HOME   FEATURES   BLOG   CONTACT US

What You Can Learn From Kroger's Data Mining

Posted on June 18, 2015 **by** Whitney Teal

The data-mining strategy American grocer Kroger employed the past few years is actually pretty simple. Find out what people like, then offer them discounts on those items. The company is obviously doing a lot of things right, landing at #261 on Forbes' Global 2000 list of the largest publicly traded companies, and ringing up more than $108 billion in sales last year.

As a race director, you can learn some valuable lessons from Kroger on how to collect data about your participants and when to use the results to drive revenue.

Here's the takeaway:

1) **Never Negate the Power of an Old-Fashioned Coupon:** If you live anywhere near a Kroger, chances are you receive a quarterly mailer full of deals and coupons with a certainty only rivaled by death and taxes. In other words, they don't miss a beat. As it turns out, you're not just getting a random assortment of coupons. Kroger actually calls the mailers "snowflakes," according to Forbes.com, because "if any two are the same, it is a fluke."

More than 70 percent of households redeem a coupon within six weeks, the website noted.

How that helps you: Start a coupon program. Coupons can have a sort of "Mad Men"-esque retro feel to them, but if Kroger is any indication, they work. If direct

mail isn't for your event, take a page from another big-box retailer's book. Target launched Cartwheel, a mobile couponing app, in 2013 and has since racked up an additional $1 billion in sales, according to Fortune.com.

Your coupons don't have to be fancy or even offer a steep discount. (From the looks of Cartwheel, for example, the average discount price is less than 10 percent.) You can offer extended early-bird pricing for participants who complete a survey (more data!) or personalized coupon codes for different groups, so that you can track who's redeeming.

The sky's really the limit with couponing, so be creative in how you present the coupon and how you segment your potential registrants for the best results. (Here's a bit more information on how to create coupon codes in ACTIVEWorks Endurance.)

2) **Treat Participants as Individuals and Market Accordingly**: Here's something else that's pretty remarkable about Kroger—they know a *lot* about their customers. And not just general data, but specific information about what customers have purchased and how often they purchase those items, which is how the coupon mailers get to be so specific to individual customers.

"Demographics tell you nothing, yet too many companies are focused on them," said Stuart Aitken, CEO of dunnhumby USA, a data firm that worked with Kroger. "Just because I am the same age as you, live next door and have 2.2 children doesn't mean we have the same preferences."

How that Helps You: Start thinking about marketing personas. Depending on the size of your event, there's probably no way for you to form a profile of each athlete, but you can form profiles of groups with similar motives.

For example, your average timed 5K event attracts people wanting to run for a variety of reasons—some for exercise, some to train for a longer event, some to spend time with friends and family, etc. Based on the motives of the runners, you can market to them differently, playing up why they want to run and what your race has to offer. This personalization can be as simple as using a different email subject line or switching up an image on a Facebook ad.

3) **Don't Try to Convert, Just Give the People What They Want**: While it may be a brand's intention to constantly win over buyers, Kroger employs a strategy that simply encourages shoppers to stay put. So, if you buy Pampers diapers twice a month, they won't send you coupons for Huggies, like some grocers. Kroger recognizes that you have a brand preference and honors that—to really great results. Instead of offering you a different brand of diapers, Kroger might suggest a box of Pampers baby wipes or baby lotion.

The reason Kroger does this is because it's normally a waste of time to try and convert brand loyalists, according to Forbes.

"If Pepsi sends coupons to Coke households, the redemption rate is very low," said Nishat Mehta, executive vice president of global partnerships for dunnhumby.

How that Helps You: Find your brand loyalists and give them more of what they

love. If you're organizing a 5K, partner with another 5K in your region during the opposite season. For example, if your Apple Picking 5K is in October, consider partnering with the Cherry Blossom 5K in April.

Stretch your marketing reach by signing up participants for your race just after the finish line of theirs. Ask your partner to send an email to past participants on your behalf. In other words, identify folks who can't resist a good 5K and offer them another opportunity to run.

You can also apply this lesson to merchandising. While it may seem like common sense, calculate your highest selling items and offer more of them. The items that don't sell? Stop offering them.

The biggest takeaway? Be smart with your data. Dig in to discover important stories you're seeing about your registrants and participants, then don't be afraid to try something new.

G+1   0

This entry was posted in Data & Analytics and tagged data mining, Kroger by Whitney Teal. Bookmark the permalink [http://www.activitycloud.com/blog/what-you-can-learn-from-krogers-data-mining/].

Terms of Use   Copyright Policy   Your Privacy Rights   Cookie Policy   Security

The ACTIVE Network™
717 North Harwood Street
Suite 2500
Dallas, TX 75201