

LOBYCO
FOR RETAILERS BY RETAILERS



The key to customer loyalty in a data-driven world

Using data to create a hyper-personalized,
hyper-profitable loyalty program

Index

Table of Contents

Grocery buying habits are evolving	3.
Using data to improve customer experience	6.
How personalization boosts profits	11.
Provide unexpected value to keep engagement high	15.
Case study: Coop Denmark	18.
Conclusion	21.

Grocery buying habits are evolving

It used to be that you could run weekly flyers, maybe send out a few emails, and customers would flock to your store. But now you are surrounded by competitors, comparison shopping has become the norm, and localization doesn't matter as much when you can buy everything online.

A trip to the grocery store used to be a weekly (or even daily) occurrence for most people. But over the past few years people have been ordering more groceries online than ever before. Retailers have had to adapt to a new way of selling where they had little to no in-person interaction with the customer. Because of this, buying habits naturally changed — especially the quick adoption of online grocery shopping.

At this moment, there is a real opportunity for grocery retailers to seize the market by adapting to consumers' changing needs and providing them with a superior value proposition. The key to success is to give customers more value than they expect — and more value than they get from your competitors. By continuing to provide real value, you create a “loyalty loop” and turn passive customers into active, loyal ones.



According to a survey by McKinsey, many consumers plan to continue with these new buying behaviors:

“More than 60 percent of consumers have changed their shopping behaviors. Most importantly, 31 percent of consumers say they changed the store or banner they shop in, the key reasons being better value (especially prices) and convenience — particularly easy access or delivery options.”

Disruption and Uncertainty – The State of Grocery Retail 2021:
Europe - McKinsey, 2021



What is a loyalty loop?

The term “loyalty loop” was coined by McKinsey to describe the retail consumer’s decision-making process. Rather than thinking of purchase decisions as a linear process, McKinsey suggests retailers think of them as a “loop”, if the buyer has had good experiences with your brand before, they’re much less hesitant to buy from your brand again.

Every positive experience with your brand strengthens the consumer’s trust in your product(s) and reinforces the loyalty loop. Lobyco works to empower grocery retailers in creating this loyalty loop with engaging and frictionless experiences that spans across both the physical and online world as well as at home and in the store.

To build a strong loyalty loop, you need three things:

- Comprehensive, reliable data (about your customers and their purchases)
- Strong and effective personalization options
- A customer experience that blows the competition out of the water

In this e-book, we will go through each of these three aspects in more detail and show you how Lobyco can help you achieve them.

The Lobyco white-label app consists of a platform of building blocks that combine the best aspects of loyalty programs, e-commerce, and customer experience to create a solution that's tailored to your business. You choose how you want the app to work, and we can have it up and running for you in a matter of months.



Using data to improve customer experience

Data is everywhere. The average grocery retailer with a standard loyalty program is collecting two types of customer data: profile data and purchase history. But purchase data and profile information, viewed without the context of time and history, can only tell you so much.

Did you know?

A recent survey by *Deloitte* found that grocery shoppers are more willing to share certain types of data than others. While a good number of consumers are willing to share personal data like past purchases and descriptive information (age, education level, health status), they are less inclined to share personal information like address, social media accounts, etc. According to Deloitte, “This could indicate that consumers might be interested in personalized offerings but are hesitant when it comes to companies contacting them directly.”

Example

A person who buys Pinot Noir every week likely enjoys wine: a person who buys Pinot Noir once might be attending a dinner party or running an errand for someone else. Looking at only one point of data without the benefit of time does not create a full picture of the customer.

A person who likes Pinot Noir might also like Gruyere since they pair well together. If you were to create a personalized offer on Gruyere for these two customers, the first customer would see the recommendation as helpful while the second might be confused.



But capturing relevant data over time can be difficult for grocery retailers, especially if consumers are not actively engaged with the brand. This is where a loyalty app like Lobyco can help.

With Lobyco on your side, you have a tool to manage the full loyalty experience from purchase to offer and back to purchase again. Because the customer can do pretty much everything related to grocery shopping in the app — find recipes, create shopping lists, get discounts and coupons, even pay for purchases — they return to the app more often. And every time they return to the app, you as a retailer collect valuable data that helps you be more relevant to the customer and strengthen the loyalty loop.



Data connection and collection in the Lobyco app

Data collection is the backbone of any customer loyalty system. So at Lobyco we are agnostic and can work with any analytics system you might have in place. You choose how you want to send and receive data to and from the app: we adapt the Lobyco system to how you want to work, not the other way around.



“What sets us apart is that Lobyco was born in grocery retail, and designed for retail,” says Christian Frank Sørensen, Head of Product at Lobyco. “We have designed Lobyco so we can manage the very large amount of data and transactions in retail.

Retailers have so many interactions with customers all the time. People go grocery shopping maybe two, three, even four times a week. So, you need to be relevant all the time to compete in this space. You are fighting to get your customers into the stores every day.”

Lobyco data collection features

Here are some of the Lobyco features that can help you collect better customer data:

Scan & pay

This feature allows your customers to scan products with their phone, put them directly in their shopping basket and pay directly from their phone through the app without queuing, creating a truly frictionless shopping experience.



How it works

The customer opens the app while they're in your store. They move through the store, collecting and scanning items with the app and adding them directly to their shopping bag. When they have filled their bag(s), the customer pays for their items through the app, avoiding the checkout line.

Benefits

To use this feature, the customer must use the app while in your store. And because Scan & Pay is useful to the customer, they will want to use it. In fact, our data shows that 96% of people who use Scan & Pay return and use it again.

Customer ratings

In-app customer ratings is a feature that allows your customers to rate each of their purchases made in a store.



How it works

A link to a survey is placed on the customer's receipt (or anywhere else you like). The customer can give a simple numeric rating of a shopping experience, and written feedback can also be submitted if customers wish to elaborate on their rating. The feature further enables push-surveys that may contain questions related to Net Promoter Score (NPS) or any other type of question.

Benefits

The collected data is visualized in customizable dashboards, that allows manager to track the current performance of their store and compare themselves to other stores based on different segmentation levels. It also allows them to act quickly on problems or issues in the store, which can increase customer satisfaction and loyalty.

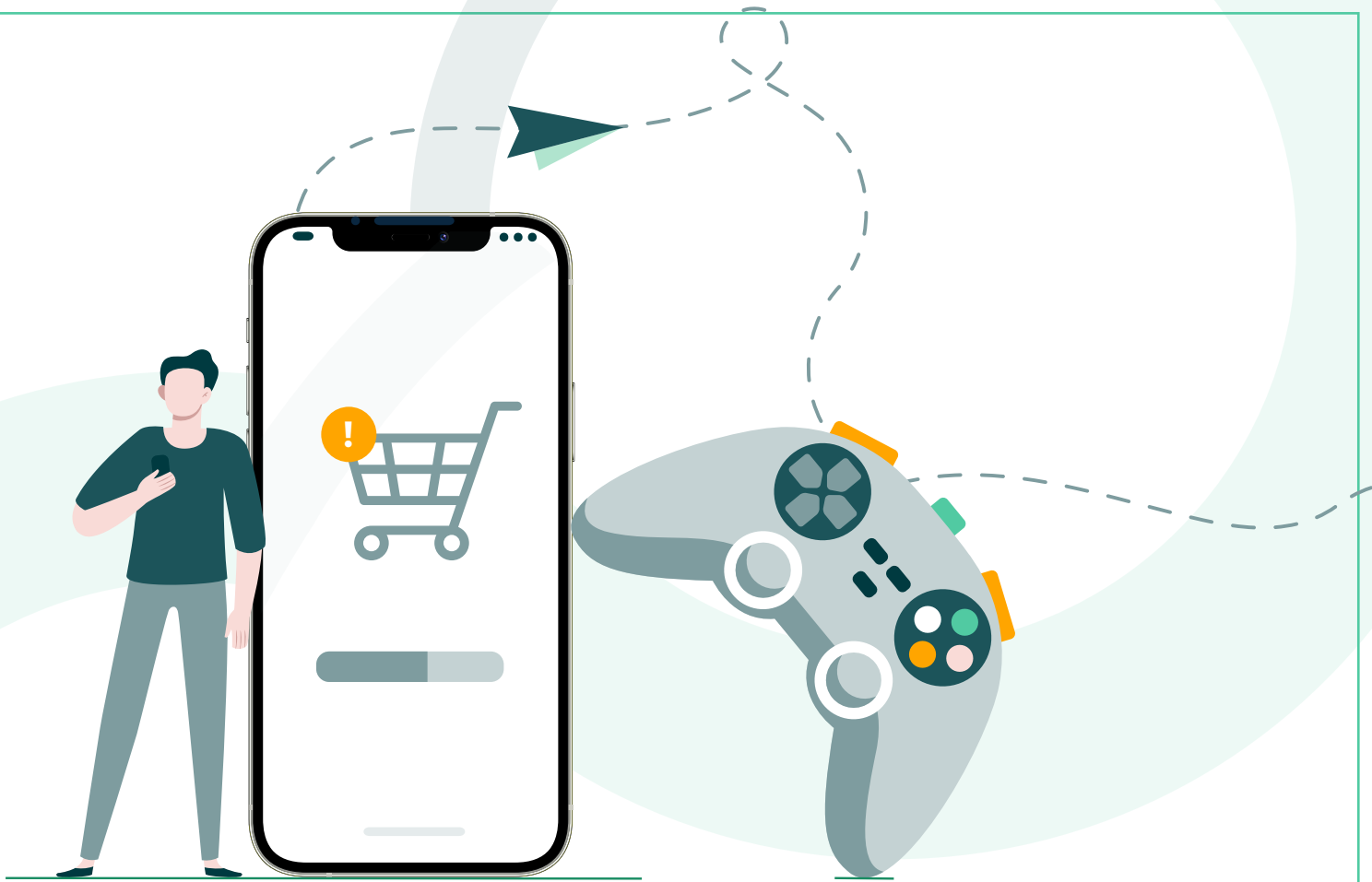
How personalization boosts profits

Above all else, people want to feel important. They want to feel seen and heard. They want to feel special.

Retailers traditionally provide this type of interaction with their consumers through targeted communications. By combining personal profile and transaction data, grocery retailers can target specific, relevant offers and messages to their customers. And the results are great: *according to McKinsey*, targeted and relevant communications can drive revenue growth of 10% to 30%.

But keeping consumers engaged with your brand above and beyond these targeted messages can be difficult. And if the customer doesn't find these messages relevant or engaging? They will tune them out, or even delete your app altogether.

Value is the eye of the beholder (or customer). The art of delivering a personalized experience lies in knowing what each customer deems to be valuable — and the answer can be different for each person.



Example

Your store will soon be introducing a new chocolate bar, and you want to send a personalized offer to the people most likely to buy this chocolate bar. You can target customers based on the usual criteria (personal profile, transaction history). But with the Lobbyco app, you can also personalize the channel: email, push notification, app feed, app message, coupon, game reward, and so on.

Looking at engagement data, you can see that your target customers also tend to play games in the app. So instead of offering a regular coupon, you set up a game reward for a free chocolate bar. This encourages your target customers to engage with the app and also gives them a reward they want to receive.

“Our competitors are very focused on that one transaction when you are in the store, that one offer,” says Olivia Carnbring – Head of Commercial Development, Lobbyco. “What differentiates Lobbyco is that we look at the whole ecosystem. We try to drive engagement from one service to another service to the store and back in through the app. We live in a hybrid world: this is a hybrid shopping experience.”

Personalization features in the Lobyco app

Here are some of the Lobyco features that can help you provide personalized, relevant offers to your customers:

Personal offers

Give your customers different selective personal offers to choose from based on purchase history. You can also provide them with other special tactical offers to increase their spend in your store.



How it works

Offers can be personalized either manually or automatically (or a combination of the two). You set up the criteria for the segment, generate the list and then send the offer. Segments can be updated every second, hour, day: whatever you like.

Benefits

An excellent way to keep customers engaged while also learning more about them. Our data shows that with personal offers, relevance beats price, which in turn drives up margins on these offers. Shoppers get more perceived value from personalized offer than from regular promotions that go to everyone. Increasing value for the consumer strengthens the loyalty loop and keeps them coming back.

Real-time bonus

Boost repeat purchases by giving your customers an instant bonus when shopping in your stores – a bonus they can use instantly or next time they visit one of your stores.



“If you have an experience where people are engaged with the app, they use it every time they go shopping, then you will get all the data you need,” says Olivia Carnbring, Head of Commercial Development at Lobyco. “You will get better data, more transparent data, which then can be used to create a more relevant experience.”

How it works

The real-time bonus works the same as other, similar loyalty points rewards. The difference is that the consumer receives their bonus instantly.

Benefits

Compared to earning points with a plastic card, a real-time bonus gives the customer instant gratification. They know exactly how much of a bonus they’ve earned, and they’re able to use it right away. And while a discount is giving a consumer money back that they can spend elsewhere, the real-time bonus can only be used in your store — so the money stays in your ecosystem.

Provide unexpected value to keep engagement high

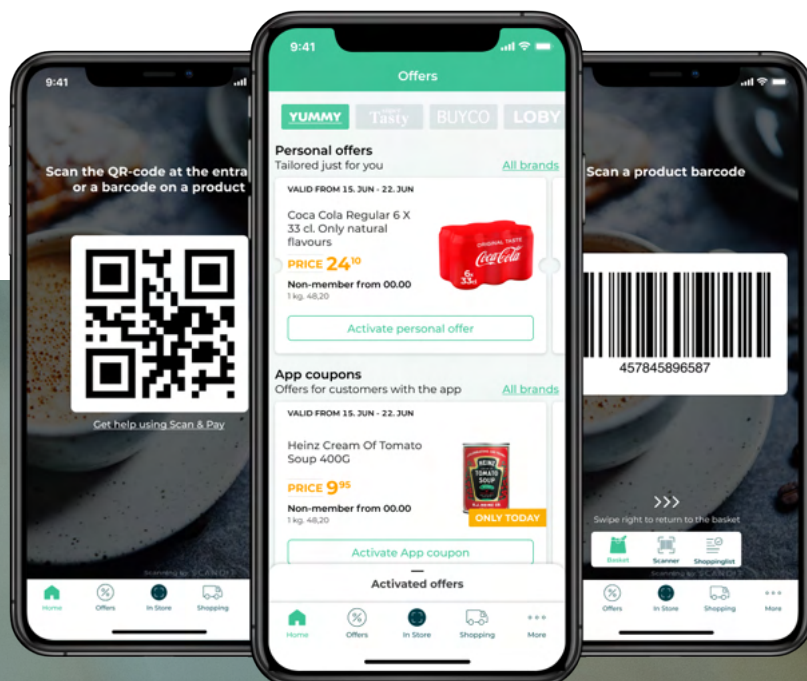
Consumer's expectations of retailers have only gone up over the past few years — even before the pandemic. Grocery shoppers expect certain things now, like personalized offers and home delivery.

These hygiene factors are the things you need to offer customers in order to stay competitive. But to stand out from the competition, you also need to provide your customers with something a little special.

A little unexpected.
A little more valuable.

Value can mean many things. It can mean financial value in the form of discounts, coupons, redemption codes, or points. It can mean educational value in the form of recipes, articles, and/or health advice. It can mean utility value in the form of shopping lists and digital punch cards. Or it can mean entertainment value in the form of games.

But where you as a retailer can set yourself apart is to go above and beyond what the customer expects from their interactions with your brand. Give them more than they expect, and they will be pleasantly surprised. That's why the Lobycos app includes several features that you won't find in other retail loyalty apps.

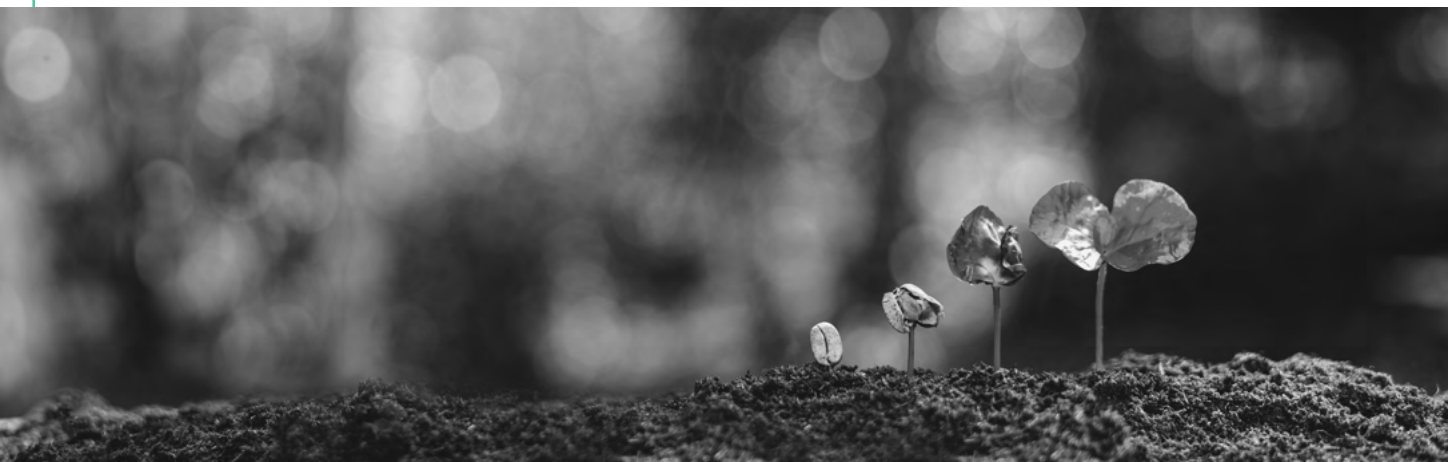


Additional value found in the Lobbyco app

Here are some of the Lobbyco features that can help you “wow” your customers and out-perform the competition:

CO2 footprint calculator

Take an active role in tackling climate change, by leveraging your customers purchase data to show their individual CO2 footprint while also guiding your customers to having better climate habits when shopping.



How it works

By examining the end user purchases both historical and in real time, the Lobbyco CO2 tracker can give the user a detailed overview of what their CO2 footprint is and how it's distributed across different food categories. The user can drill down into each category to see how it's distributed.

Benefits

Today, more than ever before, consumers want to know how their choices impact the environment. The CO2 tracker shows the user how sustainable their purchases are, and gives them options to lower their carbon footprint in the future.

This provides an education benefit for the user, but also helps the environment by showing people how they can minimize their carbon footprint. It's one of many ways that consumer data — “big data” — can be shared and leveraged to empower consumers to make more sustainable choices.

Prime account

Prime Account is a feature that enables automatic monthly transfer of money to an account accessed through the app. The account is used to make purchases in your stores – both online and physical. When making an automatic transfer, the customer gains access to a wide range of special benefits. The more money a customer chooses to transfer, the more benefits will be available.



How it works

The customer sets a monthly budget. Each month, that amount is transferred from their bank account into the app. The customer then gets to choose from a number of benefits or “perks”, which can be tailored to the individual customer.

Benefits

For the customer, this is an easy way to maintain a monthly food budget and to get more for their money than just groceries alone. For the retailer, this is a great way to secure revenue “up front” and maintain customer loyalty while also offering the customer something valuable.

“Lobyco is designed specifically for retailers to build a one-to-one relationship with customers,” says Anders Mittag, Chief Commercial Officer at Lobyco. “This one-to-one relationship, combined with engagement drivers like gamification, creates a fun and frictionless shopping experience.”



Case study: Coop Denmark

The problem

Coop Denmark has been in business since 1865 and has been running loyalty programs for many, many years. Like many others, the Coop loyalty program was a traditional physical card, and it was difficult for consumers to recognize the value of using the card.

“We wanted to take the loyalty program from a traditional physical card where the perks were not transparent and visible into a real-time digital solution so that customers would see the value right away.”

- Anders Mittag, Chief Commercial Officer at Lobyco and former Director of Loyalty at Coop Denmark

The solution

Coop Denmark launched the first version of their mobile loyalty app in October 2016. The app provided consumers with immediate, transparent information on their loyalty account and membership, as well as useful features designed to make the app a useful daily tool:

- personalized recommendations based on purchase history
- updates from local stores
- recipes
- shopping lists
- real-time bonuses

The app has steadily grown in popularity ever since, with new features added over time including games, mobile payment, and prepaid accounts.

The results



No.1

in App Store



10%

cut in media spend



7%

increase in customer spend
when converting a non-digital
member into digital member



30%

increase in spend for
specific elements



+20%

increase in visits for people
using Scan & Pay



2,5m.

downloads and 1,8 million
adult owners (55% of adult
population)



16

point increase
in NPS

The Coop loyalty app has dramatically increased customer loyalty and footfall. Digitalizing the loyalty program generated a boost of 16 points to Coop's Net Promoter Score (NPS) — even though Coop DK decreased bonus payouts at the same time with 6mDKK (800k EUR). This NPS boost was due to increased transparency for the customer. Before the app, loyalty points were collected with a physical card.

“We could see a dramatic change in customer satisfaction when people went from a physical loyalty program to a digital one. We also saw a big lift in how much more people shopped in the Coop stores.”

- Anders Mittag, Chief Commercial Officer at Lobyco and previous Director of Loyalty in Coop Denmark.

The customer didn't know how many points they had — or how they could spend those points. With the app, customers could see their points balance in real-time, and spend points right away.

The Coop app has been downloaded 2.6 million times: equivalent to 55% of Denmark's adult population. The app also has more than 1.8 million premium users, of which about 500 thousand (20%) use the app weekly to plan meals, check out new offers, or play games. Additionally, our stats show that app users visit Coop Denmark stores 86% more than non-app users.

Takeaways

- Turning your physical loyalty card into a digital app can yield big benefits — if the change provides real benefits to the customer.
- A digital app can increase footfall to your store
- Keep optimizing your app to provide additional value to the consumer, and they will stay engaged with the app.

Conclusion

Buying habits have changed, especially when it comes to food and household items. Consumers these days want instant gratification, and they want to be rewarded for their continued loyalty to a brand.

To strengthen the loyalty loop, you need three things:

- **Good and reliable data on your customers and their transactions**
- **A way to make the customer experience feel personal and one-on-one**
- **A way to provide more value than the competition**

When these three factors are combined, you get a loyal, active, and engaged customer. With the Lobyco white-label app, you can strengthen the loyalty loop while owning the entire customer experience. Lobyco works with your existing data and branding to enable an app experience that boosts customer engagement, drives footfall, and provides real value.

Lobyco was designed for retailers, by retailers, which means it's designed to collect and process data from millions of touchpoints. And because the Lobyco app works with your existing data systems, it's easy to launch and virtually future proof.

In most cases you can be up and running with Lobyco in a few months. You will be assigned a dedicated Delivery Manager as well as a dedicated Customer Success Manager. This team will ensure a smooth and frictionless integration, onboarding and expansion of your new digital service(s). You'll also have access to a community of other non-competitive retailers and that combination will gain you access to deep domain expertise on digital loyalty within grocery retail.

Now is the time to move from a traditional loyalty card to a full-service loyalty app. **Trust us: your customers will love it.**





About Lobyco

For retailers by retailers

The Lobyco platform helps retailers drive customers to retail stores, build customer loyalty and increase customer value. A powerful yet simple to use white-label solution that will help create a seamless shopping experience between physical stores and digital channels.

Behind Lobyco is Coop – Denmark’s leading consumer goods retailer with more than 1.200 stores across Denmark. What started as an ambitious plan for its membership program, which currently is also the second largest one in Denmark, Coop has now redefined the shopping experience in their stores.

Let us help you create and maintain customer engagement across all touchpoints in retail. Get in touch today to learn more.

For more information, please contact:

Anders Mittag, Chief Commercial Officer, Lobyco
Anders.mittag@lobyco.com

LOBYCO
FOR RETAILERS BY RETAILERS