A Customer Insight Case Study: The Glassware Boutique

The things you learn from customer insights can help you identify new audiences, validate your pricing strategy and help you optimize your product offering. By gaining insights into their core customer base, The Glassware Boutique modified their strategy and product offering, increasing sales by 15%.

Background

"The Glassware Boutique" (TGB) is a five-year-old company, founded by Michelle Jones, that handcrafts small glassware and other glass home décor products in multiple shapes, sizes and colors. TGB has one small brick-and-mortar shop downtown, but most of their business comes from their website.

Recently, sales have stagnated, so Michelle wants to understand how she can better understand her customers to drive more sales.

Owner's Assumptions

To understand why TGB's sales have stagnated, Michelle made some initial assumptions:

1. **Core customer:** Mainly online customers, probably female and skewing on the younger side.
2. **Product:** Customers prefer colored glass products vs. clear or lightly tinted.
3. **Pricing:** Prices are probably too high even though the products are hand-crafted and high quality.
4. **Competitive differentiator:** The environmentally friendly attribute of glass is appealing to her core customer.

Owner's Approach and Tools

Michelle tested her assumptions using four different methods to identify insights and develop an action plan.

① Core customer

Determined customer profile and purchase behavior, with *customer analysis*
Tested: *Who are my core customers?*
Tool: Observational research and *Google Analytics*
   • Kept a notebook by the cash register and observed demographics of foot traffic over 30 days.
   • Used Google Analytics Audience Reports.

Insights:
   • Greatest opportunity is with female customers 55+ years, who bring in nearly half (46%) of total revenue.
   • Younger shoppers (age 18-24) only account for 4% of total revenue.
   • Male customers make up 32% of revenue; however, they have the highest *conversion rate*

② Product

Probed deeper into customer preferences and needs with *qualitative analysis*
Tested: *What do my core customers want in a product?*
Tool: One-on-one interviews
   • Interviewed 5 valued customers and 3 non-customers in 30 minute phone calls.
   • Asked open-ended questions about preferences when it comes to style, quality, point of differentiation.

Insights:
   • Customers largely preferred clear or lightly-tinted items over colored glass products.
   • Customers gravitated toward messaging that emphasizes that products are "hand-crafted by trained glass artisans" rather than positioning glass products as "environmentally friendly."

Owner's Approach and Tools (continued)

③ Pricing

Probed deeper into purchase drivers and barriers, with *quantitative analysis*

Tested: *What are customers or potential customers willing to pay for this product?*

Tool: Survey

- Paid SurveyMonkey to send a survey to 75 participants comprising a mix of current customers and non-customers.
- Survey contained questions about price point and quality.

Insights:

- Customers interested in glassware and home décor products provided feedback that current product pricing was aligned with what customers were willing to pay – given the high quality of the products.

④ Competitive differentiator

Understood competitive landscape to uncover TGB's unique value proposition

Tested: *How can I best position my business to customers to stand out from my competitors?*

Tool: *Competitive Analysis* Grid

- Identified 4 *direct competitors*.
- Compared price, product mix, sales channel, positioning

Insights:

- Compared to direct competitors, TGB offers a higher quality product for only slightly higher price.
- Main competitors do not emphasize "hand-crafted with quality" in marketing.

Implementation

After testing her assumptions, Michelle turned her insights into actions and implemented short and long term strategies to drive sales.

	Action Items	Timelines
Core customer	• Increase marketing efforts aimed at females 55+. • Develop secondary marketing efforts aimed at males.	• Roll out new marketing campaigns to each segment within 60 days. • Review outcomes quarterly against each segment to evaluate effectiveness.
Product	• Feature clear and lightly tinted products more prominently in the store, online and social media channels.	• Monitor sales on a monthly basis to understand month-over-month performance.
Pricing	• No immediate action needed.	• Monitor sales on top-selling products quarterly and evaluate opportunities to adjust pricing accordingly.
Competitive differentiator	• Emphasize "hand-crafted by trained glass artisans" as the main messaging on the website and all communications.	• Within 60 days, perform testing on updated messaging on social media channels to identify the most appealing way to position products. • Complete an annual assessment of the competitive landscape to evaluate what's changed and to differentiate the business and its products.

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Key Terms

Competitive analysis
A structured method of evaluating your company's direct competitors, by identifying who they are, what they offer and points of differentiation. Criteria is industry specific but can include price, product mix, quality, positioning, location/sales channel, messaging, promotional activity, convenience, service.

Conversion rate
Number of conversions (i.e. purchases) divided by number of web visitors

Customer analysis
Use various sources to better understand customer profile and purchase behavior.

These can include:
- Observational methods like tracking in-store foot traffic, asking sales team for anecdotal customer feedback
- Analytics from website traffic, ecommerce purchases and social media insights
- Sales data from point of sale or credit cards, for average purchase size and purchase trends

Direct competitor
A business that offers products or services that are essentially the same as yours.

Google Analytics
A free tool that tracks and reports who is visiting your website and information about your customers' behavior. The audience reports include key visitor information such as demographics, geography and behavior.

Qualitative analysis
Research that helps uncover perceptions, attitudes and experiences by asking open-ended questions and fostering discussion among a target audience. Typically use a smaller sample size (6-8). Relatively unstructured, with prepared questions but deeper probes on consumer responses.

Can use:
- One-on-one interviews, in-person or phone
- Group interviews/focus groups
- Conversations with customers you value

Quantitative analysis
Research that quantifies insights like purchase drivers and purchase barriers, by asking closed-ended questions in a structured manner. Typically use a large sample size (minimum 75).

Can use:
- Surveys, polls or questionnaires.
  - Conduct a survey with free platforms like SurveyMonkey or Google Forms. Easily distributed via email.
  - Conduct a paid SurveyMonkey questionnaire. Pay to select the target audience, based on age, income, employment, gender. Pay small fee to incentivize responses.