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# Sainsbury's

## Little Ones

How Sainsbury's aims to enhance value for brand and customer by communicating relevantly to a high value customer community.

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Integrated Marketing is an holistic discipline that inspires coherent and creative organisation, culture and customer experience alignment around fundamental truths of the brand to deliver value to customers, employees and the organisation.

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In 1998 Sainsbury's launched the Family Programme to communicate to family customers with young children as well as pregnant women. The aim of the programme is to demonstrate that it is a caring organisation that knows its customers well and understands their needs. The programme leader, Karen Bascombe, and her team make effective use of direct mail, internal communication, database management and productive internal and external collaboration to implement the programme.

From an Integrated Marketing perspective, the programme demonstrates the potential of direct marketing to help align the brand organisation and create value for core customer communities. Its success is exemplified by the 1% reduction of attrition rate each mailing. The programme itself is on the front line of the brand's trend towards better-tailored value propositions. The programme is presently being upgraded through Sainsbury's partnership with the Nectar programme.

## Integrated Marketing learning points

Our research programme has developed an Integrated Marketing Diagnostic Audit that identifies vital parameters that influence business success. The Sainsbury's programme is particularly effective in 14 areas:

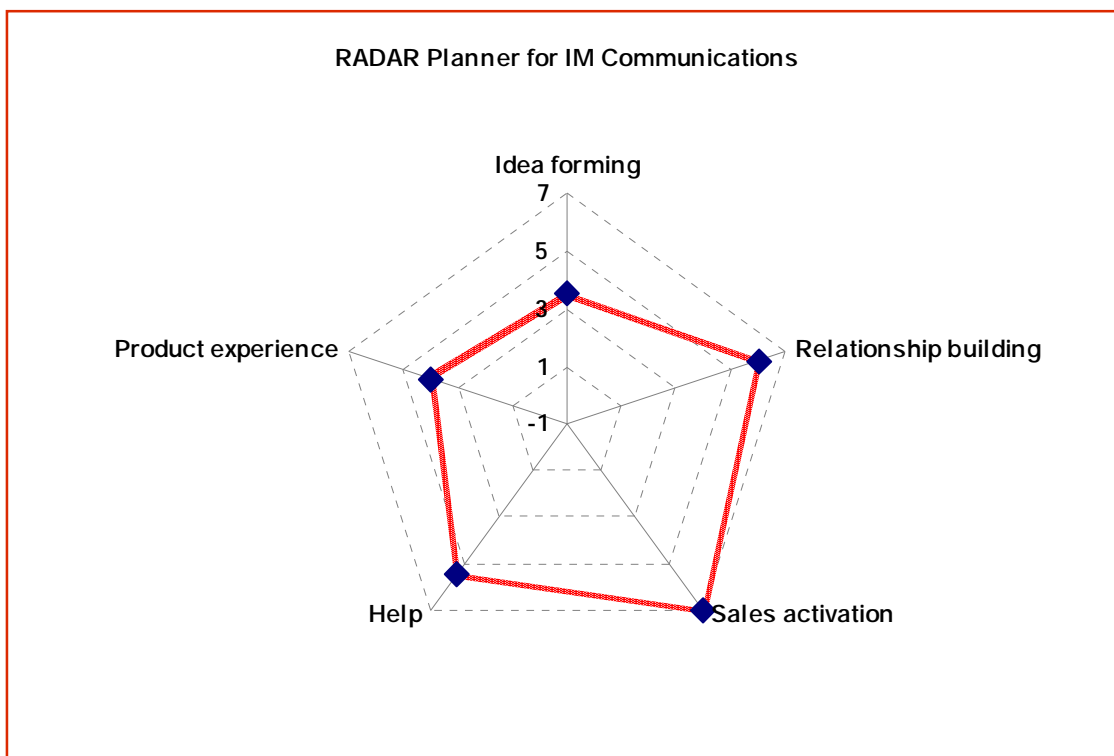
1. The brand cares about customers as people to serve.
2. The brand works at thoroughly understanding its customer communities.
3. The brand treats different kinds of customers in ways appropriate to them.
4. Leaders encourage shared learning across the organisation.
5. There are effective enterprise-wide routines for collecting unduplicated customer data.
6. Quality customer information is available in a timely way at every point of need.
7. Leaders have a win-win attitude.
8. Leaders are promoting what they practice.
9. There is effective co-operation across the marketing teams.
10. Marketing is appreciated for communicating what the brand means.
11. Customer relationship investment focuses on optimising customer acquisition, retention and upgrade.
12. The company and its agencies work together in partnership.
13. Investment is focused on the most valuable customer opportunities.
14. Communication planning routinely reviews all customer Touchpoints.
15. Communications for each type of customer/person are planned in whole series or sequences.

# Background

Throughout the 1980s and the first half of the 1990s, Sainsbury's was the market leader and the dominant force in grocery retailing in Great Britain. The objective was to stop the haemorrhage of customers by getting closer to them. As part of its customer vision, Sainsbury's decided to take more care of families with young children.

This makes business sense and can contribute to Integrated Marketing excellence. Families are among the most valuable customers and share many needs and interests. This combination of needs coherence and financial value means the brand can exploit the Pareto (or Differential Marketing) principle<sup>1</sup> to create tailored value and communication propositions. This can in turn help to increase customer-bonding levels, given that emotional loyalty is driven by trust and appreciation.

Therefore, in 1998 Sainsbury's launched the Club 0-5 in response to Tesco's Baby Club. The objectives were to keep existing high value customers, increase their loyalty, and improve the spending of medium value customers.



The IM RADAR Tool is a communications planning and evaluation method to replace the muddle of contemporary communications disciplines. This chart uses its five dimensions to indicate the Little Ones programme objectives.

## Enrolling customers

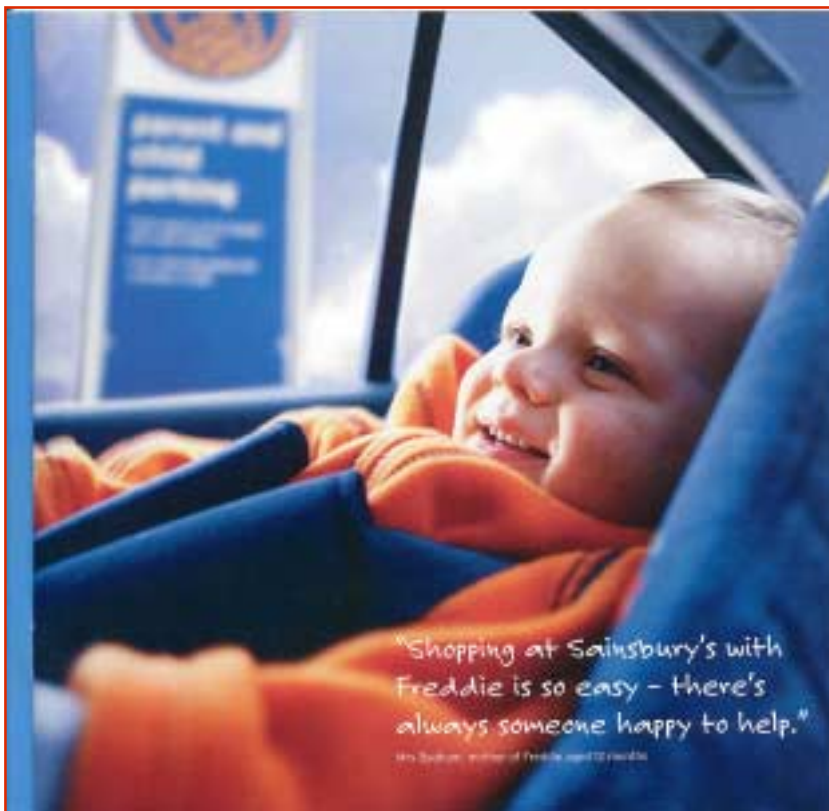
But there was a major problem: customers had to join the Club in order to start receiving the benefits. Sainsbury's had limited means for recognising potential/prospective Club members. This hindered the effective implementation of the project. Convincing customers to sign up before providing them with any value is expensive but was driven by the need to capture information and get permission.

Developments in the Sainsbury's Reward Card programme (now Nectar) enabled the team to adopt a new vision and method. In May 2001 the initiative was re-launched with a new name: Little Ones.

Online enrolment

join littleones today - it's free

Customers may now join at any time and receive the welcome pack and other acquisition material. In addition, the word "Club" has been dropped from the name to communicate that the programme is open to everyone. Sainsbury's now has the opportunity to include most of the relevant customers without waiting for them to sign up, their permission having been granted through membership of the Rewards/Nectar programme. Karen Bascombe and her team can use the database to identify appropriate customers and send a trial pack to enrol them.



Sainsbury's  
littleones

The Trial pack is sent to appropriate members of the database to enrol them in the programme.

## Our Little People – and their parents

Integrated Marketers understands their customer communities and use this to design and deliver co-ordinated communication and services.

The Little Ones team therefore use the Sainsbury's Cardholders database to identify potential customers. The database contains quality information and is being continuously updated by the Campaign Analysis team.

The Family Segmentation manager, Kathryn Karantze-Young, has responsibility for identifying relevant customers for the Little Ones programme and its

communications as part of a larger and important Sainsbury's initiative. She joined the company in February 2002 and is committed to implement meaningful segmentation of the Sainsbury's customer base according to the customers' life-stage and lifestyle. She is also responsible for the customer experience for the Family segments, including all Touchpoints (e.g. store experience). Our research shows that having key individuals or teams focussed on understanding the total experience of customer communities is a vital element of effective Integrated Marketing.

Fusing internal data and external research results, Sainsbury's was able to identify 3 broad customer clusters that embrace 10 significant customer communities. One of the clusters is focused on "Family orientated" customers on the basis of their lifestyle rather than on narrow demographics. However, other groups of family customers are found in the other two clusters, "Quality orientated" and Low contribution". Most of the Little Ones marketing spend is dedicated to the families that belong to the two higher value clusters.



Customers are clustered into communities of similar interests and by the age of the children. Appropriate images are used to increase bonding with the customer and therefore brand equity.

Life-stage analysis produced four customer groups:

- Pregnant women
- Families with young children between 0-2
- Families with young children between 2-5
- Families with young children between 5-11

The resulting "matrix" of family community types by child age group helps discriminate between, say, an affluent family with a 2-year old and a health conscious family with a 4 and 7-years old. Sainsbury's can now provide customer communities with more focused offers and therefore work towards enhancing the value and the quality of the relationships.

## Leadership and customer focus

Integrated Marketing leaders must ensure the alignment of individual and organisational values and promote proactive and co-operative work within and across the teams. Furthermore they need to stay on mission long enough to achieve results. Finally, they need to promote genuine

understanding of customers and ensure the business is focused on things that matter to them.

Karen Bascombe is an enthusiastic leader who exemplifies this. Karen has worked in Sainsbury for ten years, the last four in Direct Marketing and was involved in the Programme since the beginning. She shares the values of the Sainsbury's brand and believes that the Programme provides real benefits to the customers.

According to her, Little Ones "uses the bond between parent and child to lock in the loyalty of the families from pre-birth to pre-school age." This bond gives Sainsbury its focus for the development of relevant value. To earn trust and appreciation, Sainsbury's is committed to an ongoing process of recognising different customer types and to use this knowledge to redesign the brand's value propositions and communication.

A valuable part of their knowledgeware is a beautifully presented analysis of the key customer types capturing the hallmark characteristics of each group.

Investing in genuinely understanding customers and ensuring that this understanding is shared is a vital plank in Integrated Marketing, especially for large brands with multiple customer communities like Sainsbury's.

Finally, Bascombe has a co-operative and empathic approach with her team and agencies. Her team use an integrated agency with direct strengths, Proximity, and a magazine communication agency, New Crane, to develop the materials. All three parties work well together. We note this effective co-operation and partnership as a key ingredient in Integrated Marketing. The relationship is based on respect, not 'cracking the whip', and all sides aim to sustain it.

## Mail for you!



The Little ones programme has three magazines tailored for different age groups as well as speciality communications such as this Pregnancy Welcome Pack.

Customers receive mailings targeted to the age of their child or situation, for example pregnancy. The mailings can be in the form of Welcome packs, Little Ones Collection Information packs, Magazines, Calendar or leaflets that support

in-store events. All mailings contain a selection of coupons that are also targeted to the age of the child.

Little Ones Collection packs are mailed to families with children between 0-2. Every quarter each family receives a booklet containing parental information specifically targeted to the age of the child (i.e. 0-3 months, 3-6 months, and so on). The booklets are collected in a well-presented and colourful ring binder. The content is provided by the magazine Practical Parenting with the intent to enhance its credibility. The Little Ones Collection accompanies the child for the first two years of their life. The content is aimed to help the parents in this delicate moment by providing solutions and suggestions for their day-to-day life.



Little Ones - for parents of the youngest children.

The Family programme also includes 3 magazines that are partly tailored to the age of the kids: Little Ones for 0-2 years old, Little Ones for 2-5 years old, and Rewards for 5-11 years old. The magazines include relevant articles for parents and children at that particular age. The topics are, for example, nutrition, education, hygiene, and current issues such as World Cup, Commonwealth games, and Back to school.

A typical magazine and mail pack will include advice about buying and preparing food, ideas for entertaining and looking after children, advertising promotions and advertorials for particular products, and a set of tailored coupons.

The initiative also includes mailing leaflets in connection to the Family Value in-store events. The Little Ones programme and the Sainsbury's own brand Blue Parrot Café support and promote each other's initiatives. The Blue Parrot Café brand appears in the mailings and represents a range of healthy food that is fun to eat.<sup>2</sup>



This advertisement from the back to school 2002 mailing is typical of the way the programme is used to promote other Sainsbury products.

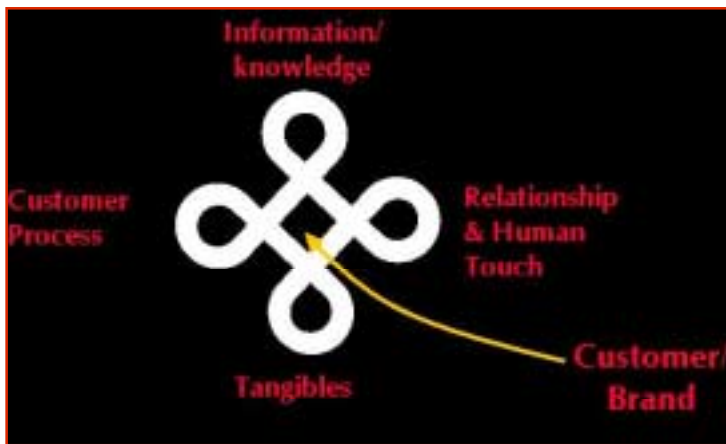
## Sainsbury's Juice

Integrated Marketing vitally depends on clarity of understanding of the brand essence or signature and communication and appreciation of this and the brand promise, especially across the marketing organisation. Little Ones demonstrates this practice.



Little Ones uses Sainsbury's brand signature in all its mailings. Sainsbury's have a two-stage mechanism to ensure consistency of content and materials design with the brand. During the process of developing materials the Little Ones team benefit from an internal document called Juice that defines the brand essence and provides guidelines on how the brand should be used. Juice is distributed across the company and everyone is expected to use it. Once the materials are ready, they are submitted to the Brand guardianship team, which checks and signs off packs.

# A Cloverleaf Touchpoints analysis of the Sainsbury's Little Ones



The cloverleaf tool is useful for Touchpoints Analysis. It identifies four key dimensions of service that should be factored into every Touchpoint.

Source: Jenkinson, Valuing Your Customers

Every Touchpoint is a signature of the brand. The cloverleaf technique is an intensive qualitative exploration of how customers experience the Touchpoint/communication. It enables you to design or reverse engineer the design.

As the diagram shows, the Cloverleaf tool proposes that each Touchpoint is woven around four brand defining dimensions that should be brand true. Each is based on the customer's perspective. Thus information/knowledge is concerned with the required existing level of knowhow, new information or expertise the customer acquires. For example in a supermarket, customer expertise in product/brands location is an important aspect of customer experience and store bonding.

There is limited qualitative research into the customer experience, but our analysis follows.

## Information/Knowledge

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A key element of the programme aims to educate customers in Sainsbury knowhow. Obviously this must represent a value to the customer. Information is communicated in plain language, easy to follow and to understand. For example, magazines have controlled amounts of copy and ideas per page and include a table of contents for easier use. Information is designed to be relevant and helpful.

Welcome packs include information about the Family programme (i.e. how to join, the benefits). The magazines include articles on relevant topics for the particular age group, recipes and advice/tips for children and parents. The Little Ones Collection provides more specific information and suggestions on parenting in the first 24 months of the child's life.



Play is extremely important to children, and thus has a prominent role in the magazines. Each magazine aims to provide a range of good advice on relevant topics.

All mailings include information about the relevant products that are available from Sainsbury's stores, supporting own brands such as the Blue Parrot Café.

A common complaint about brand magazines is that they are not really interesting to customers – just the company pushing its point of view. While these are definitely 'selling documents' we believe there is sufficient customer empathy to encourage appreciation of the brand.

## Customer Process

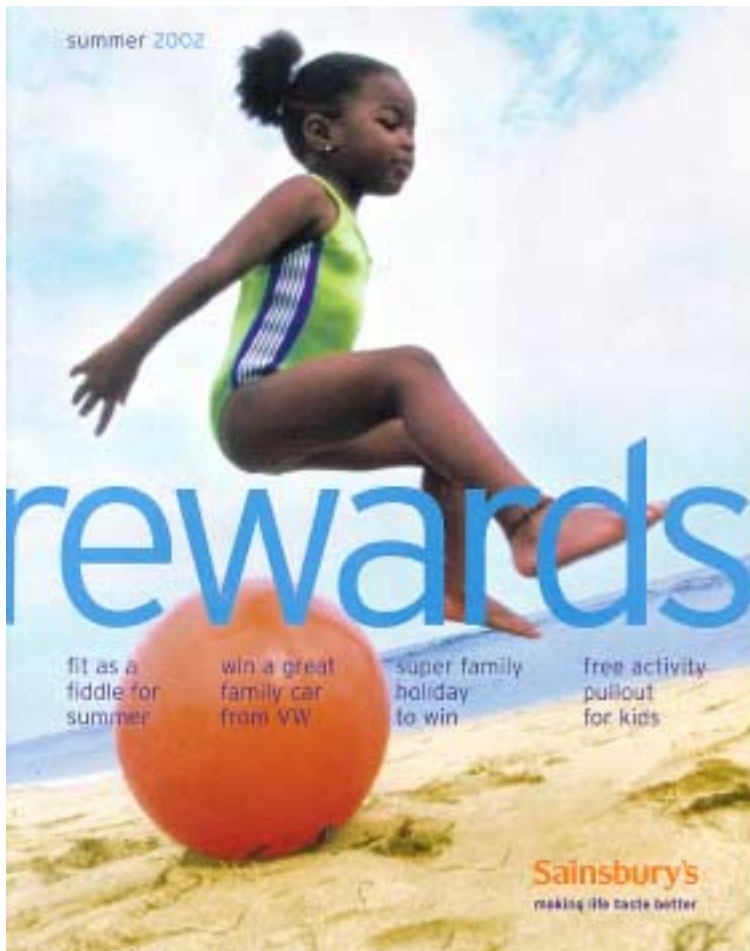
Customers willing to receive the Little Ones mailings must be Sainsbury's Reward Card (now Nectar) holders. Subsequently, they can apply to join the Little Ones mailing list or get a trial Welcome pack from the Sainsbury's Family Programme team.

Little Ones packs are easy to open and the redemption of coupons is effortless. Customers may collect the Little Ones Collection brochures in a ring binder that is sent with the first mailing. Customers respond to tactical mailing in-store, via telephone or online. A website is being developed that will accompany the mailing campaigns. The development of Blue Parrot Café provides a beacon that connects offline literature with the shopping experience and performance.

## Tangibles/performance

The mail media packs are colourful and of good quality. The colours used are mainly pastel (i.e. light blue, pink) and embody the traditional values of motherhood. The Little Ones Collection is well-designed and practical to use. The photos in the brochures and magazines use images of children on their own, with other children or with adults. They are 'photogenic' and convey serenity and joy. The images play a major role in the calendar.

Every mailing contains a set of coupons that entitle the customers to special discounts. Coupons are printed on a single sheet and are easy to carry in the handbag while shopping. There is no need to cut out the coupons from the magazines or collect tokens. The tokens and Reward/Nectar points translate (for many customers) into important value. For some it is a vital economic supplement. For others it is a treat.



The magazine designed for those with older children also indicates Bascombe's aim to provide a loyalty dividend: Brands should share their success with their loyal customers. A loyalty dividend communicates the brand's appreciation for the loyalty of particular customers. Karen Bascombe and her team communicate that by sending coupons to their loyal families. The financial pressure that many mothers with young children feel, amplifies their perception of the coupons value. Although sales promotions and coupons are generally used to generate sales, they can also be an effective way of saying "thank you".

## Relationship

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Little Ones aims to enhance relationship. Sainsbury's wants to communicate that it cares about its customers and understands their needs. It co-operates with an expert (i.e. Practical Parenting Charity) for the content of the articles published in the brochures and magazines in order to ensure credibility and value. Customers periodically receive Little Ones Collection inserts that remind them of Sainsbury's. These mailings also convey the message that Sainsbury's knows its customers. Similarly, the calendar may be on the wall for twelve months with a new image and a new text/idea every month.

## Success

At the end of August 2002 the Sainsbury's Family Programme had recruited 485,000 members until and is targeted to grow by approximately 1,000 new customers per week. The Family Programme direct mail team makes an estimate

of 7 million contacts per year with a response rate of around 3.2% (online and phone responses alone). Each mailing reduces attrition by 1% and coupon redemption rate can reach 10% for key items.

Touchpoints analysis indicates that the direct communication is achieving more than that. Every mailing exposes the Sainsbury's brand. If the customers like what they receive and perceive they get value from it then it is likely that they will think that Sainsbury's is doing something good for them. After all that is a major objective of the programme. Their perception of the brand will thus improve. To date there is the quantitative, financial evidence is that the Sainsbury's brand benefits from the Little Ones programme.

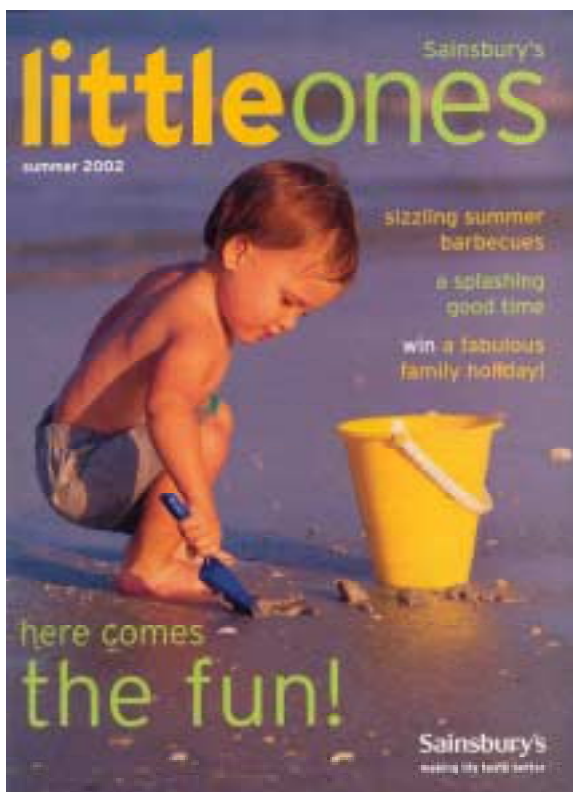
Manager's co-operative approach has enabled a productive relationship with the agencies and with other teams internally (i.e. Brand Management team, Family Segmentation manager, Database Management team).

## What lies ahead?

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The team are working on the Little Ones website. The content of the three magazines is going to be even more tailored to the needs of the target audience. The intention is also to tailor the coupons to the needs of individual customer communities and to arrange and co-ordinate the deals with suppliers.

There is genuine intention to strengthen the measurement processes and further integrate qualitative and quantitative data about individual customers and customer communities. The programme and its evaluation competence will be enhanced by additional qualitative research into customer experience and the impact on brand attitudes.



The Sainsbury's little ones program represents a major investment by one of the UK's leading brands. It focuses on key customer communities and creates value through empathic communication, information and financial bonding elements such as coupons. The communication team works well together to add value to the core Sainsbury retailing proposition. Although measured as a classic mail media/direct program through response analysis, it clearly also has a significant effect on brand equity. The interactive medium is going to provide additional opportunities in the future.

# Executive takeaway

Sainsbury's best practice and experience suggests several actions for senior executives aiming to implement more Integrated Marketing.

- Develop processes and tools that allow a thorough understanding of customer communities and the brand and ensure that this is available to and understood by all relevant executives and staff.
- See customers as people to serve with relevant value propositions: bonded customers are more valuable, and bonding comes from trust and appreciation.
- Be enthusiastic and passionate. Encourage communication and shared learning across the teams, have a win-win attitude and co-operate effectively with internal and external agencies.
- Design and implement routines for collecting unduplicated customer data and elaborate them into relevant and timely information about customers that is available at the point of need
- Focus on the most valuable customers and actively audit all available Touchpoints in order to optimise customer acquisition, retention and upgrade.
- Use a broad array of communications disciplines such as DM, CRM, sales promotions, and advertising.
- Recognise the impact that mail and other media have on defining the brand. Don't leave it to 'advertising' and don't forget to measure the qualitative impact of major direct programmes on brand equity.

## Notes

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<sup>1</sup> All Customers are not created equal, Garth Hallberg, J Wiley, 1998

<sup>2</sup> Sainsbury's Blue Parrot Café range has been created "after extensive research by its senior nutritionists and was endorsed by the Hyperactive Child Support charity" (Ryle, 2001). The range is aimed at children and has therefore been under severe scrutiny for its nutrition properties. Integrated marketers have a responsible job, especially when they target children. The development of the Blue Parrot Café brand, its range of 180 products and the reciprocal support with the Little Ones programme are together a good example of an integrated marketing approach. Source: "Sainsbury's told its healthy child range misleads", Special report: what's wrong with our food? By Sarah Ryle, Consumer affairs correspondent, Sunday April 15, 2001, The Observer.