

CASE STUDY

Uncovering the Story Behind a Retailer's Slipping Sales

SITUATION

A large regional discount retailer was experiencing decreasing overall sales and frequency of shoppers. They wanted to conduct research to assess shoppers' attitudes and understand the extent to which internal, controllable factors were playing a part in this decline. The MSR Group was engaged to conduct a research project that included both qualitative and quantitative aspects.

APPROACH

The MSR Group designed a two-part study that started with focus groups of consumers identified as infrequent shoppers of this retailer's stores. The intent was to dig into attitudes not only about the retailer but also about competitors who owned market share the client was after. Participants' feedback would be used to frame questions for the quantitative phase, a telephone survey.

Research objectives for the two-part project were to determine:

1. Why the retailer's shoppers are not buying more and/or shopping more frequently;
2. Why those who don't shop at the retailer have decided to shop elsewhere; and
3. What the retailer can do to change the shopping behavior of each group.

This project was in a way an extension of a share of wallet study The MSR Group had completed for this retailer 1 ½ years prior and results were compared when possible to track brand awareness and attitudes.

Part 1 - METHODOLOGY

Two focus group sessions were conducted in Omaha, Nebraska. Participants shopped the retailer infrequently and gave low ratings to their enjoyment of shopping the client's stores.

RESULTS

Focus group participants assigned personalities to the retailer and its perceived competition based on wardrobe, hobbies and other activities. These descriptions clarified different ways each store was viewed and identified some areas that needed addressed.

When discussing reasons they don't shop at this retailer's stores, key issues related to inventory were uncovered. Participants described various challenges in finding what they were looking for and quality concerns with certain items they had purchased in the past. Opinions regarding store appearance, hours, customer service, advertising and price were also collected and comparisons were made to competitors.

The MSR Group was able to identify key perceptions that were keeping consumers from shopping the client's stores and limiting the scope of items they were willing to look for there. The next phase of research would assess how the issues raised by the group concerning inventory, selection, quality, style and price were influencing shopping behaviors. In addition, recommended changes would be prioritized to address consumers' biggest issues first.

Part 2 - METHODOLOGY

After evaluating the focus group results, The MSR Group identified key areas of interest for the quantitative study:

- The retailer's brand awareness
- Advertising awareness and media sources
- Shopping frequency and reasons behind non-shoppers' behavior
- Consumer perception of service attributes such as service quality, product displays, store cleanliness and hours

Ten product lines were identified for specific exploration of consumers' satisfaction levels. In addition, overall customer satisfaction, likelihood to purchase from the retailer again and likelihood to recommend the store were also measured. These final two attributes result in a Net Advocacy Rating (NAR®) for the retailer.

A stratified random consumer telephone survey was conducted of 809 households within specific zip codes across the 16-state area representing the retailer's market footprint. Participants were self-reported as doing the majority of the shopping for the family's general household items. They also had purchased from the identified product categories within the last 90 days.

RESULTS

When measuring Top of Mind Awareness, the retailer ranked second among their category in the market footprint. This overall awareness was holding steady since the previous share of wallet survey conducted by The MSR Group. However, the NAR® had dropped sharply and this result, combined with the retailer's own reported sales decline, indicated something about the shopping experience was not working for customers.

This is where measuring specific merchandise categories was helpful. Various attributes related to price, quality, selection and availability were rated for each category, identifying strengths and areas of concern. Respondents were also asked what the retailer could do to rate higher on the attributes.

The MSR Group was able to identify customers' biggest areas of dissatisfaction along with what the retailer was doing well. Recommendations for where to focus efforts for improvement were made.

CONCLUSION

When sales are slipping, everyone has an opinion on what's going wrong. Research can identify and prioritize areas of operational concern by reflecting actual customers' experiences and opinions. It also ensures consistency between messages in your advertising and actual experiences with your brand.

By conducting exploratory focus groups first, then collecting quantitative survey data, The MSR Group was able to measure customers' opinions on specific areas of concern for this retailer. We were then able to take the recommendations and prioritize efforts on what would have the greatest impact their business results.