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Kroger Field Report (July 23, 2010)

By Tim Binder

Kroger launched a pair of company-wide seasonal campaigns in June and this month re-established its digital coupon program with Procter & Gamble.

The supermarket operator activated its NASCAR marketing program for the second time in 2010 to coincide with the Coke Zero 400, the annual Sprint Cup Series race held July 3 at Daytona (FL) International Speedway.

As it did in a winter campaign leading up to NASCAR's season-opening Daytona 500 on Feb. 14, Kroger offered \$3 off the purchase of 10 participating products. (See "Kroger Field Report: Feb. 23, 2010" in Related Articles.) The eligible items were identified through circular features and shelf tags carrying the official Daytona 500 logo, along with standees and a promotional website. Partnering brands included General Mills' Cheerios, Coca-Cola Co.'s flagship, PepsiCo's Gatorade and Tropicana, Mars Inc.'s M&M's, Hershey Co.'s Reese's, and Kraft Foods' Velveeta, Oscar Mayer and Ritz.

Supporting circular features showcased brands that provided exclusive Daytona 500 packaging, such as Mills' Betty Crocker, Unilever's Hellmann's, Kraft's Oreo, Kimberly-Clark's Scott and private-label coffee.

In California, Ralphs staged the same "\$3 off 10" incentive but used a general "all-star savings" baseball theme rather than the NASCAR tie-in.

Elsewhere, the NASCAR Nationwide Series' Kroger 200, for which the company serves as title sponsor, took place on July 24 at O'Reilly Raceway Park in Indianapolis.

In other seasonal activity, Kroger is conducting a multifaceted "Summer of Savings" program that includes an online instant-win game and a "10 Item Mega Event" sales promotion.

The "Mega Event" offers \$5 off the purchase of 10 participating products from such brands as Kraft's Maxwell House and Miracle Whip, Sargento Foods' flagship, H.J. Heinz's Ore-Ida, Tyson Foods' flagship, Coca-Cola's Vitaminwater, Mills' Pillsbury and Green Giant, PepsiCo's Tostitos and Gatorade, Nestlé's Lean Cuisine, and Campbell Soup Co.'s Campbell's. The eligible items are identified via shelf tags and circular features.

Staged in three flights over three months, the game is open only to loyalty cardholders, although other consumers can register for one and begin playing immediately. Participants "spin" an online "wheel" once daily for a chance to win one of 150,000 prizes from promotional partners such as McCormick & Co., Fiji Water Co., Bob Evans, Energizer Holdings' Schick Hydro, General Mills, Unilever's Lipton, Gatorade, Kellogg Co. and Nestlé's Wonka and Juicy Juice. Each flight – June 11 to July 3, July 4 to Aug. 7, and Aug. 8 to Sept. 11 – has a specific prize pool.

The prizes are awarded as coupons for free product that are automatically downloaded to the winner's loyalty card. Consumers enter on "Summer of Savings" microsites for most Kroger chains. YOU Technology Brand Services, San Francisco, handles the online administration.

The seasonal theme follows on the heels of the "Summer of Beer" campaign that Kroger launched in May. (See June 17 Report.) Conducted for the second year, that effort includes signage throughout stores and a variety of manufacturer-supplied displays and signs.

Digital Marketing

P&G has returned to Kroger's digital coupon program. Approximately six months after severing ties with P&G's "eSaver" program – which had launched as a Kroger-exclusive two years earlier – the supermarket chain is again offering loyalty cardholders coupons for P&G brands. (See the Jan. 25 Report). Operated by YOU Technology's Softcoin.com, Kroger's program featured \$150 in savings through 100 coupons as of July 20, including 50-plus offers from more than one dozen P&G brands such as Bounty, Tide, Vicks, Febreze, Clairol, Old Spice and Safeguard. Emails to loyalty cardholders supported.

Merchandising

Kroger was among the many retailers that tapped into the June 18 theatrical release of Walt Disney Co./Pixar's *Toy Story 3* by stocking a large collection of licensed merchandise. (See recent Field Reports for Walmart, Target and Meijer.) Among the spotlighted manufacturers were:

- Kellogg Co., which used giant boxes of cereal to tout codes in promotional packages of select brands. Consumers enter the codes on a promotional site to earn points that can be used to buy related merchandise. The CPG also provided dedicated floorstands with coupons providing \$5 off a licensed toy from Mattel Inc. with purchase of three Kellogg's products. Posters and shelf talkers supported.
- Mattel Inc., which delivered floorstands to promote its own national offer for a free *Toy Story 3* lunch kit via mail-in rebate with purchase of \$10 in licensed toys from May 1 through Sept. 30.
- Energizer Holdings, whose floorstands communicate a national offer for free and discounted movie tickets with purchase of select Energizer Max battery packages. (See "Walgreens Field Report: July 16, 2010.")

Kroger also supported the June 1 release of Disney's *Alice in Wonderland* on home video with standees and branded balloons alongside pallet displays. The retailer offered three free boxes of private-label cereal with purchase of the DVD. (See the June 17 Report.)

Elsewhere, PepsiCo's Frito-Lay helped the Kroger chain present a summer atmosphere by providing branded balloons and floor clings resembling beach sand to go along with the "Snack in the sun" spectaculars the snack maker has been using nationally.

Games/Contests/Sweepstakes

Ralphs is hosting a "Color Palette" instant-win game from Coca-Cola running July 7 to Aug. 5 that awards 10 grand-prize winners with annual passes to Disneyland theme parks. The secondary prize pool consists of one-day passes (to 400 winners), tickets to a private party at the "World of Color" in Disney's California Adventure (400), \$50 Ralphs gift cards (200) and themed downloads (40,000). Loyalty cardholders who purchase \$10 in select Coca-Cola products receive codes to enter online. Pleasant Ridge, MI-based ePrize LLC administers.

Other Promotions

For the Father's Day and graduation gift-giving season, Kroger's chains dangled \$10 off at checkout with purchase of \$100 in gift cards from JCPenney, Apple iTunes, Jiffy Lube, Blockbuster and other retailers. (Safeway's Blackhawk Network manages Kroger's gift card merchandising.) Elsewhere, Fred Meyer staged pre-Father's Day events on June 19 that let children decorate cakes and cupcakes purchased from the bakery department. The mass merchant also suggested on-sale jewelry as gifts for "Dads & Grads."

Fry's supported a text-message promotion from Beam Global Spirits & Wine's Sauza that offered two-for-one tickets to an Arizona Diamondbacks Major League Baseball game. The chain also executed an offer from Grupo Modelo dangling a \$3 rebate on the purchase of a Corona 12-pack and an Igloo Products Corp. Playmate cooler.

In other activity, the Kroger chain leveraged Coca-Cola's sponsorship of the International Federation of Football Association (FIFA) 2010 World Cup with an offer for \$2 off the purchase of two 20-packs that was communicated on pallet display graphics and accompanying signs. At QFC, Coke's Powerade brand deployed Spanish-language standees depicting Mexican soccer player Memo Ochoa next to product displays.

YOU Technology in the News

Coca-Cola also staged a promo for King Soopers awarding tickets to a Colorado Rockies MLB game to 750 shoppers who bought three 12-packs from July 9-11. Winners were notified instantly via receipt messages.

Back to School

The company's various chains kicked off back-to-school merchandising this month:

- The Kroger chain promoted items from Crayola, Newell Rubbermaid's Paper Mate and Esselte's Oxford in a front-page feature.
- Dillons used an interior feature to promote SKUs from Crayola, Top Flight and other brands.
- Fry's is holding a "Pack to School" drive from July 14 to Aug. 3 that asks shoppers to buy "a few extra school supplies" for donation to needy children via dump bins.
- King Soopers promoted vaccinations in pharmacies with a "We care about your kids" message, while also advertising school supplies from such vendors as Office Works, Esselte and Top Flight.

Circulars

- Fred Meyer and Smith's Food & Drug promoted a "Summer Sidewalk Sale." A related sweeps running July 11-18 awarded such store-level prizes as Coleman camping accessories, shoes, iPod docking stations and \$50 store gift cards. Facebook activity supported.
- Smith's and PepsiCo offered a free bag of Doritos with purchase of three Pepsi 12-packs.
- Smith's offered free SKUs of Kraft's Starbucks coffee and Hershey's chocolate syrup with purchase of a Sunbeam Products Oster blender.

Loyalty Programs

Kroger has expanded its "Fuel Points" rewards program into four Michigan markets, according to published reports. Loyalty cardholders earn 10 cents off per gallon at Shell stations in Detroit, Flint, Lansing and Saginaw for every \$100 spent on groceries. Operated in conjunction with Shell Oil Products, the program launched in five markets in February. (See the Feb. 23 Report.)

Cause/Community Programs

Kroger is raising funds for the USO by soliciting donations at checkout, according to a June press release. The campaign is being conducted at approximately 1,300 stores in the Kroger, Ralphs, Food 4 Less, Dillons and Baker's chains.

Key Executives

Kroger this month named Joe Grieshaber president of Dillons to replace John Bays, who retired. Grieshaber had been the company-wide group vice president of perishables merchandising and procurement.

Store Growth

Kroger, Cincinnati, operates 2,470 supermarkets and multi-department stores in 31 states under two dozen banners. At the annual shareholders meeting in June, chief executive officer David Dillon said that the company sees "plenty of growth opportunities" and is interested in acquisitions – but not of weak competitors.



YOU Technology Brand Services

1701 Gateway Blvd., Suite 101 ♦ South SF, CA 94080
Phone: 650.624.3800 ♦ Fax: 650.624.3899
Email: brandinfo@you.net ♦ www.you.net

YOU Technology Retail Services

1625 South Congress Avenue ♦ Delray Beach, FL 33445
Phone: 561.454.7600 ♦ Fax: 561.265.2493
Email: retailinfo@you.net ♦ www.you.net