

New Year, New Rains:

Safeway Acquisition of Rains Grocery

Public Relations Campaign

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Situation:

Rains grocery store, a family-owned, Pennsylvania chain founded in the 1920's, has recently been acquired by Safeway Corporation, a major national publicly traded grocer. Mecca PR, a public relations agency, has been tasked with assimilating the newly acquired chain in the Philadelphia-area.

Rains groceries was founded by Mr. Billy Rains and his wife, Sallie Mae Rains in 1929, following the height of the Great Depression. Mr. & Mrs. Rains, both fourth generation farmers, created the small-town grocery as a way to provide fresh fruits, vegetables and grain to their neighborhood -



most of which were left poverty stricken following the financial collapse across the country. The financial devastation of their close friends and neighbors also inspired the Rains to develop a grocery store that served the people - both with food and resources.

The Rains provided employment within their store as well as food, agriculture and farming opportunities. Additionally, they provided supplementary partnerships among nearby farmers to provide meat and dairy products. The Rains insisted on resources available to their customers to not only make their lives easier, but to assist in making them better. In 1932, with the community still suffering from the pains of recession, Mr. & Mrs. Rains began 'service for service' relationships with the local town doctors, dentists and teachers. By volunteering five hours a week, any doctor, nurse or educator could trade their service for \$10 in groceries every

week. In 1933, this relationship extended to students whose families could not afford to help



them pursue their education. For working in the grocery store, Rains would assist in helping families send their eldest to colleges in the cities. Students would work full summers and receive \$150 for school costs.

Following the natural death of Mr. Rains at 72 years old in 1975, Mrs. Rains continued successful

ownership alongside their four children: Chuck, Billy Jr., Joe and Mary Rains. After the death of Mrs. Rains in 1961 at 70 years old, Chuck, Joe and Mary took over the daily operational management, while Billy Jr., an accountant and business developer, managed the grocers finances. By 1968, Rains grocers was valued at \$3.8 million, and continued to grow with three locations throughout Pennsylvania.

However, by 1978, only ten years later, the children collectively decided to become a publicly traded company. With continual growth on the horizon, becoming an IPO would allow the family-owned operations to continue majority ownership with the flexibility of co-management, and stock purchases to afford additional revenue for expansion. Additionally, Mary and Joe Rains had pursued business entrepreneurship on their own, outside of the family grocer. After two years spent securing federal regulations and following procedural stipulations,

Rains grocer became a publicly traded company with a 15% share stock for purchase, originally at 10 cents a share.

With the growing cultural health and food awareness of the late 1990's and increasingly into the 2000's, Rains groceries experienced a huge swell in revenue from customers who knew of Rains inherent 'farm-to-fork' tradition of collecting produce from local, and now, tri-state farms no further than Delaware. They were the first local Philadelphia food retailer to partner with nearby elementary, intermediate and high schools teaching young kids and teenagers about the importance of proper nutrition, found in your stores and in your environment. The Kids Eat Kool campaign was later cited as the inspiration behind First Lady Michelle Obama's *Move!* initiative, a goal to reduce childhood obesity to half by 2015.



By 2002, Rains groceries had grown from four to seven stores throughout the West Philadelphia-area and valued at over \$60 million dollars. They began to carry specialty produced items such as vitamins, holistic remedies and imported cheese from overseas.

It wasn't until 2007 and the slow onslaught of the incoming 2008 recession that this sturdy and long-standing Pennsylvania establishment began to experience financial strain. Initially, sales slowly slipped as customers began purchasing less of the specialty items offered; thus leaving them on the shelves to spoil. Some customers cited the simple inability to buy as many groceries as they had in the 6 months prior. Others still began to lose their employment, and take out 'credit' at their local Rains, though they were unable to pay it back while still

needing to support their families. By the third fiscal quarter of 2007, Rains grocery sales were declining 2 percent, on average, every 2-3-calendar week. Such drastic decline forced accountant Billy Jr. to purpose the unthinkable: selling Rains entirely to a larger, financially stable corporation.

Safeway Corporation, now a leading national publicly traded grocer, was first



established in the southwest region by father and son Jacob and James Safeway. The family-owned and operated business opened the doors to it's first store in Arizona on April 15, 1915 - it remains the Safeway corporate headquarters even today. Original locations include New Mexico, northern Texas and southern California. By 1927, just twelve years after opening it's first Safeway Stores, the Safeways continued to grow with over 400 stores in two dozen cities across the southwest. Though the Great Depression of 1928 hindered expansion into the midwest and east for two years, the Safeways successfully purchased a smaller chain of family-operated produce and dairy stores, McGee's Milk & Honey, from Mr. and Mrs. Michael McGillan and their three children in Arkansas.

The acquisition of McGee's Milk & Honey market expanded the Safeway brand:



Kansas, Missouri, Illinois, Indiana, Oklahoma, Arkansas, Kentucky & Tennessee. In total, the Safeway brand acquired 90 stores, increasing their network of chain grocery markets to just shy of 500 stores across 12 states. By the end of 1935, Jacob Safeway listed his stores as one of the first grocery markets on the

New York Stock Exchange, making it an available IPO for the public to purchase into and begin corporate investment.

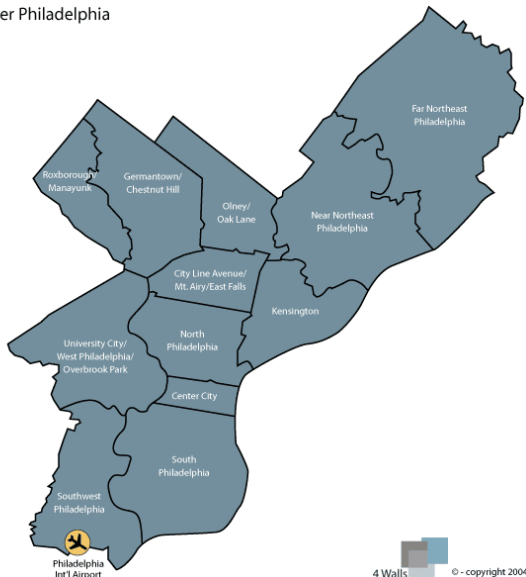
Over the next 70 years, Safeway Incorporated grew to become the largest American grocer, and the fifth largest global food market.

In 2011, Safeway extended an offer to purchase the financially troubled Rains groceries from the Rain family, now comprised of Billy Jr., Mary, & Joe. After several months of deliberation, the Rain ownership has been bought out by Safeway Inc. for the reduced sale of \$24.8 million dollars - giving Safeway ownership of all Rain groceries, the name and brand in its entirety. Two years later, as Safeway finalizes ownership of the community store through federal regulations and brand assimilation, the challenge of the situation is *how* Safeway will takeover the Rains locations, implementing their forward-thinking and progressive initiatives, while maintaining both the Rains consumer and the tradition of the Rains ideology. In other words, how to bring the past current without losing their loyal customer base during the transition.

Target Audience:

The target audience primarily consists of 76% non-hispanic African Americans; 54% of that being female and the other 46% of that being males . The median age of this audience is 33 years old. They have either obtained a bachelor's degree or have some college education. The majority of the audience includes salaried workers with 82% of them being white collar. The average income is \$41,779, with 25-44 year old person earning approximately \$33,000 annually. The majority of them are living in non-married households, without children, averaging 2.5 persons per household. Those who are married average a household net worth income of \$259,000. Half of the audience consists of homeowners and 34% are living in apartments. On

Greater Philadelphia



average, they own one vehicle per household and spend 14.4% on transportation whether it be public or personal annually.

The entirety of our audience lives in Philadelphia with a focus on West Philadelphia primarily in area codes 19104, 19131, 19139, 19143, and 19151.

The target audience spends over a third of their income, 38%, on housing including utilities & household operations - more than the

national average of 33%. They spend 14.4% on transportation, less than the national average of just over 17%. 12.7% of their income is spent on food purchases. In their free time, our audience spends just 5% or \$2,700 of their total income annually on entertainment, such as movies and social and/or nightlife activities. Their choice movies include romantic comedies, suspense, and black films. They enjoy watching retro sitcoms such as Fresh Prince of Bel Air, Martin, Living Single, and The Cosbys. They also enjoy current dramas such as Scandal, Suits, and Grey's Anatomy. They are huge music fans, especially of the Hip-Hop genre including artists such as Jay-Z, Kanye West, and J.Cole. They also are fans of the R&B genre with singers such as Beyonce, Chris Brown, and Robin Thicke. They are not physically active and are do not hold gym members. However, they do actively engage in health care services, spending approximately \$3,400 annually. They are eating less fruits and vegetables than the national average, but significantly more carbohydrates.

Average annual expenditures	\$50,581	\$53,546
Food	6,529	6,788
Food at home	3,880	3,909
Cereals and bakery products	534	605
Meats, poultry, fish, and eggs	843	817
Dairy products	413	446
Fruits and vegetables	723	697
Other food at home	1,367	1,344
Food away from home	2,649	2,879

Additionally, they smoke tobacco products less than the average American, spending only \$282/year on tobacco products versus \$341/year. They also spend less than average on life and personal insurance. Although they are not tech-motivated, they are technologically current owning televisions, smart phones, and a home computer. They spend approximately 6 hours/day watching television and surfing the web.

Objectives:

Objective 1: To exceed customer satisfaction of Giant, ShopRite, and/or Acme by 15% by January 1, 2017. (Long-term Objective)

Objective 2: To increase customer base by 35% by January 1, 2017. (Motivational Objective)

Objective 3: To raise awareness of Safeway's brand and new initiatives brought to Rains by 75% by January 1, 2017. (Informational Objective)

Strategy:

Safeway will build upon already existent amenities and create an array of new amenities in order to better cater to the community, maintain and improve community relations, and create a lasting brand in order to deliver key messages and achieve the primary campaign goals. The goals of the campaign are as following:

- To surpass all grocery stores in Philadelphia in customer satisfaction and accommodation
- To educate the community on the new parent company, Safeway
- To maintain our current customers and uphold Rain's commitment to community through the change in ownership

Tactics:

Objective 1: To exceed customer satisfaction of Giant, ShopRite, and/or Acme by 15% by January 1, 2017. (Long-term Objective)

Pharmacy

Rains, now owned and operated by Safeway Inc., offers a full service pharmacy, including prescription fills and refills, pharmaceutical consultations, medical explanations and cross-medication cautionary advisement. The pharmacists are also equipped to recommend generic equivalents for expensive or unavailable medication.

The pharmacy will be operational seven days a week, from 8am until 7pm, to accommodate our working customers.

On-site clinic

In collaboration with our full service pharmacy, Rains now offers an on-site clinic, including a family practitioner and high-tech diagnostic equipment for diagnosis and examination. Our audience research affirms that healthcare is of importance, with our audience spending approximately \$3,400 annually on health services and care. With three rotating in-house doctors, customers as young as three years old can be seen for physical, internal and select dermalogica analysis. The clinic will accept private and public insurance, such as Medicaid and Medicare, university-supported insurance, like Smart Plan and even out-of-pocket cash and credit acceptance.

Coffee partnership with local coffee house

In keeping with inclusive local community partnerships and offerings, Rains is proud to partner with the local leading coffee house to offer customers their favorite brews without making an extra, inconvenient stop. Likewise, the coffee station will offer a 5% final purchase discount to Rains loyalty program members simply for swiping their card. Purchases made at the coffee station will also be counted toward loyalty points and rewards.

Local bank ATM & two-person teller

For the additional convenience of our customers, and to create a one-stop food and services marketplace, customers will have access to their local bank inside the store, complete with an ATM machine, two banking tellers and a bank branch manager. The banking station will allow customers to perform more than 95 percent of the same transactions allowed at separate, out-of-store branch.

High quality, low-cost store brand

To accommodate customers who choose not to exclusively buy expensive, name-brand products and produce, Rains offers high-quality goods and cooking supplies for everyday low costs. Items such as pasta, cereal and grains - a core staple for our main audience per our research - seasonings, beverages and even locally grown organic Rains produce is available for sale at an average savings of 45 percent for our customers. Specialty Rains store brand products are clearly labeled and distinguishable with our unique Rains label.

Objective 2: To increase customer base by 35% by January 1, 2017. (Motivational Objective)

Phone Application

Although our target audience is not tech-motivated, they are technologically current owning televisions, smart phones, and a home computer. With the large dependence and usage of smart phones in the West Philadelphia area, Rains has found a way to incorporate smart phones into the Rains experience. Our application is available in the Apple and Android app store. Furthermore, it has three major features. These major features include rewards program, pharmacy, and shopping features.

Rewards Program Feature

Access Rewards Online - Through the Rewards Program feature, customers will be given the opportunity to access their customer loyalty account in order to save, earn, and redeem their benefits while shopping online through the app. It allows customers to continue to get exclusive pricing as a member outside of the store.

Virtual Loyalty Card - Furthermore, they will be able to virtually access their loyalty card to scan in store, if they don't have a physical card with them.

Shopping Feature

Store Map- This will allow customers to view floor maps to quickly find items around any Rains location. Customers will even be presented with an opportunity to type in an item to find its exact location.

Store Locator - This will allow customers to search for the closest Rains grocery location to them and filter search results based on what type of store they're looking for.

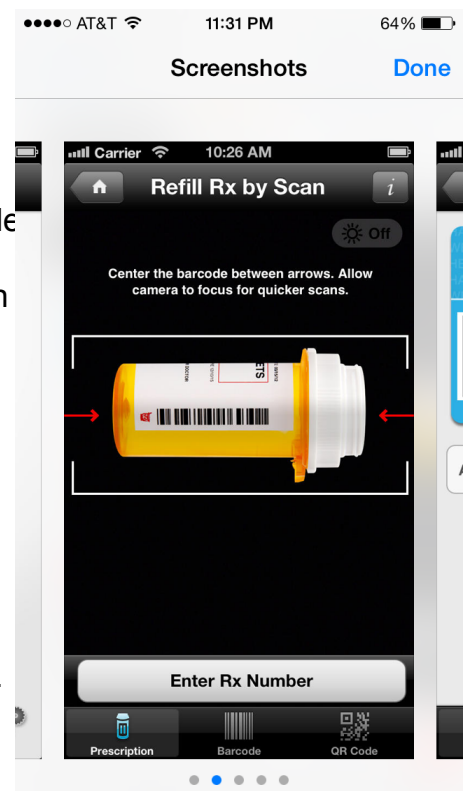
Create Groceries - This will allow customers to create a grocery list through the app before going to the Rains location of their choice. The list will then plan their grocery trip based on their personalized list. It will create a numerical list of the store aisles and all the items that need to be retrieved from each individual aisle. Furthermore, it will total the grocery with loyalty discounts and savings included. It will provide a specialty barcode that allows customers to scan and check out in one step at the register. Once customers get to the register, cashiers bag and weigh groceries to match with the details embedded in the barcode.

Order Groceries - This feature will allow customers to order groceries on the app while still receiving loyalty rewards. The app will allow customers to store payment information for easy use. Furthermore, customers will be able to choose dates and times for delivery and track the delivery process of their groceries.

Pharmacy Features

Refill by Scan - This will allow customers to scan the barcode on their prescription bottle for instant refills from any location and at any time. After scanning, the application will immediately provide customers with prices and pick up information.

Refill Reminders - This will allow customer to sign up for Rx Text Alerts to know when it's time to refill their prescriptions.



Grocery Delivery

On average, our target audience owns one vehicle per household and spends 14.4% on transportation whether it be public or personal annually. With this being said, personal transportation is not as common and scarce in this area. Therefore, many are left relying on public transportation for day-to-day commutes. In order to better accommodate our target audience lacking personal transportation, we have created a grocery delivery service to better serve those living in households with one vehicle or those who completely rely on transportation. In order to make grocery shopping and transportation more convenient for them, we will provide grocery delivery to local residents within a 10-mile radius of any Rains location. Groceries can be ordered and paid for through our *Rains app*. The app will include a tracker that allows customers to track every process of their grocery delivery from when groceries are being picked off the shelf to placed in the delivery to its exact location while traveling on the truck. Grocery delivery will be available Monday through Friday during the hours of 10:00 a.m. to 8:00 p.m. and each customer will be permitted the opportunity to choose a two-hour delivery bracket and the day of their choice depending on driver availability. Each customer will be charged a delivery fee of \$10.00.

Customer Loyalty Program

Rains grocery will offer a customer loyalty program to benefit all committed and loyal customers. Through this program, customers will be provided with a list of daily deals offered to

all loyalty program members. Furthermore, the loyalty program will also include a system that rewards members dependent upon the amount of monthly points earned. Points will then be converted into discounts on food, grocery delivery, nutritional consulting, clinic services and coffee bar items at the end of each month.

Objective 3: To raise awareness of Safeway's brand and new initiatives brought to Rains by 75% by January 1, 2017. (Informational Objective)

Media Junket

To assist in informing current and prospective Rain consumers to the exciting services their local market is now providing, we will utilize the local Philadelphia-based media to publicize our launch and convenient enhancements via a media junket. A week before launching our revitalized store locations, media personalities, bloggers, health & wellness writers, foodies, business strategists, and community leaders will be invited to an in-store junket to explore the innovative, well-planned community-friendly services available to each and every customer. Additionally, they will enjoy a lunch made exclusively from our featured high-quality store brand products and produce.

Social Media

Facebook & Twitter - These platforms will be utilized since they are among the top social media outlets in today's age. These platforms will be used for deals, announcements, news, and alerts.

Blog - Rains store will create an online blog that serves as a digital newsletter to all Rains customers. Our blog will consist of the following features:

Store Updates - This will give customers store updates from new products and services being offered to a changes in management. This will allow customers to feel as if they not only customers of Rains store, but are actually a valuable piece of Rains.

Weekly Deals - The blog will offer weekly deals that will be exclusively made available to customers who visit the blog for store-wide use. The blog deals will have a weekly focus ranging from produce to dairy to meats to pharmaceutical services to coffee bar products.

Store Recipes - The blog will also feature a section with meal recipes of the day. The recipes will also include the ingredients that can be found in the store to complete the recipe with prices and in-store location included. Furthermore, the recipe will include three ingredient list. One ingredient list will include all name brand products and the total price. Another ingredient list will include all store brand products and the total price. The final ingredient list will include all healthy alternative for the recipe ingredients and the total price.

Employee Profiles - This section of the blog will include a feature profile for the employee of the week. This allows Rains to maintain its family-oriented atmosphere by

making customers feel connected to their local grocers. Furthermore, it increases community engagement. Customers will also be given the opportunity to engage in online interactivity with these employees.

Wellness Tips - This section will include wellness tips that can be implemented through using products found in the store. This tips can range from beauty tips to nutritional tips to recipes to home remedies.

Store Brand Comparison - In this section, the store will present comparison between name brand products and their store brand equivalent. It will compare quality and price to ensure customers that store brand brands are not only quality but the more cost efficient choice.

Community BBQ

The community bbq will take place the weekend following the store's grand opening under Safeway ownership. The bbq will be completely sponsored by the store and will create an opportunity to expand the store's community relations. The bbq will feature free food to the neighborhood utilizing all store brand products for promotion purposes and product testing. Furthermore, the bbq will include the following:

- Games, activities, and face painting for children
- Free food cooked and provided by Rains using all store brand products
- Cooking classes featuring store brand products

- Makeovers using store offered products
- Health sessions hosted by in-house nutritionists
- Wellness classes featuring store offered products
- Live music
- And much more!

Media Coverage

Ads

Rains grocery store will release a plethora of advertisements in local newspapers such as the Philadelphia City Paper, Philadelphia Weekly, and Philadelphia Inquirer. The Advertisements will feature local residents such as children, teachers, police officers, firefighters, politicians, and local celebrities. This will be initiated to show that Rains is indeed created for the entire neighborhood from children to professionals to celebrities to families. Furthermore, these advertisements will include special, one-time use coupons.

Feature Stories

We will set up an array of interviews with local newspapers to be published in the paper and online in order get media coverage of the change in ownership and store structure. The articles will be used to share:

- Change in ownership
- New amenities
- Upgraded services
- Employee profiles

- Company profiles

Brochures

We will create a brochure describing all store changes and it will personally delivered to all residents in the neighborhood in order to also allow an opportunity for face-to-face interaction and dialogue for in depth conversations.

Commercial Campaign

We will create a commercial campaign featuring local residents such as children, teachers, police officers, firefighters, politicians, and local celebrities. This will be initiated to show that Rains is indeed created for the entire neighborhood from children to professionals to celebrities to families. Rains is the go-to store for all. Furthermore, it will show the evolution of Rains from a family-owned business to being corporately owned. The commercial will also be used to illustrate all store changes and updated accommodations.

Corporate Social Responsibility:

Nutritionist

Rains is supportive of our core consumers interest and concerns for their well-being and health care. To facilitate improved eating, dietary education and overall wellness, Rains will offer a complimentary nutritionist to assist interested people in purchasing the right products for their health and well-being goals. Additionally, the in-store trained nutritionist will work with the in-store clinic to hold bi-monthly health and wellness seminars for the community, and continue

the tradition of Rains groceries to bring nutritional awareness to school-aged youth through school district partnerships. Moreover, Safeway Inc. will pledge to donate over a million dollars on behalf of Rains markets in the Philadelphia area to dietary education for students and food staff at all local elementary schools over the next five years, until January 2021.

Rains Brian Scholarship

Safeway Inc. values the same traditions and belief in education that fueled the in-kind educational stipends Mr. & Mrs. Rains implemented over 80 years before. To honor that practice, Safeway supports the revitalization of the Rains Brain Scholarship, now offered to any student who can showcase their leadership in community improvements, such as youth directorship, food sustainability and innovation, and creative ways to improve the quality of packed and transported foods. Selected recipients, chosen from their unique ability to enact change in their community, will be awarded \$3,000 - 6,000 to assist in finishing their bachelors degree at a four-year accredited university.

In addition to providing a for-charge in-store clinic, Rains will open it's clinical doors for low-cost or no-cost donated services to the community. Every second and third Saturday of the month, the clinic, it's professional practitioners and the usage of their high-tech diagnostic equipment will be available for community examination services such as physical exams, school vaccinations and illness analysis. Hours will vary by location, and appointments will not be necessary, but encouraged for expedited attention.

Calendar:

month	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016

wk 1	Launch Commercial Campaign Brochure Delivery Begins	Media Junket (12/28) 1/1st Store Launch Social Media Launch	Sunday Paper Ad & coupons		Rains Brain Scholarship application made available	
wk 2	CSR Clinic	1st Feature Story Published CSR Clinic	Sunday Paper Ad & coupons CSR Clinic	CSR Clinic	CSR Clinic Community BBQ	CSR Clinic
wk 3		2nd Feature Story Published	Sunday Paper Ad & coupons			Rains Brain Scholarship announced
wk 4	Brochure Delivery Ends CSR Clinic	CSR Clinic	CSR Clinic	CSR Clinic Sunday Paper Ad & coupons	CSR Clinic	CSR Clinic

Budget:

Campaign Budget	
Tactic	Total
Phone Application	\$80,000
Media Junket	\$2,000
Ads	\$200,000
Commerical	\$500,000
Brochures	\$10,000
Community BBQ	\$50,000
	\$842,000

Evaluation:

Objective 1: To exceed customer satisfaction of Giant, ShopRite, and/or Acme by 15% by January 1, 2017. (Long-term Objective)

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Results will be measure using a poll conducted via www.philadelphiainquirer.com. The poll will be constructed and published to the front page of the website a week before Rains relaunches itself under Safeway ownership and stay online until the reopening of Rains. The other option will be to administer the poll over the phone. The poll will consist of questions that pertain to the target audience's opinion of Rains when it comes to awareness, accommodation, and amenities. The same poll will be published or administered on January 1, 2017 and remain active for a week. The data from the two polls will be evaluated to engage an attitude change among the community as a result of the campaign, objectives, and tactics.