

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

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INSTRUCTOR'S NOTE

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 in order to have a winning proposal.

RECOMMENDATIONS FOR TEACHING APPROACHES

Specific applications for this case include retailing (experiential marketing, in-store experiences), marketing strategy (targeting, branding, positioning), channels of distribution (breadth and depth of product assortments, utilizing manufacturer owned channels of distribution versus outsourcing distribution to large retail stores), and consumer behavior (families and the influence on youth/adolescent purchase decisions, gender in consumption, and emotions impacting purchase). The authors developed an in-class exercise for this case in which the students were put into groups and given the information from the RFP. They were asked to research the brand and develop an idea for a proposal. Each group was then required to briefly present their idea to the class. After they shared their ideas, the instructor passed out the case and asked them to read it. Once they were through reading the case, the whole class participated in a discussion of which was the best idea among all the available options.

Another way to teach this case would be to put students in teams and have them go through the strengths and weaknesses of each idea posed by the consultants, decide which one they would choose for the proposal, and develop a plan for what to do next. The instructor could also have the students actually develop a proposal for either their own idea or the consultant's

idea that they liked best and then invite students from another class (e.g., graduate students) or outside business people to judge the proposals and select a winner.

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 stores. Eliot was excited because this kind of project was right up her alley and also played to the strengths of her business partner, Janay Richards, who was known as Dr. Shopping. Richards 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 that were also seeking consulting services.

DISCUSSION QUESTIONS

1. What was the original brand image for American Girl and has that image stayed consistent over time?

The American Girl brand was created by Pleasant T. Rowland in 1986. Rowland was a teacher who wanted to see more options for girls’ dolls, beyond Barbie. Because of her background in teaching, Rowland also had the idea of integrating historical stories with the dolls so that the brand also had an educational and historical appeal. Rowland invested her own money and developed a line of three 18-inch dolls, each representing a 9-year old girl from a historical time period (such as the Victorian age and World War II era). Each doll was accompanied by a book with a story about the girl living in her respective time period. These books, along with doll’s features and related accessories, helped create a powerful narrative for the brand (Sherry, et al., 2009). This brand narrative built a connection between the doll and history, while also promoting the empowerment of young girls by emphasizing core values (such as family and friendship). Along with the wholesome, educational brand image of American Girl, the dolls were priced at a premium, sold exclusively through the American Girl catalog, and targeted girls aged 7 through 12.

The brand image of American Girl did seem to change somewhat over time. When moving beyond the first three historical characters, Hispanic and African American dolls were added to widen the appeal and make the brand more inclusive of all types of girls. Then in the 1990s, Mattel launched the American Girl magazine with content designed to reinforce girls’ self-esteem, celebrate their personal achievements, and foster their creativity. In 1995, American Girl released a new 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 looked just like herself. The magazine and new line of dolls seemed to lessen the brand’s emphasis on history and move it more in the direction of empowering young girls by reinforcing self-esteem, achievements, and creativity. The brand also expanded to a wider audience over time, adding products that targeted

3-6 year olds. American Girl created Bitty Babies, Hopscotch Hill, and Angelina Ballerina products and books, targeting this age group (Olson et al., 2006). Again, this widened the appeal of the brand to a larger age range of girls.

2. What was the positioning of the American Girl brand in the marketplace?

Positioning consists of a brand creating a “position” in the mind of the consumer so that he/she thinks about the company’s key selling proposition and benefits, relative to that of its competitors (Ries & Trout, 2001). From the beginning, Rowland sought to position the American Girl brand as different from the best selling doll in the category, Barbie. The American Girl brand image was based on empowering young women and emphasizing the core values of inner strength, familial relationships, friendships, trust, and perseverance. In contrast, Barbie was known for a focus on outer beauty and materialistic values. The American Girl brand sought to be 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).

Over time, other doll brands, such as Bratz, had also been successful in positioning themselves as edgy and sexually oriented. Thus, the American Girl brand had a unique position in the marketplace that was wholesome, educational and historical. Furthermore, this positioning led the target market (and those who influenced the purchase, such as mothers and grandmothers) to participate in an extended set of experiences that involved the whole family interacting with the doll and its accessories at the store and in the home (Kozinets, et al., 2005). Furthermore, the in-store experiences served as a “dynamic interaction” of women family members who were socially connecting to one another through the brand (Diamond et al., 2009).

3. Why were the American Girl retail stores so successful?

According to Senthil et al. (2012), experiential retailing is based on the idea of connecting customers with the brand by incorporating meaningful and relevant experiences into the retail store environment. Providing meaningful experiences in the store causes customers to connect physically and emotionally with the product or service. Experiential retailing is about the emotional responses that become evoked when participating in sensory experiences in the store, and these emotions create an affinity with the brand. Senthil et al. (2012) propose five factors that drive the experiential retail store experience as a tool for differentiation: engage all five senses, theme the experience, harmonize impressions with positive cues, eliminate negative cues, and mix in memorabilia.

From the start, Rowland had the idea of focusing the design of the American Girl stores on entertainment. The first American Girl store, created in the heart of Chicago, was 52,000 square feet of pure entertainment. The store consisted of a series of interactive experiences, including a shopping boutique (with museum-like displays and a library), a musical theater, and a café. Later, the store added a photo booth, hair salon, and a fashion designer station. The store also hosted special events and parties for girls with their friends and family.

Early on, American Girl stores epitomized experiential retailing. The multiple entertaining experiences built into the first store in Chicago created emotions that impacted consumers and built brand affinity. From the start, the in-store experiences engaged all senses (seeing and touching the product, books, clothing in the boutique; singing in the musical theater used the voice and ears; and the café engaged taste as well as encouraged social interaction). The

experience was heavily themed with American Girl colors and a complete focus on the doll. For example, the café was themed in the colors and the doll even received a special chair, dishes, and food. The cues in the store reinforced the positive experience and minimized negative experiences. For example, even though only the doll had her hair done, the stylist showed the girl how to brush her doll's hair and how to recreate that hairstyle on her doll at home. And, finally, the stores mixed in memorabilia. For example, having your picture made with your doll and placed on the cover of an American Girl magazine for the consumer to take home is an example of creating positive memories and being able to take home memorabilia marking that experience.

Not only was the American Girl Chicago store a great example of experiential retailing, the store successfully generated revenue for the company. In the first year of operation alone, the Chicago store grossed \$40 million in revenues. Approximately 1.5 million people visited the Chicago store each year and its visitors traveled three to six hours on average to get there. The typical store visit lasted for four hours and the average purchase amount was \$400. These numbers are staggering, and because of the success of the Chicago store, Mattel added stores throughout the United States. By 2015, the company had 18 stores throughout the United States, Canada, and Mexico.

4. Evaluate the strengths and weaknesses of each of the ideas generated by the consultants as a possible focus for their proposal.

Before evaluating the strengths and weaknesses of each idea, it would be helpful to review some key pieces of information from the RFP: activity must be doll-centric, with girls' participation; needs to be easy to create and operate; must fit with target market of 3-12 year olds; should be scalable in size; needs to generate repeat visits; should not involve high end electronics and technology; and must be consistent with the American Girl brand image.

Around the World – For this idea, the store would create a booth that featured one country and girls would bring their doll to experience the culture of that country. The strengths of Around the World are that it would be easy to implement and operate; the activity is doll centric; changing out the country each month makes it relevant for repeat visits; and it is consistent with the educational aspects of the American Girl brand. The weaknesses are that it may not be that appealing to the target market (especially very young girls) and it is also not as doll-centric as compared to the hair salon.

Get Fit with American Girl – Get Fit is a sports themed activity. The strengths of a sports activity are that it would be consistent with the brand's efforts to build self-esteem and celebrate the achievements of young girls. Other strengths include the broad appeal of sports and the ease of scalability by adding more sports. The weakness of this idea is that it may not be easy to operate. For example, American Girl dolls have a soft, cloth body and swimming in a mini-sized pool does not seem feasible. Also, it is unclear how the store would contain shag golf balls that are being hit into a screen as there are other shoppers walking around the space. It is also unclear whether girls would pay to repeat visit the sports center.

American Girl Art – An art center would allow girls to create different kinds of projects with their doll. The art activity is consistent with the brand's efforts to reinforce creativity and self-esteem of young girls. The strengths of this idea are that it would be doll centric (such as creating a bracelet for the doll or helping the doll paint a mini canvas), easy to create and operate, and potentially relevant for repeat visits based on varying art projects. The weakness is related to targeting very young girls, such as 3-4 year olds. It would be messy for these children

to paint and some projects may require using scissors, a hair dryer (i.e., to dry the paint), or very small beads, which are not necessarily safe for young children.

Write Back Soon – This idea involves a letter writing activity, which is consistent with the old-fashioned, traditional values that the American Girl brand was built upon. The strengths of this idea are that it would be easy to implement; it would be scalable in size by including more/less writing desks; and it could possibly generate repeat visits by sending letters to different American Girl characters and different store locations. The weakness of this idea is that very young girls, (aged 3-5) may not have the writing skills necessary for a letter and thus may not be interested in the activity. In addition, the letter writing activity is not as doll-centric as the hair salon; it is more akin to the café in which the doll would need to sit at a special chair at the writing desk.

Dance Party – The musical extravaganza idea was based on dance videos made by American Girl. The Dance Party concept fit with American Girl brand because it promoted physical activity and, thus, increased self-esteem and reinforced achievement of the girls in the target market. The strengths of this concept are that it would be relatively easy to operate and is doll-centric. It is scalable by adding additional TVs and dance floors. The downside is that it would require a high level of technology to implement and the RFP stated high technology-reliant activities were not preferred. It is also unclear whether the target market would pay to repeat this activity on a regular basis.

Super Science – Creating a science lab activity inside the American Girl store is consistent with the educational aspects of the brand. Depending on the type and design of the science experiments, the lab could appeal to both younger and older girls in the target market. It could also be scalable in size by adding more workstations and could draw girls back for a repeat visit by varying the kinds of experiments offered each month. The weaknesses of the science lab are that it is not as doll-centric as the hair salon and administering science experiments may be difficult to operate. Furthermore, the safety of all experiments would have to be a priority, especially those being done with very young girls, aged 3-6.

5. Are there any options for other retail store experiences that the two consultants did not consider when brainstorming for the proposal?

This is an open-ended question that allows students to express their creativity. Thus, a variety of answers could emerge. In class testing this case, the students generated several new ideas that the consultants failed to consider. For example, one group of students proposed an in-store camping experience. For the camping experience, a girl could bring her doll to the store to learn about the wilderness, purchase camping equipment and accessories for her doll, and even leave her doll at the store for an overnight campout/sleepover with other dolls.

Another group proposed the idea of cooking with your American Girl doll in the store. Since they have the café, they could create a center where the girl and her doll mix up cookie dough or brownie batter, and while the product is cooking in the café ovens, the girl could shop in the boutique or eat lunch. A full set of mini sized cookware and accessories could be for sale and the girl could take home her cookies or brownies at the end of the visit.

Another theme proposed by the students groups that the consultants failed to consider was a possible partnership with other brands. One student group proposed that American Girl approach the Girl Scouts about a joint venture. Following the Girl Scout's model, the doll could join "American Girl Scouts" and visit the store each month to participate in a different activity

with her girl (such as cooking, doing a science experiment, potting a plant). After completing the activity with her girl, the doll would earn a badge for participation. The badge would be sewn on a sash, similar to those worn by real Girl Scouts.

Another innovative partnership proposed by the student groups was that American Girl could approach Lego about creating American Girl Lego kits. The company could create large sized Lego kits, branded in the American Girl theme, that could be built into doll sized furniture and accessories. Legos tend to appeal more to boys, so this would be a good way for Lego to appeal to more girls. American Girl could also create an in-store station where girls could build the Lego kits on site and take the furniture and accessories home already constructed, in addition to making the kits available for sale in the stores.

6. Which option should the consultants choose and why?

The answer to this question is open-ended and requires the students to objectively evaluate and discuss each idea relative to the needs/wants of the target market, consistency with the brand, and the specifications listed in the RFP. However, there is also a subjective component in that the students have to try and place themselves in the role of the target market and determine what would be the most fun and interesting activity that the target audience would want to repeat over time. As an example of this analysis, Dance Party may be ruled out because it is too high tech and the RFP said technology-based activities were not preferred. Safety issues related to young girls with respect to the operation of the art and science centers may rule out these choices as well. The fact that letter writing may not appeal to young girls in the 3-6 age range may rule out Write Back Soon, which is a somewhat subjective judgment. That would leave the students to compare and contrast the sports concept versus the global idea.

When the case was class tested, the option selected most often by the students was Around the World. The students felt that this concept best fit the key success criteria as laid out in the RFP by American Girl. Specifically, the activity is easy to operate, easy to participate in especially for the younger girls, could be scaled up/down based on the varying amount of the cultural topics and artifacts covered in the display, would generate repeat visits because of the change in country, and would be relevant for the long term because there are 196 countries in the world that could be possibly featured in the display over time.

7. Once the consultants have selected an option for their proposal, what do they need to do next?

Once the consultants have selected their concept for the proposal, they need to create all of the ancillary items listed as part of the submission on the RFP. Thus, they need to create a description of the new experiential space and activity, including all steps involved in participation pattern. This may require writing a full description of the items and steps involved, as well as visual mock-ups of the displays and artifacts. The consultants will also have to determine the minimum time required to complete the activity and create a space plan and traffic flow diagram. And finally, the consultants need to determine what is required for the basic structure in the center and the cost estimate. All those materials will then be submitted online, as dictated by the RFP.

EPILOGUE

Eliot and Richards tested their ideas on three girls in the target market and gathered their feedback. After reviewing the feedback and the specifications for the RFP, the consultants decided to focus their proposal on the letter writing concept, Write Back Soon. The consultants developed a full proposal, along with ancillary materials (such as a mock up of the pink desk, examples of the post cards, a floor plan, and a traffic flow diagram). Eliot and Richards also created a detailed budget and pricing plan. They submitted their proposal for consideration but were not selected. They were never given any information about the winning proposal.

A few months later, Richards found a press release online that stated American Girl was partnering with Williams Sonoma to create and sell branded bake ware and offer cooking classes for girls and their dolls (through Williams Sonoma stores). She sent the press release to Eliot with a note observing that this may be what the company had selected from the proposals. A copy of the press release can be found at <https://www.americangirl.com/wcsstore/Tridion/AGStore/Images/AG-Williams-Sonoma924-221565.pdf>.

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