

**Category:** *Discount Retailer*

**Methods:** *Quantitative Research, Brand Awareness, Advertising Awareness, Tracking Study*

### Summary

A large discount retail chain wanted to measure company brand and advertising awareness as well as consumer attitudes over time. This research was conducted to help the company identify ways to make their advertising more effective in driving store visits and sales.

### Strategic Issues

The specialty discount and dollar store industry is booming. These stores focus on quality brand-name products, deep discounts, and high levels of convenience that are seldom found in general retail. The industry is being driven by a higher emphasis on convenience, increased availability of high-profit-margin imports and growth in the number of consumers above the age of 55. At the same time, the target market is widening.

On the demand side, customers increasingly seek convenience, and in the case of lower-priced merchandise, this means they are less willing to drive long distances to buy these items. Growth in demand for these stores as a shopping alternative was fueled as well by the severe economic downturn from 2008 to 2010.

Competition is fierce—and these discounters have learned that advertising in all forms plays a key role in generating interest and driving store visits. Our client needed to discover ways to differentiate itself from the other discount stores with its advertising to get people in the door to shop.

### Research Objectives

The objectives of the monthly tracking research were to measure consumer awareness of the print circular advertising over time and to identify the most impactful advertising elements and messages.

Specifically, the research was designed to:

- Track unaided and aided awareness of retail advertising over time.
- Understand which messages were being communicated most effectively among the different consumer groups, including the Hispanic segment.
- Understand which advertising elements were driving shoppers to the store.
- Gain shopper feedback about various items included in the circular advertising.



## Research Design and Methods

The research was conducted monthly following circular distribution (via targeted direct mail) over the course of several years. Decision Analyst employed a unique method for obtaining feedback from shoppers.

Surveys were conducted via the Internet using Decision Analyst's American Consumer Opinion Online® panel. In this online survey, consumers were shown images of the company's most recent advertising circular and were asked to look through it (electronically) as if they would in real life, flipping through the pages. The respondents were then asked to indicate the page that caught their attention the most, and the featured items, images, and messages they like the most. Further, the respondents were asked to indicate which advertised products in the circular were most likely to drive them into the store.

Prior to this exercise, respondents were asked about their awareness of various discount retailers and their advertising. Additionally, shoppers were asked a host of attitudinal rating questions about the company such as product quality, offering value, uniqueness, etc. Because this study was conducted routinely every month, the client took the opportunity to include some ad hoc questions about product brands. This helped the brand make quick, informed decisions about how best to market their products within the stores for a minimal cost.

The consumer sample for this tracking study included a representative mix of demographics within the retail chain's service area. In addition, respondents were categorized into segments representing varying levels of shopping frequency. A Spanish-language version of the survey was also developed for use among Hispanics. Consistency in sampling methodology year-over-year is critical for tracking studies because it enables apples-to-apples comparisons over time. Statistical testing was performed to identify which changes over time were considered significant.

## Results

Results were presented in a detailed monthly report card as well as a full written analysis with recommendations. The tracking study results revealed that the company had been successful in growing brand and advertising awareness. The data also enabled the company to pinpoint precisely which messages and promotions were most impactful in driving certain customers to the store. The company was then able to leverage these findings to make their advertising even more effective in future campaigns!

The client also identified key perceptual differentiators for the company overall vs. the competition, as well as areas where they fell short in the eyes of the consumer. This information was critically important from a strategic perspective and resulted in a new focus on positioning. Specific recommendations included key messaging to use, products to spotlight in the ads, and the types of promotions to offer.

Finally, the client learned that they were sharing customers with another top discount chain, and that they needed to strengthen customer loyalty. As a result, the company initiated a more aggressive marketing and advertising strategy.

Today, this discount retailer is experiencing continued growth in revenues and profitability while expanding store distribution nationwide.