



### BIG BABY STEPS

#### LOYALTY PROGRAM IS A GOOD FIT FOR STRIDE RITE

Last fall, Stride Rite launched its first loyalty program for moms and others who purchase footwear for children. Six months later, membership had already topped 1 million. Even better, 75% of the chain's specialty store

**Rewards are the same in specialty stores, outlets and online.**

and online transactions are now associated with a rewards member. Kiran Smith, vice president of marketing for Stride Rite Children's Group, talked with Chief Marketer about how the program began, and how it is incentivizing customer purchases.

**CHIEF MARKETER:** What prompted Stride Rite to launch the loyalty program last November?

**SMITH:** Our initial inspiration came from the consumer. She provided consistent feedback through surveys, customer service and in-store that she'd like to be rewarded for providing her children with premium quality footwear. After evaluating the feedback, we were able to develop a program that both met her needs and allowed us to improve profitable sales.

**CM:** How is the loyalty program being marketed?

**SMITH:** Due to our business model, which services moms with kids zero-to eight-years-old, we have a very high rate of customer acquisition. Our most important marketing was via the store associates who have been key to the initial success of the program. They're very excited to see moms come back and shop again with their Stride Rite Rewards coupon. We've also relied on digital marketing to create awareness and acquire new customers into the program.

**CM:** What do you attribute to gaining that many members in such a short amount of time?

**SMITH:** Three things: One, our store associates have done an excellent job communicating the benefits and enrolling customers. Two, the program is straight forward and easy to understand and three, the program is fully integrated and channel agnostic. Rewards are the same in specialty stores, outlets and online.

**CM:** Can you tie the loyalty program to an increase in annual revenue? If so, how?

**SMITH:** Yes, early indicators show that we're increasing purchase frequency of the same customers compared to a year ago. We are excited to see repeat purchasers and more Stride Rite families.

**CM:** How do you stay in touch with members and what types of communications do you send them?

**SMITH:** We have a variety of recurring programs that deliver their rewards and remind them to get fit measured. In addition, we develop member exclusive promotions such as Friends & Family and offer exclusive movie ticket gift-with-purchases around major movie launches.

**CM:** How has the program changed since the launch?

**SMITH:** The welcome kit was initially designed to be mailed to custom-



ers. The second phase of the kit was created to be handed out in store to customers that sign up at a Stride Rite corporate location or mailed to customers that enroll on the website. We believe the instant gratification of the welcome kit being handed out in-stores is more appropriate for the Millennial consumer.

**CM:** How do mobile and social fit in to the rewards program?

**SMITH:** Stride Rite Rewards will be accessible on mobile in 2014. The program is fully integrated and has single sign-on with striderite.com. We are acquiring new consumers to our brand by promoting free shipping on purchases over \$35 for rewards members. In social we do general program promotion. —PATRICIA ODELL



### AWARD WINNING CREATIVE

This year's Gold PRO Award for Best Incentive Promotion went to **Corona Extra Win Your Beach** by Upshot for Crown Imports.

The winning campaign featured an on-pack code to win tickets to experiences like concerts and baseball games. Via a mobile app, beer lovers could earn points for prizes by uploading photos of their favorite "beaches," or check in to their

favorite bars to earn additional contest entries

A TV spot, digital ads, Facebook posts, and P-O-P advertised the contest, and the campaign resulted in 145,000 Facebook likes and a 2.5% increase in case sales from the previous summer.



## FIVE TRENDS IN MERCHANDISE INCENTIVES

Using internal and external research, the Incentive Research Foundation (IRF) has identified five important trends for merchandise incentives. Learn what non-cash awards are motivating customers the most.

### 1. Budgets Are Back

The IRF's 2013 Spring Pulse study surveyed hundreds of program owners on their incentives initiatives. They resoundingly responded that the economy was finally producing a constructive impact on their merchandise reward programs. In fact, more than half of respondents actually said that the U.S. economy was having a positive impact (either moderately or significantly) on their ability to plan and implement the merchandise incentive programs they desired. Conversely, only about one in 10 program owners said the economy was having a negative impact.

Most importantly, over the last four Pulse surveys the IRF has noted a strong upward trend in program owners' positive view on the economy's impact. Barring any further strong or unforeseen economic gaffes, this should mean strong investments in merchandise incentives in the next year or two. To that point, when program owners were asked what their most anticipated changes were for the upcoming year, the top three changes consisted of adding or increasing the depth of their program. More than 25% of program owners said they would be increasing the merchandise award value in their programs—including experience-related products—in the future, or adding merchandise to their program.



Almost half of program owners were incorporating apparel, golf items, jewelry, watches or luggage into their programs.

### 2. Limited Luxury

Unlike a few years ago, when wearables and plaques topped the list for merchandise incentives, the IRF's Spring Pulse survey found that luxury, albeit limited, is making its way back. In our most recent study, program owners placed electronics, apparel, golf and jewelry at the top of the list. More than 60% of program owners were incorporating electronics into their programs; almost half of program owners were incorporating apparel, golf items, jewelry, watches or luggage. Flowers, food and trophies were near the bottom of the list, but a quarter of all program owners still reported incorporating them. This trend reflects the broader consumer push toward slowly moving from the essential items desired during the recession to the more personally indulgent items that reflect a stronger economy.

### 3. Experience is Essential

The last three IRF Pulse Studies have shown an interesting trend toward experiences as well. Between 25% and 30% of program owners over the last three surveys have indicated they are adding experience-related options to their reward portfolios, including spa and event-related options. This echoes a broader consumer trend toward not only products, but experiences as well. This trend also transcends simply purchasing a trip or event and extends to both the consumer's desire for an outstanding buying experience and their desire to experience products in a way that connects them to something bigger, whether to their immediate friends or to a broader world view. To this point, recent research has shown that the types of experiences consumers expect from their products varies depending on if they are a novice or advanced buyer, with novice buyers seeking novel buying experiences and advanced buyers seeking experiences that deepen their relationship to the product.

### 4. Watch Out for Wellness

Whether spawned by an aging baby-boomer population or a health-conscious Generation Z, the overall wellness market in the U.S. is now a multi-billion dollar market, and getting larger every day. Consumers throughout the U.S. are increasingly focusing on activities and behaviors that increase their mental or physical wellbeing, and are reflecting this in their purchases. This can be seen in almost every type of purchase including athletic wear, cutting-edge kitchen supplies, health-conscious electronics, and equipment or videos to support a consumer's activity of choice. This trend will only continue to grow as government and businesses take more active roles in incenting wellness in the US.

### 5. Apps in Everything

The last decade has shown a sharp uptick in industry's ability to insert ever-increasing computing functionality into ever-decreasing devices. This capability has already started to move the average American consumer from simply a mobile consumer with an app for everything to a consumer with a desire for an app in everything. This can already be seen with sensor-enabled technologies that exist in everything from apparel, to sunglasses and watches. Driven and supported by the wellness trend, the desire for products to be smart and reactive will continue for the foreseeable future.

Overall, the strengthening economy, coupled with organizational desire to strengthen engagement in the employee and channel, is proving to be positive for merchandise incentive programs. As merchandise programs continue to expand and see success, anticipate a demand for products that connect achievers to bigger experiences, that support their desire for healthier living, and that provide them with the opportunity to interact digitally.—**MELISSA VAN DYKE, PRESIDENT, INCENTIVE RESEARCH FOUNDATION**