

DR. SHOPPING, HER BUSINESS PARTNER, AND THE NEW RETAIL STORE EXPERIENCE

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CASE DESCRIPTION

The primary subject matter for this case concerns retailing. Secondary issues examined include marketing strategy, channels of distribution, and consumer behavior. The case has a difficulty level appropriate for freshman, sophomore, and junior level courses. The case is designed to be taught in one class session equivalent to one and a half hours (specifically if an assigned group of students does a 20-30 minute presentation of their analysis and recommendation and the rest of the period is spent for discussion (through question and answer)). The case is expected to require between four and six hours of outside preparation by students.

CASE SYNOPSIS

Clarisa Eliot and Janay Richards were two consultants who received a request for proposal (RFP), inviting them to submit ideas for a new retail store experience within Mattel's division of American Girl. Eliot and Richards had expertise in this domain and saw it as an exciting opportunity to potentially work with a larger client, so they got to work conducting research on American Girl. They wanted to get a thorough understanding of American Girl's, product line, brand, and retail stores. The consultants then generated a list of ideas for a possible new retail store experience for their proposal. After reflecting on the list, the consultants were unsure which idea they should choose to have a winning proposal.

INTRODUCTION

Clarisa Eliot clicked on her inbox and spotted an email with "Mattel" in the subject line. Eliot was immediately curious and clicked it open, even though she was busy working on a report that was due the next day. The email was a request for proposal (RFP) that invited marketing consultants to submit ideas for a new retail store experience within Mattel's division of American Girl. Eliot was excited because this kind of project fit her expertise and played to the strengths of her business partner, Janay Richards, who had become known in the media as "Dr. Shopping." Dr. Shopping was a nationally known expert in retailing and a regular presenter on the subject via national media outlets, such as the Huffington Post and Washington Observer. Eliot thought that if they could create an innovative proposal that was selected by Mattel, this project could help them leverage their consulting company beyond its typical small, regional clients to larger, national companies in need of consulting services.

THE CONSULTANTS

Eliot first met Janay Richards when she interviewed for a marketing job. At Eliot's interview, the two women hit it off immediately, and, as soon as Eliot was hired, they began to work on projects together. From the beginning, it was clear that Richards was the creative partner in the relationship; she often led in generating ideas and building connections in the local business community. Eliot, on the other hand, was more of the operations type and preferred to handle tasks like data analysis and report writing.

It was a symbiotic relationship, and Eliot and Richards were soon featured in the Washington Post for their work on Black Friday shopping. The story in the Washington Post quickly spread among the news networks and more than thirteen newspapers published articles about their Black Friday work that year alone. Richards was a natural with the media, and before long, those same newspapers, magazines, television, and radio stations that ran the Black Friday stories began to invite her to speak on a variety of marketing and retailing topics. Richards then built an in-depth social media profile that made it easy for the media to find her biographical and contact information online. She became known as Dr. Shopping on social media and soon developed a fan following.

Eliot and Richards enjoyed a new challenge and both wanted to develop a thriving consulting business. Given their success in the domain of Black Friday shopping, Eliot and Richards knew that they could share their marketing and retailing expertise with local businesses and charge accordingly. They took on a couple of small projects with local companies that proved successful, but Eliot and Richards were not satisfied with just targeting smaller companies. They wanted to consult for bigger companies in places like New York and San Francisco.

Shortly after the Mattel RFP came into Eliot's inbox, she called Richards. "What's up?" Richards said as she answered her cell phone. Eliot explained how she was on an email list that was seeking experts to submit proposals for company projects and that she had received an interesting one from Mattel. Richards asked, "What does Mattel want?" Eliot explained, "Mattel is looking for consultants to help create the next in-store experience for American Girl." Richards said, "That sounds like so much fun! What do we need to do to get started?" Eliot said, "I will email you with details from the RFP. In the meantime, let's start doing some research on American Girl."

AMERICAN GIRL

Pleasant T. Rowland created the American Girl brand in 1986. Rowland was a teacher who thought that the history of the United States was not being taught well in schools, and at the same time, she was also a mother of two young girls and did not like the doll options available when she was shopping for their Christmas gifts. Rowland came up with the idea to start a line of dolls that were accompanied by a set of books about the doll illustrating a particular historical time period in the United States. Rowland also planned to produce and sell clothing for the dolls and the merchandise would be sold exclusively through her own channel of distribution (Olson et al., 2006).

Rowland quickly developed a detailed business plan and invested \$1 million of her own money in the start up venture. The goal was to have American Girl dolls available for the 1986 Christmas shopping season. Because the company was on a limited budget, Rowland could not

afford to develop a television advertising campaign for American Girl. Instead, she decided to invest her money into buying a mailing list of 500,000 names and creating an American Girl catalog to send to this list. This strategy proved quite successful as she sold \$1.7 million worth of American Girl products during the 1986 Christmas shopping season (Olson et al., 2006).

By 1987, company sales had grown to \$77 million and in 1998, two important events happened for the brand. The first American Girl store opened in Chicago (just off of Michigan Avenue and the Magnificent Mile) and the store grossed \$40 million in revenues that year (Olson et al. 2006). What was even more astonishing was that most visitors to the Chicago store traveled three to six hours to get there, with the average visit lasting four hours. Approximately 1.5 million people visited the store each year and the experience seemed to reinforce mother-daughter relationships, helping to build life long memories (Hammonds, 2006). The second important event in 1998 was that Rowland sold her company to Mattel for \$700 million. Mattel planned to add additional American Girl retail stores in places like New York and San Francisco. The company also planned to expand the product line and grow the company's revenues.

THE PRODUCT LINE

In 1986, the product line began with three 18-inch dolls (each representing a 9-year old girl from a different historical time period), a book about each doll, and related clothing and accessories. This line was called the American Girl Collection and illustrated inspiring characters and timeless stories from America's past. The characters included Kirsten Larson, a pioneer girl from 1854; Samantha Parkington, a Victorian girl from 1904; and Molly McIntire, a World War Two-era girl from 1944. The collection targeted girls aged 7 through 12, and, unlike other dolls, presented the opportunity for young girls to explore the past through play, making the dolls well-liked by parents and grandparents. The company continued to add more dolls to the collection over time, such as Josephina (a Hispanic girl growing up in New Mexico in 1824), and Addy (an African American girl growing up during the Civil War; Olson et al., 2006).

When the company first started, the price for an American Girl doll was \$87, which represented a premium price for the doll market. Additional outfits and accessories were not included and ranged in price, depending on their complexity of construction. For example, Josephina's herb gathering outfits cost \$24 and American Girl doll wheel chair cost \$30 (Power, 2006).

In 1992, Mattel launched the American Girl magazine with content intended to bolster self-esteem, celebrate personal achievements, and foster creativity (Olson et al., 2006). The publication featured art projects along with puzzles and quizzes. The magazine ranked among the top ten children's magazines in the United States, won awards for its design, and had a circulation rate of more than 450,000 girls. It was most likely the largest magazine that exclusively targeted young girls in the United States.

Beginning in 1995, American Girl released a line of contemporary dolls and accessories called My American Girl. My American girl products offered different combinations of skin tones, facial features, eye color and hair types so the target market could choose a special doll that looks just like herself. The company also sold matching outfits and accessories for both the girl and her doll.

To expand its target market, American Girl also created several products designed for younger audiences. The company created Bitty Baby and Bitty Twins, which were 15-inch soft-bodied baby dolls for girls, aged 3 to 6. The company also created Hopscotch Hill, which were

smaller, pose-able dolls accompanied by early reader books that targeted 4-6 year olds. And they produced Angelina Ballerina products, named for a talking English mouse that wanted to become a ballerina, also targeted toward this age group (Olson et al., 2006).

In 1999, the company launched www.americangirl.com, which included e-commerce for online sales. And, in 2001, a new doll called Girl of the Year was added to the product line. Girl of the Year dolls were marketed as showing girls how they can make anything possible by building confidence, connecting with others, and making a difference in the world. They were released every two years with new stories and characterizations, such as Isabelle, the 2014 Girl of the Year, who was an inspired dancer.

THE BRAND

The essence of the American Girl brand was based on empowering young women. Unlike Barbie, who was known for a focus on outer beauty, the American Girl brand was built on empowering girls from within and teaching them universal values, such as the importance of relationships with family and friends, trust, and perseverance (Diamond, et al., 2009). Furthermore, the brand served as a type of “cultural shield” against the many sexual themes of modern society and provided girls an alternate model to emulate (Diamond, et al., 2009).

Successful and compelling brands have a strong narrative and provide the consumer with a multisensory experience (Sherry, et al., 2009). For American Girl, the brand narrative was founded in the connection between the doll and the doll’s historically based story as presented in the accompanying book. A multisensory experience was created via the visit to the store, participation in the various activities offered at the store, and the purchase of accessories, such as clothes that compliment the interaction between the target market and her doll.

To understand the positioning of American Girl, Elliot and Richards examined two successful doll product lines, Barbie and Bratz. Barbie was introduced by Mattel in 1959 and for decades dominated the market as a doll for young girls and tweens. While some complained that Barbie and the corresponding accessories (i.e., fashionable clothing, Barbie Dream house, and the pink convertible car) encouraged girls to focus on superficial attributes (such as appearance and status symbols), Barbie remained the number one selling doll for more than 50 years. Also, in 2001, Micro-Games America (MGA) introduced the Bratz line of dolls as an alternative to Barbie. This line of dolls was “younger, hipper and edgier” and quickly began to outpace Barbie in sales (Fugate, et al., 2014, p. 2). Young girls liked Bratz because the doll had cartoonish features and ethnic skin-tones. However, critics of the brand said that the Bratz dolls portrayed images that were too sexy for the target market of young girls (Fugate, et al., 2014).

By exploring the history of these two successful doll brands, Elliot and Richards began to grasp the positioning of American Girl in the doll market. The American Girl brand was unique because, unlike other dolls where the interaction was between the girl and the doll, American Girl had created a brand where daughters, mothers, and grandmothers participated in the creation of extended family memories that occurred at the store and in the home (Kozinets, et al., 2005). Furthermore, the in-store experience served as a “dynamic interaction” of women family members connecting through the doll (Diamond et al., 2009, p. 130). These experiences not only reinforced the value of the traditional female role in families and society (which mothers and grandmothers liked), but the characters in each book also empowered girls to take risks and taught them they could achieve any goal. In essence, the American Girl brand was a carefully

constructed narrative that combined history, stories, nostalgia, family, and education through play and learning (Borghini, et al., 2009).

THE STORES

From the beginning, Rowland had the idea of focusing the design of the American Girl stores on entertainment (Olson et al., 2006). So the first American Girl store that was created in Chicago was designed with entertaining experiences in mind. The store was 52,000 square feet and included space for a shopping boutique, a musical theater, and a café. Over time, the store added a photo booth, hair salon, and a station in which a girl could design and produce a custom doll outfit or backpack. The store also offered special events (such as “Meal & Memories with Mom” in which girls and their Moms ate lunch and played games at the store) and birthday parties for young girls, their friends, and their dolls.

The boutique had sections with displays of the different product lines available for purchase. For example, the American Girl Collection with the original historical characters was displayed separately from the contemporary My American Girl dolls. For the American Girl Collection of historical characters, the products, clothing, and accessories were displayed in a museum-like format. The displays depicted the dolls as individuals who would have lived in their respective time periods, utilizing related clothing and accessories as historically and culturally appropriate props. The contemporary My American Girl dolls were displayed collectively where a girl could compare the variations in facial features, skin tones, eye colors, and hair types as she was trying to choose her ideal doll or find the one that best matched herself. A variety of clothing was also displayed for the contemporary dolls with matching outfits for the girls, as well as a full set of accessories for the dolls, such as glasses, braces and headgear, and pets with collars and leashes.

The boutique part of the store contained the American Girl library with displays of the books written about the historical dolls and also contemporary stories about the My American Girl dolls available. All the books were available for purchase at \$9.99 each (and box sets were also available). These books were popular among parents because they provided an educational element to the American Girl dolls. In addition, the company also made and sold books about personal grooming, social etiquette, and relationship issues for young girls. These American Girl books were a hit among parents because they provided an age-appropriate, easy-to-use guide to socialization of young girls.

The American Girl store also offered a theatre with an “American Girl Musical Revue.” The theatre had approximately 100 seats, and the Revue gave girls the opportunity to attend a play, which was a performance featuring actual girls playing the parts of the doll characters and acting out scenes from their favorite American Girl books with assistance of real actors and musicians. The historical tales were supported with inspirational music and song lyrics. The cost of participating in the Musical Revue was \$32.

In addition, the store had a separate section for the American Girl Café, which offered brunch, tea, lunch, and dinner for girls and their dolls. An average price for lunch was \$22. The cafe was covered in pink and the restaurant promoted “Dolls Eat Free.” The café was designed as an upscale, fantasy experience with the dolls receiving their own chair and a set of doll sized cups and dishes, served with a tiny portion of real food from the menu. The café was an educational experience as well, in which girls were expected to drink tea and exhibit table manners. Soft drinks were not served and the tea was unsweetened to promote an upscale

atmosphere. The food selections also tended to be upscale, with offerings such as red pepper quiche. Interaction was encouraged at lunch and in the middle of each table sat a tiny box with different topics on paper cards girls could read aloud to their families and friends to prompt discussion. The café experience promoted a fun way to reinforce bonds among the girls and their family, friends and dolls.

Eventually, the Chicago store added an American Girl Photo Booth, which provided girls with an experience that could be captured and preserved as a special, personalized souvenir. There, girls were able to dress like their favorite American Girl doll and pose with their doll in a professional picture. The picture was printed and placed on the cover of the American Girl magazine, which the girl could purchase for \$24.95.

Furthermore, The Chicago store had an American Girl hair salon in which girls could choose from a variety of hairstyles to be created on their dolls by a professional doll hair stylist. The cost of the service varied from \$10 to \$25, depending on the type of hairstyle selected. The salon also offered other add-on services, such as ear piercing, deluxe spa and pampering packages, and hearing aids. All of the add-on services varied in price (depending on complexity), and advance appointments and reservations were not accepted. Once a customer arrived at the store, she had to make a same day, time specific appointment for all hair salon services. Although the hair salon did not provide services for the girl's hair, the target market was there to watch, learn and enjoy the experience with her doll. The stylists taught the young girls about how to brush their doll's hair and showed them techniques for braiding and styling.

The most recent addition to the 52,000 square-foot Chicago store was the Truly Me Signature Studio. In this part of the store, the girl could step into the role of fashion designer by creating a customized doll outfit or girl-sized backpack. For the design work, the girl was given a computerized tablet, which walked her through an array of images and patterns from which she could choose to make her design. The girl selected her choices, submitted her design, and the outfit or backpack was produced on site to be taken home that very same day. A customized Truly Me doll outfit cost \$32 and the customized girl-sized backpack was \$45.

Because of the success of the Chicago store, Mattel began to add American Girl stores throughout larger cities in the United States. New York and San Francisco were obvious locations, but they also added stores in places like Minneapolis, Minnesota and Dallas, Texas. By 2014, the company had 18 American Girl stores located throughout the United States, Canada, and Mexico, and the price of an American Girl doll had risen to \$115. Moreover, Mattel planned to build additional stores, as they were highly lucrative; the average purchase amount at an American Girl store was \$400 (Greenberg, 2013); and the American Girl division of Mattel earned over \$600 million in revenues in 2014.

THE REQUEST FOR PROPOSAL

After Eliot felt she had a good understanding of the American Girl brand, she decided to email Richards with details about the request for proposal. The key pieces of information she provided in the email were as follows:

-American Girl was a wholesome brand that celebrated young girls' interests with engaging products and experiences. The American Girl retail stores were highly experiential and provided a special place for girls to make lasting memories with their families, friends, and dolls.

-The American Girl brand targeted girls ages 3-12 and experiences were at the heart of the success of their retail stores. The Hair Salon experience had been a huge success for the company and they wanted help in generating ideas that will have similar appeal with the target audience.

-Key goals for the proposed idea included the need for the activity to generate repeat visits; the activity needed to be doll-centric (i.e., focused on the doll, not the girl); the activity needed to be easy to operate; and the idea must be consistent with the wholesome, educational brand image of American Girl. Furthermore, high tech approaches that involved expensive electronics and technology were not of interest.

-The proposal to be submitted must include a description of the space and activity; the time required to complete the activity; cost estimates; and a space and traffic flow plan that would accommodate different store sizes.

Eliot and Richards decided to take two weeks to each come up with their ideas for the proposal. At the two-week mark, the consultants met and created the following list from their collective thoughts.

AROUND THE WORLD

Around the World was based on the idea of educating young girls about other countries in the world. The main idea of this concept was that each month, over the course of a year, the store would create a booth that featured one country and girls would bring their doll to experience the culture of that country. For example, the girl and her doll would watch a short video about what it was like to live in that country. The doll would then receive a mini version of the currency from the country. Traditional doll outfits from that country would also be featured and available for purchase. A special meal would be added to the menu in the café that represented traditional fare from the featured country. Upon the first visit to the Around the World booth, a passport would be made for the doll and then a stamp would be collected inside the passport from each country “visited” in the store throughout the year. At the end of a year, a full passport would then be redeemed for a mini sized globe to be added to the doll’s accessories.

GET FIT WITH AMERICAN GIRL

Get Fit was a sports-themed activity that seemed to coincide with the brand’s efforts to build the self-esteem of young girls. The idea behind this concept was that there would be several sports stations set up in the store for the doll to do yoga, play golf, bowl, and swim in a mini-sized pool. For example, there would be mini yoga mats set up with a store employee leading a 5-minute yoga class. Then there would be a screen set up with a grass field pictured on it, in which the doll could hit 10 plastic golf balls into the screen using mini-sized golf clubs. There would also be a doll-sized bowling alley with mini balls and pins. The doll could bowl three rounds and even compete against other dolls at the same time. And finally, there would be a mini-sized swimming pool in which the doll could get in a swim a few laps. A full set of clothing and accessories would be displayed and available for sale related to each of the featured sports.

AMERICAN GIRL ART

The arts center allowed girls to create different kinds of art with their American Girl doll. At the center, the girl could make a mini scrapbook about her doll, make friendship bracelets for herself and her doll, and help her doll create a mini-sized painting. There would be a variety of merchandise to choose from, such as stickers, stamps, markers, pens, beads, stretch wire, mini canvases, paint, brushes, and easels. The art activity would be akin to a crafting session where girls could create something to build a connection with their doll and have an object to take home as a permanent memory of the store visit. This concept was a fit with the American Girl brand because it allowed girls to explore their creative side, along with their dolls.

WRITE BACK SOON

The consultants also had an idea for a letter writing activity in the store. Letter writing seemed to be consistent with the old-fashioned, traditional values that the American Girl brand was built upon. For this concept, the girl would bring her doll to the store and pose with her for a picture. The photograph would then be printed on a postcard. Girls could then sit at a special, pink desk and write a letter on the postcard, from her doll to one of the other American Girl characters. The store would then mail the postcards to another store in a different region of the United States, Canada or Mexico, and the receiving store would then display a selection of the postcards on a bulletin board in their writing center. Each month, American Girl would randomly select a postcard or letter to be featured in the American Girl magazine and on their social media websites.

DANCE PARTY

The musical extravaganza concept was to feature “Let’s Dance” videos made by American Girl. Inside the store, there would be a large TV placed with a dance floor in front of it. The girl would choose a song and make her doll dance to the moves as shown on the screen. The doll dance would then be recorded and placed into a video with a background so the girl can play back and watch her doll dance in her own music video. Along with purchasing the video on CD, the girl could buy dance costumes and musical instruments (like microphones, guitars, keyboards, and a mini karaoke machine) for her doll. Eliot and Richards thought this idea fit with American Girl brand because it promoted physical activity in a fun way among young girls.

SUPER SCIENCE

Eliot and Richards also had an idea for a science lab in which girls could bring their dolls to the store to participate in age-appropriate science experiments. Similar to the café, the girl would receive science lab equipment and the doll would be seated next to her and receive a mini size set of the same equipment (i.e., goggles, a beaker, and tiny test tubes). The girl and her doll would then participate in creating a science experiment, like trying to paint over wax, making ice cream with rock salt, mixing diet coke with Mentos, getting a clock to work with a potato battery, and making a homemade compass with kitchen magnets. There would also be additional doll sized science clothing, accessories, and merchandise available for sale, such as a white lab coat, mini microscope, science kits that could be done at home, and books about notable women in science.

THE DECISION

After they had shared all of their ideas, Eliot looked at Richards and asked, “Have we considered all the possible options or are there more ideas we should add to the list? We don’t have much time to create a full proposal and ancillary materials, so I guess we need to select one so that we can move forward. If you put on your Dr. Shopping hat, what do you think are the strengths and weaknesses of the different concepts? And does one of these ideas seem like a winner?”

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