

# Stepping Up Digital Engagement in Stores

Certain well-deployed strategies can boost customer interest and reshape the path to purchase.

By John Karolefski

**I**t's not your mother's shopping trip anymore. Today's moms are increasingly using digital technology before they go to the grocery store, during their visits and after they get home, to save time and money.

Much of this activity takes place within the four walls of the supermarket, where digital technologies and related tactics can create a more engaging shopping experience. More shoppers are using smartphones in store for convenience (checking a prepared shopping list), discounts (coupons) and for information (nutrition). Meanwhile, beacons are poised to engage shoppers as they roam the aisles of the supermarket.

"In general, grocery retailers are tapping into digital technologies in an effort to attract more customers and reshape the path to purchase. Some of these digital tactics — mobile marketing and social media — are particularly widespread among grocery stores for their efficacy," says Ben DiSanti, managing partner at DiSanti-Hicks + Partners, a Chicago-based marketing agency.

Other tactics can be added to the list: One is the retailer's website, which can offer a digital form of the shopping circular and web-to-print coupons; another is a retailer's grocery shopping app, which most major chains, including Kroger, Safeway, Stop & Shop, and Meijer, now offer. App features usually include wayfinding, discounts and list making, often connected with recipes.

Of course, not every grocer has the scale and resources of a Kroger or a Safeway. So how pervasive are these engagement tactics? Are most small to midsized grocery retailers taking advantage of various digital technologies to engage with shoppers?

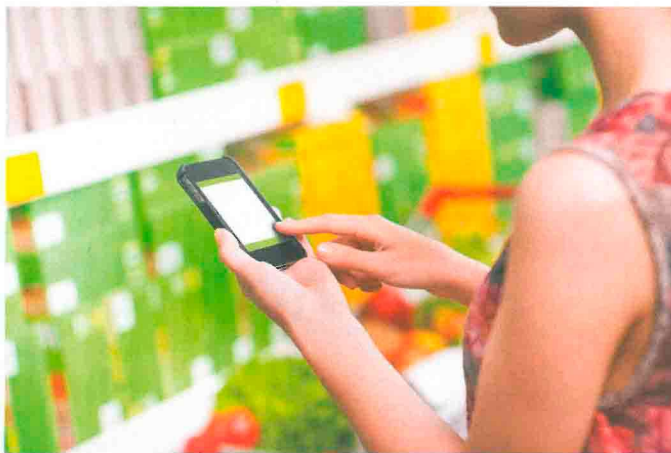
"Retailers have taken some tentative first steps with digital technologies and are continuing to feel their way forward. While a retailer's digital platforms or services do provide some benefits to the shopper, they have not progressed to



the fullest extent possible,” says Graeme McVie, VP and general manager of business development for Precima, the data analytics division of Toronto-based LoyaltyOne.

McVie gives several examples:

- Retailer e-mails tend to deliver mass-marketing messages in direct-marketing mediums, frequently referencing nothing more than the standard weekly ad.
- Grocery retailers’ websites could be strengthened with recommendations based on past shopping history or other “like-minded” customers.
- Smartphone apps have generally focused on basic functionality, but they tend to fall short in terms of personalized, relevant communications.



value of their digital technology investments.

But personalization can be broadly defined, points out Matt DePratter, VP of digital shopper marketing at Catapult, a Minneapolis-based consultancy. It could range from the simple, like throwing a shopper’s name in an e-mail, or the complex, like learning a shopper’s behavior and delivering relevant and timely communications.

“At some level, almost all retailers are making some effort in delivering personalized communications,” he says. “The key to success is what datasets they possess. For example, the more you know about a shopper, the better you can tailor a communication to their needs, such as offering appropriate solutions or offers. Many retailers are setting up their own methodology for determining how to best reach their shoppers.”

He gives as an example the Walmart Exchange, which uses its own data sources to figure out how best to reach shoppers and, in many cases, how best to speak to them. Grocery retailers with loyalty cards often have an advantage because they already know a great deal about the shopper and can use this information to tailor messages based on past purchases.

“The real challenge with personalization is figuring out the best message, with the best tactical execution, and at the right time,” explains DePratter. “For example, which is the more powerful and useful tool to reach a shopper? Is it an e-mail? A display ad? A direct mail piece? Each retailer is having to evaluate each tactic to determine what best fits their shopper base.”

### The Buzz Around Beacons

Beacon technology has created a buzz in the grocery industry because of its potential to engage shoppers. Beacons are small, round devices that use short-range, low-energy Bluetooth transmitters to send alerts to mobile devices within 100 feet of them. Beacons enable smartphone apps to wake up at precise moments and help shoppers based on where they are. For example, a shopper might be reminded to check her shopping list app upon entering a store, or to view ingredients for a recipe she favorited last week. But DePratter calls beacons a real challenge for grocers and lists several questions that need to be answered:

- How does the shopper engage with beacons?

### Getting Grocer Buy-in

While grocers are offering apps and most primary shoppers have smartphones, only about 22 percent are actually using grocery apps, according to a shopper survey by Norwalk, Conn.-based Match ShopLab. When asked why they didn’t download or use an app, 78 percent of respondents said they didn’t know it existed.

“That’s amazing,” declares Liz Crawford, SVP of insights and strategy at Match ShopLab. “What it tells us is that there is a disconnect between what is happening online and what is happening in store. While grocers get an incredible amount of foot traffic every day and every week, they are not leveraging their store as a media vehicle. They are not alerting shoppers to the app and its features. This is a huge miss on the part of retailers.”

Crawford’s not alone in her thinking. Many other analysts believe that, while there are solid examples of digital deployments, too many grocery retailers aren’t taking full advantage of various new technologies to engage with shoppers. But why?

According to Ken Madden, SVP and head of engagement at Plano, Texas-based shopper marketing agency Shoptology, the biggest obstacle is likely financial; that is, it takes investment in infrastructure to do anything truly meaningful to change or enhance the shopping experience.

### Making it Personal

LoyaltyOne’s McVie believes that the reason retailers are falling short on digital is because they’ve focused predominantly on putting the technologies into place without understanding customer needs to a sufficient degree to deliver a positive, tailored and personalized customer experience. He adds that a personalized customer experience has to include customer analytics at its core, or else retailers won’t meet shopper expectations and consequently won’t realize the full

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— all without  
having  
to interact with  
any staff.”

—Matt DePratter,  
Catapult

- What does a shopper need to do to receive the engagements?
- Who pays for and maintains the service?
- How does a manufacturer take advantage of this service?

“One idea that may prove to be the killer use of beacons is a personalized concierge service to guide the shopper through the shopping experience,” he suggests. “In some specialty retail environments, beacon technology has offered the shopper the ability to browse product information, learn details about similar products, configure and ultimately pay for the item — all without having to interact with any staff.”

A few grocers have already taken the plunge into beacons. Earlier this year, Indianapolis-based Marsh Supermarkets revealed plans to deploy a closed-loop iBeacon platform from Los Angeles-based InMarket to engage with shoppers carrying smartphones and even wearing Apple Watches. Marsh aims to increase sales via personalized shopper engagements and drive incremental store visits.

“iBeacons have created new ways to connect with mobile shoppers in the store,” asserts Amit Bhard-



waj, Marsh's senior director of customer loyalty.

County Market, in Iowa, Illinois and Missouri, will roll out beacons to all 45 of its stores by the third quarter of this year. Results from some pilot stores showed that 50 percent of shoppers who received an offer of a 10 percent discount on a total purchase opened it, and 20 percent of them redeemed it. “As an example, a shopper in the beauty aisle might receive an offer of makeup remover on her smartphone via the retailer's mobile app, assuming that she was looking for a makeup item,” explains DiSanti, of DiSanti-Hicks.

### Enhanced Apps

Shoptology's Madden is starting to see the emergence of an “in-store mode” embedded in retailers' mobile apps. Retailers that have enabled this feature, he notes, recognize that shoppers have different needs from the app experience, depending on where they are.

“If you enable the tools that enhance the shopping experience, shoppers will use the app in the store. The opportunity is that in-store app usage is linked to all of their historical data, coupled with their movements through the store, the items on their list, their browse data from eComm, etc., that opens a world of personalization,” he says, adding that Roanoke, Texas-based Tom Thumb, a banner of Albertsons Safeway, recently embedded on- and offline shopping history data into its app. “They sort your shopping list by aisle, which is really interesting. That can become a way to affect shopper navigation across the store, to put them in front of other opportunities. At the least, they can start to enhance the physical store experience and how marketing connects across the store the way shoppers shop.”

In the Minneapolis-St. Paul marketplace, Lund Food Holdings, operator of 13 Lunds and 13 Byerly's upscale grocery stores, has enhanced its mobile app with several customer engagement and personalization features, which are part of a mobile platform from New York- and Chicago-based GPSshopper.

These enhancements include:

- **In-Store Skin:** This brings in-store features such as circulars, store hours and events to the forefront of the mobile app when a shopper enters the store.
- **My Favorite Store:** Shoppers can set a favorite store location, which allows them to receive



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store-specific content quickly. This includes coupons, circulars, directions, events and other location-based information.

► **Personalized Push Notifications:** Consumers who've opted into receiving push notifications will start seeing messaging tailored to their preferred interests and prior in-app actions.

“Because a large number of our shoppers engage with our mobile app inside our stores, adding these features was the next logical step toward customer satisfaction,” affirms Dan O'Rourke, marketing manager at Lund Food Holdings.

### Extreme Couponing

By last spring, nearly three out of four shoppers with a yes Rewards loyalty card from Grand Rapids, Mich.-based SpartanNash had signed up to receive digital coupons. The company calculates that the “lifetime value” of these coupon users is 2.75 times that of a nondigital-coupon user, and that they shop twice as often and spend 51 percent more per basket. On a quarterly basis, SpartanNash sends out a personalized mailer to its best customers. Each

mailer includes 12 to 16 specific digital-coupon offers for brands that partner with SpartanNash.

“No two are alike,” says Linh Peters, the company's VP of marketing, of the mailers. “They're based on each customer's purchase history, what they purchase most frequently, and so on. And they provide us a great opportunity to partner heavily with CPG brands.” For example, she adds, “If you buy Tide detergent [by Procter & Gamble] from us, but we don't see that you're buying dryer sheets, we might give you an offer to buy [P&G] dryer sheets.”

SpartanNash is now testing branded content by rolling out a program to its Family Fare and D&W Fresh Market retail customers. The material includes articles, recipes and how-to videos to help inform and educate, as well as to make consumers aware of the latest promotions.

### Future Experience

Such examples of small to midsized grocers dabbling in digital are increasing, and portend a solid future. So what's the forecast for digital engagement in supermarkets, in terms of retailer involvement, shopper interest and new technologies?

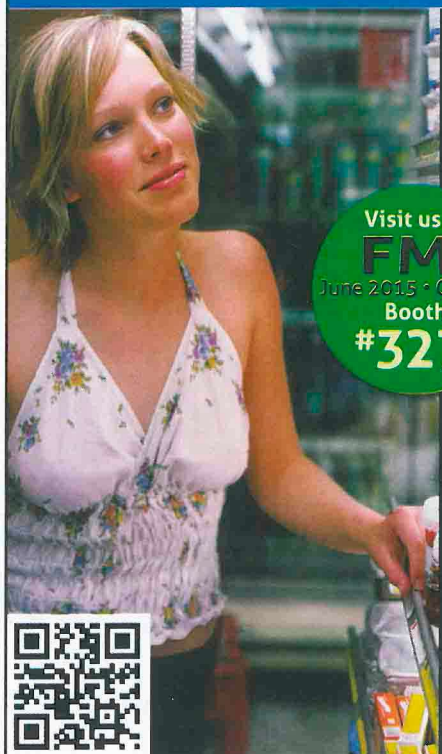
“If we look way down the path, we will see a grocery shopping experience that is truly seamless between home, mobile and store environments,” predicts Madden. “The store environment will not be defined by location or constrained by four walls. People will still want a physical experience, but the retail environment will have to shift to engage with shoppers in physical space in ways that you cannot in digital space, and the other way around. The shopping experience will be completely personalized, based on shopping history and then enhanced through social networks and a host of other external data sources.”

McVie, of LoyaltyOne, says digital engagement will continue to grow, but it's ultimately up to the retailer to combine the best of the digital and physical worlds to offer an impactful customer experience that's relevant to shoppers' needs.

“There's no doubt we'll see hurdles to both shopper adoption and integration of data as digital technologies continue to advance,” he says, “but the fact remains that data gathered and implemented through digital channels holds enormous potential to enrich a grocer's understanding of their customers, helping to better satisfy their customers while driving increased sales and profits.” PG

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