

INITIATIVE 1:

Revamp Your Loyalty Program

In order to hold on to their shoppers during the economic downturn, many retailers are turning to their loyalty card programs. But Haggen, Bellingham, Wash., has another idea.

While Haggen does run a traditional card program at its 15 Haggen Food & Pharmacy stores in Washington and Oregon, the retailer is piloting a novel shopper program at four of its 17 Top Food & Drug stores in Washington. Called Top Connection, the two-month-old program offers a slew of "special benefits" to shoppers (referred to as guests) who join.

Meanwhile, Top, which does not administer a card

program, offers the same advertised prices to all of its shoppers.

Harrison Lewis, Haggen's chief information officer, described the Top Connection program as "a significant departure" from traditional loyalty card programs. "You almost have to call it something other than a loyalty program. That's why we called it Top Connection. It's about building relationships."

One difference in the program is that instead of a magnetic-stripe or bar-coded card, shoppers are provided with a 1.5-inch-square plastic RFID keychain "link." They identify themselves at the POS by tapping the link on

an RFID reader.

A detailed description of the Top Connection program, complete with a FAQ, is available at www.top-foods.com. One of the more unusual benefits is the seven-day guarantee program: If the item a shopper buys goes on sale within seven days of the purchase, the shopper automatically is credited for the difference between the regular and sale price, plus 1% of the difference.

These store-funded credits accumulate in the shopper's "personal wallet" — accessible on Top's website — over a month and can then be applied toward future purchases at a Top pilot store. Top contacts shoppers about



Shoppers tap their link on the reader.

the availability of credits via email, text message or a notice at the POS.

Another unorthodox feature of the program allows a shopper who wants to return an item to contact the Top Connection call center and have the purchase price immediately credited to the shopper's personal wallet. "No need to make a separate trip back to the store and no need to bring the item in," according to the

Top website. The pilot stores have not had a problem with shoppers taking advantage of the refund policy, according to Lewis. "Trust is an incredible thing," he said.

Lewis acknowledged that the price guarantee and return policy might be considered highly unusual in some circles. "People may ask, 'Why would a retailer do this?'" he said. "But we're looking at this from our guests' perspective, trying to anticipate their needs and make the shopping experience easier."

Lewis said he is looking for the program to convert "secondary" shoppers into "primary" shoppers, among other goals. He declined to say how many shoppers have joined the program but noted that he is pleased with the results so far.

Haggen is using technology
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from several vendors to support the program, but key elements are provided via software-as-a-service by Accelirec/Interact, also of Bellingham. Haggen is Accelitec's first grocery retail pilot, and the vendor's technology is also being used by The Woods

Coffee, Lynden, Wash.

Haggen has only begun to leverage the capabilities of the Top Connection program, noted Lewis. Other possibilities include personalized offers and allowing the shopper to pay electronically with the RFID link.

— Michael Garry