



Habit-forming e-commerce sites

By Mark Brohan

Even in a deep recession, Green Mountain Coffee Roasters Inc. learned, that web shoppers will still buy their favorite gourmet blend and new brewing systems—if they get a good deal.

With that in mind, Green Mountain last year added multiple discounts and perks to Café Express, an online customer loyalty program for shoppers at GreenMountainCoffee.com, and to Coffee Club, a similar program for shoppers at Keurig.com, which sells high-end coffee brewers and related merchandise.

Keurig also used alternative tactics to find new customers such as giving serious coffee bloggers free 30-day at-home trials of new coffee brewers or including more online coupons in its packaging materials and user manuals.

The effort paid off. For the second consecutive year, Green Mountain (No. 120) was the fastest-growing catalog company on the 2009 Internet Retailer Top 500 list, as it increased its web sales by 86.1% to \$111.3 million in 2008 from \$59.8 million in 2007.

“We saw early on that 2008 was going to be a tough year for the economy and decided that the best strategy was developing programs that deliver better value and more

perks to our most loyal customers,” says David Manly, Keurig’s vice president of away-from-home and consumer direct marketing. “We also found other ways to find new shoppers and begin turning them into repeat customers.”

A new approach

Before revamping its loyalty club program, Green Mountain sifted through more than 1,000 customer reviews at GreenMountainCoffee.com, added customer satisfaction surveys on its

e-commerce sites and asked 300,000 people on its e-mail marketing list for ideas on ways to improve the online shopping experience.

Loyal customers wanted better deals and more privileges, says Ken Crites, director of consumer direct for Green Mountain’s specialty coffee business unit. “Our best online customers told us they would keep buying our coffee, tea, cups

and brewers if we could find new ways to deliver more value.”

To revamp Café Express, Green Mountain gave new members the option of two bags of coffee, two boxes of cups or having a \$10 donation made in their name to the Wildlife Fund, plus 50% off the regular price on each recurring order and free filters. Existing members were offered such perks as \$2 discounts on cups, \$1 off on a

bag of coffee and a 10% discount on non-coffee items. Green Mountain also established a new platinum program that gives Café Express members deeper discounts and better customer service.

Green Mountain Coffee shoppers responded: the number of new members signing up for Café Express doubled to about 135,000 last year. “We didn’t want to be just another churn-and-burn loyalty program,” Crites says. “We achieved record web sales last year because we made the effort to reach out to our best customers.”

Green Mountain’s typical online customer is female, age 30-50, with annual household income of \$100,000 and above. Green Mountain is trying new ways to market online to serious coffee drinkers with similar demographics. For instance, Keurig monitors online coffee blogs and offers bloggers loyalty club memberships, gourmet coffee samples and trials of Keurig brewing systems.

Keurig has added nearly 1 million names to its loyalty club program in the past year, bringing the membership to 1.14 million, and the number of repeat buyers on Keurig.com has increased from 15% to 30%.

“We took the opportunity to rethink our entire approach to customer loyalty and now the web is the fastest-growing part of our business,” says Manly. “We learned that our best customers will stay with us even in bad times if we offer them better value and newer and better ways to keep shopping with us online.”

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