FOR PUBLICATION

DBA Design Effectiveness Awards 2010

Project title	**In-store value communication (value aisle)**
Category	**Point of sale**
Client company	**Sainsbury's**
Design consultancy	**Lambie-Nairn**
Current date	**June 2010**

2. Executive Summary (241 words)

The main objective of the new 'in-store value communication' was to change price perceptions about Sainsbury's and by doing so, drive sales in a recession.

Sainsbury's existing 'value' point-of-sale did not stand out or achieve cut-through. As a result, Sainsbury's was simply not getting the credit for the 'value' it offered to its customers.

The design solution uses a series of design elements that are widely recognised as a way of communicating value. However, these elements are used in a unique combination that is very different from all other in-store point of sale and competitor value executions.

The results have been impressive.

Increased product sales

- Increased sales as a result of the redesign resulted in additional revenue in excess of £ ●
- Sainsbury's original investment for the design paid for itself ● times over

Increased revenue from suppliers

- Revenue from suppliers increased ● % in the Health & Beauty category, equating to increased revenue of £ ●

Increased awareness and satisfaction

- Customer awareness and satisfaction of 'value' increased across both 'budget conscious' and 'quality conscious' customer types

Changes in perception

- Positive changes in 'value' perception were seen as a result of each design refresh, with Sainsbury's overtaking Tesco for the first time

Changes in customer behaviour

- Though not part of the original brief, significant changes in customer shopping behaviour were seen. The value aisle has since become a shopping 'destination' as customers now incorporate the value aisle into their shopping trip and view it as an aisle in its own right

3. Project Overview

Outline of project brief

The main objective of the 'in-store value communication' specifically down the 'value aisle' was to change price perceptions about Sainsbury's and by doing so, drive sales in a recession.

Prior to the redesign of the 'value aisle', Sainsbury's consistently ranked lower in perception of 'value for money' when compared with its three closest competitors (Tesco, Asda and Morrisons) (see Figure 6). The hope was that the 'value aisle' refresh would directly challenge the mis-conception that Sainsbury's was not competitive on pricing or promotions.

However, consumers also trusted and valued Sainsbury's for the high quality of its products. In promoting a 'value' message – it was imperative that 'quality' perceptions were not adversely affected.

And finally, by encouraging customers to believe in the 'value' aspect of Sainsbury's products alongside those of 'quality', this would ultimately help Sainsbury's communicate *"Great food at fair prices"*, which has been Sainsbury's core message since its first store opened in 1869.

Description

Aisle end-plinths have always been used in-store by Sainsbury's as a way of communicating special offers and promotions and the aisle ends in the core central aisle were where these mostly appeared, but this was done in a very generic way.

As the point-of-sale did not stand out, customers were often not aware of the offers. As a result, Sainsbury's was not deemed to be 'value for money' in comparison to its nearest competitors.

Overview of market

By the close of 2007 top investors, from Warren Buffet to financial gurus such as Alan Greenspan, all predicted the worst recession in more than a decade. It was understood the retail sector would be hit hard as consumers tightened their purse strings amid rising unemployment and economic uncertainty.

By the middle of 2008, consumer spending in retail had fallen by £19.4bn[1], with food sales seeing the largest fall for 20 years.[2] Within the supermarket sector it was widely believed that Tesco would come out on top, with Sainsbury's at the bottom.[3]

Sainsbury's was seen to be in a dangerous middle ground – nestling below high-end chains like Waitrose and above lower-price operators like Tesco and Asda. Shoppers would either trade up or trade down, and Sainsbury's would simply lose out.[4]

Defying the critics, Sainsbury's wanted to take a proactive approach to these challenges and quickly adapt to significant changes in customer spending habits and shopping patterns.

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[1] Ruddick, G. *Telegraph*. "Tesco most likely retailer to survive recession." 02 Nov 08
[2] Hopkins, K. and Seager, A. *Guardian*. "Retail slowdown gets worse with food sales suffering record fall." 24 Oct 08.
3 Ibid.
4 Hall, J. *Telegraph*. "Sainsbury's confound the critics as sales rise." 07 Jan 09

Project launch date

- April 2008

With design refreshed in:
- September 2008
- January 2009

Size of design budget

This project was one of a wide number and range of projects undertaken by Sainsbury's as part of a retainer.

Estimated total spend inclusive of all three design refreshes: < £ [redacted]

4. Outline of design solution (348 words)

Before

After (April 2008)

Achieving cut-through in a busy supermarket is tough. Many people know their local store layout clearly and shop on autopilot – commonly know as 'sleep-shopping'. As a result, shoppers spend only 5% of their time looking at in-store materials.[5] And of this 5%, 66% is spent at the shelf edge[6]. Moreover, larger in-store materials are often screened out entirely, particularly if they are not deemed immediately relevant.[7]

Communicates at a glance

The use of a combination of bold photography, colours and repeat patterns at high level, attracted customers' attention. Using large type and simple messaging meant offers could be absorbed at a glance. This is particularly important given the incredibly small amount of time customers spend looking at point-of-sale.

Stands out in busy environment, whilst achieving an on-brand look and feel

The design solution needed to be bold and original and stand out from existing in-store point-of-sale material (POS) and that of competitors. Part of the brief was to utilise existing POS mechanics such as shelf-edge barkers, car park banners and posters as well as new mechanics such as over-head snowploughs and full length plinth end graphics to help give maximum standout.

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5 Sainsbury's POS Communications Research (including eye tracking), September 2008
6 Ibid.
7 Ibid.

The solution was to use bolder, primary colours of red and yellow and introduce a version of a roundel – all of which are widely recognised as a way of communicating value. However, these elements were used in a unique combination that was very different from all other in-store POS and competitor value executions. By using colours and typography from the Sainsbury's core brand elements, the design could be different, but still feel like a Sainsbury's communication, which was also important.

Impact and awareness

In-store communication can quickly become 'wallpaper' that customers overlook once they have become accustomed to it. The look and feel of the value aisle was refreshed throughout the year to create a sense of change, encouraging customers to re-discover 'value', and demonstrate Sainsbury's continued commitment to offering great food at fair prices to its customers.

These refreshes included colour, photography and type changes, without losing the specific elements that made the original design a success.

Refresh (September 2008)

Refresh (January 2009)

5 Summary of results

Increase in product sales

Design Refresh:

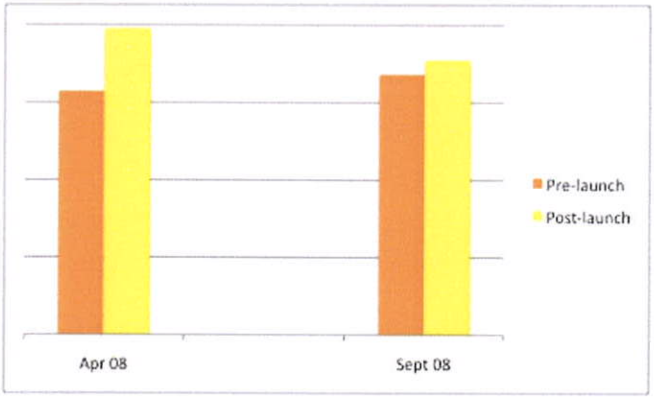
April 2008 For the first design refresh, Sainsbury's saw sales of items on plinth rise by ● %, which equated to £ ● in new sales (see Figure 4).

Thus, Sainsbury's original investment in the redesign immediately paid for itself ● times over.

September 2008 Sales from the value aisle increased by ● %, equating to £ ● in sales. (see Figure 4).

January 2009 Value aisle sales for this period decreased by ● % compared to the previous 5 weeks. However, as the previous 5 weeks covered the Christmas period, this metric needs to be contextualised. A decrease in sales for the month of January is expected, of which a ● % decrease is considered very modest.[8]

Figure 4. Sales from value aisle plinths (pre and post redesign)



Source: Sainsbury's promotional participation data 5 weeks pre and post redesign launch

Increases in revenue from suppliers

As a result of the increased sales, suppliers are now competing for space in the value aisle and are willing to pay more to have their product(s) featured.

Sainsbury's is unable to release rate card information, as it varies from supplier to supplier, but can share supplier spend in one category, as an example.

Health & Beauty suppliers now spend ● % more on average per piece of POS per product promotion.

- ● % increase in revenue from Health & Beauty suppliers: £ ●

When taking into account other supplier categories, Sainsbury's has a total of some ● aisle plinth ends in-store. Thus, these increases are significant for the retailer.

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[8] Sainsbury's promtional participation data 5 weeks pre and post redesign launch

Customer changes in 'value' perception

Customer research shows that the value aisle is working well to raise awareness of deals and to dial-up a greater sense of 'value' in Sainsbury's. There is a consistent view that Sainsbury's has retained customers, by up-weighting the presence of deals in-store. (see Figure 5).

Figure 5. Changes in customer perception

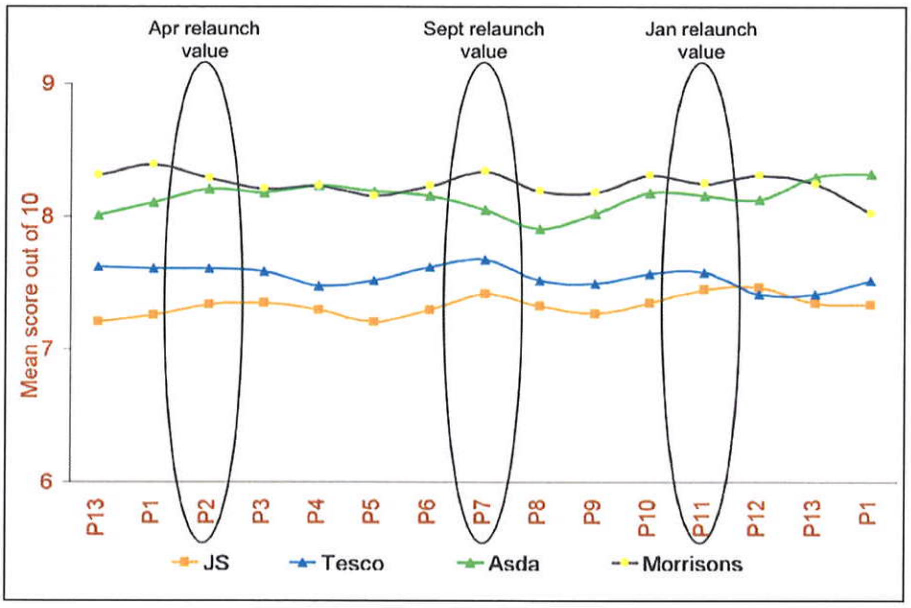
Key findings	Customer testimonials
Increased perception of 'value' in-store	*"I've noticed there are more special offers than normal…"* *"I've really noticed that the shop has more offers, they're everywhere aren't they!"* *" I feel like Sainsbury's are really trying to keep their customers"* *"They are appealing to different people more recently, making it more accessible with better more affordable prices"*

Source: Razor Research. POS In-store sessions. 23 Oct 09

Additionally, when we change the design of the value aisle point of sale, customer perception of better prices, special offers & deals (i.e. 'value'), increases. (see Figure 6)

The value aisle is felt to be one of Sainsbury's most important mechanics to deliver value and change customer perceptions.

Figure 6. Customer perception of pricing and special offers (value) 2008/2009



Source: Ipsos-MORI Customer Voice rolling 8 wk, REP + BOOST DATA
Base sizes per rolling period: JS (c750), Tesco (c400), Asda (c250), Morrisons c200)

- P2 (April 2008) saw Sainsbury's relaunch the value aisle and as a result, customer perception of 'value' increases.

- P7 (September 2008) is the first refresh of value and again customer 'value' perception increases as a result.
- P11 (January 2009) is the second refresh of value, customer perception remained high for a number of weeks.
- For this period, Asda is the only other retailer to increase value perception (achieved through a focus on £1 offers).
- Notably, Sainsbury's overtook Tesco for the first time after the third design refresh.

Increased customer awareness & satisfaction across customer types

As a result of these design refreshes, Sainsbury's shoppers are more likely to have noticed the promotions in-store in the value aisle. (see Figure 7)

Figure 7. Changes in customer awareness

Key finding	Customer testimonials
The new POS is often noticed spontaneously…	*"It's the first time I've noticed Sainsbury's doing so many deals"* *"I'm sure they don't normally do as many deals"* *"That signage is new"* *"It's clearer, sharper, more noticeable than before"*

Source: Razor Research. POS In-store sessions. 23 Oct 09

But as consumers know and trust Sainsbury's for the high quality of its products, whilst promoting a 'value' message, it was imperative that 'quality' perceptions were not adversely affected.

Research was also conducted to assess awareness and satisfaction of the value aisle. Two types of customers were profiled: 'quality' and 'budget' conscious shoppers, enabling the evaluation of the impact the design changes had on both these important customer bases. (see Figure 8)

Figure 8: Ratings for 'Value' aisle redesign

Ratings for specific aspects of the store 1-10 scale (10=very positive and 0= very negative)	Budget conscious	Quality conscious
Look & feel of central aisle	↑ ●	↑ ●
Number of special offers & deals	↑ ●	↑ ●
Store had fair prices	↑ ●	↑ ●
Ease of finding special offers & deals	↑ ●	↑ ●
Eye catching & appealing special offers & deals	↑ ●	↑ ●
Range of special offers 'better than usual'	↑ ●	↑ ●
Availability of special offers 'better than usual'	↑ ●	↑ ●

Source: Ipsos MORI, Value Aisle Report
Base sizes: JS shoppers 410 pre-wave, 398 post-wave

- Scores for the number of special offers and deals and having fair prices have significantly increased among the 'budget conscious'.

- Whereas among the 'quality conscious' the more aesthetic measures have significantly improved.
- Throughout Sainsbury's push for 'value' in-store, perceptions of quality were not adversely affected.

Significant changes in customer shopping behaviour

Although not a specific objective in the original design brief, there is evidence that shoppers now actively incorporate the 'value aisle' into their shopping journey.

As a result, the value aisle has become a destination for many shoppers looking for good promotions. This means that for the first time, customers are now shopping down the 'value aisle' as an aisle in it's own right (see Figures 9 & 10).

Figure 9: Awareness of 'Value aisle' as an aisle

	Budget conscious	Quality conscious
Awareness of central aisle as destination for special offers and deals	↑ ●	↑ ●

Source: Ipsos MORI, Value Aisle Report
Base sizes: JS shoppers 410 pre-wave, 398 post-wave

Figure 10. Changes in shopping behaviour

Key findings	Customer testimonials
The value aisle is now a destination	*"I always go down the middle aisle, I don't want to miss out on all the best offers and then I'll check that off my list and carry on as normal"* *"The best offers are always highlighted on the end of the aisles…if you just walk down the middle, it saves you so much time rooting around the shop for the best deal!"*

Source: Razor Research. POS In-store sessions. 23 Oct 09

5. Research resources

- Guardian: Hopkins, K. and Seager, A. *"Retail slowdown gets worse with food sales suffering record fall."* 24 Oct 08.
- Ipsos MORI, Value Aisle Report, June 08
- Ipsos-MORI Customer Voice rolling 8 wk
- LMG Promotional Key Measures Report Jan 07 – February 09
- Nielsen Ad Dynamix – May 08 to Feb 09
- Razor Research. POS In-store sessions. 23 Oct 09
- Sainsbury's POS Communications Research (including eye tracking), September 2008
- Sainsbury's promotional participation data 5 weeks pre and post redesign launch (February 2008 – March 2009)
- Telegraph: Hall, J. *"Sainsbury's confound the critics as sales rise."* 07 Jan 09
- Telegraph: Ruddick, G. *"Tesco most likely retailer to survive recession."* 02 Nov 08

6. Other influencing factors

Advertising

During the refresh period Sainsbury's advertising was not out of the ordinary. Advertising campaigns included messaging around value, as well as the usual messages promoting quality and own-label products. *[Figure 11 omitted]*

Location

Remained unchanged pre and post design changes.

Promotions and pricing

Promotions and pricing of special offers before, during and after the value aisle refresh remained similar in nature. While it is acknowledged that certain promotions are more successful than others, the fact that the types of promotions (20% off,⅓ off, ½ off, 3 for 2) were in constant flux during the period does not account for the results witnessed.