



TECHNOLOGY: From the horse's mouth

Omaha, Neb.-based No Frills Supermarkets leverages direct customer feedback using a Web-based surveying tool.

By Joseph Tarnowski

JUNE 01, 2007 -- Bob Kimball loves being the bearer of good news. As store director for a No Frills Supermarket in Omaha, Neb., relaying positive comments from shoppers to his staff is one of his favorite activities, and he makes it part of his morning routine.

But he doesn't relay these messages in his own words; instead he plays audio files of the shoppers' actual messages so the associates can hear them verbatim.

"Positive comments really resonate throughout the store," says Kimball. "You get a customer who had a great interaction with an associate, and they sing their praises. Just looking at my staff as their eyes light up -- it's the best positive reinforcement you can do."

These shopper comments are an integral part of No Frills' "Constant Customer Feedback" (CCF) solution, an automated feedback system from Huntington Station, N.Y.-based Retail Survey Group (RSG) to help retailers stay constantly connected with customers and their impressions. The system combines attributes of traditional surveys, focus groups, comment cards, and mystery shopping into a single approach.

No Frills installed the system in 2006 almost as a necessity. In early 2005 it expanded its operations from 10 to 15 stores, in markets ranging from small towns to urban areas. Boosting its store count by 50 percent meant that the operation was an entirely new animal, and management wanted to keep that animal under control.

"We wanted to understand who we are and what we're doing," says Lonnie Eggers, v.p. of marketing and merchandising for No Frills. "We added a new management team and store managers, and they were a very diverse group. In July 2005 we held a strategic planning meeting. Everyone had an idea. What was missing was input from our customers -- not only our new ones, but existing customers as well."

However, No Frills had no thorough, consistent way to gather feedback, either good or bad. No Frills c.e.o. Rich Juro challenged his marketing consultant -- who also happens to be his brother -- Evan Juro to find a viable mechanism.

This wasn't an easy task for an independent on a tight budget. "Traditional market research would be expensive, and we would only capture a snapshot of a single point in time," recounts Evan Juro. "We received proposals ranging from \$36,000 to \$40,000 to do a one-time study, as a test, in three No Frills stores. This meant an estimated \$12,000 to \$13,000 for one study per year, or about twice that for two studies per year. We thought that didn't make economic sense."

As he examined RSG's CCF solution, however, things clicked. "The annual cost per store is less than half of conventional surveys," he says. "The CCF system delivers results on a timely basis and at an affordable cost. It provides a sample size large enough to compare results from one store to another, monthly trend information, and it gives our customers the ability to communicate with us in their own words."

From January to March 2006, No Frills ran a three-store pilot in which store signs and register tapes solicited participation in the feedback program, sweetened by the chance for one participating customer per month to win a \$250 shopping spree.

More than 2,200 customers responded over the three-month test period. Two-thirds responded by phone, and one-third used the Internet.

Based on the pilot's success, No Frills rolled out the program to all of its stores in April 2006. The system evaluates how customers rate the stores on any of 19 factors, including product quality, people and service, variety and selection, facilities, and price.

"We can profile our customer base to learn who are our most satisfied customers, by gender, age, household composition, income, how much they spend when they shop, and where else they shop," says Evan Juro. "This profile can be defined across all stores or individual locations."

No Frills can view the ratings as an average across all stores, or for any particular store or group of stores. It can also view ratings by latest month, across month-to-month trends, and as an average over a specified period of time.

In addition, it can throw custom questions out for feedback as the need arises. For example, if a competitor opens a store across the street from a No Frills location, the grocer can query shoppers about their experiences at that competing store.

Particularly helpful are the verbatim comments from customers who respond via e-mail or over the phone. "They tell us in their own words what they like, what they don't like, and how No Frills can improve," notes Evan Juro.

One example he cites is that No Frills at one point had numerous complaints about restroom conditions in a few stores. Based on these comments, the retailer remodeled the restrooms. "The response was immediate and vigorous," says Evan Juro. "Several customers commented on how happy they were that we reacted quickly to the situation. Others relayed their happiness that we had actually listened to them. For one of the stores, the percent satisfied went from 63.6 percent to 84.6 percent."

No Frills finds the verbatim comments particularly helpful because they provide immediate, direct, and unedited feedback, and complement the quantitative ratings. They also raise issues that might otherwise not be noticed, and often include constructive suggestions.

According to Evan Juro, No Frills gets 20 or 30 times as many comments every month than it did when customers used just comment cards.

"We hear from shoppers on many subjects, yet comments are often along some clearly defined themes," he says. "Respondents often take a great deal of time and effort to tell us what they think, sometimes in excruciating detail. So we've become increasingly diligent about reviewing these comments, and focused on what we do to respond."

In the trenches

Since the comments are more often than not about a particular store, the system engages store directors and department managers, sharpening their focus on satisfying customers. Some managers consider the system a useful tool for motivating their staffers.

"I get our employees involved with the system," says store director Kimball. "Good and bad comments are posted by the time clock weekly. It fosters a teamwork environment at the store, and the more teamwork I get, the better we do. They actually enjoy getting the updates. If I don't get them up there on time Monday morning, they remind me."

Rob Connor, another store manager, has made checking the comments in CCF a regular part of his daily routine. "I come in, walk the store, check the sales, and listen to comments from the night before," he says. "You may hear comments like 'The lines were long the night before.' You can share that with your front end manager, and it really hits home."

Connor also uses comparative data from other No Frills stores to leverage his employees' competitive spirits. "If your meat department has the lowest score of the chain, you can challenge that meat department manager to get his or her score up," he says. "And you can see it improve on a daily basis. That really drives results for the store."

Evan Juro stresses, however, that to get the most from the CCF system, everyone must be on board, from the corporate office to front-line employees, and they must turn the feedback into action.

"Senior management must consistently monitor ratings and customer comments to identify trouble spots and opportunities," he notes. "Employees must review and respond to customer comments as part of their everyday routine, and emphasize to staff members that No Frills is driven by real feedback from real customers who demand action. The system takes a customer service attitude and makes it operational."

Otherwise, according to Evan Juro, survey ratings would be merely numbers, and customer comments would be just words.

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