

TECHNOLOGY

SN SPECIAL REPORT


Haggen's Top Connection program uses an RFID reader (bottom right) at the POS.

Breaking the Mold

The economic downturn has not prevented these retailers from adopting unconventional strategies and technologies, ranging from RFID to roofing

By **MICHAEL GARRY**

It has long been noted that adversity can encourage creativity. The food retailers profiled in the following pages are examples of companies that, in the midst of the nation's economic turmoil, are pursuing innovative strategies or exploring unconventional technologies designed to help them and their shoppers survive in the current climate — and position them well for the future.

Just a few months ago, Haggen, Bellingham, Wash., launched a highly ambitious shopper relations program at its Top Food & Drug banner that aims at generating the kind of true loyalty often missing from loyalty card programs.

Another Western food distributor — Associated Food Stores, Salt Lake City — has been exploring a novel thermometer that takes the temperature not of the ambient temperature in refrigerated cases but of the food itself — without touching the food. The upshot for Associ-

ated's independent retailers could be safer food and less shrink, as well as reduced energy costs.

While many retailers are deploying “green” technologies inside their stores to lower costs, a small chain in the Cayman Islands, Foster's Food Fair-IGA, has found that the store itself — that is, the construction of its walls and roof — can have a dramatic impact on energy usage.

One of the most vulnerable areas of a supermarket's operation is its perishables departments. To get a better handle on the life cycle of its perishables, Winn-Dixie, Jacksonville, Fla., has rolled out a shrink management system.

And in a twist on customer service, Fiesta Mart, Houston, is helping customers without bank accounts survive the recession with its bill-paying service, which was greatly expanded in July.

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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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Loyalty Program

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from several vendors to support the program, but key elements are provided via software-as-a-service by Accelitec/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