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REPORT

Insights and Trends in Retail Branding, Merchandising and Design

A Research Primer

A Quick Reference Tool for Determining the Appropriate Research Methodology

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A KING-CASEY REPORT by Howland Blackiston and Norm Leferman

The modern day marketing and brand executive has a myriad of choices when it comes to studying customers and prospects. Selecting the best methodology for a particular objective is critical to obtaining information and data that is truly actionable.

This issue of *The King-Casey Report* takes a look at some of the tried and true research methodologies. We provide some guidance for selecting which methods to use and when, as well as some thoughts on optimizing their results.

Learning by Observing: Ethnographic Studies

Long before gaining its current popularity as a research tool, cultural anthropologists were studying human behavior by observation. Today, customer "shadowing" is a research technique for understanding consumer behavior in a retail environment. In such cases, research professionals blend in with shoppers to see first hand how consumers behave in an environment. Where do they go? What do they look at? Where do they linger? What do they ignore? What do they have trouble understanding?

In more recent years, video cameras have been used to capture and analyze behavior. The video camera is particularly effective in environments where it would be difficult to "hide" an observer (e.g., we don't want shoppers to behave differently because they think they are being watched). Video observation (videography) can also keep costs down in situations where there's a need to observe over the course of many hours or even days.

The problem with any kind of observational research is that we must rely upon the analyst to note and "explain" behavior. The ethnographic analysis is only as good as the skill of the interpreter of customer behavior. Finding an experienced professional is vital.

Observation, by itself, is most valuable for studying *active* behaviors -- learning by watching how long someone stands in front of a display before taking action; how someone handles a power tool; how someone touches an appliance in a retail display; how someone 'juggles' a sandwich container to open it; etc.

However, observation *must be* combined with follow-up questions to provide insight into *passive* behaviors -- to learn what someone was actually reading while at the display; to identify the number of choices actually considered; to ascertain the elements that attracted their attention.

Moreover, to the extent that environmental and situational effects can greatly impact consumer behavior, it is incumbent upon the researcher to spread observations across locations and day/week-parts. The patience or impatience of a customer waiting to be served in a retail environment might be significantly influenced by whether the person is on the way to work, on a lunch break or on the way home; etc.

- Use ethnography for studying *active* behaviors.
- Observations, by themselves, have little or no value for diagnosing *passive* behaviors
- Spread observations over several locations and various day or week parts

Learning by Asking: Intercept Interviews

Do you want to know what's important to your customers? Ask them questions as soon as they finish shopping. First observe them (as unobtrusively as possible) and then interview them before they have a chance to forget the details of their shopping experience. For issues relating to the use of in-store signage and displays, there is no substitute for direct and immediate on-premise interviews. And, even though most customers are "in a rush", it is amazing how willing they are to trade 5-8 minutes of their time for a $5 coupon.

The combination of observed and questioned behavior has been an effective tool for studying consumer response to existing store layouts and merchandising schemes. It can also be useful for validating responses to new store designs and communications *after* they have been implemented in a few test stores.

As any good researcher knows the GIGO (garbage in/garbage out) principle applies to the creation of survey instruments. The average consumer is all too willing to offer their unqualified opinions about what works and what doesn't. As such, questions should never put the consumer in a position to respond as an 'art director.' Rather, survey questions should focus on factual information or opinions that address end results rather than elements. For example, questions about signs, identity systems and other graphic elements should probe for what was remembered -- *not* what the consumer liked or disliked about the color, typestyle or iconography. Moreover, while questions should ask (on an unaided basis) what was noticed, questions should also should probe what the stimulus *says/suggests* to them about the benefits of shopping at that store, the products and services they would expect to find there and/or the types of people who shop there.

- Ask *factual* questions about behavior as soon as possible while the behavior is still fresh in their mind.
- Don't put the consumer in a position to play 'expert' about graphics or copy
- Consumers are *not* behavioral psychologists -- don't ask them to explain their own behavior

	Chart shows research protocols and the types of "learning" for which they can be utilized	Specialized Techniques			Data Collection Venues				
		Ethnographics	T-Scope Studies	Virtual Simulations	On-Premise Studies	Focus Groups	On-Line Surveys	Telephone Surveys	Mall Intercepts
Customers	Understanding customer behavior	◆		◆	◆	◆	◆		
	Developing customer profiles				◆		◆		
	Assessing customer satisfaction				◆	◆	◆		
	Understanding former customer attitudes			◆		◆	◆	◆	◆
Non-Customers	Developing non-customer profiles						◆	◆	◆
	Measuring non-user awareness						◆	◆	◆
	Assessing non-customer perceptions		◆	◆		◆	◆	◆	◆
	Learning how to motivate non-users			◆		◆	◆	◆	◆
Brand and Customer Communications	Assessing brand awareness						◆	◆	◆
	Understanding usage and effectiveness of in-store communications materials	◆	◆	◆	◆	◆			
	What consumers see when looking at packaging and merchandising/displays		◆	◆	◆	◆			
	Pre and post testing design solutions		◆	◆	◆	◆	◆		◆
Store Planning & Design	Streamlining operations, customer flow and store layout	◆		◆	◆	◆			
	What consumers see approaching the location		◆	◆	◆	◆			
	What consumers see inside the store		◆	◆	◆	◆			
	Pre and post testing design solutions		◆	◆	◆	◆	◆		◆

Taking a Deeper Dive: Virtual Simulation

Whereas on-premise interviews afford marketers easy access to their current customers, such questionnaires must necessarily be kept short. For more intense investigations (involving interviews longer than 10 minutes) a surrogate is needed -- electronic/digital simulation. For this approach, specific customer zones within an existing retail location are photographed. Note that every retail environment consists of a series of unique customer operating zones (or touch points). Customers interact with and behave differently in each of these zones. When creating a virtual simulation of a retail experience, alternative in-store communications and designs are digitally superimposed over the original images. These design alternatives can then be shown (projected in almost life-size via an LCD projector) and discussed in a focus group as a *skilled* moderator "walks" respondents through the simulated store visit -- showing what would be seen as the consumer drives/walks up to the building, enters the front door, approaches a display, orders a product, etc. This approach creates a virtual tour through the "new" store concept. To optimize this approach with customers, consumers should be recruited in the store after being observed and briefly interviewed.

Cost Effectively Reaching Non-Users: Online Research

Current customers may only represent a small fraction of the people that you could be serving. Moreover, studying your current customers doesn't help you diagnose why you have lost customers or been rejected by others. You may only be guessing about how non customers view you versus the competition.

With the growth of on-line research panels it's possible to collect data at reasonable costs from non-customers within defined trading areas. Here's how it works. Random panelists who live within an x-mile radius of your stores, and have the demographic profile of your targeted prospects, are invited to participate in an online study. Once at the host website, additional screening questions are administered to assure the panelist's relevance for the study (e.g., specific shopping behaviors; frequency; stores shopped in recent months; etc.).

Once screened for eligibility, the questionnaire can use open and closed-ended probes to study issues that heretofore would have been conducted via shopping mall intercepts or telephone. It's not uncommon for consumers who belong to on-line panels to spend 20 minutes or longer answering your questions. This online approach tends to get more accurate results than 'older' (and more expensive) research techniques.

Qualitative Research: Focus Groups

Everyone is generally familiar with focus groups as a *qualitative* tool for stimulating *hypotheses*. Successful outcomes require a skilled and prepared moderator. One basic skill is to keep all members of a focus group involved, and to prevent individuals from dominating a session or swaying the opinions of others. But the best 'retail' moderators not only understand the subject matter and the objectives underlying the sessions, they also have more than a passing sense of how retail environments are different from products and their packaging. Two of the retail-specific probing techniques that optimize learning include:

1). Visualizations. The moderator asks focus group participants to close their eyes and lead a tour of a store. On a random basis, each member of a group is asked to help recall a visit to a particular store or restaurant -- articulating what they see (or expect to see) as they turn into the parking lot; walk to the store; enter the front door; study the offerings; etc. In one set of focus groups a retailer was aghast to hear that the first thing that several people saw was a chaotic parking lot littered with shopping carriages. Another learned that consumers felt that the overwhelming number and clutter of pricing signage in the main windows of the store made them question whether the store was having a going-out-of-business

sale. Still another found that their largely windowless facade made it difficult for the consumer to discern when the store is open for business.

2). The Four Corner Approach. This forces the consumer to eliminate location and traffic patterns as excuses for not using a particular brand. The researcher can get directly to the consumer's underlying impressions of a store. The moderator creates a mythical intersection with competitors on each corner. It is just as easy to make a left turn as a right turn, and there is ample parking in the lot. The moderator then encourages consumers to delve deeply into the other characteristics that 'drive' shopping decisions.

- Optimizing learning from a focus group is not as easy as it looks -- a skilled and prepared moderator is required
- A moderator's level of experience with studying retail environments and merchandising issues will increase the usefulness of those sessions
- There are special moderating techniques for unearthing retail drivers

Assessing Impact and Visibility: The Tachistoscope

What do people see when they are driving down a visually cluttered street? Do they even see your store/sign? At what point can they read your sign? What do they think or feel about your brand in a 'blink of an eye?' These are all questions that can be addressed by using a tachistoscope (t-scope) to assist in research programs.

Consumers are exposed to a variety of situations (a cluttered street with your pylon in the background; the menu board above the order counter; an indoor merchandising display). There's no need to bring the consumer to the actual location. By projecting life size images, the consumer can be probed to identify what they see or remember. More importantly, by superimposing design alternatives into the "virtual" environment, researchers can determine the impact of design alternatives.

The tachistoscope (t-scope) allows the researcher to control the amount of time that a scene is shown to a consumer (e.g., one second, two seconds, etc.). This helps assess impact (how quickly a brand can be seen in a competitively cluttered environment). Controlling the length of exposure also provides an opportunity to examine recall as well as the conscious and unconscious thoughts and feelings that are evoked. Repeatedly exposing the same street scene from progressively shorter distances (e.g., 200 feet, 100 feet), simulates what a driver would see as they approach a retail location.

A major advantage of the t-scope approach over other physiometric techniques is its simplicity and flexibility. It is "portable" to any research location and tends to be the least artificial (lab-like) environment for capturing consumers' reactions.

- Calibrate visual acuity to assure that independent cells of consumers are properly balanced -- e.g., each design alternative has been evaluated by similar numbers of fast and slow perceivers
- Impact, alone, should never be the criterion for choosing a "winner" (a dramatically new logo or new set of graphics cannot be expected to have more impact than a current, well-established system)
- Although other sophisticated techniques (e.g., eye tracking) purport to do the same things as a t-scope, they require more of a laboratory situation

A FINAL THOUGHT: LEADING THE WITNESS

Questionnaires are a popular way to gather information from customers. The quality of the feedback we get from our customers is only as good as the quality of the questions asked. When we inadvertently "lead the witness" by asking narrow questions, we will not learn what is truly important to our customers and what they feel about our products and services. Too often, organizations use questions that are structured only to collect the information they want to hear. Rarely do the questions allow customers to provide feedback on those features of a product or service that are most important to them. Rarer still are the questions asking them what problems or deficiencies they encountered with the product or service.

We've all come across those little questionnaires in our hotel/motel room. I did recently. The survey wanted to know, "did you have a nice stay; was our staff friendly; was your room clean?"

It didn't ask me whether the phone had a long enough cord to move it from the nightstand to the desk where I wanted to spread out my papers. It didn't ask me if the fluorescent desk lamp was bright enough to read by. It didn't ask me whether the person who wanted to turn down my bed took "no" for an answer. It didn't ask me if I had trouble figuring out how to use the high-tech radio alarm clock. These were issues that were important to me. Don't ask me if my room was clean and the staff polite -- I expect those basics.

So how do you find out what's most important to your customers? One way is not to ask questions that could be answered with a simple yes or no. Ask open-ended questions as they are excellent vehicles for getting opinions, judgments, fresh ideas, and candid perceptions. Find creative ways to discover what's important to your customers, not what's important to you.

King-Casey is a pioneer in retail consulting and design. Our proprietary "Guesttrak" analysis can help detect and interpret customer behavior in the retail environment. If you would like to know more about how we can help you better understand how your retail environment can influence customer buying behavior, contact Howland Blackiston at King-Casey. Telephone (203) 571-1776. Or you can email Howland at: hblackiston@king-casey.com

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