

The Beeper Greeter

You want more higher-spending customers, right? So did Vernon, NY-based Katz Foodtown. While many companies profess to be customer-centric, Foodtown truly is. But what makes this 13-unit retailer so different?

by Brian Woolf (August 30, 2005)

In a recent visit to Katz Foodtown, I discovered four outstanding characteristics:

1. Beeper Greeter
2. Customer Relationship Manager
3. Culture of the Well
4. Goal Congruence

Beeper Greeter

Picture all checkout lanes busy at your local supermarket. Among those checking out are some of its highest spending Best Customers. Now, how can your supermarket give additional personal recognition to these customers who provide the majority of its sales and profits?

Katz Foodtown, in conjunction with its loyalty partner, S&H Solutions, devised an elegantly simple solution. They introduced a new role, the *Beeper Greeter*. Every time the loyalty card of one of Foodtown's Best Customers is scanned, it automatically activates the beeper on the Front End Manager's belt. Glancing at her beeper's screen, she sees three things: which checkout she should move to immediately; the name of this extra-special customer; and the customer's recent spending level. Arriving at the checkout, the Front End Manager begins by helping bag the order and then eases into a conversation with the customer, making her feel especially welcome. Included in the conversation is usually one question: *Is there any item we don't carry that you have to go another store to buy?* If there is, the Front End Manager immediately writes it down on her Top Shopper (ie, Best Customer) log sheet along with the customer's card number. With a warm smile, she tells the customer she'll check to see whether they can stock it and that she'll let her know the following week.

And she does! At the end of each day, each store has a procedure to check warehouse availability of all such items mentioned by Top Shoppers. If available, a shelf label is created for it (for space allocation and re-ordering purposes), and it is ordered. After it is placed on the shelf, the soon-to-be-delighted customer receives a phone call or postcard from the store saying she can now find her missing item on shelf X on aisle Y.

Why go to all this trouble when no other food retailer does? I asked brothers Noah and Dan Katz, who operate the chain. Their answer was stunningly simple. "Six years ago," they said, "we made a serious commitment to grow our business. What, we asked ourselves, could we do that couldn't be duplicated by our competitors? One key idea emerged: the relationship we build with our customers. Our *Beeper Greeter* is an example of this. By offering the items that our regular customers want and giving warm friendly service we remove major reasons for our customers to shop elsewhere. And it's working! We have had nice comp-store sales gains every year since we introduced our loyalty program in 1999."

Customer Relationship Manager

The *Beeper Greeter* program reflects the Katz brothers' realization that the most profitable way to build sales is to focus on increasing the number of their Top Shoppers. Every retailer acknowledges this, but few do anything about it. A few years ago, they added a *Customer Relationship Manager* to each store's management team, and charged her with just three goals: New Customer Acquisition; Customer Retention (especially Top Shoppers); and Customer Outreach.

Earlier, when analyzing their customer data, they had seen that many of their new customers weren't returning after their first visit and that a majority of new customers were off their radar screen 12 months later. So the Customer Relationship Managers were challenged to reduce new and existing customer defections by designing, implementing, and monitoring appropriate programs. One such program I admire is that, every day, each Customer Relationship Manager sends a hand-written note of welcome to all of her store's previous day's first-time customers (who spent over a certain amount).

In addition to their *Beeper Greeter* program, aimed at retaining their Top Shoppers, the Customer Relationship Manager sends them surprise offers during the year as well as a card on their birthdays.

Foodtown's *Customer Outreach* program is novel. Each Customer Relationship Manager has increased her store sales by going into the surrounding marketplace and seeking incremental business, (eg, regular lunch orders from the mechanics in a nearby Jiffy Lube and general grocery store needs from a local daycare center).

Culture of the Well

One of the most difficult elements in effecting change in any organization is instilling new ideas and behaviors into its culture. Foodtown chose the "Well" method. This is named after the African village well where, each day, the women come for their water. While there, they chat, exchange views, and learn about the other families in the community. Unconsciously, this reinforces and solidifies the tribe's culture.

The most successful business practitioner of the *Well* method of cultural clarification and reinforcement is Wal-Mart, with their 30-year old practice of Saturday morning meetings. Every Saturday, all salaried associates, together with top field managers, gather for 3 hours in Bentonville, AR, to discuss the past week's business, lessons learned, and plans for the coming week and beyond. This weekly repetition of attitudes and values, combined with how to approach opportunities and problems, seeps into the attendees' subconscious and become part of the company's strong cultural norms.

Foodtown has adopted the same *Well* approach in their quest to become a committed, customer-centric company. The basement of one store was converted to a conference center and, every 4 weeks, all Store Managers and Customer Relationship Managers come to the center for a 3-hour session to discuss just one topic: the company's customers. The meeting includes presentations by each Customer Relationship Manager on the successes she has had with her *Outreach Program* along with her other customer successes. Of course, such sharing encourages copying by the others. In addition, they have Scorecard Time: a review of each store's customer numbers, ranging from its increase in Top Shoppers to its return rate of new customers. Over time, this approach has helped instilled a reverence for both customers and customer growth throughout the whole organization.

Goal Congruence

Of course, the *Well* approach works best when the values sought are not only clearly communicated but are also inspected to measure the degree of accomplishment, followed by either redirection or reinforcement (using recognition and rewards). Here, again, Foodtown excels. Each week, mystery shoppers test every major element of the customer experience: Were Top Shoppers asked if they could they find everything they needed? Did they receive a follow-up call or postcard to say the item is now in stock? And not only that, were the items actually at the spot on the shelves where they were told?

To recognize progress, Foodtown rewards equally the members of each store's management team (Store Manager, Meat Manager, Produce Manager, Front End Manager, and Customer Service Manager, etc) with a bonus payment for each additional Top Shopper. Foodtown believes customers are not just a responsibility of the Customer Relationship Manager - it's the responsibility of every department in the store. That's goal congruence!

End Note

This review is just the tip of the iceberg of the ideas and practices that one sees at Katz Foodtown. But it provides a flavor of what retailers can do if they are really serious about putting customers at the center of their business and placing their Best Customers right in the bull's-eye.

About the author...

Brian Woolf is a global leader in loyalty marketing and has written three definitive works on the subject, *Measured Marketing: A Tool to Shape Food Store Strategy*, *Customer Specific Marketing*, and *Loyalty Marketing: The Second Act*. He devotes his time to helping retailers develop, critique and strengthen their loyalty programs.

And there's more where this came from...

Visit us on the web for our complete collection of loyalty marketing articles, insights and practical advice, at

www.brianwoolf.com

E: brian@brianwoolf.com

T: +1 864 458-8277

*Retail Strategy Center Inc.
6 Parkins Lake Court,
Greenville, SC,
29607-3628
USA*

For more customer loyalty articles and research, we also recommend:

The Wise Marketer - free loyalty marketing news & research - TheWiseMarketer.com

The Loyalty Guide - the complete guide to loyalty marketing - TheLoyaltyGuide.com

Colloquy - customer loyalty news and webinars - Colloquy.com

Loyalty 360 - customer loyalty news and webinars - Loyalty360.org