

SN

SUPERMARKET NEWS



PHOTO BY JACK WOLF

Flight Leader

LISA HENRIKSEN, SN's Marketer of the Year, takes the Giant Eagle banner to new heights — Page 16

ABOUT THE AWARD

SN's Marketer of the Year Award is presented annually to a supermarket marketing executive who has demonstrated innovation and success. Lisa Henriksen of Giant Eagle is the 2011 recipient, based on her leadership of a comprehensive, multiplatform marketing initiative.

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Natural Chains Eye Expansion

By ELLIOT ZWIEBACH

Henry's Farmers Market, a division of Los Angeles-based Smart & Final, was continuing to talk last week with Sprouts Farmers Market, Phoenix, about a possible acquisition of the 43 Henry's stores, sources told SN.

If that deal is consummated, it will represent just one instance — albeit the most significant — in a series of recent moves by natural food chains to expand their banners into new markets.

Sunflower Farmers Market, the Boulder, Colo.-based company operating in six Southwestern states, is moving into Northern California

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Food Retail Focus Shifts to Regulatory Environment

By MARK HAMSTRA

WASHINGTON — For food retailers, the government-relations agenda for 2011 has, in large part, shifted from one of legislative concerns in Congress to one of regulation and rule-making among federal agencies.

The Democratically controlled 111th Congress moved a mountain of legislation — some of which retailers supported — that over the coming months will take shape through the federal agencies responsible for the laws' implementation. In addition, some legislation retailers have opposed, such as the Employee Free Choice Act, appears to have faded from prominence amid Republican gains, although retail associations pointed out that

the National Labor Relations Board could still seek to bring about some similar, unwanted changes for some businesses.

Other issues on the agenda this year for food retailers include implementation of the Food and Drug Administration Food Safety Modernization Act and the debit-card interchange piece of the financial reform legislation. In addition, retailers will seek to make some gains in tweaking the massive health care overhaul that Congress passed last year, and will also begin seeking to shape the 2012 Farm Bill — all against a backdrop of a weak economy, high unemployment and concern over the federal deficit.

"We will be facing the challenges of the budget this year," Jennifer Hatcher, group vice president, government rela-

tions, Food Marketing Institute, told SN. "There are the budgets that not only the federal government is up against, but, perhaps even more critical, the budgets in the states. Revenues will need to be raised, and programs will need to be cut, and that will be an important part of what we do this year."

Thomas Wenning, executive vice president, National Grocers Association, said that the overarching themes in Congress for the next two years will be employment, the economy and the 2012 elections.

"Those are the three parts of the triangle that will be affecting the legislative and regulatory environment," he said. "There will be a lot of focus on the 2012 elections by the end of 2011."

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Lisa Henriksen, VP of marketing and own brands, Giant Eagle

Advantage: GIANT EAGLE

Behind a new ad campaign and a broader marketing platform, Lisa Henriksen seeks to expand customer awareness of the regional chain's best assets

By MARK HAMSTRA

Giant Eagle has found its advantage: Lisa Henriksen, vice president of marketing and own brands, who is leading an effort to drive both employee and customer engagement with the retailer.

Her successful efforts to expand Giant Eagle's marketing message across a broadening array of media have earned her *SN's* Marketer of the Year Award for 2011.

Referring often to the value of Giant Eagle's 36,000 "Team Members" — Giant Eagle's term for employees, capital letters included — Henriksen told *SN* how the

banner is seeking to enhance its already strong position in the market.

Last year Giant Eagle rolled out a new marketing campaign using the tag line, "That's My Giant Eagle Advantage," a reference to the chain's Advantage Card loyalty program. The campaign, created with agency Young & Rubicam, Chicago, in-

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Giant Eagle marketing calls attention to an expansive — and frequently replenished — produce offering.

corporates testimony from both customers and employees and the various reasons they choose Giant Eagle.

“Previously, we have focused on a pricing message,” Henriksen explained. “As the economy has strengthened, we have taken the opportunity to evolve our message and incorporate many of the aspects, or ‘advantages,’ of Giant Eagle that allow us to stand out from other retailers.”

In the campaign, customers are depicted explaining the cost-savings reasons they choose to shop at Giant Eagle — such as the fuelperks! rewards program or discounts on pharmacy medications — while employees are shown touting the chain’s quality aspects, such as custom-cut meats. Previous quality-focused campaigns had used tag lines like “Make every day taste better,” before the economic downturn steered the banner toward more value-

focused themes in recent years.

The new campaign had resonated well in consumer focus groups, the company said.

“We have naturally always taken Team Member and customer feedback into consideration when we build our go-to-market merchandising and marketing strategies,” Henriksen explained. “In our latest campaign, we’re elevating this feedback, letting both groups directly tell others in their own voices why Giant Eagle is their retailer of choice.”

Also, by capitalizing on the Giant Eagle Advantage Card, a visible symbol of the chain’s successful customer loyalty program, “We have harnessed the flexibility to talk to the many advantages that we

offer and that our customers have come to love,” she said.

Meanwhile, Giant Eagle also has been becoming more highly integrated in its marketing approach with the new campaign, Henriksen pointed out.

“In addition to the traditional marketing tools — television, radio and in-store promotions — we have also expanded our messages in the digital and direct-to-customer arenas,” she said, citing both the efforts of her own internal team — which includes more than 100 marketing and advertising employees who report to her — and the work of outside agencies that “expand upon the capabilities and capacity of our internal team in a critical way.”

“As our customers’ needs and expectations evolve, we are becoming more sophisticated and savvy in reaching them,” she said. “We make a point to be available to them on their terms — when and where they want to connect with us, which is really reflective of the campaign’s central message.”

Additionally, Giant Eagle has encouraged internal conversation about the campaign among workers at all levels of the company about how they contribute to the concept of “That’s My Giant Eagle Advantage.”

“We all have our own Giant Eagle Advantage stories,” she said. “We hope this campaign encourages our customers and Team Members to share them.”

In discussions with workers about how they feel about the Giant Eagle brand, they use terms like “trustworthy,” “neighborly,” “humble” and “innovative,” Henriksen said, while customers in focus groups often cite personal connections to their local Giant Eagle and the people who work there.

“Each had very specific reasons for shopping at Giant Eagle,” she said. “We learned that this broad mix of potential benefits was critical for our customers in making the decision to shop with us.”

The Pittsburgh-based retailer, which is privately owned, has 170 corporate and 58 independently owned stores in four states — Pennsylvania, Ohio, West Virginia and Maryland — and annual sales of about \$8.6 billion. While most of its locations operate under the traditional Giant Eagle





A recent "New You" campaign at Giant Eagle underscores the banner's health and wellness offerings and is featured through the store and in media. Pharmacy is also featured as one of the key elements of Giant Eagle's marketing efforts.



banner, it also has a handful of more upscale, service-oriented Market District stores and about half a dozen price-impact stores under the Valu King banner. In addition, it owns convenience-store retailer GetGo and the small-format Giant Eagle Express concept.

Most of its traditional supermarkets, measuring 75,000 to 80,000 square feet for new locations, offer customers a full range of services, from in-store banking and pharmacy to expansive delis.

An in-store sign revamp in 2010 sought to simplify the messages to consumers. Bright yellow signs signify cost-savings opportunities. Produce offerings include more than 100 locally grown items.

The new marketing campaign seeks to highlight attributes of Giant Eagle's offering that the chain prides itself on, but some shoppers might not have been aware of, Henriksen explained. These include beef ground fresh several times a day in-store; meats cut to order free of charge; fresh fruits and vegetables delivered to each store daily; fresh produce from over 100 regional farms in Pennsylvania, Ohio and West Virginia; pharmacies with an award-winning safety program; and a range of significant and unique savings programs, including low everyday prices, weekly specials, loyalty programs such as fuelperks! and foodperks!, and the opportunity to double manufacturer coupons.



DIGITAL GROWTH

A critical component of Giant Eagle's efforts to expand its communication efforts with consumers has been in the digital arena. The company has recently revamped its website and has plunged deep

into social marketing with a series of promotions on Facebook and Twitter.

"Giant Eagle has and will continue to make a significant investment in digital media, as we are committed to a long-term strategy of using this medium," Henriksen said. "We have spent the last year establishing this strategy, allowing us to effectively extend our core marketing program as we aspire to adopt a fully integrated, multi-channel approach."

To execute this strategy, Giant Eagle has reallocated a portion of its conventional marketing budget toward digital media.

“We’re investing time, money and resources,” Henriksen said. “Our internal team is building key strategic partnerships to help us become a retailer with best-in-class capabilities. We’re building convenience tools for our customers that help them save time and money, we’re running a robust online media program and we’re engaging both our customers and key influencers within our communities via social media.”

The recent redesign of the GiantEagle.com website has made the site easier for customers to use, Henriksen said.

“We organized the site with the point of view of the customer in mind, greatly improving the accessibility of the products and services most valuable to customers. By making the website more customer-friendly, we can more effectively utilize the channel as another way to touch our customers, delivering a much more integrated marketing approach than in previous years.

“Whether it’s delivering our weekly circular or making educational tools on our diabetes classes more easily accessible, we give our customers multiple opportunities to engage Giant Eagle both in our stores and in the comfort of their homes.”

Site visits have grown in double-digit percentage increases since the site’s relaunch, she noted. According to information on the site, GiantEagle.com has more than 500,000 registered users, and more than half are Giant Eagle Advantage Card holders. The site receives about 450,000 visitors each month.

A visit to the site reveals that it picks up on many of the same cues the retailer seeks to deliver in its stores — bright yellow denotes savings opportunities — while at the same time it ties into the “That’s My Giant Eagle Advantage” campaign, with scrolling testimonials from custom-

ers. Color-coded areas of the site labeled “Cook,” “Entertain,” “Live” and “Save” denote places customers can find solutions for menu planning, serving guests, staying healthy and cutting expenses, respectively.

In addition, customers are enticed to obtain additional discounts via “eOffers” that can be loaded onto their Advantage Cards.

Giant Eagle also has incorporated social media as an important component of its marketing strategy, Henriksen explained.

“This space is rapidly progressing, and we’re careful to test often, but not test everything,” she said.

She said Giant Eagle’s evolving social strategy is based on these “primal tenets”: listening, talking and acting, and monitoring.

“Social media is extremely effective in enabling real-time insights and two-way dialogue with our customer,” she said. “We invest a lot and really take the time to listen and monitor — we’re listening to what our customers need and want along with gaining awareness into the competitive landscape.

“We also are committed to building relationships with key influencers in our communities to expound on these factors — these key influencers help us extend our reach and increase our effectiveness in this arena. While we believe we are still in the early stages of understanding how to best use these tools, we are excited about the customer interactions, learning and successes thus far.”

Examples of promotions the chain has run through Facebook and Twitter include ticket giveaways for Pittsburgh Steelers and Cleveland Browns games, trivia contests and partnerships with suppliers.

“The social-media promotions that are most successful are those where we can combine our promotional strategy with customer-generated content,” Henriksen explained. “For example, events such as recipe contests and other voting events allow our customers to participate at varying levels.”

Giant Eagle has a dedicated staff overseeing its digital efforts,



Digital media platforms include a revamped website with links to discount opportunities, and frequent contests on Facebook and Twitter.

“Social media is extremely effective in enabling real-time insights and two-way dialogue with our customer.”

LISA HENRIKSEN
VP of marketing and own brands, Giant Eagle





Giant Eagle is known for its fuelperks! program, which allows customers to earn 10 cents off per gallon of gasoline per \$50 spent in stores.

she said. With the help of some strategic vendor partners, the team manages the chain's website, social media, search engine marketing, paid media, and mobile and Web application activities, while also supporting its loyalty programs.

DISCOUNT PROGRAMS

Currently Giant Eagle has more than 3.5 million active Advantage Card households, which can use the cards to obtain discounts on gas through the chain's highly regarded fuelperks! discount program. Fuelperks! allows customers to earn 10 cents off each gallon of gas at GetGo for spending \$50 using the Advantage Card inside Giant Eagle or GetGo.

More recently, the chain has been rolling out foodperks!, through which customers can save on groceries by purchasing gas using their Advantage Card. With every 10 gallons of fuel pumped at GetGo locations with the Advantage Card, customers get a 1% discount off the price of a single trip's basket inside any Giant Eagle supermarket. That program was introduced in November 2008 in a single test market and has since been rolled out to additional markets.

"We continue to utilize our fuelperks! and foodperks! programs to provide additional savings opportunities to our customers," Henriksen said, noting that Giant Eagle occasionally offers 20-cent or

"bonus" fuelperks! on specific categories or products.

"Also, as foodperks! is still a relatively new concept to many of our customers, we continue to look for ways in-store, at the fuel pump and online to drive education and bonus foodperks! rewards opportunities," she added.

Giant Eagle also actively promotes value in its stores in a variety of ways.

"As a company we continue to dedicate resources toward keeping everyday prices low, and even lowering some prices when opportunities arise," Henriksen said.

In the pharmacy, the chain offers \$4 and \$10 generic-prescription programs, and its free antibiotics and diabetes medication offerings have been "extremely popular," she added.

"All of our value messaging continues to be supported in-store via brightly colored, bold yellow signage and other highly visible marketing vehicles," Henriksen explained. "During 2010 we made the decision to clean up our stores from a signage standpoint and implement a straightforward yellow signage campaign that helps customers clearly identify savings opportunities."

The campaign has been very successful so far, she said, and Giant Eagle plans to continue it this year.

Henriksen, who reports to John Lucot, executive vice president and chief operating officer, joined Giant Eagle about two years ago from a CPG background, including marketing positions at Del Monte Foods and with the Starkist brand.

"I continue to be in awe of the truly talented marketing team I have the fortune to work with, and of their continued ex-

cellence in everything we do," she said of her Giant Eagle coworkers.

"In coming into my current role at Giant Eagle, I knew that I would have to rely on three things to continue the company's retail success: the lessons learned from my background in consumer packaged goods, the guidance of those great Giant Eagle marketers and leaders who came before me, and the expertise of the fantastic Team Members I would be working with every day.

"It is very exciting to be able to leverage my classic CPG marketing skills in a retail environment that moves at such a rapid pace," she added. "Those lessons learned that continue to serve me well include a focus on the customer and on customer insight, staying true to the brand and how we will win in the marketplace, and embracing the big ideas that are most meaningful to our customers." SN



Discounts at the pharmacy, such as \$4 generic prescriptions, form a key element of Giant Eagle's value message.

