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STOP E.COLI: WITH YOUR LOYALTY PROGRAM

Data-Driven Marketing in the Grocery Industry

A NEW ERA FOR GROCERY LOYALTY PROGRAMS

Creating a Competitive Advantage

Compared with retail or service industries, brand loyalty in the grocery market plays by a different set of rules.

Historically, the primary factors in play have been location and convenience, but generational shopping habits and food consumption preferences are changing, and its presenting new opportunities for traditional grocers and newer players alike.

And with opportunity comes competition, prompting a need for inventive new customer retention programs and incentives to drive repeat business. Enter a new era of customer loyalty programs for grocery, and it's all about understanding the customer.

GENERIC OFFERS VS PERSONALIZED LOYALTY

Creating a Unique Advantage

Data-driven loyalty programs can lead to more targeted promotions, increasing redemption rates, Average Order Value (AOV) and frequency.

" *Marketing campaigns without content relevancy have an 83% lower response rate[2]*

IS AN ENROLLED MEMBER THE SAME THING AS A LOYAL CUSTOMER?

A recent survey by Forrester Research[1] found that grocery and pharmacy programs constitute the highest percentage of loyalty program enrollees. But is an enrolled member the same thing as a loyal customer? Not necessarily.

While it's no secret that customers appreciate discounts, historically the cornerstone of most grocery loyalty programs, the offers are overwhelmingly generic and loosely targeted at the mass audience of people who shop in the stores. With average coupon redemption rates between 1 and 3%, there is clearly room for improvement.

Traditionally, grocery loyalty programs have not been used to capture and link purchase behavior to a customer profile. As such, these programs have not really impacted decisions around customer marketing and personalization.

GETTING THE MOST OUT OF YOUR LOYALTY PROGRAM

Identify | Understand | Motivate

Among the many reasons for building a strong loyalty program is that enrolled loyalty members tend to spend more, visit more frequently and are more likely to try new items instead of just what's on their shopping list. The key to realizing these successes, however, lies in the program's ability to cater to the individual as much as possible.

Respondents of a recent Epsilon[3] study ranked the following personalized experiences as motivations for shopping with a specific grocer or drug store:

29%

Providing offers based on physical location

29%

Providing offers based on past purchases or preferences

25%

Sending customized communications vs generic content

Loyalty members are more likely to try new items instead of just what's on their shopping list.

IDENTIFY UNDERSTAND MOTIVATE

A great strategy is to use an email address as the way to identify a customer, requiring it to sign up for a loyalty program.

3. MOTIVATE

Capturing information is just the beginning! Using data to impact customer behavior is what loyalty programs are all about. Emailing a lapsing customer could mean the difference between lost revenue and reinstated loyalty!

2. UNDERSTAND

For grocery loyalty programs, an integration with the pointof sale is key to collecting information about the types of products a customer buys, how often, preferred location and average spend.

1. IDENTIFY

Many grocers used a tokenized identifier like a credit card or phone number, which are quick and easy to employ in the fast moving check out lane - but the real value comes in connecting that ID with a communication channel.

LOYALTY USE CASES THAT DRIVE ROI

INCREASE CUSTOMER VALUE THROUGH PRODUCT RECOMMENDATIONS

Product recommendations are a way to get customers to try new products without offering a discount.

CUSTOMER WHO BOUGHT DELI TRAY

AOV	BASKET SIZE
$38	11

AVERAGE FUTURE VALUE
$125

VS

SHARED PURCHASE HISTORY

CUSTOMER *LIKELY* TO BUY A DELI TRAY

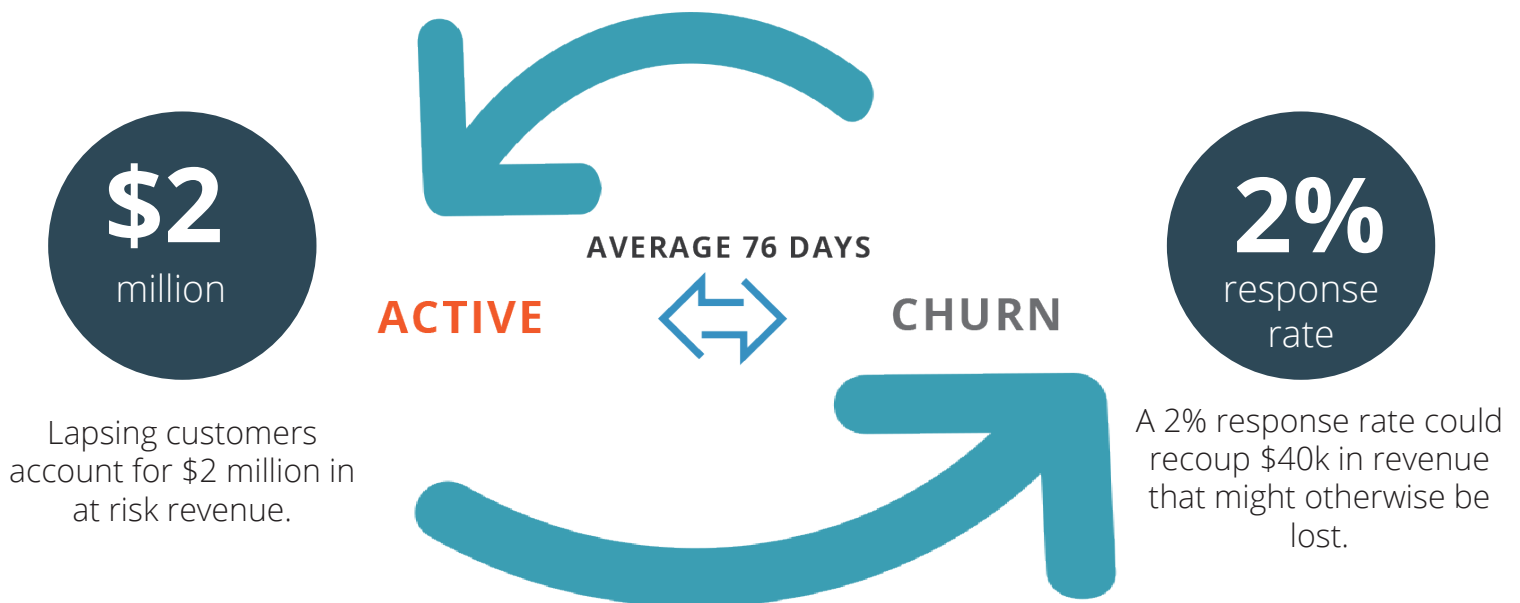| AOV	BASKET SIZE
$27	8

AVERAGE FUTURE VALUE
$95

UNLOCK 30% MORE WITH PRODUCT RECOMENDATIONS!

RE-ENGAGE LAPSED CUSTOMERS

Identify customers that have not shopped in a while and prevent them from churning by sending a timely incentive to get them back in store.

60,000 LAPSING CUSTOMERS WITH AN AVG. ORDER VALUE OF $32

$2
million

AVERAGE 76 DAYS

ACTIVE ⇄ **CHURN**

2%
response rate

Lapsing customers account for $2 million in at risk revenue.

A 2% response rate could recoup $40k in revenue that might otherwise be lost.

COMMUNICATE CRITICAL INFORMATION ABOUT FOOD SAFETY

Programs that connect customer ID, email address and purchase history enable fast and effective management of food safety issues.

Effectively manage a food recall situation with SKU-Based Segmentation & Communication

A loyalty program that captures SKU level information at the point of sale and uses email as a way to identify a customer can quickly identify members who purchased the recalled product during a particular date range.

An email notification containing information about the contaminated product and recommendations for proper handling can be sent as soon as the recall is issued. Those customers could also receive a promotion or other incentive to come back into the store and purchase a replacement product.

In addition, all other customers with known customers with email addresses could receive some form of communication informing them about the situation and any relevant status for their recent purchases.

The ability to send personal, relevant communications to consumers not only enables a grocer to manage a recall or other product-related issue, it gives them an opportunity to add value to the consumer, engendering repeat business, loyalty and goodwill among its customer base.

[1]http://www.oracle.com/us/solutions/consumers-loyalty-programs-3738548.pdf

[2]https://us.epsilon.com/pressroom/new-epsilon-research-indicates-80-of-consumers-are-more-likely-to-make-a-purchase-when-brands-offer-personalized-experiences

[3]https://scatter.co.in/content-marketing-trends-2019/

THANKS FOR READING OUR CASE STUDY!

If you are interested in learning more about implementing a personalized loyalty program, please get in touch with our team!

TALK TO US