



Money Mailer Direct Case Study

Supermarket Bags 4.2 Million Loyal Customers

We reduced the client's other media spends by hundreds of thousands of dollars

THE CHALLENGE

The client is a large regional grocery store chain with over 300 locations – a subsidiary of a larger multi-national grocer with over 20,000 stores around the world. In the late 1990's they were seeking a direct marketing partner to help launch a customer loyalty program in conjunction with a major re-branding campaign developed by their advertising agency.

THE BOTTOM LINE

The client's goal was to develop and grow a core group of primary and secondary customers that would provide more revenue and bottom line growth to the grocer. This grocer was looking to move out of an EDLP (everyday low price) approach to a more upscale, customer centric strategy. By focusing its rewards on top spending individual customers, they hoped to influence a higher level of loyalty which in turn would lead to greater profitability within the chain.

OUR APPROACH

Money Mailer Direct Marketing's unique approach to one-to-one marketing initiatives at the retail level helped win the business over several large national direct marketing companies. The client wanted a direct mail communication program that would speak to each customer household with individual offers and rewards as well as identifying co-op opportunities with other services and products.

OUR SOLUTION

MMDM helped coordinate the launch of the loyalty program by first enrolling all 17,000 grocery store employees into the program. It gave the client 90 days in a live support mode to test all of the applicable logistic processes before rolling out the same program to the general public. Near the end of the 90-day period all of the calculations were made about spending levels of each employee. When the program went

live – backed by a full media push and strong word of mouth of all participating employees – customer signups averaged over 50,000 enrollees per week as the database would eventually reached 4.2 million card-carrying loyalty customers.

Over the course of 5 years MMDM helped to successfully execute a wide variety of reward programs based around:

- Spending levels – primary, secondary and tertiary
- Category spending for niche products – baby, laundry, pet, gourmet, etc...
- Special events/holidays – give loyal customers first look at special promotions
- Co-op opportunities – match customer lifestyle preferences with complementary goods or services such as discounted cruises, golf vacations, jewelers, etc.
- Delivering custom rewards to customer households that prevented competitive knowledge of campaign specifics
- Competitive blunting – time the delivery of additional rewards around competitor's openings

THE REAL BOTTOM LINE

The relationship building and focus on one-to-one customer communications made this one of the most successful card launches in the grocery industry. Our relationship continued with this grocer and its agency for 5 years until the program was configured to be handled internally by the grocer themselves. During Money Mailer Direct Marketing's tenure, the grocer was able to successfully leverage growth and profitability by:

- Identifying the triggers that converted secondary spenders into primary which resulted a 11% gain in profitability within this segment
- Growing the higher margin categories by knowing where and who to reward
- Learning which categories and products were important to primary customers
- Delivering weekly rewards and promotions to individual households – based on the client's budgets and tactics each week.
- Creating custom trade areas and subsequent targeting helped reduce other integrated media spends by hundreds of thousands of dollars

We converted secondary spenders into primary spenders - resulting in an 11% gain in profitability

50,000 enrollees per week netted 4.2 million loyalty customers