

THE KROGER STORY

Creating a culture of recognition within one of the nation's largest grocery retailers.

About the Company:

The Kroger Company is one of the nation's largest grocery retailers with more than 2,500 grocery stores and 300,000 associates. The headquarters are located in Cincinnati, Ohio.



Background:

Kroger knows that their success lies in their employees' ability to provide quality service, products and value to their customers; all of which require quick thinking, good decision making and an efficient organizational structure. Because of this, they developed the Customer First Business Strategy. The goal of this strategy is to make every customer contact an enjoyable, positive experience for the customer. The strategy follows the simple guidelines of: greeting the customer, making eye contact, smiling, engaging them and saying thank you.

In order to successfully engage the Customer First Business strategy throughout the organization, key members from the Kroger corporate office met with Incentive Services. The goal was to create an overall strategy for the organization yet allow the Divisions the flexibility to customize the program to fit their specific goals and objectives.

For the 24,000 employees in the 210 stores of the Southwest Division, this collaboration process created the R.A.C.E. Program (Recognizing Associates for Customer Engagement), a strategy that highlights the key points of the Customer First Business Strategy and is tailored to incorporate the specifics of the Southwest division.

Key Objectives:

- Create a culture of recognition within the Kroger locations.
- Engage managers and employees in the Customer First Strategy.
- Provide management with a tool that allows them to recognize desirable employee behaviors and reward such behaviors accordingly.
- Increase employee morale and satisfaction by rewarding them with a consistent incentive that will promote positive results and encourage individual goal setting.

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Incentive Services Solution:

Program Design:

- Incentive Services worked to understand divisional objectives and budget in an effort to link corporate goals to daily employee performance.
- Once the high-level program design plan and budget specifications were developed, the Incentive Services design and delivery teams scheduled recurring meetings with key members of Kroger to start working through the program launch plan for their new program.
- The program consisted of the following:
 - “On-the-Spot”: Executives, District Managers, and Store Managers catching associates going above and beyond are able to present the associate with a recognition card. Each card is worth an entry into the twelve monthly drawings, four quarterly drawings and one annual drawing.

Communications:

- To effectively communicate the program to participants, Incentive Services worked hand-in-hand with key members of Kroger’s marketing team at the Southwest Division to develop a communications campaign that creates excitement and introduces the program.
- First, a pre-launch announcement was created and stuffed in associates pay stubs. Pens were also sent out to all the employees.
- Launch elements were developed with the goal of being unique for Kroger while being functional for employees. The campaign started off with an exciting employee introduction video that played on the Kroger TV channel, K-TV.
- Launch kits were sent to Managers to aid in the roll-out of the program. They contained a tiered Manager Guide designed to introduce and train the managers on program rules, program benefits for the participants, and program award options.
- A custom brochure was created to introduce the R.A.C.E. program to the employees. It included the program rules and a punch out wallet-card with website and login information.
- Recognition cards were created for instant recognition by managers.



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Technology:

- A unique program website was created to be seamlessly accessed through the Kroger intranet.
- The website includes:
 - The employee introduction video, online resources such as full program rules, frequently asked questions, and online recognition guidelines for Managers and Directors.
 - A complete online catalog featuring merchandise awards, travel packages, apparel, and quarterly featured products.
 - Online administration tools such as activity reports and budget usage reports.

Rewards:

- Each week, Incentive Services tracks all recognitions given by Division Executives and sends a special recognition pin & letter to the store manager to present to the employee.
- Each month there is a drawing in which there are 10 winners from each store. Winners are awarded points and their names are posted in the store and on the program website.
- At the end of each quarter, one associate from each store is awarded points.
- At year end, Kroger Southwest has a live K-TV broadcast in which a grand prize winner is selected from each of the 12 districts. The winners are awarded the special Reward Package which includes vacation packages and high-end awards.

Analysis & Results:

- Customer Tracker scores have improved 15% since the inception of the program.
- Associate satisfaction scores improved 12% in one year.
- Associates have been recognized over 40,000 times for treating the customer right.
- Receipt Tracker Score: Since the launch of their Receipt Tracker program in 2011, they have seen an 11% improvement.

