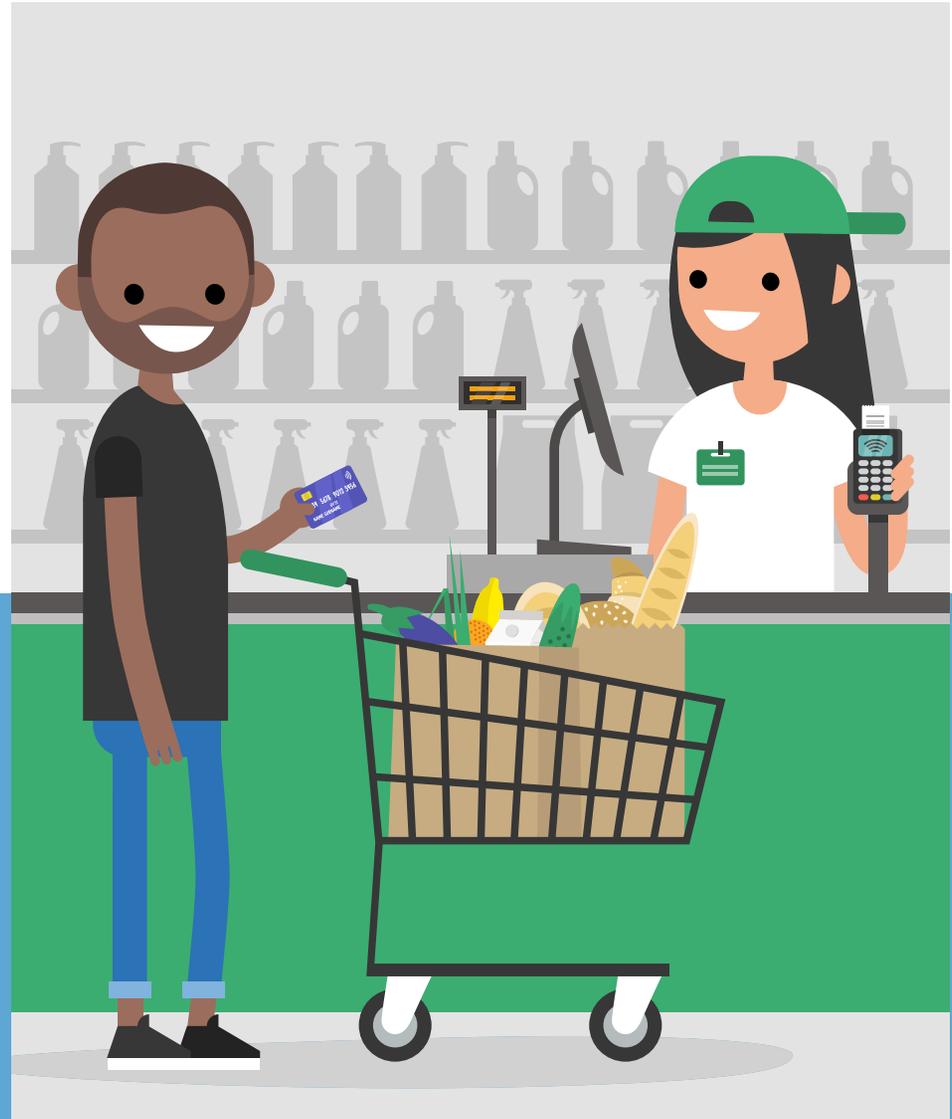




A whitepaper, by LOC Software

5 Ways Retailers Regain Mastery Over Their Loyalty Universe

And how analog can still inspire greater performance in the digital age.



New digital technology offers tremendous benefits for retailers, but sometimes hampers their ability to control their own marketing destiny. Often by refocusing their efforts on time-tested techniques, like paper coupons, grocers can better leverage digital tools and forward more effectively toward their own objectives.

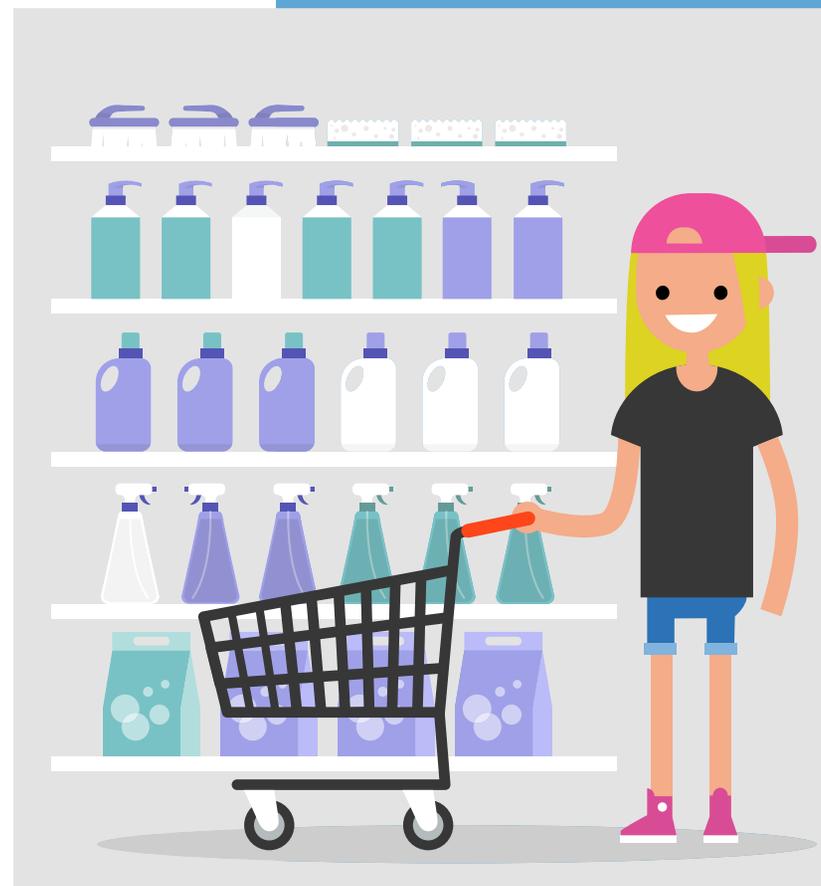
The art of grocery retailing dates back thousands of years. And it is very likely that those early grocers along the banks of the Tigris and Euphrates struggled with retaining and gaining loyal customers, much like their twenty-first century counterparts.

Through the millennia, grocers sought that divine stone, that mystic arrow, that silver bullet that would allow them to circumvent the effort required to master the art of customer loyalty. In today's technology-enamored marketplace, a case can be made that the movement toward all things digital — in coupons, communication and commerce — might be the next trend to fall short of its over-hyped expectations. Like many past trends, though, the push to digital in modern grocery could lead to unintended improvements — the resurgence of traditional vehicles, newly supercharged to deliver more profitable results.

Focusing on your loyalty objectives

Like most competitive endeavors, mastering the art of retailing requires planning, practice, and execution. This especially holds true when designing a loyalty or engagement program. Any program or vehicle designed to increase or sustain customer loyalty needs to focus on at least one of three objectives: 1) one more dollar spent, 2) one more item in the basket, 3) one more visit during a period. If a retailer can capture more than one, even better.

Just as important, grocers must balance these corporate objectives with the understanding that loyal customers already shop their stores — probably consistently. Sure grocers should work to attract new customers, but forgetting all the current loyal customers is like taking one step forward and two steps back.



Digital — what's in it for you?

So how about all these new digital gizmos? Can't they help? In many cases, sure, but it's important to look deeper.

One should ask:

Does a digital CPG offer align with a grocer's marketing strategy?

One could easily argue that those offers align better with the strategies of the manufacturer or distributor of those CPG products.

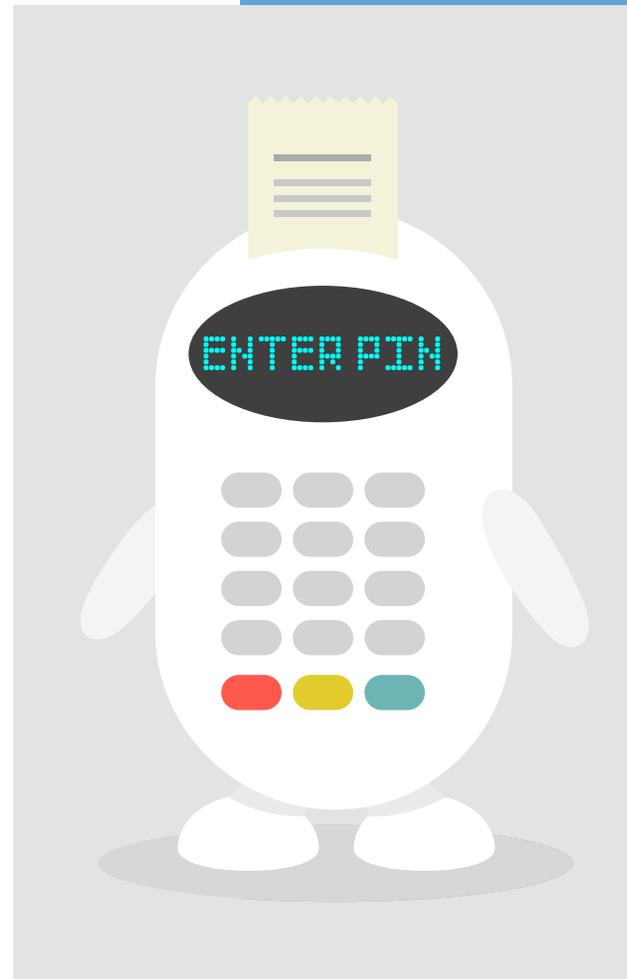
Are your text notifications and emails generic in tone?

How many do you delete every morning without opening? Chances are, most are marketing messages you've become numb to.

And what about e-commerce?

Certainly it has an important role to play in retail, but most sites are designed more for price shopping than value selling.

So for retailers, where's the "beef" when it comes to all this digital technology? The answer is more obvious than it seems. All these zeroes and ones grocers have invested in are more than capable of delivering positive, profitable growth — by enhancing the performance of time-tested techniques.



5 promotion ideas that leverage analog in a digital world

Given the latest tech hardware enhancements and machine learning algorithms, grocers now more than ever take advantage of statistical analysis without having to understand or interpret all that math. For nearly 50 years, grocers have been scanning — every item, every transaction and, more recently, almost every customer. Such data is invaluable. Even more important, modern grocery retail systems are more than capable of harnessing that data and outputting results in an easy to understand format, allowing grocers to not only react, but proactively manage marketing vehicles.

There's no end to the creative promotional vehicles that can be deployed — from category clubs to limited time offers and cumulative offers. Best of all, these types of promos directly benefit the grocer, not some third party organization. Modern systems make it much easier for grocers to control how much and how often offers apply and, even better, easier to only apply said offers when very specific basket-based criteria are met. Tracking results is even easier too, with most modern systems providing quick comparison views of period data and easy to interpret ratios, like customer count or basket size changes based on activities during a given period.



Targeted coupons.

Many retailers today greatly underestimate the power of the printed coupon — you know, that offer that spits out at the bottom of store receipts. Typically, this type of promotion is one hundred percent controlled by the retailer. Traditionally, these offers have been for dollars off a customer's next visit — generally based on reaching some spending threshold for the transaction. Imagine compounding that offer, though, based on current goals — for example, introducing a store brand ketchup. Instead of blindly passing the offer to all customers whether they purchase ketchup or not, grocers can now use analytics to determine which customers buy ketchup, then target those customers very specifically with the offer.

Simple concepts like this were historically not so simple to do, but with today's technology — easy as pie. Granted, the grocer will need to track customer sales by item, but again, advances in systems make this yesterday's news. With this example alone, we've achieved one of our objectives — getting one more item into the basket. The cost? About four inches of receipt paper, and a dash of ingenuity.

#2

Slow day offers.

Let's expand that idea, only this time we'll do without having to track sales by customer, because perhaps the demographic in the region doesn't support it. No problem. Modern analysis shows a retailer's slow days are Tuesday and Thursday, like clockwork. The same cost effective printed coupon could be repurposed to offer significant savings to customers purchasing X dollars in a transaction — valid only on the upcoming Tuesday or Thursday. Pretty powerful and pretty easy with modern systems. Without having to track customers, grocers achieve one more visit during a period — and, again, spend very little on the effort.

#3

Serialized coupons.

Modern retail systems also have the ability to serialize printed coupons, allowing the specific offer to be used only once — or multiple times if desired — while also being tied to specific customer accounts, assuming those are tracked. Very powerful, very cost effective, easily managed, and directly reflective of the current goals of the grocer.

#4

Basket-based offers.

Not everything has to be printed, of course. Basket based promotions are an excellent way for retailers to influence customer behavior. After all, that's what all this is about, right? For profitability objectives, among other reasons, retailers want to steer customers to buy certain things. Why not influence what goes in the basket and have your system track and reward that, all in real time?

#5

“Up to” promotions.

Lately a hot “new” promotion, based on an historical concept, revolves around variable discounting — the traditional “up to” promotion. The scenario is pretty simple: attract a specific customer set to a specific set of item(s), offering a discount up to a certain dollar amount, one that varies based on purchases.

These promotions used to be called gift certificates, allowing one use only, often provided as gifts to employees. Items like turkeys, produce, hams, etc. are the targets. Grocers used to have to rely on cashiers to visually verify and hand key the offer amount — a nightmare indeed. In many cases, these types of offers all but disappeared. But lo and behold, the digital capable infrastructures have allowed these types of promotions to storm back with glory. Not only can modern systems support such offers, systems have completely removed all human entry. All amounts are automated based on the basket — and, better yet, tills balance. Grocers can now reestablish partnerships with local companies, promote loyalty to their stores, and deliver tried and true measures to increase profitability and goodwill in their communities.

So what will be the fate of the current batch of digital solutions?

Time and trial will weed out the losers and add the winners to the merchant toolkit. It’s important to research new ideas without abandoning time-tested techniques. Because sometimes, oldies are just plain goodies. And there is absolutely nothing wrong with looking back to learn how to move forward.

Going to NRF’s Big Show 2020?

If you plan to be at NRF in January, please do stop by booth #5667. Regardless of your retail system, chatting about promotion and campaign ideas is always exciting. We would love to hear more real world examples, and see if we can offer any suggestions or ideas to use in your stores.

For more info, visit: locsoftware.com/NRF



About LOC Software

For nearly 30 years, LOC Software has remained focused on developing retail solutions aimed at fully integrating the retail enterprise. From our founding in 1987, our application has had roots in the retail back office.

Vision

Deliver a software suite built upon strong foundational standards and business logic, providing retailers all the data needed to profitably operate their store, anytime, anywhere

History

In the early 1990's, we developed an MS-DOS based back office specific to grocery stores. Later that decade, our first full-fledged front-end and back office solution were introduced, shortly followed by our pioneering fully touch-based POS solution for grocery.

From the early 2000's our portfolio has expanded to include fuel, loyalty, warehouse and more. Today, our product proudly boasts the most complete, functional and innovative software solution dedicated to retail enterprises.

Professional Services

SMS is enhanced by a host of service offerings made available from a certified partner network in conjunction with our development and project teams. These offers range from training and education to more professional services offerings like a custom design, project management, even site surveys. Our combined efforts ensure that we can efficiently and thoroughly meet your current and future needs.

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