

Grocery chain reverses the trend of negative sales with 10 positive quarters in a row

A regional grocery chain in Southern California struggled in an economically challenged region with high unemployment since 2007, fire, floods, earthquakes and heavy competition. In fact, in 2010 there were 25 Wal-Mart stores and 46 Target locations within a 5-mile radius of one or more of its supermarkets. As a result, this retailer had a negative trend in sales and customer counts for all of 2010 and were reviewing their long term, circular relationship with the local PennySaver who distributed on Wednesday.

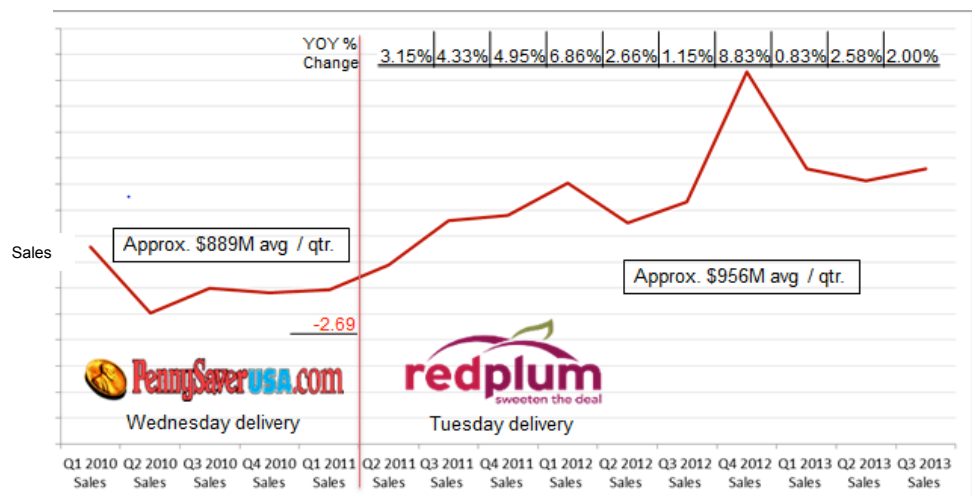
Valassis intelligence revealed Redplum® Shared Mail delivery could help in the following areas:

- **Reach** –94% coverage of SoCal (vs. 60% coverage of PennySaver)
- **Pre-Shop** – Monday/Tuesday delivery, PRIOR to sale break on Wednesday
- **Planning** – The Redplum Co-op FSI (Avg. \$35+ in savings each week), plus over 40 supermarket and Hispanic grocers appear in the RedPlum Wrap
- **Response**- Hispanics recall Redplum over PennySaver for grocery
- **Efficiency** – Eliminate duplication, find profitable customers, tighten reach
- **Flexibility**- Execution under tight timelines and ability to deliver multiple versions

Precision targeting for laser-focused coverage

After analyzing the client’s usual distribution plan, Valassis suggested converting the solo areas to shared mail, reallocating coverage to higher performing households, trimming underpenetrated areas, and versioning for greater resonance with prospective shoppers. Our superior, data-driven targeting makes it possible. The retailer made the switch to Valassis in Q2 of 2011.

Immediate sales lift with continued momentum!



Source: Retailer earnings release 2010- 2013

About Client

- Regional grocery chain

Objective

- Acquire and retain new customers
- Reach Hispanics
 - 41% of HHs in retailer footprint
- Efficient distribution of store circulars

Solution

- Switch from PennySaver to RedPlum for mail delivery of circular inserts
- Target high potential customers around the grocery stores

Results

Program started in Q2 2011, driving customer counts up immediately:

- 378,000 in first 6 weeks of switch
- 1.4 million Q3, 2011
- 834,000 Q3, 2013

Saved over \$500,000 the first year by refining the distribution of the circular

“Customer counts are the life blood of a supermarket- the adrenaline”

-- Chairman and CEO of Grocer

“15% unemployment in our area for the last 3 years...our sales are up. Our like store sales are up. Customer counts are up, and I can tell you our morale is up”

-- Chairman and CEO of Grocer
Earnings Release May/July 2011