

# App Quest

**S**hoppers can load onto their smartphones a wide variety of popular third-party grocery apps to help them save time and money. Meanwhile, grocers themselves also offer shoppers store apps, which should be the cornerstone of their mobile strategies. The overall idea is to create loyalty to the store as well as helping shoppers save time and money.

How successful have grocers' apps been?

"I say most shoppers have not downloaded their grocer's app to their mobile device," asserts Barry Stone, director of marketing for New York-based Digital Social Retail.

"There are very few grocers, if any, who have an app with more than 5 percent shopper adoption," notes Mike Grimes, chief revenue officer of Mobee, a Boston-based provider of real-time crowdsourced data and insights for retailers and brands. "Why? Because grocery shoppers won't use an app unless they have a real compelling reason to do so."

David Shukri, of Mindtree, agrees, saying, "Anecdotal, I believe penetration of such apps remains relatively low." The "retail champion" at the Warren, N.J.-based IT services and consulting firm believes that one reason is shopper behavior.

Success has been spotty, but progress is being made.

By John Karolefski

"For many people around the world, loyalty to a specific grocery retailer has never been lower," he explains. "Many factors contribute to this modern reality. They include the development of the convenience sector, the wealth of price information available at our fingertips, and the disaggregation of the food retail chain, meaning there are now

many alternatives available should you prefer never to set foot in a supermarket if you choose not to. Therefore, what would be the upside to engaging with a specific retailer's app? You might need three or four of them to cover the majority of your grocery spend satisfactorily."

## Promoting Value

A recent survey by 3Cinteractive validates that point. Research by the Boca Raton, Fla.-based provider of mobile marketing services found that more than half of customers polled (56 percent) said they use only one, or maybe two, grocer apps on a regular basis, despite most saying they downloaded as many as four apps to their smartphones. This signals a need for grocers to move beyond a pure app strategy and develop new mobile tactics designed to maximize engagement. Grocers would be wise to leverage an SMS strategy to keep reaching

smartphone users even after app notifications have been turned off, say officials for 3Cinteractive.

“Unless you spend money to have more storage space on your mobile device, these shopping apps can consume most of your coveted storage space,” points out Mark Heckman, a consultant based in Bradenton, Fla. “But more importantly, each of these shopping apps requires a requisite amount of time and energy to use. For shoppers who are now shopping more retailers — both online and in-store — for all of their needs, it is just not practical to use more than one or two of these apps, at the most.”

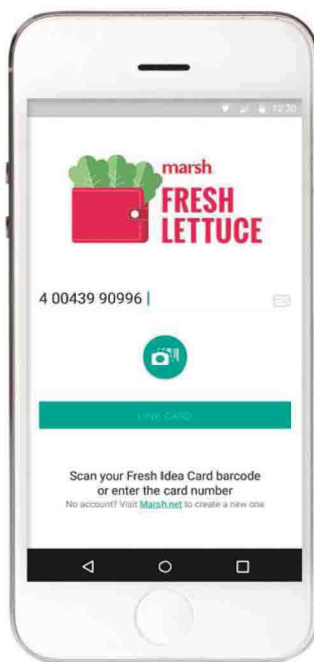
Stone, of Digital Social Retail, places the blame for the lack of success of grocers’ apps on the grocers themselves, since they don’t give shoppers a good enough reason to download their apps. For example, he says that downloading an app could give shoppers 5 percent off every purchase or 20 percent off a first purchase.

“The grocer needs to focus on educating the consumer about their app so that the consumer is fully aware of its benefits and how it could save the consumer money,” he advises. “In the end, that’s what consumers want to hear. When you can get the message across that you are saving the consumer money, more times than not, the consumer will not only download the app, but also interact with it regularly.”

Mindtree’s Shukri suggests that grocers should promote the value of apps in terms of price, quality and convenience, or some combination of these three levers. He adds that for now, these apps seem to be more about “first-mover” advantage — and, of course, data collection — on the assumption that mobile wallet and payment adoption will take off at some point in the future.

Heckman, the consultant, agrees that incorporating payment options and other perks will make apps truly worthwhile for the shopper. For example, he points to the SmartPay app offered by Framingham, Mass.-based Cumberland Farms’ convenience stores, which enables customers to receive a 10-cent discount off each gallon of gas they purchase when they use SmartPay.

“This attractive discount is covered in part due to the much lower transaction-processing fees of a ‘private label’ payment system linked to the shopper’s automated clearinghouse, [rather than] using a bank-based credit card,” he explains. “The technology is easy to use and the value proposition is easy to understand and ergonomic. In this instance, the retailer has made technology the focal point of the customer proposition, and it is working because it benefits the shopper first and foremost, and is easy to engage.”



### Fresh Lettuce and More

The good news is the growing evidence that some grocery retailers are enhancing their own apps to engage shoppers and provide more value. For example, Marsh Supermarkets is offering its Fresh Lettuce for free download in the iTunes and Google Play stores. The Indianapolis-based retailer claims to be the country’s first retailer to launch an innovative mobile app that pays its customers for interacting with national brands. Customers can link their Marsh Fresh Idea card to the app. After engaging with their favorite national brands through short ads and videos, shoppers earn cash

that’s loaded directly to their loyalty card. Earnings are then applied during checkout, regardless of what products are in their shopping cart.

“Fresh Lettuce turns our customers’ downtime into dollars they can use to spend on anything they want in our stores,” says David Palmer, SVP of marketing, sales and advertising for Marsh. “The customers are in control of what ads they see, when they choose to see them and how they want to spend their earned dollars in our stores.”

Meanwhile, Weis Markets recently redesigned its mobile app and website. The Sunbury, Pa.-based retailer says that both now offer a digitally optimized experience and easier navigation functions.

“We’ve worked hard to enhance our website and app to make them more useful to our customers on a daily basis,” notes Brian Holt, Weis’ VP of advertising and marketing. “The improvements we’ve made are designed to give our customers a better mobile experience, with easier navigation and an easier-to-read circular.”

According to Mobee’s Grimes, Meijer has created an app linked to its popular mPerks loyalty program. With active usage of the app, the retailer can add features around convenience that would otherwise go unnoticed, such as joining department-level savings clubs. Likewise, Minneapolis-based Target’s Cartwheel app supports its savings value proposition, which generates increased adoption and usage of social features like earning badges.

“These are examples of desirable virtuous cycles that increase loyalty through app features that are built atop high consumer-value propositions,” Grimes sums up. “Tech is not a panacea, and while an app is easy to put together, it’s not going to get the job done on its own. It’s the hard work of forging unique value propositions that makes things click, and makes it possible for supplemental technology to further that success.” PG

“  
The grocer needs to focus on educating the consumer about their app so that the consumer is fully aware of its benefits and how it could save the consumer money.”

—Barry Stone,  
Digital Social Retail