

Grocery Headquarters – Food Forum: Moving Targets



According to the USDA, the average family spends upwards of \$954 a month on groceries, so it is no exaggeration when grocery stores claim each one is a valuable customer. The problem is, our most recent Census suggests that more than 40 million people move each year, costing each grocery store a sizeable chunk of valuable patrons. Where can grocery stores turn to replace loyal customers who have skipped town?

Today more than ever before, the answer is **new movers**. As a recent brand loyalty survey by ClickFox suggests, almost half of American consumers (48%) claim the most critical time for a company to gain their loyalty is when they make their first purchase/begin service. For those consumers, that means their first experience is the deal-maker or deal-breaker as far as becoming a committed customer with the store.

This makes it imperative for grocery stores to reach and positively impact new movers. Established residents are likely to have already had their first experience and have made a commitment to a store they are unlikely to break. New movers, on the other hand, are looking for a business to step up and deliver a strong first impression.

Many grocery store managers do not pay enough attention to the fact that these first impressions start long before the first purchase. When deciding on the establishments they would like to patronize, new movers take a look around, talk with their neighbors and do their research online.

Today's consumers have the ability to shape each grocery store's reputation more than ever before and it is hard for brands to establish a voice in these early stage conversations.

It is not time to wave the white flag. There are still marketing avenues through which grocery stores can impact the conversation, too. Social media, e-mail marketing, and mobile marketing programs can be effective if managed correctly, but **new mover direct marketing** programs are still the most effective way to reach and influence these new movers. Unlike other marketing programs, these direct marketing programs enable grocery stores to deliver valuable gift certificates in warm and inviting envelopes that make the new movers feel appreciated and welcomed in their new environment.

Sparking a "warm and fuzzy" feeling for prospective customers may seem trivial, but the numbers back up its effectiveness. This is particularly true for regional or local stores trying to compete with national chains. Hollywood Supermarkets, which operates seven stores in the Greater Detroit area, has been working with **Our Town America** since 2007.

With an investment of less than \$400 per month per store location, Kim Welch and the Hollywood Supermarkets team saw 10,423 new customers who walked in the store and redeemed their certificates, which is an overall response rate of 9.8%. These customers spent an average sale of \$51.11 over and above the \$10 gift certificate redeemed by each new customer.

These numbers are powerful. For four years, new mover direct marketing has generated, on average, more than 200 first time visits a month for Hollywood Supermarkets. As ClickFox's figures suggest, that first visit presented Hollywood Supermarkets with a prime opportunity to gain the loyalty of almost half of those new movers.

Additionally, just by getting the new customers in the door, the new mover marketing program generated significant sales for the store even if they didn't become loyal customers. In the Hollywood Markets example, the 10,000-plus new

customers actually spent more than \$530,000 total on their first visits when they were redeeming their Hollywood Supermarkets certificates.

Taking that into consideration, as well as the average of almost \$1,000 that any new loyal family would spend each month, and the financial impact these new mover marketing programs can have is hard to ignore.

The average American moves 11.7 times in a lifetime for any variety of reasons. Grocery stores cannot control the customers they lose each year to those relocations, but they can control the prospects they target to replace them and the manner in which they reach out to them.

New movers have yet to develop customer loyalties and are actively seeking new relationships with local brands. Grocers can take advantage of that rare opportunity to replace lost customers with prospects eager to be impressed and it will pay dividends.

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Source: Grocery Headquarters