

IMPROVING DIABETES MERCHANDISING, ONE SHELF AT A TIME

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ABSTRACT

The outcome of this study is to propose more-effective ways to merchandise diabetes products, with a cross-merchandised approach that provides education and a better in-store experience for shoppers. This research aims to help shoppers by proposing and testing—through in-store intercepts and a questionnaire—a well organized and comprehensive merchandising approach for drugstores, specifically Walgreens and Rite Aid. The results of the questionnaire indicate that the proposed merchandising solution (see Appendix B) provided welcomed improvements to the following areas: 1) organization of products and cross-merchandise product options, 2) shelf signage/navigation, and 3) education. Questionnaire respondents reported that the proposed merchandising solution offered a more effective and engaging merchandising option than do current diabetes shelves.

Keywords: diabetes products, solution selling, cross merchandising, product organization, shelf signage, education and store intercepts.

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BACKGROUND

As a senior account executive for one of the world's largest promotional, retail, and shopper marketing agencies, I oversee the marketing initiatives for diabetes brand, the present market leader in the diabetes category. For the brand, I conduct ongoing research, focus groups and marketing initiatives designed to enhance our understanding of diabetes consumers and their attitudes. In these various forums, we investigate ways to effectively target diabetes consumers in order to promote the advantages of the brand over various competitors. In addition to the marketing strategy and communications, we strive to merchandise products in a more effective manner, in order to engage consumers to select the product at shelf. My role also entails helping to increase its appeal to retailers as an effective and differentiated product in the category, thereby providing retailers with compelling reasons to continue reserving shelf space for the brand. This effort presents consistent challenges, due to the tremendous competition from other branded and private-label products currently on the market and at shelf. The importance of the right merchandising techniques and shelf set goes beyond just the brand; it is important concern for retailers as well.

Retailers and product manufacturers alike are interested in optimizing shelf space with top-selling SKUs, to maximize revenue and meet customer demand. Diabetes is a growing category as each year more people are diagnosed, and diabetes products can be found in drugstores nationwide. Therefore, retailers currently hold significant shelf space within their stores to serve the growing diabetic population. However, it is important to optimize shelf space with the top selling SKUs, the right product mix and cross-merchandise product solutions, in order to provide the best use of retail space to better serve customers.

A selling solution goes beyond selling products; it emphasizes providing the right products and information to address shoppers' needs and assist them easily with their condition. Maximizing such a section can lead to higher-selling SKUs and increased profitability. In addition, it can create a better in-store experience for customers, leading to satisfaction and recurrent trips. A better in-store experience for customers equates to more retailer appeal and higher profits for retailers. Better in-store experiences engender customer satisfaction, which is a key component to customers developing loyalty to a product or retailer. Therefore it is important to maximize all retail shelf space to better serve the customers, by optimizing the product mix and placement, and providing cross-merchandising solutions, which translates to higher profits for retailers.

STATEMENT OF PURPOSE

Merchandising strategies play an important role in retail sales. Merchandising is the physical display of products for sale at retail. When the salesperson is not present, merchandising reinforces selling. Merchandising and packaging work together in order to attract attention from shoppers. Shoppers are looking for signage to direct them to what to purchase and to reinforce their buying decision with information and education. In fact, “there is a commonly held notion that 70 percent of consumers’ buying decisions are made at the shelf” (Progressive Grocer, 2011, p. 1).

The diabetes category would benefit from a more comprehensive shelf set—properly merchandised with the right products—and better shelf navigation for diabetes shoppers. This selling solution will allow diabetes shoppers to find products, understand which products are needed for their treatment, and consider other important products related to their diabetes management. By pointing shoppers in the right direction to the right products, the diabetes category will help diabetes consumers to better manage their disease while providing an easier shopping experience.

The purpose of this paper is to propose an effective way to display diabetes products—with a cross-merchandised approach and in a well-organized way—providing a dedicated diabetes section that facilitates shoppers finding the right products. The paper aims to help shoppers by proposing and testing a well organized and comprehensive shopping solution at drugstores—specifically Walgreens and Rite Aid.

The research objectives are as follows:

1. To address organizational methods that can be used to categorize diabetes products, pulling the right products together to meet the diabetes shopper's needs while highlighting additional products at shelf.
2. To determine the right product mix for diabetes management and the co-morbid nature of the disease, as well as reviewing consumer behavior regarding purchasing decisions.

REVIEW OF LITERATURE

Displays play a significant role in purchasing behaviors. Retailers often use point-of-purchase (POP) displays to introduce new products, promote seasonal events and announce price cuts. POP displays have been found to influence shopping. According to Pellingra (2012), POP displays are the most influential factor when shoppers are deciding what to buy. There are many brands available, and clutter tends to confuse shoppers; consequently, consumers are estimated to overlook about half of the brands on a shelf (Pellingra, 2012). Upon entering the aisle, a consumer makes a buying decision in less than five seconds (Pellingra, 2012). In this brief interval, it is imperative to leverage the right shelf display, packaging, and signage to convey differentiation. Given the five-second-time crunch for decision making at shelf, it is crucial to understand what a customer is looking for and what is involved in their decision making when comparing products. A better understanding of shoppers' choices will enable manufactures and retailers to provide an effective shelf set—one that is well organized and groups together all products needed for mindful diabetes management.

Organization of the Diabetes Shelves

Clearly factors such as product mix and shelf organization affect shoppers' choices. The product mix should include essentials for diabetes management, in order to meet the shopper's basic needs. In addition, the product mix could include products to help with the co-morbidity of the diabetes disease (e.g., vision, dental, and skin problems). The product array spans diabetes management, skin care, eye care and body care. In addition to the product mix, it is important for the shelf's organization to be categorized according to stages of the

disease, whereby shoppers can easily understand which portion of the shelf applies to current needs and which products may be needed at later stages. The *pre-diabetes* section would contain prevention products such as vitamins, oral health and hygiene, as well as diet and fitness recommendations and products. The *diabetes management* portion would provide management essentials such as: meters; strips; ancillaries; glucose tablets; foot, mouth, skin, and eye care; and certain cardiovascular products to aid in co-morbidity management. With effective organization of diabetes shelves and products, a shopper is able to find solutions more easily.

In order to understand how to effectively merchandise these diabetes products, it is important to understand the competition's merchandising strategies and leverage their best practices. Abbott, a main diabetes brand, has demonstrated successes in their merchandising strategy that may offer instructional value.

Positive Results for Abbott's Merchandising Strategy

Diabetes shelves are packed with products, which can frustrate customers looking for a specific product or information on products not readily available. However, Abbott Nutrition, a diabetes product manufacturing company, has seen the need for a better diabetes merchandising approach, and has worked with a national retailer to help address its diabetic consumers' needs and boost sales in the category (McTaggart, 2010). According to McTaggart, "Abbott's strategy was to use shopper insights to create new schematics, resulting in an easier shopping experience for diabetic consumers. The mega-diabetic section should not only include meters and strips, but also diabetic nutritionals (such as Abbott's Glucerna brand) and medical supplies" (p. 83).

Retailers often disperse diabetes supplies throughout the store according to availability and space. For example, the retailer normally placed diabetic nutritionals and nonprescription supplies in a separate area from the diabetes aisle (McTaggart, 2010). The separated merchandise, as well as outdated shelving units, were just two of the reasons why diabetes shoppers were struggling with locating and finding the appropriate diabetes merchandise.

Through extensive research, Abbott was able to create the right merchandising approach, combined with the right marketing tactics, to find success. The retailer and Abbott identified stores that had a proportionately high percentage of diabetic shoppers, and implemented the new section in these locations. Abbott also provided educational signage and pamphlets in the stores with the new diabetes sections (McTaggart, 2010). This marketing support helped create awareness for diabetes shoppers, leading to successful results. In fact, “over a 13-week period ending Aug. 7, 2010, sales at stores that implemented the mega-diabetic schematic were up 3.6 percent” (McTaggart, 2010, p. 84). Abbott’s success illuminates how a newly merchandised diabetes section can be used to both enhance the customer experience and increase retailer sales. It is encouraging to see a diabetes manufacturer partner with a national retailer to improve the diabetes shopping experience, yielding such positive results.

Cross Merchandising

Cross merchandising products can lead to cross buying by customers. Cross-buying enables retailers to increase revenue contribution from existing customers. According to Kumer, George and Pancras (2008), an important driver of customers perceived value with retailers is the fact that shoppers analyze the total cost of shopping. The total cost of shopping includes the costs of goods, inventory, transportation, opportunity, and search. Determining a retailer’s value and

item preference leads to higher revenues for stores and a higher share of wallet for shoppers. Based on this theory, one can argue that customers' decisions to buy from a particular retail store are influenced by the total cost of their shopping experience. Retailers can move more merchandise by promoting cross buying, which offers the consumer the convenience of one-stop shopping, thereby reducing the perceived total cost.

Cross Merchandising In Other Product Categories

One example of success in the cross-merchandising approach can be found in the baby category. Convenience is playing a bigger role in the development, marketing, and merchandising of baby food and products (Goldschmidt, 2012). As a result, manufacturers and retailers are trying to address convenience as a timesaving play for new parents (Goldschmidt, 2012). Time-starved parents are relying on the increasing sophistication of retailers to provide dedicated sections and a one-stop shop for their baby's needs. Retailers are creating convenience for these new parents by merchandising all baby materials including diapers, wipes, food, and formula in a single section (Goldschmidt, 2012). This cross-merchandising approach helps create a better shopping experience for new parents.

Although in-aisle competition for baby products is robust, Jennifer Carlson Broe—founder and president of Baby Gourmet—feels strongly that “the most important retail promotion has been strong in-section merchandising with easy-to-find, prominent off-shelf programs” (Goldschmidt, 2012, p. 51). The improved product mix, selection, and cross-merchandising approach targeting new parents have led to increased sales each year (Goldschmidt, 2012).

However, a successful shopping experience goes beyond a well-merchandised category. Customers are looking for retailers to provide solutions to their needs. According to Flanagan (1997), “solutions selling re-engineers the shopping experience; it integrates complementary items in a store, and it merchandises products the way consumers think about them—not by temperature or location. In addition, solutions selling makes the shopping experience far more logical and simple and more efficient to the consumer” (p. 6). Solution selling creates a more comprehensive shopping experience for the customer. Looking to the baby category as an example, if a mother is looking for diapers but forgets to purchase ointment or wipes because they are in a different aisle, which may cause unnecessary frustration and stress.

The Retailer’s Approach to Solution Selling

Any merchandising approach or selling solution that attempts to address customers’ needs should be tested to ensure performance. Rite Aid has learned, through extensive consumer research, ways to optimize their best-selling products. For example, the drugstore chain launched a Hispanic merchandising test program based on extensive customer research in Philadelphia, a strongly saturated Hispanic market. According to Johnsen (2005), Rite Aid President and CEO Mary Sammons felt that such extensive customer research has helped to create new insights for the retailer. For example, 95 percent of polled customers rated the store easy to navigate, well organized and well lighted, which has lead to a positive customer experience. Customer ratings also indicated that 94 percent were ‘satisfied’ or ‘extremely satisfied’ with their visit (Johnsen, 2005). Rite Aid’s Hispanic-focused merchandising section was based on past research indicating that the female head of household does the majority of shopping, and that she shops first for her children, next for her husband, and last for herself. According to Rite Aid’s extensive customer

research, baby care, toys and fragrances all indexed high among Hispanic consumers, and Rite Aid has expanded these sections and cross-merchandised these sections to better serve this population. Consumer research is critically important understanding the dynamics of shoppers and how to optimize sales with the right merchandising approach, as Rite Aid has done.

Consumer Research Is Important to Understand

One aspect of consumer research that plays an important role is consumer behavior. Behind the act of making a purchase lies a decision process. The shopper passes through five stages of consumer behavior when making choices about which products to buy: 1) problem recognition, 2) information search, 3) alternative evaluation, 4) purchase decisions, and 5) post-purchase behavior. Problem recognition is the act of perceiving a need. Information search is defined as the customer's inquiry into seeking value; alternative evaluation involves assessing the value of products; purchase decisions are based on how the shopper is buying value; and post-purchase behavior refers to the value in consumption or use of the product. It is important for retailers to connect with the shopper along each of these five stages to ensure they choose the right product at shelf. In the present research, I asked participants about each of these five stages; to ensure the proposed shelf set and product mix is able to satisfy their needs.

Desrochers and Nelson (2006) helped shed some light on consumer behavior and category management as they looked at improving item-placement decisions. Desrochers and Nelson's research examined two consumer behavior concepts: context effects and categorization theory. Their work revealed insights relevant to item placement decisions within category management that could not be revealed by scanner data. In addition to context effects, categorization theory adds understanding of consumer behavior in the retail setting. This notion

of context aligns with the grocery industry's definition of a category as "a distinct, manageable group of products/services that consumers perceive to be interrelated and/or substitutable in meeting a consumer need" (Desrochers & Nelson, 2006, p. 363). This theory helps to explain why merchandising is critical in assisting a shopper to view groups of products as interrelated. Regarding diabetes and co-morbid products, it is important that diabetics be made aware that they may have other health conditions in addition to their diabetes management. These include foot, skin, and eye care.

SIGNIFICANCE

Coordination of diabetes products and associated goods will combine to increase retailer sales, provide increased customer satisfaction and educate customers on their condition, which make this topic significant.

The right product mix—one that is better placed with cross-merchandised solutions and at-shelf education—will provide a better-merchandised solution that serves customers needs more effectively, leading to increased customer satisfaction. By doing so, customers will utilize that retailer more often, therefore becoming loyal to the retailer and spending more money in their locations.

The research will define diabetic shoppers' opinions and insights with regard to their current shopping experience in order to improve it. This merchandising approach also looks into the needs of diabetes shoppers and helps those with the disease better manage it with an easier in-store shopping experience.

The present work will help shed light on a complicated medical problem—and provide the retail merchandising solution that customers approve of—by ultimately creating a usable diabetes destination. This work will also make a novel contribution to exploring how shoppers with medical conditions look at their current shelves, as I am able to transfer my knowledge and research on effective merchandising strategies to a new category that has not readily focused on the shopper's experience to find the right products. The right merchandising strategy could help launch an overhaul in shelf design in various medical categories, helping to provide better solutions to shoppers' needs.

METHODS

A retailer review of the top two drugstores was conducted in order to understand the existing merchandising strategies and shelf sets for diabetes in two prominent drug retailers. Participating drug retailers comprised Walgreens and Rite Aid. These drug retailers were selected because they target similar audiences, contain similar merchandise in the diabetes category, and have an internal diabetes initiative—suggesting that they consider the category important enough to fund internal initiatives.

Although all Walgreens retailers have a diabetes section, they vary in the amount of space dedicated to diabetes products and merchandising (Tackett, 2013). The allocated space varies from a four-foot shelf set to an eight-foot shelf set. However, less than 20 percent of Walgreens stores report actually having the larger eight-foot shelf set. Similarly, Rite Aid has shelf space constraints within the diabetes section. Rite Aid uses a different merchandising and supply-chain approach for their high-volume and low-volume stores (normally corresponding to population in urban and rural areas). Low-volume stores are being re-merchandised with a reduced SKU count, increased facings for fast-moving items, lower prices on key brands, and increased private labels (Mitchell & Tackett, 2013). These space limitations and priorities indicate that the merchandising approaches at both Walgreens and Rite Aid would benefit from a streamlined approach.

In addition to reviewing the retailers' in-store shelf sets, store checks were conducted at these retailers to understand the current situation from a shopper's perspective, via in-store intercepts. Qualified questionnaire candidates were initially selected if they were in or adjacent to the diabetes aisle and answered yes to having diabetes (pre-diabetes, Type 1 diabetes or Type

2 diabetes). I interviewed these diabetes shoppers regarding their shopping behavior. The questionnaire included items such as: “What are advantages/disadvantages of the current diabetes shelf? “If you could make improvements to the shelf/section, what would you do and why? “Are you able to find what you are looking for? Why or why not?” (See Appendix A for the complete questionnaire). I also provided shoppers with a proposed sketch of an alternate diabetes merchandising approach and suggested product mix (See Appendix B). I asked shoppers to rate and explain their thoughts and opinions regarding the proposed sketch and product mix. Data gleaned from the completed questionnaire helped to gauge interest and viability for the proposed shelf set and product mix. The proposed merchandising solution was based on the Abbott merchandising approach, which was developed with a customer-centric focus, while grouping all products together for an easier shopping experience.

The questionnaire also included items regarding what cues diabetes shoppers are looking for when trying to find diabetes products (e.g., better signage, product organization, grouping of co-morbid disease products or product information). Shoppers were asked to rate merchandising tactics by preference, and were queried about navigation and way-finding for products, and whether they found those tactics important (See Appendix A).

In order to determine if the proposed categorization and product mix was appropriate for the diabetes section, qualitative research efforts were undertaken with the target audience. This information allowed me to understand what diabetes shoppers are looking for at shelf, their preferred product mix, and merchandising opinions. Throughout the in-depth interviews, I learned about the consumers’ problems and issues with the current merchandising sections. The

information obtained from the qualitative research informed my recommendations for a new and improved merchandising section. Having learned more about customer behaviors, feelings, perceptions, and opinions, I'm able to propose and validate a better merchandising strategy—one that is supported by direct insights and consumer knowledge.

The questionnaire was designed to address the following items: 1) problems with the current shelf and product assortment; 2) opinions of the proposed diabetes shelf set and product assortment; 3) shoppers' needs and wants at the diabetes shelf; and 4) features of the diabetes shelving unit sketch that they like and dislike (See Appendix A).

The information obtained from the shoppers' perspective is valuable. The qualitative data provides a basis for the assessment of the current retail situation. The results can be used to enhance merchandising efforts, enabling retailers to better serve shoppers by providing a needed solution for diabetes sections, ultimately generating increased revenue. Marketing teams can draw on this information to create a better shopping experience that guides shoppers through each of the five stages of the purchase decision.

The limitations of this study include a relatively small sample size, which comprised only 25 respondents. In future research, it will be critical to increase the sample size and also to vary the locations, expanding geographic reach. Although this paper focuses on the diabetes category, this enhanced merchandising approach can be expanded to additional medical categories after demonstrating success within the diabetes section.

RESULTS

The research measured feedback on both the current diabetes-shelving units and the proposed diabetes solution. On review, the questionnaire results revealed three prevalent themes not currently addressed in the diabetes shelving units: (1) organization of products with cross-merchandise product options, (2) adequate shelf signage and navigation, and (3) education. It was apparent from customer's responses that there were issues with the current merchandising sections, and that these improvements in the new proposed diabetes merchandising solution were welcomed.

Over a four-week period, I visited one Rite Aid and one Walgreens store in the Denver Metro area where I interviewed 25 shoppers with diabetes. These shoppers were selected according to proximity to the diabetes aisle, and answering yes to having diabetes. As to distribution, 10 of the shoppers were Walgreens customers and 15 of the shoppers were Rite Aid customers. The 10 Walgreens shoppers consisted of two pre-diabetics and eight Type 2 diabetics. In terms of the 15 Rite Aid shoppers, there were two pre-diabetics, two were Type 1 diabetics, and 11 were Type 2 diabetics. The composition of the sample was similar to the United States national average, with a disproportionately high prevalence of Type 2 diabetes. According to Roper (2012), 95 percent of the diabetes population has Type 2 diabetes, while only 5 percent has Type 1. Collectively these shoppers provided useful insights into the drugstore shelves, product organization, and current and proposed merchandising solutions. The data helped measure the effectiveness of the existing diabetes assortment, and provided insights as to the advantages and disadvantages of the proposed merchandising solution.

Feedback On Current Diabetes Shelves

Shoppers frequently mentioned that the current aisle/shelf was cluttered and requested better product organization. In fact, 64 percent of respondents felt there was an opportunity for better product organization and product grouping. Participant A (age 65, Type 2 diabetic) stated, “I just grab the products that I came for and get out.” Another respondent with similar feelings was Participant B (age 55, Type 2 diabetic), who reported that Rite Aid “has a ton of products to choose from, but everything is clumped together.” This issue was echoed by Participant C (age 35, Type 1 diabetic), who stated, “I know what I’m looking for, but sometimes the items are misplaced or not categorized together, so it makes it a little tricky.” Sixty-four percent of the respondents felt that the current diabetes shelf seemed cluttered, and reported some inability to locate the exact items needed. For example, Participant D (age 55, Type 2 diabetic) reported “the diabetes [section] is daunting, because it has a mix of everything, and even non-related items, so usually I just see my products and grab them. If I stayed and looked there would have to be a reason, such as something new, or articles and information on new diabetes findings.” All respondents echoed the need for product organization. Several respondents expressed their frustration with the current diabetes section. Their frustrations were based on an inability to find needed products for their diabetes management and other co-morbid issues. These answers from respondents were reflected in question 12, regarding the advantages and disadvantages of the current diabetes shelves. Of the 25 respondents, 17 mentioned cluttered shelves, disorganized products or confusion about where products were located. An unfortunate byproduct of this frustration is a diminution of overall shopping experience, underscoring the importance of eliminating factors such as disorganization, clutter, and inappropriate product placement.

Respondents were also asked about the shelf signage/navigation of the diabetes section. Question 16 of the questionnaire helped to identify whether respondents felt the navigation on the proposed sketch was important (Yes/No and Why). Fifteen of the 25 respondents believed that navigation on the shelf would be helpful. This would address their concern about spending too much time looking for products or not knowing where their products were located. Respondents also reported that categorization or grouping of products such as meters, strips, ancillaries and co-merchandised products would be helpful. This was further explored in question 16, which asked if *Support Care, Skin Care, Wound Care, Nutritional Drinks* and *Tablets* represented the right navigation for the shelving unit. Eighteen of the 25 respondents reported that they indeed liked these navigational cues/categorization. Similarly, Question 17 asked respondents about specific cross-merchandised products such as *Skin Care, Foot Care* and *Wound Care*. These cross-merchandised items were listed and pointed out in the sketch. Respondents were asked if they would like to see these products together in store and why. The majority of the respondents (73 percent) stated that these were beneficial additional products, as diabetics often struggle with additional health concerns. They may have skin issues such as dry skin and sensitive feet, and might benefit from wound prevention and care, which is important in avoiding infection and other aspects of diabetes management.

In addition, little education or product information was presented, and respondents felt it would be beneficial if that were available for them to better identify new products and better manage their condition. Out of the 25 respondents, 11 cited a lack of (and desire for) education at their retailer. These customers' concerns revolved around the following: better product organization; cross-merchandising products for other co-morbidity needs such as skin, foot, and wound care; and education.

Feedback On Proposed Merchandising Solution

After engaging with these customers through in-store intercepts, the top concerns were: disorganized products, poor product placement, lack of shelf signage and an absence of educational materials. Several respondents mentioned that diabetes was a confusing condition and that diabetes management seemed difficult. This confusion highlighted the need for the new proposed diabetes merchandising solution to be simple and uncomplicated.

After understanding current perceptions of the diabetes section, I asked respondents to rate the proposed merchandising unit in comparison. The proposed diabetes solution contained product organization, co-merchandised solutions, and product and diabetes educational information. Of the 25 respondents, 22 gave the new diabetes shelf an excellent qualifying mark (9 or higher). Patrons felt that the proposed merchandising approach would be a helpful addition to the diabetes aisle and felt it would assist shoppers in finding the right products. One respondent, Participant I (age 69, Type 2 diabetic) said, "It looks well thought out and combines some great products. I see what I need and other products I should consider. Rite Aid should implement this for diabetics like me." Another patron, Participant J (age 52, Type 2 diabetic), said, "combining the products allows for an easier shopping experience. Diabetes is complicated

enough—the shopping for the right products shouldn't be.” These two direct quotes echoed the positive opinions of the proposed new merchandising approach across all interviewed shoppers. Respondents, after examining the current diabetes section and the new proposed diabetes section, rated the latter as more effective and more engaging when asked on a Perceptual Map Exercise (question 21 in the questionnaire). The overwhelming positive response from customers further validated the direction of the new proposed diabetes-merchandising solution.

Respondents confirmed that the solution provided better product organization, cross-merchandise options, and shelf signage. The proposed merchandising approach was well received by respondents in addressing their needs. It became apparent that the initial merchandising sketch was a major improvement but still needed minor revisions, which substituted a digital touchscreen for the computer. Respondents stated that it looked less intimidating to access information from such an interface. No surprise, given that the primary age range for diabetics engaged in the questionnaire was 55+, an age at which technology can be perceived as a barrier unless it looks simple to use. Another adjustment was the addition of more educational brochures to help manage their disease by therapy type. Type 1 and Type 2 diabetics have similar testing regimens but can have different nutritional guidelines. Also, an overarching theme of confusion and frustration emerged from the research. In response, it is important to simplify the proposed merchandising solution to include only the needed management essentials. The top portion of the merchandising display was simplified by removing the distraction of promotional and seasonal information, focusing on diabetes solutions only.

CONCLUSION

The research results confirm that the current state of diabetes merchandising indeed represents an opportunity for retailers and shoppers alike. Through the research, critical information was discovered regarding shoppers' opinions and preferences on the current and proposed state of diabetes merchandise. The results demonstrated ample opportunity to create a better in-store/in-aisle experience for those diabetes shoppers who frequent their preferred retailers at least once a month. This frequency presents an opportunity to engage these shoppers and provide a better shopping experience for their recurrent trips. The common areas identified as needing improvement were: organization of products and cross-merchandise product options, shelf signage/navigation, and education.

Theme 1: Product Organization

The first common area for improvement was organization of products and cross-merchandised product options. Patrons cited an overabundance of products and felt that grouping products together and organizing them based on category would be of benefit. The proposed categories in the design included *Support Care*, consisting of the following products: blood glucose meters, test strips, and ancillaries (lancets and lancing devices). The next two categories would be *Skin Care* and *Wound Care*, two components of effective diabetes management, consisting of the following products: Band-Aids, Neosporin, lotion, sunscreen, etc. The next category would be *Nutritional Drinks* and *Tablets*. This section would contain glucose drinks and glucose tablets. This proposed diabetes merchandising approach would be a one-stop shop providing these shoppers with all the necessary products to deal with their diabetes and cope with potential co-morbid challenges.

Theme 2: Shelf Signage and Navigation

The second common area for improvement was shelf signage and navigation. This was highlighted in the proposed diabetes merchandising display as color-coded navigational signage that helps increase find-ability and drives the purchasing of relevant adjacent products. Respondents provided positive feedback to the suggested improvements in signage and navigation and felt these changes would help shoppers find their needed products.

Theme 3: Education

The third common area for improvement was education. Education was proposed in the form of a kiosk or digital display at shelf. This digital display would provide shoppers the ability to access product information, ask questions, and email themselves additional resources. Too, this at-shelf education could also take the form of less expensive options such as shelf flags or brochures.

Based on the research results, the proposed merchandising solution provided welcome improvements to the common areas, such as: organization of products and cross-merchandise product options, shelf signage and navigation, and education. Respondents saw the proposed merchandising solution as a more effective and more engaging merchandising option. In addition, shoppers felt they would be more willing to try other products when they were grouped together in a section they were already examining, particularly if there was a promotion or price cut on one of the cross-merchandised products. The shelf navigation provided an easier time for shoppers to navigate through the products and find what they needed. Lastly, providing education tools and information at shelf was considered invaluable, as diabetes is a complicated disease and shoppers are looking for news and information relevant to their condition.

In conclusion, we have identified ample opportunity to revise the current diabetes shelf to provide a more effective and engaging merchandising solution, such as the one proposed in the questionnaire (Appendix A). After gathering the information from the respondents and testing the original merchandising selling solution, I made small tweaks that included providing a touch-screen kiosk for education and information, clearly labeling shelf signage/navigation and removing promotion materials, such as seasonal content, not relevant to the shoppers looking for diabetes solutions. Diabetes shoppers are looking for better product organization, cross-merchandise products, shelf signage, and education, all of which are reflected in the new proposed diabetes section (Appendix D). This new merchandising approach addresses each of these needs, and promises to yield optimal results for consumers, retailers and manufacturers alike.

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APPENDIX A: QUESTIONNAIRE

1. Name
2. Age
3. Diabetic Status (pre-diabetes, type 1 or type 2, Other -please specify)
4. Retailer Selected: Walgreens, Rite Aid, Other _____
5. Is this your preferred retailer for diabetes products? Why or why not?
 - a. Do you get all your diabetes products (strips, ancillaries, etc.) here? Why or why not?
6. What is the frequency with which you visit this store (per month)?
7. What drives your visits?
 - a. Re-stock products
 - b. Check the new products available
 - c. Look for education/information/treatment options
 - d. Research pricing and competitive products
 - e. Ask your pharmacist questions about diabetes or other related health issues
8. Do you receive any communication from the retailer?
 - a. What does it say?
 - b. Does it talk about diabetes products?
9. When looking at the diabetes shelves, what are you looking for?
10. Are you able to find what you are looking for? Why or why not?
11. How did you find the diabetes section? Was there signage, information or familiarity that allowed you to find the section?
12. What are advantages/disadvantages of the current shelf?
13. If you could make improvements to the shelf/section, what would you do and why?
14. How would you rate this diabetes-shelving unit from 1-10 (1 being the lowest, 10 being the best shelf you have ever seen)?
15. After reviewing the proposed shelf set. On a scale from 1-10 (1 being the lowest, 10 being the highest) please rate the below sketch (Appendix B) in order of preference if this store changed their diabetes section to reflect the sketch.

16. This sketch also includes other Johnson & Johnson products that are related to and important to diabetes management such as: skin care, eye care and other products such as: high blood pressure products. Do you find grouping or categorizing the products together is important? Yes/No and why?

17. Show sketch and point out specific items such as: Visine, Glucose Tablets, Lubriderm Lotion, Sun Screen, Blood Pressure Monitor. Are these products that you would like to see together in store and why?

18. Would you consider purchasing these products if they were merchandised together?

19. How much time did you spend making a purchase decision within this specific diabetes category?

20. How does this shelf set impact your shopping behavior as well as which products are being considered and ultimately purchased?

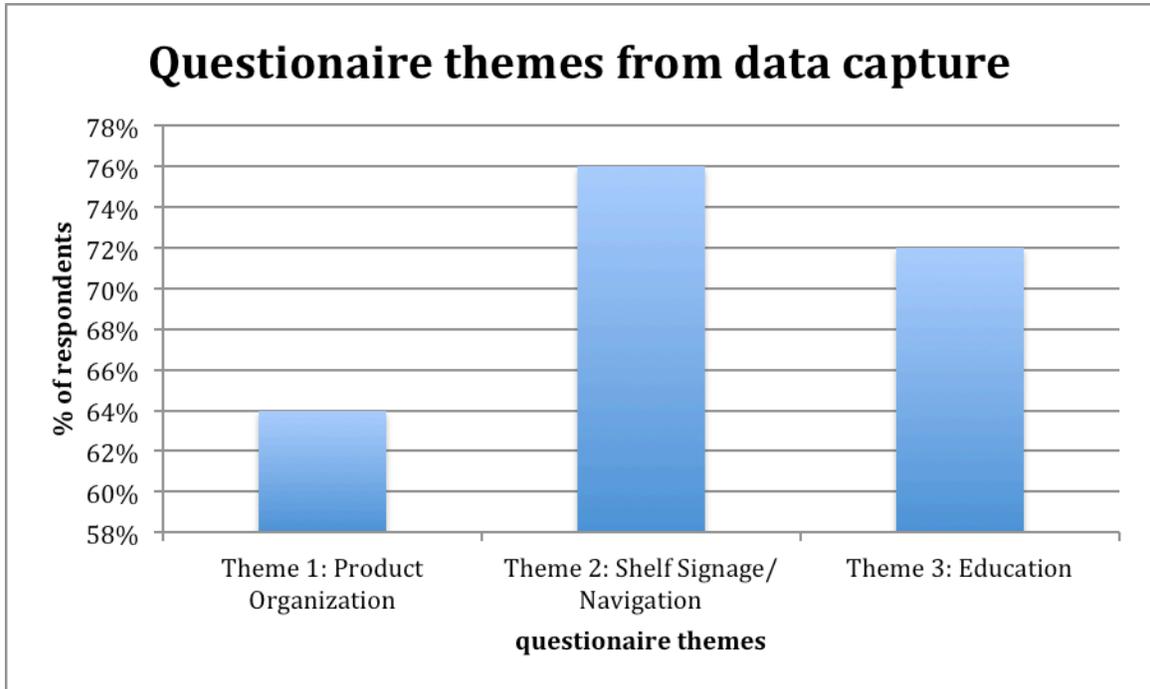
21. Perceptual Map Exercise 1: (Appendix D) When comparing the shelf set/merchandising display for the new diabetes display verses the existing display you see in front of you, please rate it on the below chart:

APPENDIX B: REVISED PROPOSED MERCHANDISING SOLUTION

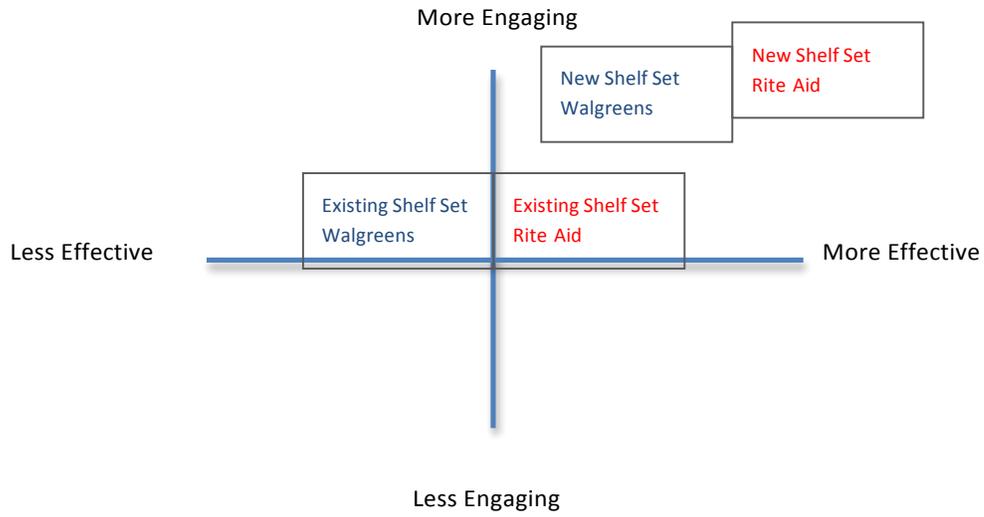
Based on respondent's feedback, the sketch changes included:

- Use a digital touchscreen for information
- Added the categorization name for clear navigation, instead of color shelf flags
- Added more educational brochures
- Simplified the communication at the top of the merchandising display (removed promotional and seasonal information and focused on diabetes solutions)

APPENDIX C: DATA CAPTURE GRAPH



APPENDIX D: PROPOSED SOLUTION RESPONSES



APPENDIX E: DEFINITION OF TERMS

At Shelf: What the customer views while standing in front of the shelf in retail.

Cross Merchandising: The display of opposite and unrelated products together to earn additional revenues for the store.

Intercept: Author (researcher) asking questions to the customers in aisle.

Pre-Diabetes: The state in which some, but not all, of the diagnostic criteria for diabetes are met. It is often described as the “gray area” between normal blood sugar and diabetic levels.

Shelf Set: The current set-up of products available at shelf.

SKU: Stock-Keeping Unit

Type 1 Diabetes: A disease that can strike children and adults suddenly, proper management of which requires supplemental insulin along with carefully regimented diet and exercise.

Type 2 Diabetes: Once known as adult-onset or noninsulin-dependent diabetes. A chronic condition that affects the way in which the body metabolizes sugar (glucose), its main source of fuel.