

Vons Supermarkets

Editor's Notes

Too often, the Hispanic market is not only misunderstood, it's underrated. One cause is unexamined assumptions. Here's one example. The "technobabble" used to advertise many computerized products intimidates much of the English-speaking world. Many argue that "technophobia" is even more severe with Hispanics, handicapped not only by the language barrier but by less technologically sophisticated backgrounds.

Vons Supermarkets, Southern California's leading supermarket chain, refused to take this assumption for granted. Vons had already staked its claim to the region's Hispanic market by opening the Tianguis chain of stores ...tailored to Hispanic wants and needs. Vons wanted to increase its edge with Hispanics by introducing them to electronic couponing -- the use of a computerized "swipe card" to get savings previously limited to redemption of newspaper coupons.

To unveil electronic couponing to Hispanics, Vons and its Hispanic-specialist ad agency, Valdés Zacky Associates, developed a custom campaign that featured simple, jargon-free demonstrations via advertising, collateral and in-store promotion. The company's president was used as spokesperson; a credible, friendly Hispanic role model. The results: Hispanic consumers became even more avid users of Vons electronic couponing than were general market shoppers.

Background

In 1990, Vons Supermarkets, the leading supermarket chain in Southern California and Southern Nevada, introduced the Vons-Club card. This was a pioneering effort, as it was the first use of supermarket customer "club memberships" in the region.

The card's key membership privilege -- electronic couponing -- automatically gave customers the manufacturers' discounts that were previously granted only for coupons clipped from news-

papers. Using VonsClub cards, consumers almost effortlessly saved 5-10% on a typical bill -- as much as \$15 on a \$150 grocery basket. Customers got the additional satisfaction of seeing their savings printed out in red on their checkout receipts.

In 1987, three years prior to introducing the VonsClub card, Vons started Tianguis, a chain of stores located in Hispanic neighborhoods, specifically catering to Hispanics. The Tianguis name -- an Aztec word meaning "marketplace" -- was chosen because of its Mexican appeal. (More than 80% of Hispanics in the Southern California area are of Mexican descent.) Virtually every aspect of the design and stocking of these Tianguis stores was done with Hispanics in mind. For example, the produce section was four times larger than that of the average supermarket, and each store had an in-store bakery and tortilleria.

Soon after the opening of the first Tianguis store, Vons hired Valdés Zacky Associates, Los Angeles, to handle Hispanic communications for the chain. In fact, Tianguis was Valdés Zacky's founding account. The agency teamed with Vons to create the launch campaigns for the second and third Tianguis stores. These launches produced record sales, topping any previous Vons openings.

Shortly after introducing the VonsClub card to the general market, Vons explored the potential for electronic couponing, not only for Hispanic shoppers in its Tianguis stores, but also for Hispanic shoppers at Vons general market stores.

It was felt that electronic couponing could increase the competitive edge that Tianguis had built for Vons with Hispanics, helping to build store loyalty. Further, according to agency and client research, newspapers did not represent as efficient a couponing source for Hispanics: While newspapers reached 55% of the general market in southern California, they only reached 20% of Hispanics.

On the other hand, there was concern that Hispanics might be so intimidated by the technical, electronic nature of the card, they would resist trying it.

Research

Findings from focus groups encouraged Vons to introduce electronic couponing to the market. Hispanics not only liked the sav-

ings potential, they saw owning a card as a prestigious sign of acculturation. In effect, the card said, "I'm an American consumer".

Strategy

Vons and Valdés Zacky planned a campaign to introduce VonsClub and TianguisClub electronic couponing cards to a target market of 18-to-49 year old Hispanic women.

After reviewing the general market positioning, it was decided that adaptation would not work; a unique, customized positioning and campaign would be required. The TianguisClub card, VonsClub card, and all Hispanic support elements were designed and produced from scratch.

The campaign's chief challenge was to explain use of the card in the simplest possible terms, to dispel any "technophobia". The key message was that Tianguis and Vons were the first to bring Hispanics the easiest, simplest, worry-free way to reap automatic savings. Consumers didn't even need a bank account to enjoy the benefits. The campaign slogan -- "Ahorrar esta en tus manos" (savings at your fingertips) -- described the use of the card and the ease of activation (activated by the consumer's simply swiping it through a computerized reader at the checkout counter).

Campaign/Support

The (1992) introductory campaign featured spot television advertising, supported by radio, outdoor and transit advertising. There were also collateral and in-store promotional components.

On-air merchandising of VonsClub and TianguisClub messages on stations running the advertising added an estimated 30% in value to Vons's media buys.

The TV commercials used Bill Davila, Vons President, as on-camera spokesperson. Davila was ideally suited; he was a Hispanic-American role model who had reached the top in the business world. Research on Davila's TV appearances for Vons - dating to the mid-80's - showed him to be highly credible and well-liked, by both general market and Hispanic audiences. Consumers perceived him as friendly, warm, approachable. Davila had been a spokesman in an earlier campaign that successfully linked Vons and Tianguis in the Hispanic consumer's mind. In this 1990 cam-

paign, ads re-enacted Davila's 1985 presentation of the Tianguis idea to the Vons Management Group.

Four 30-second Spanish-language TV commercials introduced the VonsClub and TianguisClub cards. In the spots Davila explained what the cards were and how to get them. Close-ups showed how to fill out the application form, press the blue button on the card reader and swipe the card through the reader. The shopper's receipt was clearly shown, with savings highlighted in red. In one commercial, Davila and a young Hispanic woman displayed a full-screen chart showing TianguisClub card savings. In another, a young Hispanic mother pulled her TianguisClub card from her purse - shown alongside a photo of her two little boys - and gave a testimonial on how electronic couponing was a new way to be a *gustito* (smart shopper).

The TV ads emphasized the simplicity of activation and use. This theme of simplicity was echoed in a clear, easy-to-read Spanish-language brochure which the Vons-Valdés team created. Each step was explained and illustrated:

- applying for the card,
- getting it in the mail,
- swiping it through the reader,
- and getting the receipt with the savings printed out.

This descriptive page from the brochure was reprinted on bus transit cards, where many Hispanic passengers would have time to read it.

A key tactic involved directing consumers in the Tianguis stores to a newly created *Puestito* (kiosk), where store personnel helped customers sign up for the cards and where card usage was demonstrated. In-store promotions gave introductory bonus savings to new cardholders, who spread the word on card benefits to their friends.

Results

Based on measurements during the first six months of the launch:

- TianguisClub sign-ups per store averaged 3,500 a week,

greater than the comparable figures for Vons or for their up-scale chain of supermarkets, Pavilions.

- VonsClub Hispanic media support increased sign-ups in Vons stores 30% over the normal sign-up rate.
- The dollar amount of average Club member transactions was 150 percent higher than that of non-member transactions.
- Hispanic store sales increased an average of 15%.

After one year, 50% of Tianguis regular customers were Tianguis-Club members.

Post-Launch

By 1993, the Hispanic market in Southern California had grown so rapidly that Vons management decided to adjust the mix of products in many of its Vons stores to appeal to Hispanics. This action precluded the need to support the separate Tianguis brand name. The Tianguis stores were renamed Vons, and TianguisClub became VonsClub.

From 1992 on, each annual ad campaign developed by the Vons-Valdés-Zacky team continued to emphasize the VonsClub card in the Hispanic market. Along the way, new savings opportunities added value to club membership.

Trying to catch up with Vons, competitors began introducing electronic couponing in late 1996. By October, 1997 other chains were still in the early stages of targeting their cards to the Hispanic market.