



Customer:

Multi-state retail chain located primarily in suburban and rural communities

Challenge:

POS system provided no means of identifying shopper segments, and thus no ability to measure or improve Best Customer satisfaction and purchasing trends

Solution:

Enhance ability to capture and analyze data at checkout; develop shopper segmentation that lets managers gauge customer behavior and better appeal to the Best Customers

Shedding Light on Best Customers' Wants and Needs

With over 100 stores covering a multi-state region, this retailer was the picture of success. Yet despite the wins of the past, it recognized that to remain in the lead, particularly in a down economy and changing competitive landscape, it would be wise to adopt more advanced marketing capabilities. Working with YOU Technology, the retailer adopted customer analytics capabilities – the ability to understand who its best customers were and how to better serve their needs.



Getting to the heart of shopper behavior

The retailer leveraged YOU Technology's experience to come up with a system for differentiating the chain's various categories of shoppers. For the sake of analysis, shoppers were categorized into five groups: "Diamonds" were the best customers, who spent over \$125 at the stores weekly; the next level was "Rubies," with a typical weekly purchase volume between \$75 and \$125. "Opals" and "Pearls" were the categories for the two lowest levels of purchase volumes, those greater or less than \$25. There was also a fifth segment, those considered to be new customers.

The next step was to enhance the chain's ability to capture data on these different segments. Its POS only offered Tlog data, with very basic reporting of total dollars or total units sold. To understand the behavior of its actual shoppers, the store needed to capture an ongoing record of purchases made by individuals. This was achieved simply, by implementing YOU Technology's loyalty system. Shoppers were issued member cards and key tags, which were scanned at checkout to associate each purchase with that shopper's record in the database. Shopper telephone numbers could also be used to track visit and purchase data.



Thanks to newly-acquired customer analytics, stores have been designed top-to-bottom to cater to the very customers that matter most.

Suddenly, Diamonds grow on trees

For the retailer, the results were eye opening. It found that Diamond shoppers, who comprised less than 10% of its customers, accounted for over half of its sales volume on item after item. These shoppers had strong brand preferences and were less price-sensitive on items they loved.

Working with the retailer, YOU Technology went a step further, creating an analysis of the top 100 items in each department that were most favored by Diamond shoppers, and then compared Diamond shopper purchase rates against the purchasing preferences of lower-volume shoppers. While in many cases Diamonds and others shared the same preference for a particular SKU, there were many items that Diamonds clearly favored – or avoided.

These insights provided ongoing merchandising and marketing guidance for the store's managers, who used the reports to make decisions about advertising, promotions, displays, and even the layout of departments. Thanks to its newly-acquired customer analytics, its stores have been designed top-to-bottom to cater to the very customers that matter most.

About YOU Technology: YOU Technology revolutionizes the way brands and retailers connect with consumers by delivering personalized communications in real-time and across a range of media. Customers such as Kroger, Lowes Foods, Shop 'n Save, Dr Pepper Snapple Group, Unilever, and General Mills use YOU Technology for paperless digital coupons, interactive promotions, and end-to-end loyalty programs. YOU Technology offers its customers flexible quick-start options that make it easy to get started. For more information, visit www.you.net and find out how YOU can help...you.



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