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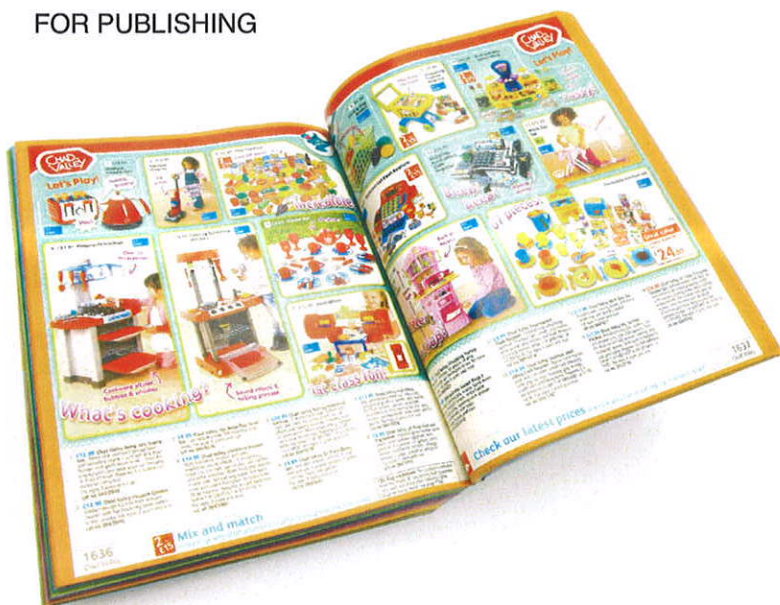
Bonfire Creative Intelligence - Chad Valley Entry
DBA Effectiveness Awards 2013

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creative intelligence

Project title:	Chad Valley @ Argos
Client company:	Home Retail Group
Category:	Point of Sale Products or services to aid consumer communication or awareness
Design consultancy:	Bonfire Creative Intelligence
Current date:	17 July 2012
Credits:	Argos Management Andrew Turner, Family of trusted brands Brand Manager Melanie Goodchild, Family of trusted brands Brand Manager Deepa Lalji, Argos Brand Marketing Manager Agency Management Stephen Judge, Strategic Development Director Paul Pisani, Senior Account Manager Creative Delivery Jason Pearce, Creative Director Andrew Foster, Designer and Illustrator David Gallagher, Copywriter

FOR PUBLISHING



Executive Summary

Argos is a unique retail environment in the UK and Ireland where customers are normally unable to see and touch what they're buying until they have made their purchase. As a result, the Argos Catalogue, supported by the webshop, is the only point of sale potential consumers will interact with. The success of any brand or product within Argos therefore depends on the engagement that can be generated in print.

Chad Valley was bought by the Home Retail Group and introduced into the Argos catalogue in July 2009 (catalogue no. 72). Despite moving from its former home in Woolworths into the UK's largest toy retailer, sales targets and expectations for Chad Valley were not met.

The overall brand strategy was to reposition Chad Valley as an imaginative world of endless play. The objective was to create a core toy brand that allowed 'kids to be kids' through play, whilst also offering great value for money. Research identified that Chad Valley needed to raise perceptions of quality of product and raise awareness of the brand.

Bonfire Creative Intelligence was briefed by Argos to help deliver the brand vision and promise through the catalogue and webshop. This would be the first time that Home Retail Group had invested in design to improve the performance of the Chad Valley brand in the Argos catalogue. Our design displayed the Chad Valley toys more realistically, stylishly and attractively, conveying a greater sense of playfulness through copy, imagery, design and layout.

At a time when the volume and value of the UK toy market was falling, and the volume and value of the overall toy market in Argos was following a similar pattern, sales of the Chad Valley brand have increased. Annual sales have increased by a 36% uplift in a falling market.

Project overview

Outline of project brief

Chad Valley had become a small brand in the £2.8 billion¹ UK toy market when it was taken on by the Home Retail Group in January 2009. However, its heritage suggested that there was potential to significantly grow the brand. In order to do so, and compete with more aspirational competitors such as Fisher Price, the brand needed to address perceptions on poor quality and a lack of relevance and awareness amongst its core target audience (parents with children aged five and under), that had been identified in research. In December 2008, research conducted by ICM Omnibus found that the brand acceptance of Chad Valley stood at 54%, significantly behind key competitors Fisher Price (79%) and Ladybird (77%). Brand awareness of Chad Valley was identified at 66% - behind Fisher Price (90%), Ladybird (88%) and Playskool (82%).

Further research conducted in late 2009 had identified that Mums categorised Chad Valley as a 'non-descript' brand, similar to that of supermarket own label toys. Chad Valley lacked the confidence and energy that Mums saw in core toy brands such as Fisher Price, Thomas the Tank Engine and the Early Learning Centre. They also struggled to know what the Chad Valley brand stood for, despite awareness of it being high. The same research identified that the core target audience did not view the current catalogue pages for Chad Valley toys favourably (Catalogue 72), finding them dated, dreary, confusing, unappealing and lacking in personality.

Bonfire's brief was to:

- Raise awareness that the Chad Valley range of toys was now exclusively at Argos
- Generate awareness of Chad Valley's lower priced toys (<£10) as the ideal choice for party gifts and/or treats
- Generate differentiation from supermarket own label toy offers by positioning the Chad Valley brand as one that encompasses vibrancy and excitement
- Communicate Chad Valley as a brand that offers excellent value for money and has parity on product quality with other leading brands in the market
- Deliver the brand promise of 'endless play' on the page in a way that communicated the energy, confidence and vibrancy of the Chad Valley brand
- Ensure that the Chad Valley catalogue pages helped reduce one of the key barriers why Argos is not considered for toys; i.e. the inability of customers to examine goods at the store
- Drive sales through converting more impulse sales opportunities in-store, on the phone and online.

¹ Estimated value of UK toy market 2010; source: British Toy and Hobby Association, January 2011

Description

The Chad Valley story starts in the early 19th Century. Originally founded by Anthony Bunn Johnson in Birmingham as a printing business, his son and grandson eventually moved the company to the suburb of Harbourne. The new premises were in a valley created by the river Chad, and the Chad Valley name was born.

By the 20th Century, Chad Valley had become one of the leading toymakers in the land with factories across the country. In 1938, Chad Valley was given the Royal Warrant from His Majesty, George VI. Tougher times in the 1970s led to some factory closures and changes of ownership. With falling sales and market share, the brand was acquired by Woolworths in 1988; the company using it as their own label offering for a range of value toys and games targeted at the under eights.

In many ways, the experience of the Chad Valley brand in Woolworths matched that of the shops it was sold in. It became associated with the value end of the market, suffered from perceptions of poor product quality and was felt to be old-fashioned and irrelevant to modern families. When Woolworths went into administration in the winter of 2008 it seemed that the Chad Valley name would also be lost from the UK toy market. However, the brand was acquired by the Home Retail Group in January 2009 and is now exclusively available at Argos.

Overview of Market

The UK toy market was recently estimated to be worth £2.8 billion, with NPD Group EuroToys recording a 6% sales increase in 2010 versus the previous 12 months. However, the current economic climate and increase in unemployment, combined with cost of living rises, is changing consumer spending patterns in the toy market with parents looking for bargains, and choosing more toys in the less expensive end of the sector. Whilst their children are still as important, the key is now on giving them affordable treats.

Project Launch Date

January 2010 (catalogue 73) with further evolution in catalogue 74 (July 2010) and catalogue 75 (January 2011).

Outline of design solution

The first objective was to understand from consumers what the Chad Valley brand meant to them and their lives. Research carried out in September 2009 identified a viable 'white space' of 'Playful Learning' as well as the barriers which needed to be addressed in order to give Chad Valley a credible proposition to our core consumers (parents with young children aged five years and under). It focused our attention on the occasions that the brand was relevant to; stocking filler presents at Christmas, on-going treats, gifts to take for friends when invited to parties. The barriers to unlocking this opportunity were the drab, cluttered and unemotive catalogue pages, poor perceptions on product quality and confusing packaging.

The brand needed to evolve to increase the chance of creating more opportunities for happy gifting and convincing the purchasers/givers that Chad Valley provides exceptional value for money. We needed to raise perceptions of quality of product, awareness in catalogue and online with the goal of increasing sales throughout the year making it a good choice for birthday purchases/gifting as well as appealing during the key Christmas sales period. This would generate more repeat business, more brand adopters and ambassadors. This was to be achieved by building brand empathy and relevance to "TIME Squeezed Mums" (our core target market), the approximately 2.7m mums in the UK that are:

- Time Squeezed
- Idea Squeezed
- Money Squeezed
- Energy Squeezed

Catalogue 72 (July 2009-January 2010) was the first Argos catalogue that had featured toys and games from Chad Valley. There was no real differentiation or page design as to how Chad Valley was promoted in the catalogue. It was only catalogue 73 – after Bonfire had been briefed – that the Chad Valley presence in the Argos catalogue began to evolve. In 73, we created a stylised illustration that was added to the background pages of the catalogue that helped bring all the Chad Valley products together.

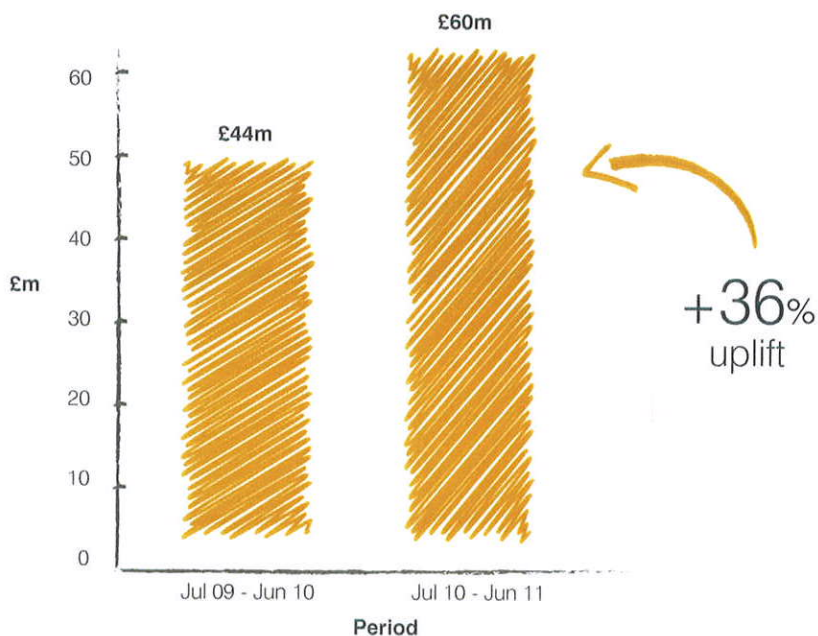
We also created clear borders between products on the page, so that it was easier for readers to quickly identify specific toys, their features and benefits, and become more engaged and excited about how the toys might be received by their own children, or as gifts to someone else's.

Catalogue 74 (July 2010-January 2011) saw us evolve the page design a lot further, effectively rebranding all the pages with bespoke, Chad Valley designs and a new photography direction that maximised the use of children playing with the toys – to emphasize and communicate product size, scale and value as well as create a more emotive pull to the target audience. Key products were displayed more prominently and greater emphasis was placed on page flow and highlighting key product features with playful and expressive copy.

Further evolution of the Chad Valley branded pages in Catalogue 75 (January-July 2011) has seen the inclusion of energetic, friendly and bright statements – which are also used on packaging – to create a greater sense of 'shelf-shout' in a sales environment where packaging is not seen until after purchase.

Summary of results

Increase in annual sales



An uplift in annual sales has been achieved in a market that is declining in value. The decline has been led by lower selling prices, fewer treats being bought throughout the year and a cultural change with younger children being given more computer consoles, mobile phones and make-up, for example, rather than traditional toys. Increasingly, also, more cash is being given to younger children for occasions, events and rewards as opposed to gifts.

Both of the 12 month trading periods in the above graph include the peak festive period where approximately 50% of total toy sales are sold in the 10 week period up to Christmas. Both periods also include the Jan-July catalogue with more every day sales, normal gifting and outdoor seasonal toys, such as pools and water pistols.

In the first year of Chad Valley's introduction to Argos (July 2009 – July 2010) it is important to note that of the 20 product categories and 600+ SKUs inherited from Woolworths, only 8 product categories and 160 SKUs were continued (grown to 258 by end of the year) to generate the same sales value achieved by Woolworths in their last trading year with less SKUs.

The number of products in multi-buy promotions was also reduced from 44 in the first year to 30 in the second year, supporting the perception shift and average sale increase outlined below.

Comparison of catalogue sales

The Argos catalogue is the main point in the customer journey for purchase supported by, where it is deemed viable, a bespoke webshop within the main Argos website. Each catalogue has a print run of around 20 million copies and it is estimated by the company that on average 18 million UK households (or around two-thirds of the population) have an Argos catalogue at home at any one time. In addition, catalogues are also used by many in-store purchasers as a form of browsing or searching for impulse purchases.

Catalogues 72 and 74 (July-January) represent the same six-month sales period, as do catalogues 73 and 75 (January-July). A catalogue by catalogue comparison shows that an uplift of 57% was achieved in the July-January period (2009 versus 2010) and an uplift of 14% was achieved in the January-July period (2010 versus 2011).

No investment in above-the-line advertising was carried out for the Chad Valley brand until the last two months of the sales period for catalogue 75. The decision to undertake ATL investment was only due to the success of the brand increasing sales to such a level that justified the additional marketing spend.

Each catalogue six-month sales period did however have one sales promotion for the Chad Valley brand and one end of catalogue clearance offer.



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Increase in market share

The total market share for Argos in the toy sector has increased. Approximately 70% of this increase in total market share is directly attributable to the incremental sales that the Chad Valley brand has generated.

Changes in perception

Research carried out with consumers comparing Catalogue 72 and Catalogue 74 showed that the percentage of the target market who thought that the Chad Valley toys were presented in print in a way that was very appealing rose from 20% (Cat. 72) to 32% (Cat. 74).

This increase in positive perception of the Chad Valley brand is borne out by the fact that 70% of the Chad Valley toy sales to date have been incremental. These incremental sales translate to approximately 5.74 million additional toys sold over the last 2 years since the Chad Valley brand was launched at Argos. Or put another way Chad Valley has added just under 11 new toy purchases every minute since launch.

Impact on Pricing

As a result of the brand perception increase it has been possible to grow the value of the brand through increases in margin and average unit sales. Such an increase in retail pricing is only possible as the brand has become more desirable.

Return on Investment

The profit to design investment ROI is 10,181% or to put it another way the client recouped their investment in under 4 days.

Other influencing factors

This campaign was delivered for Chad Valley solely through catalogue page design, together with improvements to the online experience with the creation of the Argos Chad Valley Shop in January 2011. The online store was redesigned in May 2011. No above-the-line support was undertaken for Chad Valley specifically until the last two months of the catalogue 75 sales period. However above- and below-the-line promotional activity was undertaken for the Argos store network.

In addition during the Easter period of 2010 (cat 73) there was sponsorship of the TV programme Milkshake which saw no tangible hard or soft (sales or profile) benefit. This was not repeated the following year (Easter, cat 75) and yet a significant increase in sales was still observed as outlined above. In its place there was a soft launch of a Chad Valley Facebook page to complement longer-term online activity planned for later in 2011, and sponsorship of the mumsnet website during May-July. This underpins the importance of the catalogue as a major touchpoint and conduit for the vast majority of brand awareness and sales. Due to the expansion of the brand awareness and sales, through the main catalogue brand/design strategy and development, other channels are now being explored; TV media is now a focus and the brand is expanding further with a clothing range bringing the projected annual sales for 2011/2012 to a double digit percentage. We are about to start work on the guidelines for the clothing range (July 2011), review the outdoor product presentation and current catalogue pages further.

A percentage of the incremental sales achieved by Chad Valley in Argos will have been as a result of the demise of the Woolworths chain which had annual sales of around £2 billion when it went into administration. However, annual sales of Chad Valley toys in Woolworths in its last year of trading have been surpassed and the brand has grown its share significantly since moving to Argos.

Impact on business strategy

The growth in brand equity and perceived value, combined with the stunning retail success of the Chad Valley brand, has enabled Argos to reduce the number of products on promotion and increase average retail price across the range. In light of the growth and success of the design, brand strategy and implementation through the main catalogue, the business plan for Chad Valley has been extended with the introduction of above-the-line media and a 'Design a Friend' doll proposition.

This was the first time that Argos had invested anything in its own-label products. Previously, it had only invested in promoting branded goods. However, the Chad Valley project clearly demonstrated that investment in design could transform the sales performance of an own label product which delivered a greater profit to the Argos business than a corresponding increase in branded product sales.

As a result, Argos has increased its investment in other own-label products over the past 12 months as a result of the confidence that has been generated in the business thanks to Chad Valley.

Revenue and sales/share information supplied by Home Retail Group, June 2011

Research resources

Market research data from projects undertaken by Home Retail Group with ICM Omnibus (December 2008), The Value Engineers (September 2009) and HPI (Jan, 2010 and Jan 2011).

Visual Reference



