
Crayola Connects with Consumers Using New Assortments, Merchandising

By John Karolefski

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Joe Beier, VP at Interscope



Crayola is transforming the Children's Art Supplies (CAS) category by leveraging shopper insights to improve assortments and retail execution. The result is a stronger connection with consumers and increased brand and category sales in several trade channels.

The program validates the emerging process of shopper marketing that has trading partners focused on customer centricity. It is the latest phase in an evolution of customer leadership that began in the early 1990s with collecting facts and moved on to the development of category management.

Boosting store selling power is the key to discussions between trading partners today, according to Joe Beier, vice president at Interscope, a Southport, Conn.-based consultancy. Retailers are looking to manufacturers for leadership in such areas as retail concepts, merchandising and category management, and promotional design and execution.

"There is a mutual recognition on both sides of the table," he said, "of the need to get it right in the last ten feet and to nail it at the point of sale" where assortment, pricing, promotion and merchandising come together in the store.

Until recently, that was not the playbook that Crayola was using. "We were not connecting with the consumer," said Scott Yeaw, manager of category management at Crayola, the Easton, Pa.-based subsidiary of Hallmark Corp. (the company changed its name to Crayola in January 2007 after being Binney & Smith for more than a century).

The executives made their comments as part of a presentation, "Building Customer Centricity through Innovative Assortment and Merchandising," at the annual Category Management Conference. Held in Bonita Springs, Fla., the event was produced by the Institute for International Research (IIR) and supported by the Association of Category Development Professionals (CPG CatNet).

Crayola's analysis of CAS and its retail presentation found that "stopability" and "shopability" were low, while the section was not delivering the fun inherent in the category. So the maker of crayons, markers, coloring books and Silly Putty expanded the category definition to Children's Creative Expressions (CCE) that includes a broad range of products to satisfy Mom's aspirations for her child.

"This is a category defined more by shopper benefit than by particular products," said Beier. "That benefit is essentially around enabling children's creativity and self-expression. It's an exciting vision that has almost limitless opportunities for growth. It's one that gets us very much beyond the traditional markers-crayons-pencils focus of the old category. But the flip side is the challenge to merchandising."

What signaled the need for change at retail, he added, was poor perception of what should be several "shelf attributes." The CAS aisle was not inviting and not a section to stay in (low "stopability"), while product variety was limited and signage did little to help shoppers find products (low "shopability").

(Continued on page 2)

(Continued from page 1)

“When you walked down that aisle, there was no emotion at all. It was all about crayons, markers, and pencils. It was very hard to shop,” said Yeaw.

Crayola found its solution by deploying a program of shopper-centric retail execution with several high-profile merchants such as Toys “R” Us, Kmart and Rite-Aid. The cutting-edge process consists of four stages:

- Build the shopper insight foundation (attitudes and behaviors)
- Create new prototype concepts (validate and refine with shoppers)
- Translate winning concepts into retail solutions (by format) roll out new directions in stores

The effort has paid off with double-digit sales hikes for Crayola and its category. “Although we are small, we have been a very dynamic category over the last three or four years,” said Yeaw. “When I first started seven or eight years ago, we were growing at 2 or 3%. In the last few years, we’ve had 10, 12, and 17% growth.”

Crayola competes in several trade channels: food, drug, mass, toy, craft and office. Its retail partners have also posted hefty sales gains through their partnership with the leading marketer of children’s art supplies. For example, one major drug chain has increased year-to-date sales by 20 to 30%. A grocery retailer has enjoyed sales increases of 30 to 40%.



“We wanted to reinvent the shelving experience,” Yeaw explained. “Originally, the shelving was not shopper-insight driven at all.”

For Crayola, the reinvention of the shelf begins with shopper insights that ultimately drive in-store execution through a dozen distinct retail concepts. The process leverages functional and emotional drivers to communicate consumer desire for fun and quality time, while instilling confidence in children.

Also key are best-in-class “stopability” and “shopability,” according to the executives. For example, retailers can improve their image as a CCE destination by offering one-stop shopping for a wide variety of items, including hard-to-find and seasonal products. The goal is to get Mom and child into the CCE section and then get Mom to

buy more once there.

For consumers, they said, shopping for CCE needs to be fun and often a reward for children. Bold, creative displays and eye-catching signage boost the visual appeal of the section that should be enhanced with a broad assortment. For example, some stores feature oversized, upright crayons with built-in shelves for product.

“If we do these things, we can really be a growth engine,” said Yeaw.

80

“It’s tough to grow sales in anything related to art supplies. More and more art is done using software. If Crayola retailers can sustain 10%+ comp sales increases, they’re heroes.”

Mark Lilien, Consultant, Retail Technology Group

“This is a good example of the category gains that can be achieved through improved shoppability and relevance based on consumer research... The opportunities for category advancement through shopper insights are enormous. We are only beginning to tap into this potential resource for growth.”

Raymond D. Jones, Managing Director, Dechert-Hampe & Co.

“I saw this presentation two weeks ago and was very impressed with their ability to pump life into a somewhat mature category by creating a retailtainment stop. Crayola has always rested on laurels of brand awareness and classic packaging recognition, and kudos for a “not too late” realization that the world changed around them....”

Bill Akins, Director of Market Development, Bentonville Software Associates

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