

Retail Merchandising Effectiveness

Background

A major nationwide retailer launched a new line of celebrity-branded merchandise in all of its stores in May 2007. In addition to committing a full aisle to the new product line, as well as in-store signage, the launch was supported with traditional advertising efforts in most markets (newspaper inserts), and a larger scale media campaign was launched in a test market to support the new product line. The client, therefore, was in a position of needing to know what impact on sales or customer traffic to expect from the addition of the new line of products and to determine what impact, if any, was garnered by the additional advertising in the test market. Specifically, the research objectives were:

- Measure the impact of branded products on the shopping behaviors of current customers and non-customers
- Determine how the celebrity-licensed products will drive additional traffic, change share of wallet, and attract new customers into the stores
- Measure the impact of branded products on driving cross-category shopping
- Determine how customers first learned about the new line of products (which media outlets) and identify the key drivers for bringing them into the store

Methodology

RTS Marketing Research conducted a survey of customers and a separate survey of general category shoppers. These surveys were designed to assess the impact of the new line of products, as well as identifying other licensed product opportunities.

Customer Survey – Store Intercepts

RTS Marketing Research conducted a survey of customers as they exited the stores to measure their awareness of the new product line, as well as the impact it would have on their shopping behaviors. Interviews were conducted with the primary shopper in the shopping party as the customers exited the store.

A total of 613 surveys were conducted across three markets (n=200 per market). The markets included in this study were Boston, Los Angeles, and Minneapolis. In each market 3 stores were selected to represent the market. RTS Marketing Research stationed interviewers at each of these 3 stores per market to survey customers.

General Category Shoppers Survey – Telephone Survey

RTS Marketing Research also conducted a telephone survey of general category shoppers, regardless of where they shop. These surveys were designed to evaluate the impact of the licensed product line on the shopping behaviors of non-customers and irregular customers.

A total of 600 surveys we conducted across the same three markets as the Customer Surveys - Boston, Los Angeles, and Minneapolis (n=200 per market). Qualified participants must have shopped in the product category within the past 12 months.

Results

By carefully designing the study and sample frame, RTS Marketing Research was able to accurately measure customer and non-customer reactions to the new product line. The research measured customer and non-customer reactions on numerous variables, including:

- Awareness of the new product line
- Visitation rate by customers (percentage of customers who visited the aisle)
- Purchase rate by customers (percentage of customer who purchased from the line)
- Likelihood to shop at client first for specific product category
- Likelihood to shop at client first for general retail category
- Change in anticipated spending
- Change in shopping frequency

The results on all variables were compared across customer and non-customer, or general category shoppers, segments. Results were also compared across markets (Minneapolis vs. Los Angeles vs. Boston). Key differences were identified for the client and the implications of the differences were explained. Additionally, the impact of the expanded advertising campaign in Minneapolis was identified and differences among the three markets were reported.

The overall results of the research were confirmed by the client as consistent with the sales revenue generated by the new product line. The results of this research were key to directing the amount of investment the client has since made on other celebrity branded lines. In many aspects it highlighted where the client should be focusing its marketing efforts.