

Johnny *the* Bagger

BY AL WITTEMEN

TRACYLOCKE

Last week, a friend emailed me a video about a young man named Johnny who has Down Syndrome and works as a bagger at a grocery store. Johnny's story is not only inspiring; it is also instructive to anyone interested in making a difference at retail. Johnny took it to heart when he was told that everyone at the store could make a difference and create memories that would motivate customers to return. At first, Johnny didn't think he could do much, because he was just a bagger. But then he had an idea.

Johnny decided to slip a "thought for the day" into each customer's order. He'd either find or create a new thought and, with some help from his father, set it up and print it out on a computer.

It wasn't long before word of Johnny's gesture got around, and the line of people at his lane grew to more than three times as long as any other lane. When the store manager suggested shoppers move to one of the other lanes, nobody did. They were willing to wait in a long line just to get one of Johnny's messages.

If you'd like to see the video, just go to YouTube and search for "Johnny the Bagger." You might need some Kleenex. I did! Johnny's story does indeed pull at one's heartstrings, but it is also a reminder about what really matters at retail, especially these days.

ST. VALENTINE'S DAY MASSACRE

The possibility and power of making an emotional connection in the store appears to have been snuffed out as both retailers and brands scramble to survive

An emotional connection is more important than ever at retail.

the recession simply by cutting their prices. I saw this first hand recently while checking out seven stores — Wal-Mart, Target, Albertson's, Kroger, Tom Thumb, CVS and Whole Foods — in the greater Dallas area.

First of all, it was quiet — scary quiet. This surprised me because it was Valentine's Day, which fell on a Saturday this year, and I would

have expected more people out shopping not only for last-minute gifts but also to make special meals at home. My assumption was that fewer people would be going out to dinner and therefore would be at the grocery store. I was wrong.

I've done enough store checks over the years to be able to tell the difference between shoppers who are on a mission, (*i.e.*, those on a stock-up replenish or quick trip), versus those who are there for their shopping enjoyment and those who are there for some combination of the two. Most shoppers were clearly on a mission — they were shopping alone, and had relatively few items in their baskets. I can only describe their collective mood as

Price Wars

Delhaize, the Brussels-based retail chain, “has removed from its Belgian stores about 300 Unilever products that it says are priced too high.” In normal times, the 775 stores in the Delhaize chain carry “as many as 500 Unilever products,” but its cutbacks include iconic and popular brands such as Dove and Axe.

Delhaize, which also operates Food Lion stores in the U.S., says it took this action because it refused to be pressured by Unilever. “They want to impose their product assortment on us,” explains Delhaize spokesperson Lisbeth Rogiers. “That is unacceptable for our customers, and we always put our customers at the center of our decisions.”

Unilever reportedly had been trying “to push a broad range of goods into its stores, including some that the grocer says it would prefer not to stock because they are unpopular.” Unilever allegedly then threatened to raise prices on the

more popular products if Delhaize didn’t accept the less popular ones.

Meanwhile, retail analyst Deborah Weinswig predicts that “Wal-Mart’s plans to freshen up its Great Value brand will trigger more price cutting on the national brands sold at Wal-Mart.” Supervalu chairman Jeffrey Noddle says that 2009 will be a “battleground” over price between retailers and manufacturers.

Kroger chairman, David Dillon says he expects its private label program to provide pricing leverage against suppliers, adding that if manufacturers don’t comply, then Kroger’s store brands “will just pick up more market share than we have already.”

[SOURCE: Cecilie Rohwedder, *et. al.*, *Wall Street Journal* 2/11/09]

“low energy.” They almost seemed to be on autopilot.

I couldn’t help noticing more store brands in their carts. Granted, my survey was not scientific, but I’ve been watching what shoppers put in their baskets for decades and I’ve never seen so much private label in carts in all of those years. This is worth noting because during past recessions private label purchases have tended to increase, but then recede once prosperity returns. Like many others, I believe that won’t happen this time.

During previous downturns, shoppers temporarily changed their behavior with respect to store brands, but never changed their attitudes about them. I think people are changing their attitudes this time, both because of the severity of this recession and because the quality of many store brands is better than ever.

This is clearly a red flag for brand marketers — especially marketers of third- or fourth-tier brands — who are in serious danger of losing their places on store shelves altogether. It is also a missed opportunity for retailers who are not capitalizing on the potential of their store brands to innovate, build their images and identities with shoppers and earn their loyalties.

Instead, everything is about price. Kroger featured

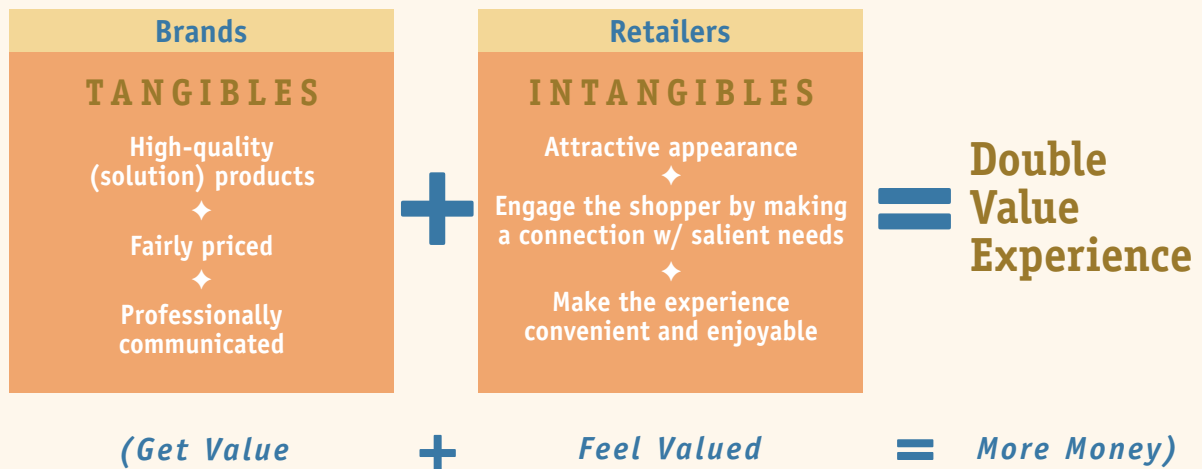
“ten meals in ten minutes for ten dollars.” Tom Thumb boasted of “5,000 low prices on what you buy the most.” Whatever happened to their old slogan, “Ingredients for Life?” Even Whole Foods was offering two-fers on blueberries, and at two-thirds of their normal price.

It’s obvious that these retailers, and all of the others I visited, read the newspapers and know that at Wal-Mart, the “king” of low prices, business is up and theirs is not so much. But we expect low prices from Wal-Mart; that’s what Wal-Mart is all about. Most of all we don’t expect that from Whole Foods or Target. We expect something more, not something for less.

And yet Target’s new slogan is, “A new day. A new way to save.” That could be Wal-Mart’s slogan! Everybody loves to quote Sam Walton, including yours truly, but it seems like nobody ever remembers what he said. They should! What Sam Walton said was, you can’t beat Wal-Mart at its own game, so don’t even try. This is true now more than ever. Nobody ever wins a price war, especially against Wal-Mart.

The situation is no better — and probably worse — for brand marketers. This price war among retailers is putting brands in a precarious position, to say

How do you create experiential shopping environments that transform consumer needs into purchases?



SOURCE: TracyLocke

the least. Wal-Mart has announced upgrades to its Great Value brand, Delhaize has de-listed some 300 Unilever brands in its stores and Kroger says that if manufacturers won't lower their prices, they will be replaced by Kroger's own brands (*see sidebar*).

LET'S CALL A TRUCE

The net of this is that the collapsing economy, and the ensuing price war at retail, has all but derailed much of the promise of shopper marketing. You remember shopper marketing, right?

The very premise of shopper marketing is the idea that price is not strategy and that success belongs to those retailers and brand marketers who choose to work together to create a better shopping experience. The basic wisdom of that approach has not changed. In fact, its urgency has only increased as we seek to find a way out of the worst economy of our lifetimes.

We need to call a halt to the price wars that are the marketing equivalent of an arms race where mutually assured destruction is the only likely outcome. We need to re-commit ourselves to the idea that when we make life better for our shoppers, we make it better for ourselves, too. And there's more to life than just low prices.

Shopper marketing has brought retailers and

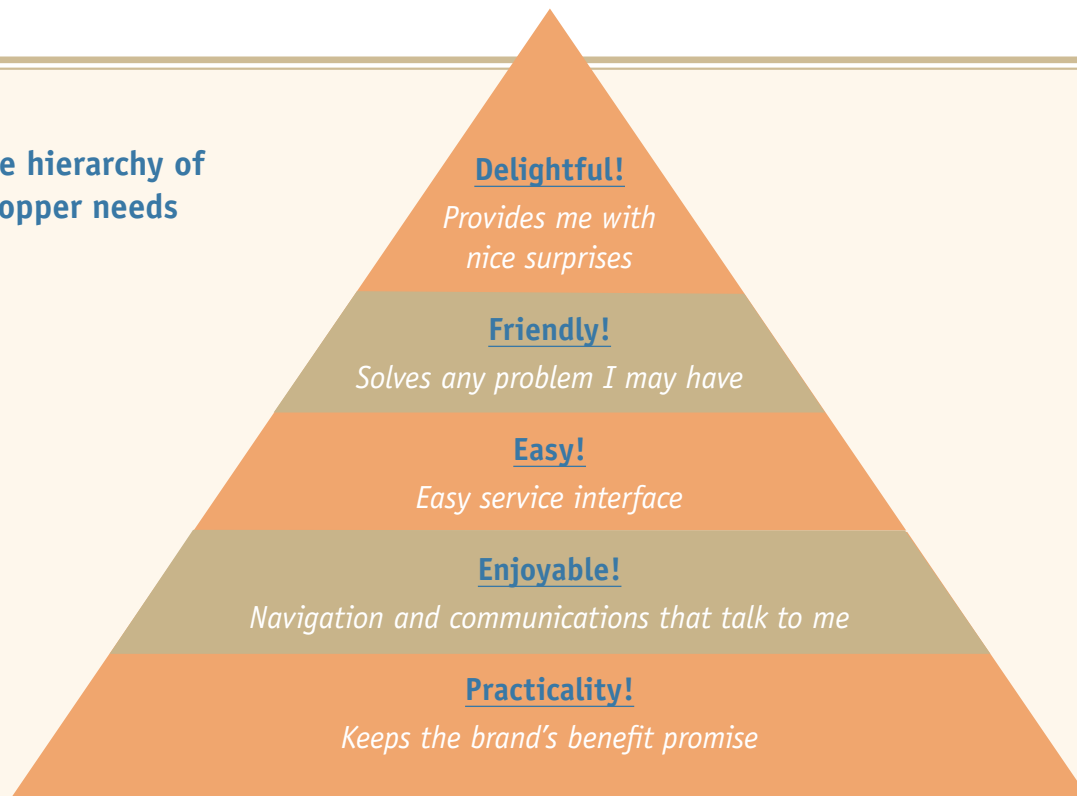
manufacturers together and must continue to do so. Shopper marketing brings the tangible benefits of the brand together with the intangible service and experience of the retailers to create a value experience that is not just about price and quality, but also includes things like time, solutions and the experience.

This isn't as complicated as some would have us believe. Shoppers really aren't interested in a lot of bells and whistles, especially now. What they want is the friendly execution of the basics, as well as some form of emotional connection and new possibilities.

Kroger, to its credit, has re-designed its health-and-beauty-care section, creating a place where shoppers can try new products. They've changed the look of the shelves to wood and the lighting is more like a department store than a supermarket. This may not interest the upscale shopper who buys cosmetics at department stores, but it could appeal to less affluent shoppers.

In Central Market, there's a wine tasting area. They also have a cooking station and a display full of meal solutions. What they're selling is *convenience* and price, not just price. They recognize that when convenience is added to the story, it makes the price point seem that much more valuable.

The hierarchy of shopper needs



SOURCE: TracyLocke

Brand marketers have tremendous opportunities to be a part of such stories at retail, but they need to set aside the temptation to fixate on price alone if that's to happen.

I've heard many discussions about how shopper marketing can make an elephant dance on the head of a pin. But shopper marketing isn't about complex magic tricks, especially when there's a price war going on and retailers and brand marketers are hunkering down in their respective foxholes.

The path to shopper marketing begins with five simple steps: 1) Understand who you are; 2) Understand where you are on the retail continuum; 3) Understand where your customers are; 4) Understand where you want to go; and 5) Create plans—both short- and long-term—to get there.

Pursue this pathway within a context of an enlightened view of what really matters to shoppers when they are in the store. Understand that shopper preferences, purchases and repeat business are driven more by the emotional experience of the retail shopping environment than products and prices alone.

Know that shoppers have more energy and are more likely to “get engaged” when the store is organized around shopper interests and needs. Remember that shoppers who *feel* valued—not just think they *get*

value—are more likely to be satisfied, spend more time and therefore spend more money in the store.

This can be achieved only through close working relationships between retailers and brand marketers. Neither party can get there alone. The organizing principle is simply to combine the tangible assets of the brands (*i.e.*, benefits) with the intangible benefits of the retailer (*i.e.*, the shopping experience). That's the way to deliver the kind of value shoppers want and need today—and always.

If that sounds too difficult or like something you think you simply can't do, then I urge you to put down this magazine, find the nearest web browser, and take it from Johnny the Bagger.

Making a lot out of very little is not nearly as difficult as we think it is. A little bit of heart can go a very long way indeed. ■



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