

BLUE MARTINI SOFTWARE CUSTOMER CASE STUDY

Bath Unlimited Tests Product Acceptance with Blue Martini's Online Market Research Capabilities

"Blue Martini helped us focus our product development in a way that truly impacts our customers."
- Lori Ellsworth, Vice President of Marketing, Bath Unlimited.



A division of Masco Corporation, one of the world's leading manufacturers of home improvement and building products with \$9 billion per year in revenues, Bath Unlimited provides bathroom fixtures for the do-it-yourself market. The company sells a variety of residential bath hardware products and accessories such as towel bars, grab bars, and toilet paper holders in different styles, sizes and finishes. Traditionally, new products were designed and developed based on a combination of historical sales data and the intuition of the Bath Unlimited's seasoned executives. Product design and finishes were shipped in mass to its large retail partners with the hope that consumers would accept the product. Only after building inventory and reviewing POS data did Bath Unlimited understand how well new products performed. Consumer sales data analysis allowed Bath Unlimited to understand the state of its industry, but not necessarily where it was headed.

With its business growing, Bath Unlimited decided to update its product feedback processes to better keep in step with consumer demand. Lori Ellsworth, Vice President of Marketing at Bath Unlimited, explains "We wanted to become more disciplined about how we run our business and how we more efficiently manage the supply chain. Since we are a large player in our industry, we needed to be more proactive. We deal with several large retailers; if you make a mistake with a product launch, it could be a costly one."

Bath Unlimited also reviewed how the company could expand its growth without relying on new store expansion by its retail partners. Ellsworth adds, "We wanted to optimize sales within our current channels. The decision to proactively conduct consumer research gives our decision-makers and retail partners the confidence that new products will be successful because we have the numbers to support it."

After a meeting with a key customer who requested additional finishes to the Bath Unlimited product line, the company chose to conduct a broad customer survey to study the acceptance of the two finishes. The need to get results urgently and the smaller sample size when conducting a physical focus group prompted Bath Unlimited to opt for an online focus group. Typically, Bath Unlimited managed several costly processes to determine the viability of product acceptance, including focus groups, point-of-sale (POS) data analysis and in-store customer interviews. When conducting traditional focus groups, Bath Unlimited found that consumers did not understand product definitions, the groups represented small segments, and frequently, these groups were swayed by one or two members of the focus group. Also, the process took up to three months to provide results. Evaluating POS data helped the company streamline new products and understand demographics, but there was risk in producing inventory that might not sell. In-store tests with customers were not broad in scope as the company had to select one to two stores in each region, taking up to three to four months to complete the project.

Online Market Research (OMR) can be used to quickly and effectively get feedback prior to a new product launch, to compare existing products, or to test a new idea. The benefits of OMR over traditional methods such as focus groups include:

- **Wider reach** – easy to reach large, diverse, and geographically distributed segment of the population
- **Increased speed** – the survey can be conducted and results can be assembled in a matter of weeks not months
- **Improved accuracy** – data collected in the electronic form is free from common transcription errors
- **Reduced cost** – the cost per participant is significantly lower
- **Reduced bias** – question ordering in paper forms is known to create a bias, while online questions can be in random order
- **Improved segmentation** – demographic overlays provide additional benefits for analysis



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“We selected Blue Martini because the ability to reach a larger audience across the U.S. appealed to both Bath Unlimited and to our retail partners,” explains Ellsworth. “We are in a competitive business, and gone are the days where we can just walk in and present new lines to the customer. We need the data to support our ability to deliver products that people want.” In mid-March 2003, Bath Unlimited engaged Blue Martini Analytic Services (BMAS) to conduct a Web-based survey of existing customers to study the acceptance of the two new finishes. In order to assess the validity of the study, two existing finishes were surveyed with the two new ones. The 4 finishes are shown in Fig. 1.

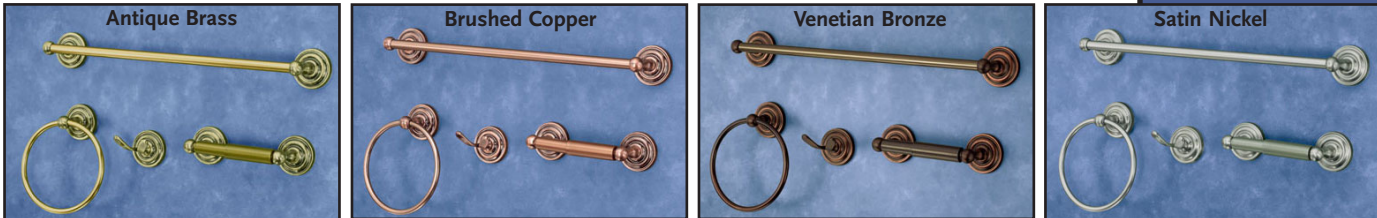


Figure 1: The four finishes used in the customer survey.

BLUE MARTINI'S OMR METHODOLOGY:

The team of experts in Blue Martini Analytic Services (BMAS) has established a systematic procedure for conducting the online market research. The three phases of an OMR project include: Survey Design, Campaign Management, and Analysis and Reporting. Blue Martini products are used extensively in each of these phases.

- **Survey Design** – The visual, interactive survey forms and the HTML based email are assembled using the Blue Martini Content Management functionality.
- **Campaign Management** – The survey administration and collection of survey results is carried out with the help of the Blue Martini Campaign Management and Webstore modules.
- **Analysis and Reporting** – The analysis and reporting of the survey results are conducted using Blue Martini Business Intelligence suite.

The tight integration between the different Blue Martini products makes it easy to transition from one phase of the OMR project to the next.

DESIGN: PARTICIPATE TO WIN \$1000

To get the most accurate feedback, Blue Martini designed a simple, yet effective survey with the goal of providing the right incentive, communicating the importance of the survey (asking for consumer advice), capturing the responses, and eliciting additional free-text feedback from the survey recipients. The incentive for participating in the survey was a chance to win a \$1000 Home Depot gift certificate. A personalized email (see Fig. 2) was sent to each recipient positioning the campaign in a way that valued the customer relationship. The email specified the incentive for participating in the survey and provided links to the web-based survey form.

The actual web-based survey involved two forms. The first form listed the 4 finishes being evaluated and sought customer opinion for each finish on a 5-point Likert Scale from “Strongly Agree” to “Strongly Disagree” as shown in Fig. 3a. The order of presentation of the 4 finishes was randomized to prevent the bias for or against the products that appear first. The second form allowed the customer to fill out the sweepstakes entry. Optionally, the respondent could answer 4 demographic and shopping preference questions and provide additional comments as shown in Fig. 3b.

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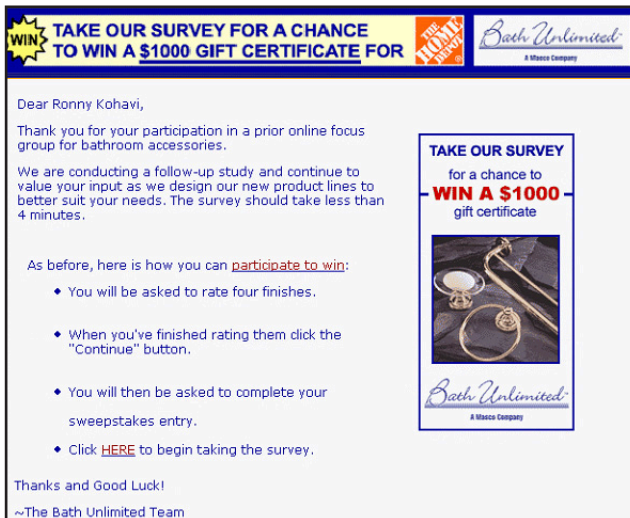


Figure 2: The Survey Email

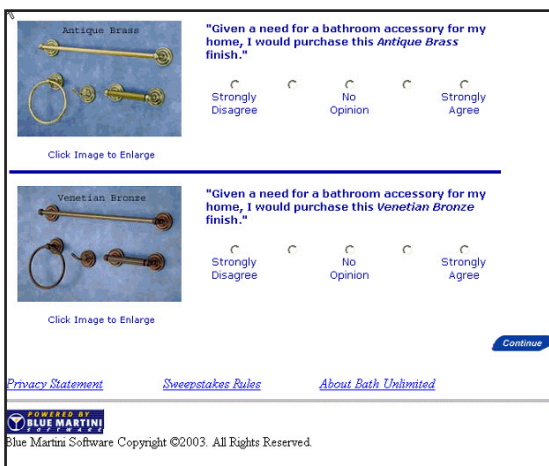


Figure 3a: Questions asking customers to rate each product finish.

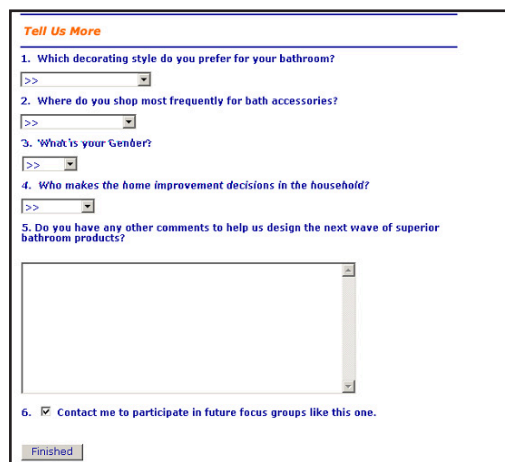


Figure 3b: Additional demographic and shopping preference questions.

“Purposefully, the survey did not ask too much,” comments Ellsworth. “Blue Martini included the right number of questions, the incentive was generous, and the email was very graphical. The only way to get people to respond to a product is to have them see it. I believe the design was critical in eliciting responses almost immediately.”

DISTRIBUTION: INTERACT ON THE WEB WITH YOUR VIRTUAL CUSTOMERS

Bath Unlimited’s OMR campaign was designed to connect with a large mass of its customer base spread all across the United States. Leveraging contact information collected in previous campaigns, Bath Unlimited targeted email recipients to represent a typical cross-section of its market. On April 14, 2003 Blue Martini sent the email survey on behalf of Bath Unlimited. The key campaign metrics are summarized below:

- Campaign Period: April 14, 2003 – April 21, 2003
- Emails Sent: 6,991
- Emails Opened: 2570 (37%)
- Number of Valid Entries: 1,269 (18%)

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Although the campaign was scheduled to terminate after one week, 80% of the responses occurred within the first 24 hours of the campaign (see Fig. 4). The heat map in Fig. 5 depicts the geographical distribution of the responders. Color is mapped to the number of participants from the state with green indicating fewer participants and red indicating more participants.

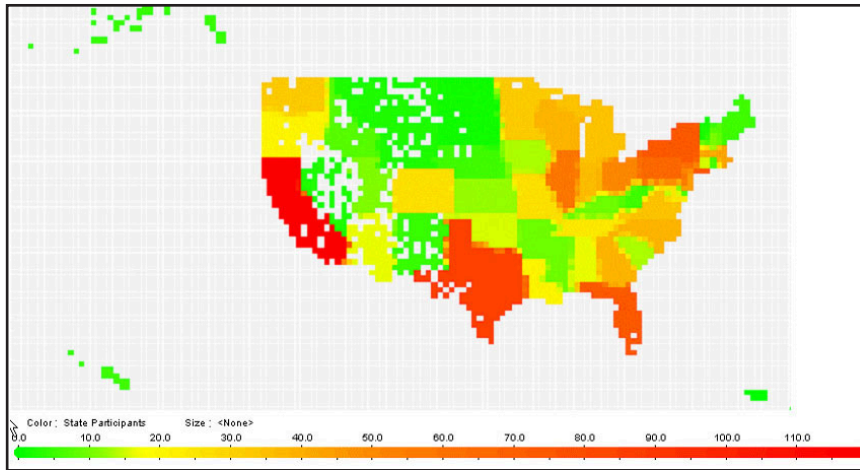


Figure 5: Geographical Distribution of Responders

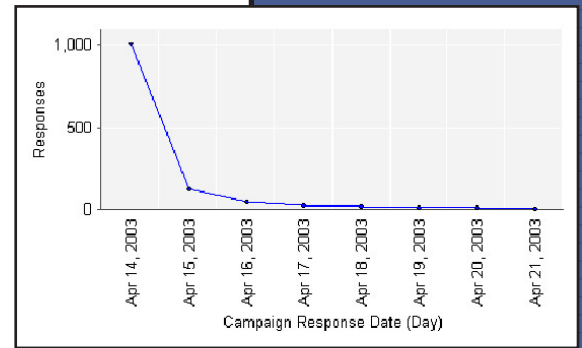


Figure 4: Campaign Response over Time

ANALYSIS AND REPORTING: FINISH ACCEPTANCE

To address the main goal of understanding finish acceptance, the responses to the finish questions were mapped to a quantitative scale (Strongly Agree = 2, Agree = 1, Neutral = 0, Disagree = -1, and Strongly Disagree = -2) and the average score was used to rank the finishes. The ranking of the four finishes with the average score for each finish are as follows:

1. Satin Nickel (0.79)
2. Antique Brass (0.06)
3. Brushed Copper (-0.15)
4. Venetian Bronze (-0.25)

A visual depiction of the responses on the Likert Scale allows Bath Unlimited to understand the distribution of the responses. For example, the responses for Satin Nickel in Fig. 6 show that over 71% of the respondents liked it (ranked 'Agree' or 'Strongly Agree').

392 responders provided specific comments. Some common themes in these comments were concerning finishes containing a mix of metals (such as gold and silver), wood based finishes, finishes in different colors, child proof products, and products that are easy to clean. These specific comments provide a wealth of information to the Bath Unlimited team.

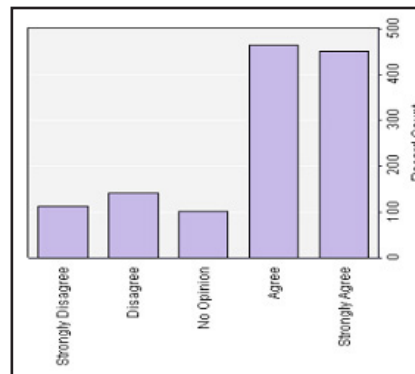


Figure 6: Responses for Satin Nickel

ANALYZING CONSUMER PREFERENCES

Blue Martini leveraged its partnership with Acxiom Corporation to perform a comprehensive demographic and socio-economic data overlay on the people who were sent the survey. These additional attributes together with the respondents' replies to questions about shopping preferences enabled Blue Martini to perform a thorough analysis of finish preferences and identify important sub-segments of the responders who tended to prefer certain finishes.

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Some of the key findings of this analysis were:

- Antique Brass tends to be preferred by older respondents (ages 55 and up) as shown in Fig. 7. By contrast, Satin Nickel is well accepted among the younger customers (ages 20 – 40)
- Respondents who prefer the ‘Traditional’ or the ‘Contemporary’ decorating styles for their bath fixtures tended not to favor Venetian Bronze whereas those who prefer the ‘Eclectic’ decorating style do not fancy the Antique Brass finish.
- Brushed Copper is popular in Florida and some of the smaller states but not in the other larger states (such as Texas, California, New York).
- Men have a slight preference for Antique Brass compared to women but the trend is reversed in the case of Brushed Copper and Venetian Bronze.
- Ratings for Venetian Bronze and Brushed Copper are quite highly correlated.

Easy to interpret, yet powerful visualizations were used to depict the relationships between product preferences and customer attributes and preferences. For example, the heatmap in Fig. 8 shows the finish rating and decorating style (described in the second bullet above). The color is mapped to the average score that ranges from dark blue (strong negative) to bright red (strong positive).

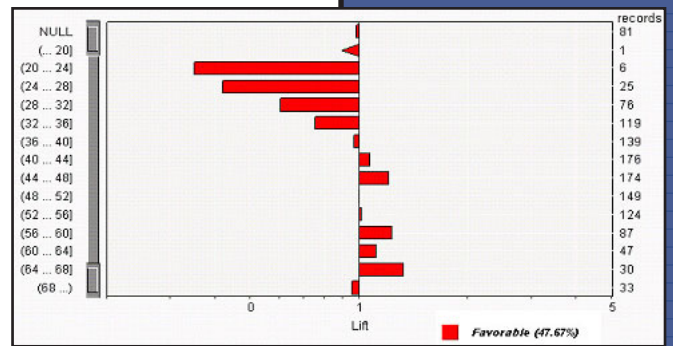


Figure 7: Antique Brass Preference by Age

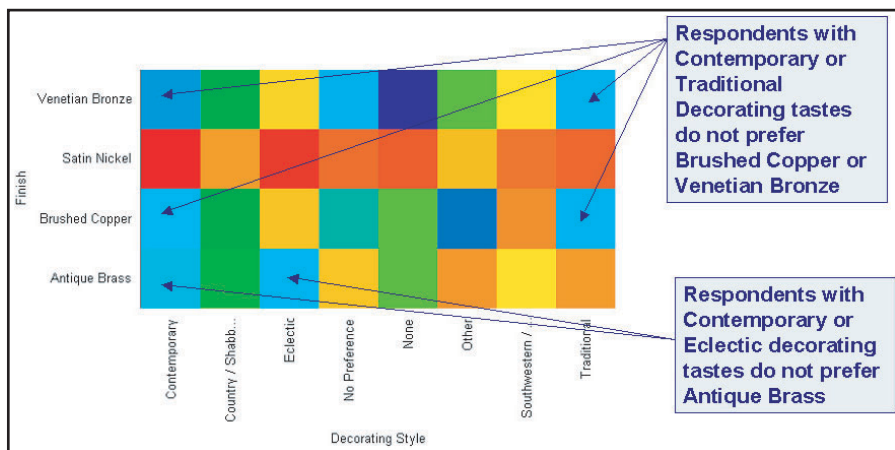


Figure 8: Finish Rating by Decorating Style Preference.

Additionally, Blue Martini compared the Bath Unlimited population to a random sample of the US population to help Bath Unlimited understand how different its customer base is from the average US population. It was found that compared to the average US population, a person from the Bath Unlimited campaign was:

- 2.0 times more likely to be a working woman
- 1.6 times more likely to have children in the house
- 1.5 times more likely to be a mail responder/mail order buyer

Bath Unlimited was clearly impressed with the in-depth analysis performed by Blue Martini. Ellsworth illustrates: “Blue Martini’s analysis showed us the difference that can be discerned between the customers and channels of distribution. In other words, we can now map specific demand to specific retail accounts. The one that surprised us was that the over-40 crowd likes antique brass and that the two new finishes—Copper and Antique Brass—did better than the Venetian bronze, which we see doing very well in the marketplace now. So it means these new finishes have more potential than we thought they did. The Blue Martini analysis will also help our accounts make the right decisions regarding shelf placement.”

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THE FINISH LINE

By correlating demographic and preference attributes across product finishes, Blue Martini provided deep insight into Bath Unlimited's customers. The report included a breakdown of customer attributes for each finish. For example, customers who preferred the Satin Nickel finish were typically younger, self-employed individuals with Contemporary or Eclectic style, regardless of shopping preference. "In comparison to studies I have done in the past, including traditional focus groups, Blue Martini is a lot more efficient," states Ellsworth. "We were able to reach large numbers of consumers quickly, analyze their feedback and receive a very graphical report to help us make better decisions."

At the conclusion of the project, Bath Unlimited were provided with the following findings:

- Satin Nickel is like by almost everyone. Therefore, leverage its acceptance in marketing and ensure broad product availability
- Antique Brass scored second and rated strongly with older populations
- Brushed Copper is preferred in Florida and smaller states
- Venetian Bronze is not well-received except in California and Texas

Blue Martini recommended that Bath Unlimited use the quantitative analysis to better market and deliver product to sub-segments via special events or additional direct mail and email campaigns. Further, the analysis supported targeting specific occupations, retail outlets, and age groups for different product finishes to optimize distribution and sales.

IN SUMMARY

Using Blue Martini, Bath Unlimited was able to clearly understand how the different finishes rate and which target markets prefer one finish to another. Utilizing this information has helped them transform 'gut feel' decisions that were made previously to concrete actions based on scientific analysis of actual research data. Lori Ellsworth summarizes the entire engagement aptly when she says, "We see Blue Martini as the best way to evaluate new product designs and finishes before we make the commitment to launch a product."

This engagement showcases the power of the Blue Martini Business Intelligence suite and shows how one can effectively use Blue Martini to

- Interact with thousands of customers through a virtual focus group
- Leverage Blue Martini's "best practices" related to design, delivery, and evaluation of email based campaigns
- Quickly receive in-depth, quantitative analysis of customer feedback
- Identify key attributes and preferences of customer base
- Validate new product introduction
- Refine marketing, distribution and sales strategies to impact top-line revenue growth

Visit <http://www.bluemartini.com/bi> or send e-mail to bi-sales@bluemartini.com to learn more about Blue Martini Business Intelligence.

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"Blue Martini helps us take a more proactive approach to product development so we can launch a product at the right time, giving us the validation we need to sell into accounts."

-Lori Ellsworth, Vice President of Marketing, Bath Unlimited.



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