

# Kroger trying new coupon approach in TH

By Nick Hedrick Tribune-Star | Posted: Wednesday, July 22, 2015 10:50 pm

A different kind of coupon package landed in the mailboxes of some frequent Kroger shoppers in Terre Haute this week.

The supermarket retailer has offered discounts on any product within specific departments — laundry products, for example — regardless of brand. The coupons are often tailored to a regular customer's purchasing habits. It's part of Kroger's overall coupon strategy of saving customers money and maintaining store loyalty.

“That's particularly true with Kroger when you consider roughly a third of what we sell is Kroger brand products,” John Elliott, a Kroger public affairs manager and media spokesman, said Wednesday.

Retail analysts said the strategy isn't new, especially as grocery stores face increased competition from big-box merchants and online retailers.

“It's been around for a while, depending on the chain,” said James Dion, founder and president of Dionco Inc., a Chicago-based retail consulting and training firm.

Kroger sent the coupons in a postal mailer advertising savings “on great home essentials.” While coupons were tailored to the specific customer's shopping habits, they included discounts on any kitchen or lawn trash product, aluminum foil or plastic wrap, bath tissues and other items.

For competitive reasons, Kroger declined to say whether the coupons would be part of a sustained program.

Elliott said a computerized system tracking a Kroger loyalty card member's frequent purchases play in to the company's discount strategy. That helps the company send coupons for items people want to buy, instead of what Kroger hopes they will purchase.

“It's a different mindset,” Elliott said.



## Kroger trying new coupon approach in TH

Tribune-Star/Jim Avelis Something new: Kroger sent out mailers this week with coupons of a different sort. They allow customers to choose what product to take the discount on within a department, such as housewares or laundry items.

Dion said that, for years, grocery stores were “almost immune” to the kind of promotions employed by other retailers because they stored household necessities.

“Most of the time, grocery stores really avoided that because they really were destination places,” he said.

An increasingly crowded marketplace changed the landscape, including in Terre Haute. Kroger and other retailers will soon face competition from Meijer, which is set to open on New Margaret Avenue July 30.

Bankruptcies have also impacted the supermarket business, said Howard Davidowitz, chairman of Davidowitz & Associates Inc., a New York-based national retail consulting and investment banking firms.

He said the bankruptcies resulted from the recession, as middle-class shoppers live with tighter budgets.

“If you appeal to the middle class, or that’s a large part of your business, you better have mechanisms to give a value message,” Davidowitz said.

Reporter Nick Hedrick can be reached at 812-231-4232 or [nick.hedrick@tribstar.com](mailto:nick.hedrick@tribstar.com). Follow Nick on Twitter [@TribStarNick](https://twitter.com/TribStarNick).