



From Good to Great

Grocer Lunds & Byerly's boosts customer service focus with loyalty program

by FRED MINNICK

In a world that's always changing, it can be refreshing when a successful company sticks to tradition.

Minneapolis grocer Lunds & Byerly's hasn't changed its focus on customer service and premium products since founder Russell T. Lund opened his first store in 1939.

"We like to think of ourselves as an upscale supermarket that still offers great value to our customers," says Dan O'Rourke, marketing manager for the grocery chain that's now led by Russell T. Lund III. "We've been really hammering that story home for years. We've been very successful because we haven't really altered who we are.

"We've always prided ourselves on great products and great service, and that's helped us keep a very loyal customer who's shopped with us for years and wants to continue to shop with us."

THE SKU WAY

Sticking to tradition doesn't mean avoiding innovation, though. Lunds & Byerly's, which operates stores



under both Lunds and Byerly's banners, is expanding stores and is improving its private label outreach through a SKU-based loyalty system from Linkable Networks.

"We are hesitant to do loyalty cards," O'Rourke says. "With SKU, the consumer goes onto the Linkable website and basically registers her credit card." Users also provide e-mail addresses or mobile phone numbers, allowing the grocery chain to send them promotions — and track the return on investment for media placement expenses across multiple stores.

Deals chosen on Lunds & Byerly's Linkable page are automatically linked to the customer's credit or debit card, and when the item is purchased in store, "if you use the credit card that you linked that offer to, you don't have to show any coupon at checkout," O'Rourke says. "The system will recognize the UPC code and it gives you a rebate."

He says the grocer's mostly female shoppers are not coupon clippers, but they are extremely digital savvy.

"We're finding that customers are engaging in [and] appreciating the digital couponing aspect, because it's just a lot easier for them," he says. "We're seeing a higher engagement from a redemptive standpoint than with the direct-mailed paper coupons.

"Everyone likes a deal, and they're more apt to access those deals if it's easy for them."

O'Rourke may be onto something. According to a ClickFox study last year, 46 percent of participants indicated ease of use as the top driver of loyalty; a Nielsen study in December found 37 percent of consumers indicated they would not join a program if it was too complicated.

"Not only does the loyalty program need to be usable in store, online and through mobile, it needs to be easy to join and even easier to use," says Tom Burgess, CEO of Linkable Networks. "From a consumer perspective, SKU-level card-linked offers are easy to use and require no additional cards, so checkout is much faster."

Burgess says 85 percent of shoppers search for online promotions, and SKU-linked offers work with all credit and debit cards, reaching a broader audience because no shopper loyalty card is needed.

The system increases average basket size by 45 percent, according to Linkable Networks, and more than 50 percent of customers redeem more than one offer, saving an average of

\$6.07 per transaction.

O'Rourke believes this SKU-level capability is a better "deal" deliverer than daily deal sites like Living Social and Groupon. Burgess agrees.

"The daily deal industry has seen its ups and downs and cannot get out from the downward swirl it is currently in," Burgess says. "SKU-level card-linked offers can help [retailers] support loyalty programs and digital coupon capabilities by better targeting customers and providing more relevant and comprehensive rewards or loyalty programs for customers versus flash sales that cater towards a one-time, discounted purchase."

The ability to process offers at store, department or item level is particularly important to industries like grocery, he says.

"By allowing SKU-level targeting, retailers and brands can leverage seasonality of products [to make] them more relevant, enhancing its value to a customer," Burgess says. "Additionally, SKU capabilities drive brand awareness, increase customer traffic, drive sale of underperforming products and deliver promotions based on bundles, inventory, products, departments, banner or brand, seasonality and events."

CHECKOUT SPEED

O'Rourke says the system doesn't slow down the speed of checkout because the consumer and the front-end cashier don't have a "here's my coupon" interaction.

"It just automatically settles it on the back-end side of things," he says. "We pride ourselves on speedy checkouts and getting people through in a nice timeframe. ... There's no extra slow-down with the cashiers, and that's been a huge benefit for us."

STORES

Wall Street Journal-best selling author Fred Minnick's third book, *Whiskey Women: How Women Distilled, Marketed and Bootlegged Bourbon, Scotch & Irish Whiskey*, hit stores in 2013. View his work at FredMinnick.com.