

Shopper Marketing

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Shopkick Checks in on Purchase Incentives

New client Giant Eagle seeks to 'mobilize' loyalty cardholders

Location-based mobile application Shopkick extended its behavior-driving functionality in October by launching a new program at Giant Eagle that cuts to the marketing chase by rewarding users for specific product purchases.

Shopkick users who also are Giant Eagle Advantage loyalty cardholders can earn "kickbuys" points by purchasing featured products at the chain, which encompasses 228 supermarkets in Pennsylvania, Ohio, West Virginia and Maryland. The program launched with Kraft Foods, Procter & Gamble and Unilever as initial product partners.

The service synchronizes Pittsburgh, Pa.-based Giant Eagle's point-of-sale and loyalty card systems with Shopkick's technology so that the retailer's Advantage cardholders can check in through the app, submit their card numbers and select products to purchase. Once the transactions are recorded at checkout, the earned points are automatically deposited into the cardholder's Shopkick account.

You Technology, San Francisco, which operates Giant Eagle's digital coupon programs, handles the integration between Shopkick's software and the retailer's P-O-S system.

The points earned by Giant Eagle cardholders are then redeemed through Shopkick's standard program, which offers such rewards as gift cards from retail partners, music downloads, movie tickets, travel vouchers, Facebook Credits and donations to 30 different causes and charities. (Owner Shopkick Inc. once operated the strictly cause-focused CauseWorld app.)

Shopkick unveiled the new capability as it introduced Giant Eagle as its first supermarket partner in October. The 14-month-old app already had formal relationships with Target, Best Buy, Macy's, Toys "R" Us, The Sports Authority and several other non-packaged goods retailers.

The app "is a valuable addition to our growing array of mobile customer offerings," which also include a stand-alone app, Giant Eagle spokesperson Rob Borella said in a media release. "Much like our [other] customer loyalty programs, kickbuys are another unique way for customers to be rewarded for choosing to shop in our stores."

"For retailers, Shopkick made a huge impact by detecting actual in-store presence," said Sonny Jandial, associate marketing director at P&G FutureWorks Silicon Valley. "For brands, [it has] now done the same: rewards tied to the confirmed purchase of our specific products. This is a major breakthrough for mobile applications."

"This is what brands have been dreaming of for years," Kraft Foods director of innovation Ed Kaczmarek said in the release. "We have always hoped that we could almost instantly reward consumers for buying our specific products at a grocery store. This is a unique opportunity to increase engagement with our consumers, further



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deepening their interaction with our brands."

Shopkick, Palo Alto, Calif., claimed to have more than 2.1 million active users as of October, more than half of them women (the majority moms) and 49% of them 25 to 39 years old. Until the Giant Eagle partnership, users had earned "kickbucks" points by checking in after entering stores, then for visiting specific departments and scanning the bar codes of featured products. (The ability to earn a few points by checking in outside the store

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has been largely dropped, primarily because the action often could be conducted from miles away.)

Kraft's efforts have included scanning "missions," such as one in which users were encouraged to earn bonus kickbucks by visiting multiple categories to scan the ingredients needed to make a sandwich. The goal was to get consumers thinking about Kraft brands in a broader, more relevant context.

"We still don't know if that [kind of activity is] going to lead to a purchase," said Kaczmarek, while speaking in October at the Shopper Marketing Expo in Chicago. "But it certainly gets us closer, and it definitely drives deeper engagement."

Kraft has been working with Shopkick since its launch, Kaczmarek said, and the 38 different products it has promoted accounted for roughly one-third of the seven million bar codes that were scanned by users during the app's first year. (Shopkick users can earn points by scanning participating products at non-partnering retailers, so while most of those scans have occurred at official partner Target, Kraft has seen activity at multiple supermarkets as well, he noted.)

Kaczmarek called the move toward direct purchase incentives "very promising." The Kraft veteran — who has worked on the many incarnations of the company's successful iFood Assistant recipe app — also noted that third-party apps like Shopkick

are appealing because they allow brands to work across retailers. "I don't think the consumer wants an app for every single retailer," he suggested.

In addition, offering purchase incentives such as kickbuys are an attractive alternative to coupons and other value promotions because they don't affect price and, therefore, don't devalue the brand, Kaczmarek said. In addition, the consumer's perceived value of the rewards exceeds what the brand pays to fund them, he noted. **SM**



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