

HOW A SPECIALTY RETAILER WON THE BACK-TO-SCHOOL SEASON BY CHANGING ITS MARKETING AND ASSORTMENT FOCUS



THE BUSINESS CHALLENGE

A retailer, let's call it Client X, had seen revenue drop for several consecutive back-to-school seasons but was unclear what was causing the downturn. Was the retailer losing customers to rivals? Were existing customers spending less? Were the items the retailer sold simply not resonating with today's consumers?

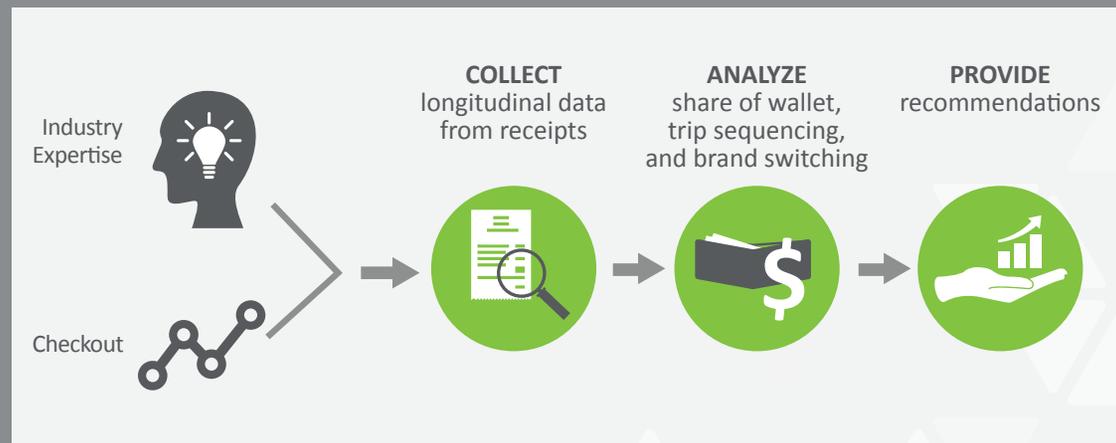
Client X turned to NPD's Checkout for help.

HOW WE HELPED

Many things can go wrong for a retailer. But when you have the right data, it isn't hard to figure out where the problems are.

To help Client X, we ran a Checkout analysis of longitudinal data, searching through the actual receipts of real consumers for back-to-school purchases like school/office supplies and laptop computers. We examined activity at Client X and its rivals. And we paid particular attention to consumers who had switched retailers or brands in the prior year.

HOW IT WORKS



This is an illustrative case study, inspired by our actual work with clients, but fictionalized to protect client confidentiality.

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WHAT WE FOUND

Numbers don't lie. But they can surprise. Checkout uncovered a number of insights that shocked Client X.

First, Client X was winning customers from the three largest retailers it viewed as its chief competitors for back-to-school dollars. But Client X was losing the switching game overall.

The best news was that while Client X was losing buyers, it benefited from a larger spend among existing customers. The key insight was that consumers were sticking with Client X for big-ticket back-to-school purchases, but shifting less-expensive purchases to a variety of different online players and the food/drug/mass retail segment.

RETAILER SWITCHING ANALYSIS

Understand the underlining customer dynamics behind a merchant's share gains or losses

 <p>VOLUME SWITCH Track the volume gained and lost from your store to others, to identify which competitors are a real threat to your business.</p>	 <p>BUYING IMPACTS Measure the effect of category buying impacts (contraction, expansion, and new/lost category buyers) on your store.</p>	 <p>RETENTION Monitor your store's retained volume and benchmark against your competitors to better understand the sales of your store.</p>	 <p>MARKET OVERVIEW To complete the picture, an overview of the marketplace, including seven competitors, is provided and analyzed.</p>
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In addition, Checkout proved Client X's performance varied tremendously based on when a consumer visited on a back-to-school shopping trip. Our Trip Sequence Report showed Client X receives a strong, above-average boost in wallet size when it's the first retailer visited in a trip.

WHAT WE RECOMMENDED

We urged Client X to:

- Focus on big-ticket items like laptops. Our research showed tech-heavy retailers see less consumer switching than retailers that are heavy in office supplies.
- Double down on efforts to retain loyal customers. A mere 1 percent increase in spend from that group represents a \$17 million opportunity.
- Build a marketing campaign promoting Client X as the only place, or the first place, for consumers' back-to-school needs.

ABOUT NPD'S CHECKOUT

Checkout delivers the most comprehensive view of consumer purchase behavior for general merchandise categories, across all retailers over time, to help you understand how to adjust your marketing to fuel growth.

Get a complete and accurate view of the online channel: 600+ e-commerce retailers including Amazon, Walmart, top specialty retailers, direct-to-consumer, and emerging players.

LEARN MORE

Contact your NPD account representative, call 866-444-1411, or email contactnpd@npd.com.