

Heinen's Fine Foods harnesses data to maximize associate and customer satisfaction

Heinen's, a \$400 million company with 18 stores, partners with SMG to embrace a data-driven approach to evaluating its business, the satisfaction of its associates and customers, and opportunities for continued growth and success.



From its 1929 origins as a local meat market to its current position as a high-end provider of top-quality food products from around the world,

Heinen's Fine Foods' focus on customer service has never wavered. But while Ohio-based Heinen's commitment to delivering service excellence has remained constant through three generations of family ownership, the supermarket's methods have evolved dramatically with the passing decades.

"Our industry in general has been a very intuitive business," said Tom Heinen, Owner. "It's ironic to me that the supermarket industry had one of the major breakthroughs in technology—the scanning of our products and ability to track every transaction and purchase—yet has been historically poor at using that information. SMG has helped us to actually use our data to make real improvements. We have learned something about ourselves in every category we have surveyed."

Through its strategic partnership with Service Management Group (SMG)—the leading international customer experience research firm—Heinen's launched initiatives to better understand customer satisfaction and, most recently, associate satisfaction.

"We recognized that we were full of opinions on what was important to our customers and associates and how we were

doing in fulfilling their needs and expectations, but we really didn't know," said Chris Foltz, Director of Operations for Heinen's. "We needed to gather and use data, not opinions, to form our strategies and make our decisions."

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"We have always focused on our key consumer segments from a service and quality perspective," Heinen said. "But we made the decision to take service to an unprecedented level. While we excelled at, and were known for, the traditional 'friendly and courteous' approach, we knew we needed to be that much better to ensure our future." >>



And with the beginning of the timely flow of SMG insights came new realizations about Heinen's strengths and its opportunities for improvement.

"We were very surprised by what we learned when the data and recommendations first came back," Foltz said. "With the SMG service in place, we know that our decisions are backed by accurate data. We had not previously understood which drivers actually were responsible for high levels of customer satisfaction."

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— **Chris Foltz**
Director of Operations, Heinen's

A focus on associates

With a strong commitment to associate satisfaction, Heinen's discovered a central tenet of successful retailing: Satisfied associates deliver superior customer experiences. With this philosophy in mind, Heinen's applied the SMG methodology to learn more about its own associates' levels of satisfaction with the company. Foltz cited this area as a particular challenge, as some of Heinen's least-experienced associates are among those who have the most interaction with customers. This has become particularly critical over the decades as the concept of "service" has evolved from exhibiting simple friendliness to actually understanding customers' needs to help them make purchasing decisions.

"Our first survey revealed that associates had a strong desire for feedback," Foltz said. "They wanted to feel valued and appreciated. The data helped us better understand how we needed to create an environment in which our associates feel they are doing something good today that makes them excited to return tomorrow."

In response to this discovery, Heinen's designed and implemented its "Game of Work" program to ensure customers have consistent, reliable access to friendly, knowledgeable staff. At its foundation, the program follows Heinen's theory to approach work as one would a game, with a desire to perform coming from an understanding of whether one is winning or losing. The Game of Work program involves a daily posting of scorecards of various critical attributes of the business for associates to see, understand, and work to impact.

"The Game of Work program is about engaging our people in a measured effort to make a difference," Heinen said.

"What I love about it is that it teaches associates that everyone has the ability to make a positive impact. It was a huge 'a-ha' moment for me to see how quickly we as a company could facilitate positive changes by simply scorecarding key measures and sharing the results with associates at all levels."

For example, many Heinen's departments use sales-related scorecards. One scorecard illustrates the sales performance

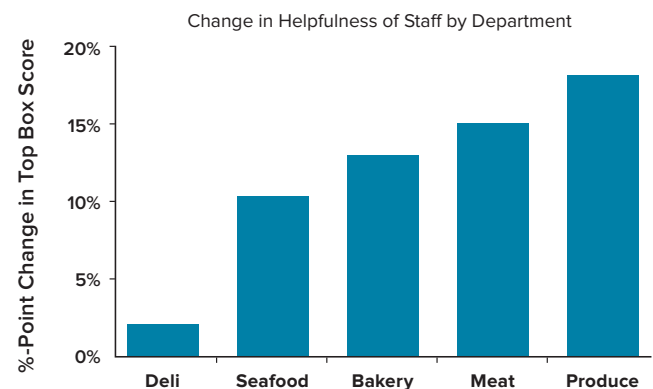
of innovative, prepared foods—such as snow peas, julienne carrots, and sesame seeds. Another, specific to the deli department, involves deli associates taking turns serving as "captains," a role during which they select a product to focus on and promote to customers; this practice led to deli sales growing by \$1,000 per week in one store.

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At the manager level, ongoing surveys have shown that top drivers of associate satisfaction shift and change dramatically with the shifting of the economy. As a result, the Heinen's leadership team is paying close attention to managers' interest in learning how the company is making changes to continue its success into the future. This

FIGURE 1

Helpfulness of Staff in all departments improved significantly over the same timeframe in the previous year



All changes were significant at the 95% confidence level

measure, not previously a high-ranking interest, rose 22 points between survey periods to become a top focus of managers.

"Satisfied associates lead to satisfied customers," Heinen said. "And that, in turn, leads to customer loyalty and continued business success."

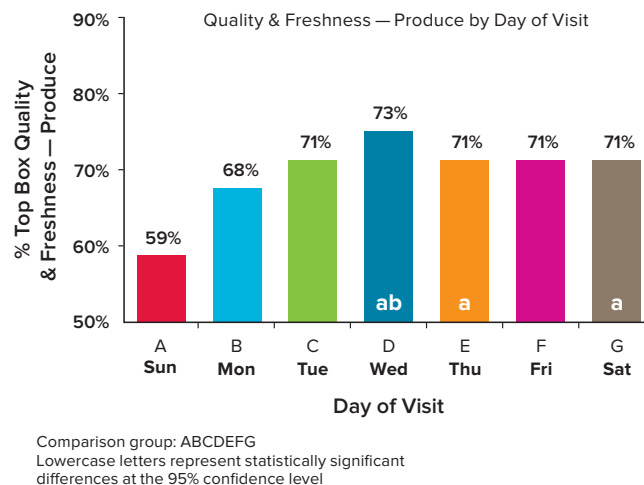
Understanding the customer

With programs in place to help promote associate satisfaction, Heinen's renewed its focus on better understanding the satisfaction levels of its customers. SMG analysis soon began to reveal unexpected discoveries upon which the supermarket would quickly take action.

For example, the SMG metrics showed that customers perceived Heinen's produce selection to be low on Sundays. With this understanding, Heinen's added a Saturday produce delivery instead of expecting Friday's delivery to last through the weekend. This change in delivery, which required some adjustment of procurement and store ordering, caused customer satisfaction with the Sunday produce selection to rise from 59 percent to 72 percent in less than five weeks.

FIGURE 2

Quality & Freshness—Produce on Wednesdays, Thursdays and Saturdays was significantly higher than Sundays



Customer feedback also taught Heinen's that its customers' top driver of satisfaction centered on product availability, including sale items. To meet and exceed expectations in this area, Heinen's created a daily report to provide managers with information on the in-stock position of sale items.

And in yet another example, SMG's team showed Heinen's that historically, about 17 percent of customers shopped the store's seafood department. With consumers seeking to enhance the at-home dining experience in the face of a challenging economy, SMG and Heinen's saw an opportunity to boost seafood sales. The supermarket developed weekly recipes and demonstrations to educate customers on how to purchase and prepare seafood, a practice that led to a 20-percent increase in Heinen's seafood sales.

"In this example, we were really able to utilize SMG data to better understand how buying patterns are changing and implement changes that allow us to be relevant to our customers in this economy," Foltz said.

In addition to studying its customers' satisfaction with store products, Heinen's is studying their opinions on service. The customer satisfaction study revealed that the helpfulness of staff in the produce department proved to be an important part of the overall shopping experience. With an enhanced focus and increased training on the helpfulness of the staff in this department, Heinen's raised its customer satisfaction rating from 65 percent to a consistent 85 to 90 percent.

The results

As a result, Heinen's gained substantial ground over its competitors in SMG's Benchmark Database. Several of the common measures in which Heinen's excelled include:

- Overall Satisfaction
- Likelihood to Return
- Likelihood to Recommend
- Availability of Products
- Cleanliness of Store
- Associates' Knowledge of Products
- Courtesy/Friendliness of Staff
- Speed and Ease of Checkout

But even with dramatic, measurable improvements in place, Heinen's continues to look toward the future. The company will be focusing on developing process improvement teams for associates to involve them in a dialog on the types of changes that get work done most efficiently and effectively. Heinen's also intends to focus deeply on better understanding and improving product availability scores.

"We have made our team believers," Foltz said. "The supermarket industry is hurting, but Heinen's sales are up 3 percent year-to-date and were up last year as well. We are retaining our customers. Partnering with SMG is the best spend we have ever made." ●



About SMG

SMG (Service Management Group) partners with 325 brands to create 5-star human experiences that drive loyalty and profitable sales. SMG's holistic approach differentiates through state-of-the-art measurement, technology, and insights that help clients listen, understand, and act. Strategic solutions include Customer Experience Measurement, Employee Engagement, OmniView Feedback, Social Monitoring + Publishing, and Brand Research. SMG is an AMA Top 50 research firm with a global footprint—evaluating over 110 million surveys annually, in 46 languages across 108 countries.