

Thanksgiving Turkeys: A Loyalty Rorschach Test?

Every Thanksgiving, US food retailers exhibit divergent behavior when setting turkey prices. Can we project from their pricing, like projecting from Rorschach ink-blot observations, their real loyalty attitude?

by Brian Woolf (October 13, 2013)

It's now October and the Thanksgiving silly-season has begun again. As in previous years, many food retailer card-based "loyalty" programs have already begun to offer jump-through-the-hoop turkey price offers. Their basic formula takes one of two paths. One offers Spend (say) \$500 over the next 6 weeks and we'll give you a free frozen turkey (16-20 lb) or spend \$300-499 and we'll give you a free frozen 10-15 lb turkey; the second jump-through-the-hoop path offers Spend (say) \$50 in one transaction each week over the next 5 weeks and you'll receive a \$25 certificate to apply towards a frozen turkey of your choice. Their objective: offer lower turkey prices to current high-spending customers.

A second ink-blot represents a different formula. It also comprises two paths. One is seen in various points-based card programs where the offer is Enjoy a Free Thanksgiving Turkey by redeeming some of your accumulated points: either redeem (say) 1,800 points for a free Frozen Hen Turkey (10-14 lb) or 2,800 points for a free Frozen Tom turkey (16-20 lb). The second path observed in this ink-blot is that taken by a retailer who communicates directly with its customers (email or direct mail) with a coupon or certificate of varying values. For example: Enjoy Any Fresh Turkey of Your Choice Free; or \$25-off a Fresh Turkey of your choice; or \$20-off, \$15-off, or \$10-off a Fresh Turkey, ie, a range of five different offers based upon each customer's spending during the year. [Occasional shoppers, its lowest-spenders, do not receive a turkey certificate.]

What mindset is projected by these two ink-blot? The retailers in the first ink-blot have the same data as those in the second ink-blot but seem to need to have their customers keep proving their "loyalty" by jumping through a final set-of-hoops prior to Thanksgiving. Not only that, you will probably notice in your marketplace that, come November, many of these retailers, besides giving coupons towards a turkey for jumping through their hoop, will reduce the regular price of their turkeys for everyone and then, closer to Thanksgiving, even announce they will cut their reduced prices further to meet the price of any competitor with lower turkey prices. (I kid thee not!) Which leads those customers who jumped through the hoops to wonder why they went to all the bother in the first place.

In contrast, does the second ink-blot project a different attitude towards loyalty? In the Points example, points are earned over the course of the year, recognizing long-term loyalty. It seems to be saying to customers: we know you have been shopping with us over time. We appreciate that. So here's a reward you may wish to consider: a free Thanksgiving Turkey (in exchange for points accumulated over time). But the turkey offer is simply one option the customer has to redeem her "loyalty over time" points as other ongoing attractive reward items are also offered. The choice is the customer's. The point here is that she is being rewarded for her spending and loyalty over time. Further, the retailer has no need to reduce the regular price of turkeys as its loyal customers have plenty of points to enjoy a free turkey.

The surprise Turkey certificates sent to customers projects a similar but even deeper customer attitude. It is telling us that management believes it knows who its loyal customers are [after all, that's what our customer database is all about, isn't it?] and simply want to offer each a nice, unannounced, thank-you reward for her loyalty (with the rewards differing based on her contribution to the company's success). Not only that, this approach allows the regular price of turkeys to be at full price through Thanksgiving. No price promotions or reductions are offered, for such markdowns have already been generously allocated to customers based on their demonstrated loyalty over the year.

The question is: do the jump-through-the-hoop retailers think the same way about customer loyalty as do the reward-minded group? Or does a retailer in the first (hoop) inkblot think of its "loyalty" card more as a competitive pricing mechanism without much emphasis on rewarding its customers' long-term loyalty? [Is there such a thing as short-term loyalty?]

Could it be that retailers exhibited by these two different ink-blot actually do see loyalty through different colored lenses as projected by their divergent behavior?

I invite you to be an amateur psychologist from now through Thanksgiving: observe what the different retailers are doing in your area, and assess if their turkey pricing reflects their company's overall attitude regarding loyalty all year long.

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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.

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