

The Analyst Guide to Mobile Loyalty Program Strategies for Grocers



Digital Analyst Introduction

Insights from Scott Compton, a former Forrester senior analyst who served e-business and channel strategy professionals, especially those in the grocery sector, are presented in this guide. During a Punchh Webinar, Scott discussed digital programs and approaches meant to re-invent grocery loyalty. Read on to learn more about grocery shoppers' omnichannel expectations and ways to drive long-term relationships that grow LTV.

Analyst Q&A

Q Are loyalty programs a good investment for grocers?

A Someone's coming to you for the first time. You want to do the most you can to keep them coming back again. So we are seeing loyalty programs pop into investment areas as our research shows that 51% of people surveyed say they belong to a grocery program. Of that group, 48% say they really enjoy getting special offers that are not available to other customers. Special treatment is important. Additional Forrester research then asked businesses, what is it that you're trying to do with your loyalty programs? And the answer that we got back most often was a complete reinvention of the loyalty program beyond a points based system moving towards personalization. Getting to that 1-to-1 view of the customer where you're providing really relevant content for products and promotions.

Q What type of omnichannel shopping experiences do customers want?

A Grocers have quite a few questions now related to omnichannel operations around pickup and delivery. What are the constant friction points of the consumers out there? What do consumers actually expect and why do they shop online? What we're seeing is that in-store pickup is about equal to delivery. And grocery consumers have really high expectations. "We want price matching in store. We want farmer's market quality food, prepared meals ready to eat, meal planning tools, meal kits and free samples. We want all of these items to be in reusable packaging. We want to use our phone to place that order. We want the choice of picking it up in-store or getting same-day delivery. As a matter of fact, we'd like it placed in the trunk of our car when we choose to arrive and not even have to touch it. And all within 90 minutes. Now that's a challenge for most retailers."

Q Why do Grocers need to focus on digital experiences?

A Forrester research finds 49% of consumers believe it's more convenient to shop online and 26% like the experience of shopping online. Grocers, however, may think people shop online for price. Therefore, retailers should keep this in mind as they're developing strategies for the year. Loyalty programs need to keep a focus on convenience and experience, while not neglecting pricing.

54.3%

of adults have purchased groceries online in the past 12 months (Coresight)

28.3%

of adults are doing the majority of their grocery shopping online (Coresight)

"The first step is getting to know your customer, and that comes from data. So I would start with mining the data, putting together relevant offers, and test them repeatedly."

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Q What type of digital tactics work to create merchandising moments?

A Merchandising isn't something that most grocers have done a lot of to date. But with the increase in online traffic, we're seeing quite a bit more activity related to merchandising. And a lot of grocers are using meal planning, prepared meals and meal kits to both engage and retain that convenience shopper. Here is an example of how they're doing this, they're using recipes because they increase product engagement across product verticals. You expose customers to new ingredients and new ways to use the food that you're selling. And this is a real personalization opportunity as well. Once you know someone prefers Mexican food or really likes chili or is a vegetarian or any of those things that you can learn from browse or purchase behavior, you know those personalization mechanisms, then you can get busy crafting that experience to a more 1-to-1 experience.

62%

of shoppers believe online shopping saves more time than in-person shopping (FMI)

Q What must-haves are important for creating a rewarding mobile shopping experience?

A Grocers need to build an omnichannel cart for someone who is shopping on a brand's app and on their device at home, which most of them probably are. Make sure if someone adds something to the cart in the app that it also shows up when they log in on the regular desktop site; make sure those carts are integrated. That goes for list creation and list management as well. Those who use it tend to be very loyal users to that particular process.

Grocers also need to make sure their circulars are fine-tuned for the mobile experience and include personalized digital promotions.

Digital wallets can't be skipped either. They've been huge over these past couple of years and they continue to grow. Saved payments, especially in the app, can really facilitate the next transaction. And there are quite a few solutions out there where they leverage a network of other merchant transactions to reduce that friction.

Q How can grocers modernize offer management? How can they create promotions that stand out from other retailers?

A The first step is getting to know your customer, and that comes from data. So I would start with mining the data, putting together relevant offers, and test them repeatedly. This is not something that can be done very easily with manual processes, throwing around Excel spreadsheets and trying to get HQ to communicate out to the field. Build a tech stack to first dig into the data and help you get to know your customers. The right tech stack will also help so you're not manually trying to administer personal promotions.

Q What type of incentives help increase average order size online?

A There are three tactics grocers can use to increase AOV. The first is to bundle products. The second is to provide personalized offers that dial in to the customers' needs. Lastly, encourage upsizing by having a larger quantity of a product available and merchandising the opportunity to purchase more for less.

Q What should grocers just starting their digital transformation focus on?

A One of the first steps is really getting to know your customer and digging into that data. And if you're a smaller grocer and you don't have a data science team, then I would recommend finding a partner, who can help you manage those kinds of activities and really get you off the starting block. So getting to know the customer and the data is a big piece of it. I would also really consider trying to empower your in-store associates with the tools they need to get that job done as well, because a lot of them are working on really old legacy systems and they could use a refresh. Lastly, find ways to showcase your value to your customers. Highlight your regional offerings, differentiate your brand based on the data, and keep refining the customer experience.

Source: [Harnessing The Online Grocery Surge - Intelligent Loyalty Strategies For 2021 Webinar](#)

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