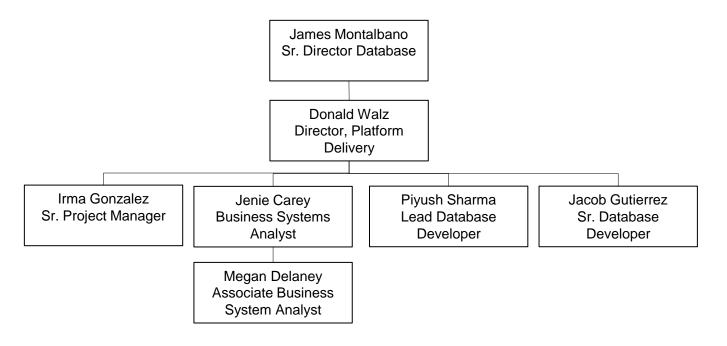
APPENDIX

Epsilon Team

Org Chart – Client Management, Analytics & Strategy



Org Chart – CRM Tech Team



Base Scenario

	Sep'15	Oct	Nov	Dec	Jan'16	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total DR (000)	2,275	2,305	2,335	2,365	2,395	2,425	2,455	2,485	2,515	2,545	2,575	2,605	2,635	2,665	2,695	2,725
Active DR (90d) (000)	634	626	618	610	602	594	586	578	570	562	554	546	538	530	522	515
Active Rate	28%	27%	27%	26%	26%	26%	25%	25%	24%	24%	23%	23%	22%	22%	22%	21%
Frequency	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Gallons vol (MM)	27.4	27.1	26.7	26.4	26.0	25.7	25.3	25.0	24.6	24.3	23.9	23.6	23.3	22.9	22.6	22.2
Loyalty pene	12%	12%	12%	12%	11%	11%	11%	11%	11%	11%	10%	10%	10%	10%	10%	10%

2016 Plan Month-by-Month

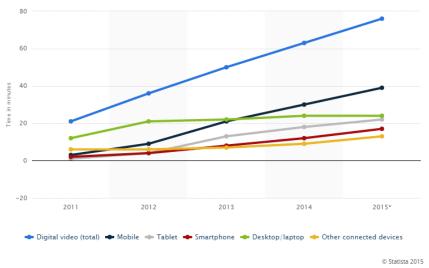
	Sep'15	Oct	Nov	Dec	Jan'16	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
DR Acq from Non-Loyalty (000)								11	11	11	11	11	11	11	11	11
Total DR (000)	2,275	2,305	2,335	2,365	2,395	2,425	2,455	2,496	2,537	2,578	2,619	2,660	2,701	2,742	2,784	2,825
Active DR acq (000)								5	5	5	5	5	5	5	5	5
Reactivated (000)					12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
90d active DR (000)	634	626	618	610	615	619	624	621	618	615	607	599	591	583	575	567
Active Rate	28%	27%	26%	26%	26%	26%	25%	25%	24%	24%	23%	23%	22%	21%	21%	20%
Exist freq	4.1	4.1	4.1	4.1	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
DR acq freq								2	2	2	2	2	2	2	2	2
Reactv freq					1	1	1	1	1	1	1	1	1	1	1	1
Freq	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Monthly vol	27.4	27.1	26.7	26.4	26.7	26.3	26.0	25.7	25.4	25.0	24.7	24.3	24.0	23.6	23.3	22.9
Loyalty pene	12%	12%	12%	12%	12%	12%	11%	11%	11%	11%	11%	11%	10%	10%	10%	10%

Engage with Inspiring Content

The content below needs to be created to support the CRM communication plan:

- Video content to educate and inspire consumers and increase email and website engagement
- Orby's spotlight in monthly newsletter (video to provide tips on auto maintenance, safety, etc.)
- Driver Rewards members video testimonials to be used for reactivation and DR acquisition from non-DR
- Interactive tools savings calculator, Loyalty vs. Reward, etc.
- Rollback Gif to show savings
- Original Photography Assets
- Feedback
 - Surveys
 - Link to a form

The graph shows average daily time spent with digital video content among adults in the United States from 2011 to 2014 and a forecast for 2015. The source projects that U.S. adults will spend 17 minutes a day watching video on their smartphones in 2015. Total daily digital video consumption is set to reach 76 minutes that year.



PART 1: Promotion (first promotion: FEB-MAR)

Q1 Promotion Overview

The Q1 promotion will include an incentive for consumers to provide their name and email address, along with purchasing fuel at BP

Name acquisition: Expected to contribute 250K of 1MM 2016 leads target

Incentives

- 1. \$5 gas card. Register online and opt-in for sweeps. Gas code sent via email for pump use
- 2. Partnership with Jiffy Lube, AutoZone or Pep Boys to receive \$10 off (assuming partner would kick in half), top 6 markets. Register online with a photo of receipt and opt-in for sweeps. Coupon for \$10 off sent via email
- 3. \$5 towards purchase at C-store. Register online and opt-in for sweeps. \$5 dollar coupon sent via email to be used at store (How can this be executed based on BP organizational constraints?)

Sweepstakes prize(s)

- 1. Win a free year of gas (\$2,500), 2 winners every week for 12 weeks = 24 winners
- 2. Tiered prize structure Grand Prize: Decked out moped, 2nd Prize: 1 year subscription to Sirius XM, 3rd Prize: \$100 Visa







