

# In-Store™

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Jon Robertson,  
Managing Director,  
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FMI's Markettechnics conference in San Diego last month was very interesting. Between the fish tacos and the great weather I spent the maximum time possible at the conference. In this issue I'll try give you some details and a perspective on several key sessions and exhibitors. My focus was looking for the new ideas, products and customer experience-enhancing offers.

## Sessions/Workshops - Markettechnics

### Make it Exciting – Using Technology to Improve the Customer Experience

This workshop featured the following speakers:

Dave Couch, Vice President, Information Technology, Spartan Stores, Inc.  
Josh Culhane, Website Administrator, Wegmans Food Markets, Inc.  
Kevin Koehler, Vice President, Store Systems, Loblaw Companies Ltd.

Kevin started the workshop with a detailed description of **Loblaws'** self-checkout systems. An interesting fact: the system is being used by the consumer as a small order solution with 60% of the shoppers buying 12 items or fewer. Loblaws locate the self-checkout next to the express lanes and 42% of the shoppers use the express lanes compared to 18% using self-checkout. To ensure a great customer experience Loblaws has provided the right tools for the attendants to quickly correct any problem the consumer may have during checkout. They developed the self-checkout to handle the total process including cash back, and the ability to

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## CARLENE'S CORNER



Hi everyone,

I came across an email marketing company recently that got me wondering again how many retailers are actually using email marketing. Last spring I issued a press release based on numbers derived from our Card-Based Marketing (CBM) Report that said the following:

- \* A whopping 82% of retailers with card-based marketing have online ads or flyers;
- \* 26% offer coupons through SmartSource or CoolSavings;
- \* 45% offer ValuPage;
- \* 52% of the sites include recipes.

That's all good, but how many actually "push" ads and other information to consumers? It's hard to tell unless the retailers want us to know, and my sense is that some would be reluctant to divulge the extent of

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## Carlene's Corner - continued

this almost-perfect version of “stealth marketing.” While I did not (yet) learn how many retailers are actually doing email-marketing, I did learn enough to reinforce my belief that if you’re not doing it now, you should be.

I talked with Joe Welsh, Loyalty Customer Club division of *Clipper Magazine*. *Clipper* publishes local magazines with local coupons in select marketing locations, and recently purchased *Mint Magazine*. *Clipper* got started when the founder and his college roommate came up with the idea of selling advertising in the dorm to raise money. Two years ago, *Clipper Magazine* was purchased by Gannett.

Loyalty Customer Club provides email marketing services for different kinds of businesses, including food. The company creates email databases and houses them on their server; creates a custom email newsletter; delivers that newsletter with personalized subject line and body copy; and allows customers to join either the retailer’s loyal customer club (if they have one) or one that is based on this email marketing. They also do list hygiene based on undeliverable messages. They have a “rate this email and offer” feature; a “refer-a-friend” option, and they provide extensive monthly tracking by campaign, rating, number of members, the number who received, opened and read the email, and the total sent to date.

Joe sees supermarkets as an untapped market. He also observed, on a personal level, that he belongs to several frequent shopper programs and never gets any communications from them. “We do our email-marketing program with some supermarkets and we went out to meet with them. We then took it down to an ROI level to see if the program makes financial sense. The numbers are saying ‘yes’ in every scenario. Email-marketing in supermarkets outperforms normal industry averages for email marketing because there’s sender recognition, as well as offers that have real value. Retailers use the coupon portion

of the program and the coupons are coded, so they can track redemption from the email.”

*In terms of results, Joe gave an example of a restaurant chain in Memphis that offers take-out and delivery. “The open rate has been around 36% and the click-through, where people are actually clicking on the online ordering site, is around 10%.”*

Retailer	Delivery Rate	Open Rate	Click-Through Rate
<b>Industry Average All Retailers</b>	<b>97.7%</b>	<b>23.2%</b>	<b>4.6%</b>

<b>Grocery A</b>	<b>92%</b>	<b>55%</b>	<b>37%</b>
<b>Grocery B</b>	<b>88%</b>	<b>42%</b>	<b>30%</b>
<b>Grocery C</b>	<b>94%</b>	<b>49%</b>	<b>27%</b>

*I asked Joe about the nature of the customization they do. “We can customize in a variety of ways. I recently met with an ad manager for an independent retailer that has stores in Philadelphia, Baltimore and southern Maryland. Originally we were going to customize the emails based on geography because there are different tastes in Philadelphia than there are in Baltimore for certain items but we decided after some discussion to do it in clusters by group, inner city or suburban. If you give us a segmented database, we can craft it to your specifications, and we can send out several different email versions.”*

*Joe mentioned that he sees great benefit for CPGs, also, because this segmentation can be done to test new products or promotions. “For example, if I’m CPG Manufacturer A, I might go to Publix and say, ‘We’ll sponsor an email to your database to get the message out about this new item.’” And Publix could.... well they can’t do it but Winn-Dixie and Albertsons could... give you a list of customers who would likely be interested in that new item and that particular email could be sent to only those people.*

### Make it Exciting – Using Technology to improve the Customer Experience - continued

purchase gift and phone cards. Also, to help with the speed of checkout, two-handed scanning is highly important, according to Loblaw's Kevin Koehler. This gives the consumer the ability to pick up one item with the right hand, scan it, and pick up another item with the left hand and scan it, without the system delaying the checkout process. Making it fast and a "no-brainer" gives the customer a positive experience to bring them back again in the future. One more speed producer Loblaw's is using is a two-belted system. This lets one shopper check out and start bagging items, while a second starts checking out. The second shopper's items automatically start down the second belt to a separate bagging area.

Another fact Kevin shared: Loblaw's is finding that fewer than 10% of their customers need help to complete their checkout process. Also, self-checkout at Loblaw's is continuing to grow with 30-40% of the customers now using the service.

A recent study by IHL Consulting Group indicates that self-checkout and other self-service systems are up dramatically in usage over a year ago. Projections are that they will continue to grow at 73 percent this year and then a projected 88 percent next year.

It's up to the retailer to make sure this growth is adding to the overall customer experience and not driving customers out the door. Listening to Kevin, it's easy to see that it's not just about the two-belted system or the fact Loblaw's has the right tools available for their employees. While this is clearly important, there's more: Loblaw's is interested in enhancing the customer experience, not just cutting costs.

In fact, very possibly, the justification for self-checkout is *not* first and foremost about cutting cost; it is about *making checkout easier, faster and more convenient for the customer*. IHL estimates that it can cost about \$92,000 upfront and about \$15,000 more per year to install the system. Perhaps it's best not to evaluate this expenditure only in terms of straight line pay back

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### Carlene's Corner - continued

*The database segmentation can also be used by wholesalers to support multiple ad groups or owners that they serve.* "We can take it down to the needs of the independent store and what they specifically need to do. One of the things we really promote is to use email-marketing strategically. For example, if there's a big snowstorm coming this weekend, that's going to impact somebody's volume, big time. If you know that snowstorm is coming on Thursday, you can call us up and we'll have an email going out on Tuesday with some really hot deals for Tuesday only, to drive people in." *So how quickly can you turn that kind of thing around?* "We can literally turn it around in a day. We also run into restaurants that don't need to promote dinners but they need to promote lunches during the middle of the week, so we'll craft offers and coupons to drive the mid-week business. It's using it strategically, not just as a communication vehicle."

*I noticed on your website that when consumers click through they have the opportunity to join Myclipper.com, and then it says they can join your customer database.* "Really it's another option we offer to help retailers grow a database. Here's an example – I recently met with the ad group at a small chain that does not have shopper cards. Being part of Clipper Magazine, we have an electronic version that offers local coupons. So we can send out an email to the registered myclipper.com users in your market and say, 'Your local XYZ chain is now part of the myclipper.com program. Would you like to receive offers from them?' And the consumers can make a choice; this is how we can help retailers without frequent shopper cards build their database fast."

*We work with a lot of retailers that have frequent shopper programs and collect email addresses. Would they use your company? What is your company's sales proposition for them?* "We can create the emails, manage the database, get them through AOL or Yahoo, we're considered the White List Provider. We can do the outsourcing of the whole email process, as well as help those without databases create them. There are many customers who just send us a database file and we load the database file and then do the emails."

*Continued on page 4, col. 2*

## Make it Exciting – Using Technology to improve the Customer Experience - continued

in labor savings and higher transaction levels. There's much more to the story. The retailer who implements self-checkout in a way that enhances the customer experience, as Loblaws is doing, will tend to win.

Josh Culhane of Wegmans had a message that was straight and to the point: the web site should have no dead ends. **Wegmans** is committed to maintaining their web site well and on an ongoing basis. Customers are invited to opt in to email alerts so that they're aware of relevant information and offers. But it the offers are *not* the main focus of the content. The ongoing effort Wegmans makes to keep the content on the web site up-to-date and meaningful is part of their formula for success.

Dave Couch of **Spartan Stores** discussed the world of kiosks. We keep seeing kiosks resurface. This could be kiosks' breakthrough year, when customers are ready to use them, manufacturers are ready to utilize them, and retailers are ready to install them. Dave shared great insight about a variety of systems. The **Shop-to-Cook** system, discussed previously in *In-Store*, was discussed in detail.



Dave said it simply: after months of testing, "recipes work best." He shared some details of Spartan Stores' testing. When demonstrators were used the Shop-to-Cook recipe system had about 700 users per week per store. The interesting fact was that, weeks after the demonstrators had left, usage was still holding at 200 users per week per store. This usage compares well with Spartan Stores' wine information system, which has around 75 users per week. The Shop-to-Cook system is connected directly with headquarters, which enables real-time updates to keep the content up-to-date and relevant. Dave discussed the need for vendor support to provide the system with both content and relevant offers. He also noted that the users' demographics were higher than the store average.



## Carlene's Corner - continued

*What is that "White List provider" you mentioned?* It's a term used for recognized mass email senders that meet specific criteria, whereas if you did something from your home and sent out 2,000 emails, probably most of them wouldn't go through because you're not a recognized large sender. *Right. I've had the problem when sending out GEMCON promotional emails. Now I understand why.* "It's the volume plus there certain words you can use that are red flags, and these things shut you down if they see too many red flags. Another way we stay a White List provider is that the databases we use are all permission-based databases. If people were to report us as SPAM, if we get so many SPAM reports within a certain period of time, we would be shut down. That's why we take great pains to create a permission-based, opt-in database. And we go through several hygiene things at our end to make sure they are legitimate email addresses, and we do a lot of internal scrubbing before we send anything out."

*The email promotions I saw on the Loyal Customer Club website look just like print promotions except that you can click on them. We've had a lot of discussions about the difference between how things look on a piece of paper versus on a screen.* "There are certain colors that jump out at people as a call to action and we make recommendations. We take the knowledge we have from the print side, Clipper Magazine, in terms of colors and formats, and our design specialists apply that information to the online version."

*Are there any other uses we didn't talk about? I know it's really a matter of the retailer's own creative marketing ideas.* "Exactly, but another thought is to periodically send out surveys to help you identify your customers. 'What do you think of our stores, do you like our meat selection, are the stores clean, etc.?' From the customer feedback you may be able to determine demographics or other customer characteristics."

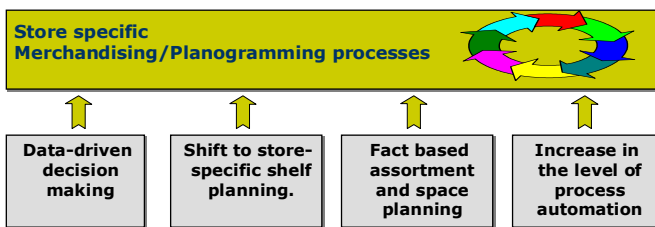
*Interesting stuff. For more information contact Joe Welsh, Senior Account Executive, Loyal Customer Card, [joe@loyalcustomerclub.com](mailto:joe@loyalcustomerclub.com), 215-962-2795 or see [www.loyalcustomerclub.com](http://www.loyalcustomerclub.com).*

*For more information on Shop To Cook contact Dick Engl, 716-362-3168, [dengl@shoptocook.com](mailto:dengl@shoptocook.com) [www.shoptocook.com](http://www.shoptocook.com).*

**Customer-Centric Merchandising**

**Galleria** co-presented with **Hannaford Bros.** in the workshop **Store-Specific Merchandising** where they showed the opportunity to drive volume, sales and, most importantly, customer satisfaction. This satisfaction comes from ensuring that the product mix on a store by store basis is optimized. All customers are not alike, so it makes sense that all stores’ merchandising needs are not alike either. Kevin Carleton, Director of Retail and Human Resources Technology with Hannaford, discussed the industry’s shift to customer-driven merchandising. Kevin said we have moved from the Efficient Consumer Response (ECR) initiative to strategies that focus on better offerings and add-on services. This is reflected in a movement toward new customer-centric Merchandising philosophies and consumer-driven demand replenishment.

**A customer-centric merchandising strategy would entail the following key changes:**



Kevin observed that the optimal planning level would be one at which the incremental benefits of micro-merchandising would outweigh the increase in execution costs.

Shaun Bossons of Galleria showed us why and how customer-centric Merchandising would not only increase revenue and lower cost, but also enhance the customer experience. Using the Galleria Merchandising solution platform a retailer can easily customize each store’s planogram to fit the needs of the customers of that store in a unique fashion. In a sense, this solution lets the large chains run their stores as the general store of yesterday was operated. They knew what their best customers wanted and what they didn’t. We discussed this important topic with Dennis Post, Vice President Solutions Delivery, Food Lion, a retailer who recently made the decision that store level planograms will help drive their customer-centric Merchandising. We asked Food



The Canyons Park City Utah Site for GEMCON 06 October 9-11

Lion to explain how they selected Galleria for this difficult task. “We required a full proof of concept and rigidly evaluated Galleria against its competitors,” said Dennis. “We selected Galleria based on the company’s proven experience and robustness and scalability of its technology solutions for automated assortment and space planning. We are excited about our partnership with Galleria and making a difference our customers will appreciate.”

For more information contact, Shaun Bossons, Executive Vice President, US 312-822-3437, [ShaunBossons@galleria-rts.com](mailto:ShaunBossons@galleria-rts.com) , or see [www.galleria-rts.com](http://www.galleria-rts.com)

**Matthias MoneyBoard (MMB)** was demonstrating their interactive, web-based, advertising system in the **NCR** booth. I had a chance to talk with the founder, John T. Matthias. John mentioned the strong manufacturer support the program is receiving. The value proposition to the brands is great: “pay for performance.” They electronically clear the redemption and charge the manufacturers for each product sold. Brands can control the number of redemptions on a store level.



Consumers simply touch the image on the screen, which produces an instant coupon complete with location of the product within the store. The MMB system is managed via secure data file transmissions which enable real-time management of all content.

For more information contact John Matthias, 888-852-7878

## Discount Gas or Great Rewards Everyone Needs

**Excentus** is leading the field of innovative fuel site marketing programs. I had an opportunity to catch up with what's new in this exciting reward option. Just as a recap, the gas retailers of Pennsylvania tried to file suit against **Giant Eagle** for unfair pricing, but the reality is that Giant Eagle is using a reward that everybody needs. Buy groceries at Giant Eagle and get discounted gas. Brandon Logsdon, Excentus Corp.'s Executive Vice President showed us the newest gas systems that enable customers to shop and go directly to the pumps and save. Instant gratification and ongoing savings! This looks to be a system that will be growing this year.



“We’re excited to partner with Excentus to introduce Gas Extra Rewards to our customers,” said Nick Montepara, Vice President for Retail Operations, Giant Food Stores, LLC. “The Excentus product set integrates seamlessly into our existing IT infrastructure, and they have demonstrated both their product and thought leadership in other successful fuel programs around the country.”

For more information contact, Scott Wetzel, VP Marketing & Partner Development.  
[swetzel@excentus.com](mailto:swetzel@excentus.com), 972-793-6796

Pay By Touch sensor



## The Cardless World

**Pay By Touch** enables the consumer to pay with the touch of a finger. I know many of you are familiar with this new, easy-to-use payment option...so what's new? Pay By Touch added a great company to the team with the acquisition of **Capture Resource**, and this should help with the customer sign-up process. Capture Resource had a multi-functional kiosk. Now they add finger-scan to the in-store solution, enabling the consumer to sign up for the payment solution, and receive targeted offers, gift cards and loyalty data with the touch of a finger.

The win-win here is that the retailer can control the shopper's selected payment options when the consumer signs up and uses the system. This ranges from the high cost of Visa/Master Cards to check debit, ACH and Private Label cards. Tender time is a win for both the consumer and the retailer. When someone in line in front of you is paying with a check, you are going to wait at least three times as long as when a person pays with a touch. The more shoppers who pay without reaching into their pockets or purses, the speedier the check out process will be, which of course helps both shoppers and retailers.

Ease of payment, cost savings, and shorter transaction times are all great reasons to look into a solution like this. Another is the consumer side of the experience: no need for a card for payment, no need for a loyalty program card and, in addition, the consumer can pick up personalized offers all with the same touch.

Pay By Touch is offering a personalized savings promotion program. Here's an overview on how it works:

- Customer signs up for the promotions in-store at a kiosk or online
- Targeting engine selects best offers based on purchase history, and sends it customer's Pay By Touch wallet
- Customer activates offers from in-store kiosk or online and/or cell phone
- At checkout, customer selects payment method and receives targeted offers, with a touch of a finger

For more information contact, 866-PAY-BY-TOUCH,  
[salesinquiries@paybytouch.com](mailto:salesinquiries@paybytouch.com)



## RETAILER PAYMENT SOLUTIONS

**Debitman Card, Inc.**, offers retailers the chance to participate in the payment solution, while creating a revenue stream from a national financial transaction network. This approach to electronic payments is a likely addition to any existing loyalty card-based marketing programs. "Supermarkets have introduced ACH debit cards in the past, but they could only be used at the issuing locations," said Debitman President R. Scott Hatfield. "Now those supermarkets can leverage 'The Retailer's Network' to convert their store-branded cards from a cost center to a profit center."

Retailers can integrate their systems into the operation with little or no software code changes to the POS system or store cashier training. This solution activates the payment card for the retailer's customers very simply. This gives the retailer the immediate benefits from the lowest-cost transaction in the industry. One particularly interesting aspect of the solution is the rebate and donation program overlays. The Debitman retailer network can be used to track and reward rebates and/or discounts. One program Debitman describes: the retailer asks consumers to vote on the charity to which that month's rebates should be donated. This drives loyalty due simply to the fact that the charity selected is, by definition, the most popular with the largest group of customers. The program gives retailers and consumers all the benefits of other networks: points programs, rebates and cash back while saving the retailer the standard transaction fees.

**Binghamton Giant** will integrate its check acceptance program with the new Giant EXTRA Plus debit card program. "Debitman makes it more cost-effective for Giant to accept debit, which is now the most popular form of payment in our stores," said Jim Whittaker, Binghamton Giant's director of Management Support Services.

"Other local merchants in our area are very interested in accepting our Giant Debitman cards and enjoying the lower processing costs."

Debitman has been busy. He has over 200,000 merchants nationwide using the network. *For more information contact* Doug Mills, 530-267-1400, <http://www.debitman.com>

**StoreNext** offers pricing and integration solutions custom-tailored for independent grocers and regional chains. They featured multiple retail technology demonstrations in their booth with **Fujitsu Transaction Solutions Inc.** The booth was designed as a series of mini "retail environments." Let's take a look.

Their **ISS45** POS system is estimated to serve more than 10,000 store locations. The ISS45 now features the Fuel Option, a solution offering both fuel and grocery POS completely integrated into a single system.

**ScanMaster** POS is a Microsoft Windows®-based system that gives grocers an office system with a user-friendly interface for both store staff and shoppers. The latest version provides grocers with 43 new features and capabilities including a touch-screen feature.

The **Fujitsu U-Scan** product line is the number one self-checkout system. U-Scan effectively integrates with ISS45, ScanMaster and many other POS systems.

**Pocket Office™** is a suite of hand-held applications that gives retailers high-end mobile computing capabilities at a low-end cost. Fully integrated with ISS45, ScanMaster and RBO software, Pocket Office operates on Fujitsu's pocket-sized iPad retail hand-held computer and other mobile computing hardware.

**Pricer®** Electronic Shelf Labels (ESLs) provide infrared communication technology to ensure that the POS file data is linked directly to the system's special shelf-edge pricing and information modules. StoreNext demonstrated a new generation of Pricer ESLs that bring significant new benefits to independent grocers.

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<http://www.storenext.com>

## Back Page by Janet Murphy



### New Study Shows Major Retailer Commitment to Customer Centricity

Ogden's President, Janet Murphy

At the National Retail Federation's Retail Advertising and CRM Conference last month in Chicago, I had the opportunity to present findings from our multi-year research on CRM and Customer Centricity. This part of Ogden's research deals with retail *across industry segments* – not *specifically* grocery, and including over 200 retailers from segments such as department and specialty stores, as well as apparel, electronics, drug, mass merchandise and other stores...and some grocery too. Though the study has this broad base, many of the themes resonate exactly with grocery in particular, in my view. Please let me know what *you* think! (jmurphy@ogdenconsultants.com)

Among the key findings of NRF and Ogden's multi-year *Customer Centricity Study*: more and more retailers are utilizing customer data to improve marketing programs and *merchandise offerings* – a fundamental yet often elusive goal of retailers' customer relationship management (CRM) programs. And in perhaps the clearest indication of retailer commitment to customer knowledge-driven strategies, 65 percent of retailers in this latest survey say their technology expenditures for CRM will *increase this year*.

The *Customer Centricity Study* also found overwhelming support among retailers for strategies that improve the customer experience. Nearly 98 percent of the respondents said that improving the

customer experience was important, while another 97 percent cited that increasing customer satisfaction was a priority.

In pursuing these objectives, retailers have been probing for better understanding of customers' lifestyles and life stages, and have made major progress in seeking and responding to *direct input* from customers, and talking increasingly *with* vs. *merely at* customers. In fact there has been a major up-tick in the past couple of years in many of the direct and indirect means of reading the mind of the customer: market and customer research, focus groups, store intercepts, supplier input, web statistics, third-party data and Internet research. Over 35 percent of the study's respondents are now obtaining direct customer feedback on a *daily basis* – a notable increase from 2004 where under 10 percent of respondents obtained daily customer feedback.

For years retailers have been seeking new, more personalized and relevant, ways to connect with and serve their customers. Although much more remains to be done, we're seeing a breakthrough now, with more retailers actually utilizing hard-won business intelligence to improve communications with customers, and tailor merchandise offerings and services more closely to customers' needs and desires.

Reflecting a major shift toward more strategic use of information, 67 percent of respondents this year say they use customer information for Merchandise Planning, up significantly from 42 percent of respondents in 2004. Retailers also see customer insight as important in developing marketing strategies (92%), advertising budgets (69%), catalogue targeting (67%), promotions (83%) and of course customer service (78%).

I could go on and on. More importantly, what do *you* think? I'd love to hear from you at [JMurphy@ogdenconsultants.com](mailto:JMurphy@ogdenconsultants.com)! Janet

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