

## Partner Bulletin

### ISS45 Frequent Shopper and Merchandising Features and Functions

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There's an old saying in the advertising industry — "Half of all advertising is wasted: the trick is to figure out which half."

The reason this proverb has hung around so long is that, humorous as it seems on the surface, it's equally true at the level of fact. There's simply no way of knowing beforehand how many of your promotional dollars will land on unresponsive ears — or even worse, on shoppers that would have purchased your product anyway, costing you lost margin as well as the promotional expense.

The latest methods of retail promotion are far more sophisticated than the means available just a few years ago, let alone ten years back. But when examined with an appreciative eye, they are really aiming at exactly the same target as the anonymous inventor of the quotation above — that is, all these new techniques are all designed to somehow reduce the dollars wasted by preaching either to the deaf or to the already-converted.

Consider the ubiquitous Wednesday supermarket ad. Any reader of any newspaper in town will get the same set of coupons, offers, promotions and specials. The best the merchandisers can do is to look more attractive than the competitor's ad on the next page. Truly sophisticated operators even knew all the rules — that a 25-cent coupon on a \$1.50 item would deliver exactly a 22% movement increase with a 2.5% return (usage) rate. And these gurus also knew that 83% of this volume would have been purchased even without the coupon. They also knew that if they could print a different ad — just for people who were going to buy that product already — they could save a whole lot of promotional dollars. Or better yet, they could use those saved promotional dollars for something obviously more useful — something like getting those existing purchasers to buy more of *something else*.

And if the shopper never buys anything but the loss-leaders and the specials and the coupon items? Well, stop sending them promotions altogether, and hope they start shopping across the street.

Enter the data warehouse, the shopper basket analysis, the individually-targeted item-specific promotion — a different ad for every shopper. Like shooting with a scope-equipped rifle instead of a blunderbuss and buckshot, is it possible that the ancient proportions are changing — that we're entering the era where "Ten percent of all advertising is wasted..."?

\* \* \*

StoreNext's ISS45 provides a wealth of features for advanced merchandising and handling of loyalty and frequent shopper programs. This bulletin explains the general purpose of these capabilities and how they work together.

For easier reference, this bulletin is divided into the following sections. The promotional areas start with the most fundamental and progress to increasingly complex and rich merchandising tools:

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## MERCHANDISING 101

There are some generally accepted positions in current merchandising thought, and these provide a background in evaluating and understanding ISS45's merchandising capabilities:

1. The purpose of a reward is to influence shopper behavior. Therefore, any promotion or discount that doesn't influence shopper behavior is a waste of promotional dollars. For example, if shoppers know they will receive a discount or other reward by purchasing a product and they do so, the promotion has been effective. But if the discount comes as a "surprise" at checkout then the shopper was buying the item anyway, then the promotional dollars were wasted on this shopper.
2. Electronic, or "clipless" coupons are popular with shoppers since they will automatically get any coupons available. This can be an effective method with frequent shoppers since it retains their loyalty, but there are inevitable drawbacks to this method: a perfectly loyal shopper — one who will always shop at the same store — will often stop checking on this week's coupons altogether, knowing they will receive them automatically. So, the store has lost the opportunity to merchandise to that shopper and affect their purchase behavior.
3. Shoppers like "instant gratification" discounts — that is, they receive their reward during the current shopping trip. Discounts that will only be available on the *next* shopping visit are great for the store since these discounts for subsequent visits act like "golden handcuffs" and influence where the next week's shopping will occur. Shoppers, on the other hand, don't like these delayed coupons them as much since they have to wait to receive the benefit and also have to go to a specific store, plus they need to hang onto the paper coupon and remember to bring it for the next visit.
4. Grocers and Vendors have different — and often conflicting — goals. The store is trying to get shoppers to the store using items as attractions, whereas vendors/ manufacturers are trying to sell a specific item using the store as a medium. For example, the store doesn't really care if you buy Coke or Pepsi; but Coke and Pepsi don't really care at which store shoppers buy their products. As you can see, this makes for a complex relationship when merchandising decisions are brought into play. Some recent developments, such as the suggestion of an "agency" paradigm make this issue even more interesting. The notion of agency looks at the store as a literal agent for selling a manufacturer's product, and higher-than-normal rewards and support will be available to that store from the manufacturer for its continued loyalty. For example, a store could be a "Kellogg's" agent, heavily promoting and stocking Kellogg's products at the expense of General Mills items. Kellogg's in return

would offer better pricing and promotional dollars to this store than to others, allowing the store to merchandise Kellogg's products more aggressively than its competitors.

5. Whichever promotional method is used, the promotional dollars will be wasted if the shopper is left unaware that they received the discount. Stores must make sure that the shoppers are as knowledgeable as possible regarding the rewards they're receiving. The "You Saved..." summary lines at the end of a receipt are a good start, as are putting the discount line directly under the item line on the receipt so the purchase and the reward are tied together clearly. Some stores take this even further however, and ask their cashiers to read the You-Saved line *out loud* to the shopper to make sure the shopper's aware of their savings.

Regarding "You Saved..." portions of the receipt, there is the controversy regarding the equal and opposite "You Could Have Saved..." message that some stores use. One of the generally conceded laws of human nature is the fear of a missed opportunity, and an enormous amount of everyday advertising is based upon this fear. So on one hand, the missed savings may force the shopper into immediate action (sign up for the program) but on the other hand, shoppers can also be angered by the notification that they could have done better. The best compromise appears to be the one taken by some grocers, which is to print the "You Could've..." message. But most add a policy for cashiers to watch for this and direct the shopper to a courtesy desk where they can sign up for the program and receive a cash refund on the spot.

6. Frequent Shopper thinking has progressed dramatically in the past fifteen years, and gone through several phases. At first, a frequent shopper program was seen as a competitive advantage, attracting more shoppers to a store via benefits. But it soon became apparent that any store could put together a frequent shopper program. Within a few years, "frequent shopper" was seen as a zero-sum-game — somewhat like a high-tech version of trading stamps — where at the end of the day every store had a program, no store had an advantage, and all programs were eating equally into grocers' already-thin profits.
7. Frequent shopper has now progressed into the stronger notion of "loyalty," and stores are much more concerned about keeping their most profitable shoppers than they are about rewarding general volume. In its current mode, *the best frequent shopper programs are about targeting the available promotional dollars to attract and retain their most profitable shoppers*, while cutting off ineffective merchandising dollars to cherry-pickers and other non-profitable shopper strata. Hence, the concept of "abandonment" causes some of the best merchandised chains to stop using newspaper coupons and other general "shotgun" approaches and instead rifle-shot their best deals to their best shoppers to help retain these specific customers.
8. Overall, this new approach makes tremendous sense, especially when one considers the notion of a shopper as a lifetime cash-flow as opposed to shoppers as single purchase instruments. The moment a store begins to treat a store visit as *one of a lifetime series* instead of a single event an entire world of merchandising realizations come forth, and one of these is that a customer is a tremendously valuable asset, and, in fact, having the right customers in your "club" is worth far more than simple incremental market share. For example, it has become fairly well known that if you lose one of your best quintile shoppers — that is, one of your top 20% profit-producing customers — it will require *five* new shoppers to replace the long-term profit that this one customer produces.
9. When you start thinking in this way, the merchandising decisions become much more individualized, and the programs take on that new goal: how can we keep this shopper shopping with us? Individually targeted promotions have therefore taken on a new force.

Now, on to what ISS45 provides:

## TRANSACTION LOG AND EXTRACTS

Virtually everything that takes place in a shopper transaction is filed in the ISS45 Transaction Log. Extracts from this log are a primary source of merchandising data, particularly the `FREQ.ASC` and `CLUB.ASC` files, which detail transactions completed with Frequent Shopper and Advanced Promotions features.

ISS45 V8 provides SQL files and some powerful capabilities. The Table Extracts may turn out to be a quick way of getting data, and even the new `CWAR` may provide important promotional data (though it will be store- and not item-level).

Sales Analysis at item level is also available using the Connected Services tools too. These automate the work that uses T-Log data as the base of information.

Using the Standard Frequent Shopper capabilities plus the T-Log extracts, it is possible for a company to manage a complete set of POS promotions and provide detailed item-level reporting and management to a sophisticated merchandising management system.

In addition to these extracts, the ISS45 Electronic Journal provides detailed information regarding transaction data, specific frequent shopper information and merchandised item movement.

## AUTOMATED STORE COUPONS

Much of modern merchandising is based upon rewarding *item level* and *customer-specific* purchase behavior to encourage continued purchases or induce new types of purchase behavior. In fact, these notions are at the very heart of current thinking with regard to rewarding shoppers and developing loyalty.

But customer specific, item level promotions take a lot of hardware. Normally, these require data warehouses, on-line enabling systems, and all the trappings of sophisticated technical management — often well beyond the capabilities or budget of smaller grocers. Such systems require enormous quantities of stored data, true data-mining analysis capabilities, and real-time network-based reward delivery systems. But many of the benefits of the most sophisticated systems are available just by using a no-charge feature of ISS45, Automated Store Coupons.

ISS45 Automated Store Coupons provides a simple but very powerful method of customer specific and item level to ensure repeat purchases or modified customer buying behavior. The trick, of course, is that the grocer doesn't have to store terabytes of data, but just use the information from the particular order at hand to provide the reward — in this case, a store coupon good at the shopper's next visit. ISS45 examines the order for purchases of a specific item, non-purchases of the item, purchases from a department, non-purchases from a department or a minimum order total, and prints coupons at the end of the order for the shopper based upon these criteria.

The coupons are simple to set up, yet provide many of the incentives otherwise available from the most sophisticated shopper reward systems. One of the most important is that the shopper will only be rewarded when they return for the next shopping trip. This "chain-link" behavior rewards loyalty, and shoppers are more likely to do their subsequent shopping at the original store given the savings image together with the actual savings provided by the coupon.

## CATALINA COUPONS

Catalina is an established, long-time merchandising company in the grocery industry. Their couponing systems take the concept of Automated Store Coupons to a high level by blending in

manufacture allowances and sophisticated data analysis. In general, Catalina and the participating Catalina vendors provide funding for much of the discounting. This means that the retailer is shielded from much of the ad-loss, but typically has little control over which items are discounted and by how much. Note that Catalina coupons have a substantially higher usage rate than typical coupons, demonstrating their effectiveness.

With Catalina, the individual store or grocery company has limited control over the promotions provided, but an advantage is that manufacturers pay a large portion of the coupon costs — essentially making the Catalina coupon a specifically-triggered vendor coupon. (With the internally controlled coupons — see above — the store must pay the promotional cost of the discount.)

But Catalina generates store-specific coupons for subsequent visits, meaning that loyalty to the specific store is rewarded. Catalina also has continuously pressed forward in reporting and data analysis, and some of the most sophisticated merchandisers have been very complimentary about Catalina's analysis and continued commitment to the industry.

ISS45 supports Catalina via the in-store LAN. For every item that is scanned, ISS45 assembles an item "package" and sends this in real time to the Catalina processor in the store. Catalina stores the data, and where a "trigger item" is found (that is, an item or other criterion is met that triggers a Catalina action) the Catalina system will communicate via its own LAN to a coupon printer at the checkout lane. This printer generates the actual coupon, and the shopper takes the coupons at the end-of-order for their next visit.

Much of the available Catalina analysis is performed on the full record of shopper purchases, since all purchased items are communicated to the Catalina system.

The ISS45 Catalina interface is available as a billable option. Note that Catalina has branched into several additional promotional areas that you may want to investigate.

## S&H/XINETIX

Formerly known as APT, this system was one of the first to offer customer-specific promotions, but its genius was that it combined the discounts with in-lane multimedia. With the xiNETix system attached to ISS45, the terminal sent a package of information on each scanned item to the xiNETix controller (one xiNETix controller for each lane). If the item was on xiNETix' promotional list, the discount is immediately communicated to the ISS45 terminal for real-time inclusion in the order, and a multimedia message is played for the shopper on the xiNETix monitor.

Note that there has been a significant migration from APT to xiNETix and finally to S&H, and the offerings have changed. StoreNext has continued to support S&H's more recent products with modified interface and they bear inspection by grocers who are interested in this area.

In general the S&H discounts will normally be current-order activated. This "instant-gratification" has some significant merchandising advantages if the shoppers are made aware up-front that these discounts will be available if they purchase the product. On the other hand, the rewards will be just surprise "blue-birds" that have little merchandising power if the shopper's purchase behavior is not affected, and item-level promotions for the current order will not directly bring the customer back for next-week's shopping. On the other hand, it is unlikely that any other merchandising tool makes the savings as obvious to the shopper.

In the past, manufacturers were responsible for much of the promotional dollars available through the xiNETix system. With the growth of profit-criteria loyalty programs, however, S&H appears to be turning toward increasing store control to implement and deliver individually tailored store messages and rewards to specific shoppers.

The ISS45 S&H interface is available as a billable option.

## STANDARD PROMOTIONS, OFFERS AND REDUCTIONS

ISS45 provides a set of standard promotions, offers and price reductions. These features supply the basic set of merchandising features required by most stores, including BOGOs, cents-off, percentage-off, mix-match and a host of other features.

The ISS45 Reorganized (“buffered” or “clean”) Receipt provides item/discount sequential linking and a “You-Saved ...” area at the bottom of the ticket.

For grocers interested in serious promotional work, the Advanced Promotions option (see Page 7) should be used on either ISS45 V7 or V8. Grocers should not mix the two systems since it is likely to cause cross-effects where the grocer cannot accurately predict the result or which promotion would have primacy. If you don’t have AP on your ISS45 system and are serious about promotions, you should add this feature. If you *have* AP on your system, do not use the “standard” promotions system — use AP for everything, no matter how simple.

For details about standard promotions, reductions and offers, see the *ISS45 Back Office User Reference* for the appropriate version and level.

## STANDARD FREQUENT SHOPPER

ISS45 features include a frequent shopper POS application at no additional charge, called “Standard Frequent Shopper.” Standard Frequent Shopper provides capabilities for giving special pricing to identified frequent shoppers. The frequent shopper card is scanned or swiped at the beginning of the order (ISS45 will even prompt the cashier) and the shopper will automatically be given special pricing on items that have been set up with a “second price” field in the PLU file. Savings are highlighted on the receipt to make sure shoppers are aware of the advantages they have received. The second price that the frequent shopper receives can be set up as cents-off or percent-off, and all data is logged to the T-Log (see above) for subsequent analysis.

Standard Frequent Shopper gives a grocer the capability to start off a strong Frequent Shopper program with a minimum of information systems support:

- No special information systems support is required — specific shopper or merchandising files are not required. All the grocer needs to do is to set up the second price field in the PLU file.
- The grocer does not even have to maintain a cardholder database. So long as a frequent shopper card in the valid number range is provided, the shopper will get the discounts. There are no file lookups or complex maintenance.
- If a grocer wishes to analyze shopper performance, the T-Log extracts can provide standard ASCII data to the user’s choice of applications for analysis.

ISS45 Standard Frequent Shopper provides the features that equal many of the prevalent frequent shopper programs in use today. It is particularly useful to independent grocers who do not have an in-house information systems staff since it can be set up quickly with the absolute minimum of technical support, and it gives shoppers a primary reason to shop — and continue to shop — with their currently chosen grocer. Keep in mind, however, that sophisticated loyalty programs are built around marketing individual items to specific, targeted shoppers, and tailoring individual promotions based upon the shoppers’ buying characteristics. This “customer-specific marketing” is addressed in optional modules (see below). ISS45 users can easily migrate forward and incorporate these modules when desired.

## ISS45 ADVANCED PROMOTIONS OPTION

Advanced Promotions is a set of several promotional tools used to build special, multiple-criterion offers. Any Advanced Promotion can be set up so that it is *only* available to frequent shoppers, and many have minimum purchase criteria and multiple types of rewards for the shopper. If your system is equipped with the AP option, do not use the “standard” frequent shopper or promotions system: use AP for everything.

The Advanced Promotions system provides a suite of promotion types, including linked offers, savings on a group of items, frequent shopper points, etc. These promotions are optionally tied to a complete membership system, and credit cards or numbers may also be defined to behave as Member cards. Member card holders become eligible for various promotions (Member Promotions) and are rewarded with either points or discounts. Different types of promotions can be defined, with various levels and type of reward.

In general all the promotions (but not necessarily every bell and whistle depending upon the actual promotion involved) can work with both standard PLUs and random-weight items. Batch files can be used to store and communicate the promotions

An internal “Member Card” Frequent Shopper system is attached to these promotions. Points are accumulated and the status can be printed (parameterized, of course) on the receipt — including the “You Would’ve Saved...” message. Credit cards or other types of cards can be used to double as Member Cards.

There are various schemes that can be set up for allocation and recording of points, and points may even be used as partial tender. The system includes parameters for minimum and special bonus purchase requirements, time-of-day controls, day-of-week controls, trigger types, receipt printing controls, etc.

An application such as Corema or ISS45 Frequent Shopper Express can be used at host or in-store to maintain the member records, and system parameters screens control this membership and promotions system.

The Advanced Promotions types include:

- ***Immediate Promotions:*** This is an “instant” promotion (not using a batch file) that is set up and automatically self-cancels at end-of-day. Either standard PLU or random weight items can be used. The shopper benefit is a reduced price, and either item count or order total purchase requirements can be set. Promotion details appear on the receipt, and the promotion itself can be set to a PLU number with a push-button on the setup screen.
- ***Enhanced Promotions:*** This promotion type is similar to the Immediate Promotion, but the Enhanced version (and all the other types described below) can be set up in batch files and communicated to the store. The Enhanced Promotion carries a start and end date, and the discount can be accumulated to any specified department for accounting purposes. When setting up, there’s a push-button on the screen that will show all PLUs with items on promotion.
- ***Group Promotions:*** Here is the way to set up linked item promotions with great flexibility. For the shopper to qualify for the discount, the user defines how many items must be purchased from a “group” of specified items. Up to three groups may be used within a promotion, so you can require the shopper to purchase one (or more) items from three separate groups. Again, PLUs on promotion can be listed via a push-button.
- ***Order Promotions:*** This system sets up schemes by which shoppers can earn points, BOGOs or discounts by purchasing minimum amounts and quantities of items or items within departments. The savings and details are printed at end-of-receipt.

- **Order/Levels Promotions:** This system allows for different percentages or dollars off the order based upon five tiers of purchase activity.
- **Order/Group Promotions:** This gets pretty wild. I'm not going to be able to describe it adequately here, so you'll have to experiment with the actual software. A short description: you set up groups of items or departments, and set parameter requirements for each of them to qualify for points, item discounts or percentages off in tiers, and in combination with the other groups.
- **Free Offers/Trading Stamps:** There are many ways to use this feature, that examines the order and, based upon setup parameters, calculates the number of free items to which the shopper is entitled. Of course, trading stamps are an obvious use, but some stores have used give-aways such as lottery tickets to generate shopper participation — for example, one free lottery ticket per \$50 in purchases. This generates more impact than the equivalent simple 2% discount. Parameters include the amount required to earn each stamp, whether this amount is pre/post coupon deductions, excluded departments and/or items, and multiple/bonus stamp options and controls. At the end of the order, the cashier is notified of the stamps earned and this number is placed on the receipt according to a template.
- **Enhanced "Standard" Frequent Shopper:** Some of the important Advanced Promotions features to the use of the Second Price Field in the PLU file. For example, LQD is supported, as well as the ability to scan the shopper card at any time during the transaction. The advantage here is that a frequent shopper program can be implemented that uses some of the Advanced Promotions features without the need to host the Advanced Promotions file itself. Naturally, promotion types are limited to those using the second price field to hold the discount amount.

In addition the Advanced Promotions has some additional horsepower for frequent shopper or loyalty applications.

- **Multiple PLU/Advanced Promotion Links:** Any item may have an unlimited number of Advanced Promotions linked to it. This is accomplished by a special cross-referencing file called CROSS.QDX that relationally links many offers to one PLU record. This file is automatically created and maintained when changes are made to the Advanced Promotions and PLU files.
- **Schemes:** "Silver/Gold/Platinum" promotional systems may now be designed since the Member Card file of the Advanced Promotions system no longer uses a fixed range of card numbers to identify the card "scheme." (Think of a "scheme" as a way of assigning a *level* to a shopper.) A "scheme" code field has been added to the Member Card file so that the referenced member can be flexibly placed in any scheme, and that scheme code can be changed or upgraded without changing the frequent shopper's number. Combining this enhancement with the multiple links above, it is easy to implement a promotion where Platinums get 20% off an item, Golds get 10% off the same item, and Silvers get 5% off that same item. In previous releases of **ISS45**, a specific Advanced Promotion could be limited to frequent shoppers only — now, the limitation can be to a particular *level* (i.e., scheme) of a frequent shopper.
- **Segments:** Advanced Promotions records now have sixteen new fields to define a list of "segments" into which the customer may fall. (Think of a "segment" is a way of characterizing the attributes of a shopper.) Typical segments could include dog owners, families with babies or vegetarians. This enables specific promotions to be targeted to specific shoppers.

For example, a shopper will be identified (via Corema or some other method) as being in particular segments, stored in that shopper's data record. Meanwhile in the POS system, the individual Advanced Promotions in the file are also coded with the segments that the

shoppers must hold in order to qualify for that promotion. At checkout when an item is scanned that is in an Advanced Promotion, **ISS45** will check if there is a match between the shopper's segments and the qualifying segments in the particular Advanced Promotion. If there is a match (that is, any shopper segment matches any of the Advanced Promotion's segments), the shopper will get the reward from the promotion.

- **Promotion Identifier:** This new field in the PLU file is usable by the Advanced Promotions system to label an item as being included in a specific promotion, and ISS45 will check this promotion ID against the LQD field in the PLU file. This strengthens the grocer's management of promotional cost.

For example, a special discount could be created that gives frequent shoppers \$1.00 off on any half-gallon of ice cream. Normally, a system could only enforce a limited quantity on a specific item — that is, the shopper could only purchase one Breyer's Vanilla half-gallon at the dollar off. But in this case a shopper would be able to buy the Breyer's vanilla, then Breyers chocolate and Breyers strawberry, not to mention Sealtest Vanilla, etc. without triggering the limited quantity discount. With the promotion identifier field and logic, however, the grocer can tag each half-gallon ice cream PLU with the same promotion identifier number, and the system will enforce the LQD amount *across* all those items, regardless of flavor or manufacturer.

- **Corema:** Advanced Promotions is interfaced to Fujitsu's Corema system. From a host, any individual shopper may receive any Advanced Promotion based upon shopper-by-shopper merchandising decisions at the host end.
- **VRMS:** Advanced Promotions interfaces to VRMS in a very similar manner than with Corema.

With a typical Corema implementation, the shopper's card is scanned and ISS45 sends the number up the Wide Area Network to the Corema host. Corema reports the shopper's data — including segments — back to the POS terminal. This data enables the terminal to print the shopper-specific data on the receipt as required. More important, Corema communicates the shopper's segments, and as scanning progresses, the shopper will receive the benefits of those Advanced Promotions that are tagged with one or more of the same segments that match the shopper's.

- The Advanced Promotions system will store a shopper's segments in the shopper's Member Card file record. This means that other systems, including in-store frequent shopper systems, can produce shopper-specific promotions during checkout using these stored segments. Frequent Shopper Express and RoundHouse handle in-store, shopper-specific promotions using these fields.
- **Multiple Points Schemes:** These enable, for example, seasonal points so that shoppers can accumulate specific points during a defined time span, with a reward (free turkey, etc.) upon accumulating a given point quantity.

## FREQUENT SHOPPER EXPRESS — STREAMLINER

Frequent Shopper Express was designed for grocers who need a frequent shopper system on a smaller scale than, say, *Corema*. The Version 2 "*Streamliner*" release was tailored specifically to provide an in-store loyalty program targeting the shoppers in a particular store. This system for points accumulation and redemption is straightforward and provides an inexpensive way to compete with a plug-and-play loyalty program. And it's an excellent back office match to the ISS45 frequent shopper features, linking to the Advanced Promotions Option in the POS front end.

- Frequent Shopper Express *Streamliner* Version 2 can be used to support either the “Standard” frequent shopper capabilities or the ISS45 Advanced Promotion frequent shopper transaction set, depending upon a system parameter setting.
- *Streamliner* allows the user to build and maintain shopper identification files for the store. New sign-ups are transferred on the fly to ISS45 for immediate use.
- *Streamliner* can be set up to accumulate points based upon purchases. As purchases are made, ISS45 records the points and then it reports them to *Streamliner* at end-of-day. Points are then maintained and reported by shopper.
- Point redemptions are tracked. The system reports current, YTD and total redemptions to date by shopper.
- The reporting within *Streamliner* is typical of more expensive and sophisticated systems. *Streamliner* reports may be selected by total sales or gross profit by shopper — (assuming cost data is maintained in the ISS45 PLU file) and can be summarized by department and/or shopper. In addition, shoppers may be reported in either best or worst order and printed by range, such as top 50, second 50 or bottom 100. Not only does this isolate “cherry-pickers”, but it also allows customer profitability analysis so that the grocer can target the most *profitable* customers, not just those who spend the most (possibly low-margin) dollars.
- Items may be coded for exclusion in the total, such as give-away items.
- Frequent Shopper mailing labels may be selectively printed for targeted promotions. These labels may be printed by group, based upon the same selectivity criteria as for reports.
- The *Streamliner* shopper database is updated once per day at End-Of-Day.
- *Streamliner* Version 2.0 also has the ability to print preformatted gift certificates as a points-redemption feature.
- In *Streamliner* Version 2.0, the “StorePoint” database tables are not required and the ISS45 API (either DOS or NT/7.4) is used to establish the links between the application and the ISS45 database. Version 1 of Frequent Shopper Express required a separate electronic price-book database. Frequent Shopper Express is available for installation with ISS45 loaded either on NT or DOS.

Frequent Shopper Express *Streamliner* also works in conjunction with the *RoundHouse* hosting, analysis and consolidation system (see below).

## ROUNDHOUSE

*RoundHouse* gives a grocer the tools to coordinate a consistent Frequent Shopper program across an entire chain, using ISS45 and Frequent Shopper Express with either “standard” frequent shopper or the Advanced Promotions option. *RoundHouse* polls the stores and pulls back transaction data and files from each store, then consolidates the data and returns congruent files to the stores. This way, the chain will have the same data in each store.

*RoundHouse* employs a sophisticated database that performs a wealth of analysis and reporting for very detailed frequent shopper analysis and reporting. The *RoundHouse* “Analysis Pack” is available separately for users who wish to use *RoundHouse* in a single store without the consolidation features. *RoundHouse* can also export all data to Excel, Access, Microsoft SQL, FoxPro, dBase or virtually any other database and analysis product.

Some characteristics of ISS45 *RoundHouse*:

- Typically the consolidation process is done overnight over a dial-up connection. Chains can choose to return the updated files the same night (with a second call) or wait until the polling is done the following night.

- Frequent Shopper data set up in one store will automatically be available in all other stores after the consolidation is completed.
- Shopper points totals are updated across the entire chain. This allows points redemptions at any store.
- If a shopper goes to two or more different stores on the same day — that is, without a consolidation having been done between visits — the points and transactions from *both* transactions will be consolidated. The points from the first visit will not be available to the other stores, however, until the consolidation routine is completed.
- Frequent Shopper Express *Streamliner* (Version 2) is required.<sup>1</sup> *RoundHouse* does not support Frequent Shopper Express Version 1.
- The communications session is enabled by the end-of-day procedures in ISS45 at store level. *RoundHouse* can then initiate communications with the stores directly. PcAnywhere or a similar off-the-shelf package can be used as the transport vehicle. In the event that the stores will be conducting daily communications sessions with other hosts, coordination between *RoundHouse* and the other hosts will be required.
- *RoundHouse* also provides import files for a Relational Database Management System (RDMS) at the host for query and report functions. This allows virtually unlimited reporting possibilities.
- *RoundHouse* provides functions that are far more sophisticated than those provided in-store, including specifically:
  - Item level purchase detail, shopper-by-shopper
  - Lost customers – no sales in “x” weeks
  - Declining department purchases
  - Average weekly purchases
  - Number of promotional items purchased
  - Promotional purchases as a percentage of total purchases
  - Rank promotional items customers
  - Mailing support, either general or selective. Special coupons or gift certificates can be targeted intelligently.
  - Mailing label generation selectivity (for example all shoppers, shoppers by points levels, shoppers by area or shoppers by store).
  - Central points totals lookup.
- Frequent Shopper Express *RoundHouse* runs on a Windows 95 or better PC, plus a minimum of one modem and dial-up line for store communications.<sup>2</sup> Each store supported will require a modem and line to its *Streamliner* system.
- Support and service of the *RoundHouse* system is negotiated with ICL on a case-by-case basis, as determined by the specific requirements, conditions and size of the end user system.

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<sup>1</sup> The upgrade from Frequent Shopper Express V1 to V2 is available at no charge.

<sup>2</sup> Not required, obviously, for installations for in-store analysis only.

## FUJITSU COREMA

Corema, (“Consumer Relations Marketing”) is recognized as a leading and highly-sophisticated offer delivery system, and it has been installed at some of North America’s leading chains.

Corema, with a capable POS system, is able to deliver a refined loyalty system, meeting the leading requirements of targeted marketing. Data and analysis are extensive, and can deliver instant, delayed or even accumulated rewards. An offer can be easily limited to a one-time reward, — that is, LQD across all stores for the duration of the offer — where only the first qualifying store visit will grant the reward. Because of such capabilities, Corema users are closing in on the merchandising Nirvana that evaluates and promotes optimum shopper behavior while channeling promotional expenditures with extreme effectiveness to the most receptive — and profitable — shoppers.

Corema is a host-based application attached to a massive data warehouse capability that can draw extensive statistics and analysis of the shopper base, then segment and categorize shoppers, creating and delivering shopper-specific promotions to the POS system. Corema is currently interfaced to ISS45 and the IBM SMA/EM2 application.

When used in conjunction with ISS45, the headquarters staff determines a set of shopper “segments” that are tuned to the way in which the chain wishes to promote itself and its products. It then assigns those segments dynamically to its shopper base by setting flags individually in each shopper record. Weekly mailers, internet information and kiosks promote the current rewards to the shoppers, bringing them to the stores and preparing them for purchase.

As a parallel activity, the merchandising staff designs promotions, and each promotion is flagged with the shopper segments for which the promotion will be active. This means that at POS, when the shopper card is scanned, the terminal will instantly know the shopper’s profile (for merchandising purposes) and give that shopper exactly the right set of promotions.

## VRMS

In many ways similar to Corema, the VRMS application system will interface to ISS45 V8 and V7. Please contact VRMS for current capabilities of VRMS products when used in conjunction with ISS45.

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We hope this summary of ISS45 merchandising, loyalty and frequent shopper capabilities will prove useful to you and your customers in your sales campaign.

The StoreNext Web site provides Selling Sheets on Advanced Promotions. The sheet describing V8/V7 differences also provides significant details regarding ISS45 Advanced Promotions capabilities.

To Your Success,



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*Anthony van Seester*