

On Site. Insight.



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Another in a continuing series of industry dialogs.

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The Dollar Store format has enjoyed a great run the past few years. What do you attribute this to – other than the economy?

At Family Dollar, we've been investing in our brand, our stores and our team members with the goal of enhancing the shopping experience. We've adjusted our merchandising assortment to match consumer-buying behaviors in this economy, so there's obviously more focus on consumables and private brand. But we've also realigned our space and adjacencies to make the experience better. In our new format, the departmental adjacencies connect the rooms of the home so that, for example, shoppers will find items for the kitchen next to the laundry room and home décor. By grouping things this way, the store is a little more intuitive to shop. If a shopper comes in for a specific fill-in purchase, these adjacencies can spur sales of items she might have otherwise forgotten.

We've also significantly increased our marketing presence in traditional as well as non-traditional and digital media. We've got a new mobile coupon capability that we are just rolling out now. We are also building our mobile database, our email database and a Facebook fan base.

Shopper trip missions in your stores are quite different from those in food/drug/mass outlets. How does this impact your in-store merchandising strategy?

We are a convenience-value retailer. The customer is coming in with a specific mission in mind and we have a limited amount of time to satisfy it. For us, it's all about helping them satisfy that mission quickly with a solution that will allow them a little extra time to see the additional assortment in the store. So let's say they came in looking for cereal. Well, we've also got coffee creamer and sweetener – those kinds of things – properly displayed so it can become more of a "breakfast solution" than just a singular-item purchase.

What kinds of research do you do to understand exactly how to address your shoppers' special requirements?

We have a comprehensive suite of insights with combined customer and category insights. We do tracking studies that measure the core elements of our value proposition, our brand equities and our differentiation from the competition. We also do in-home and in-store research that is specific to categories so that we better understand particular shopper needs.

How can vendors assist Family Dollar in delivering the most appropriate shopper experience?

We collaborate extensively on insight gathering with our suppliers to come up with ways to improve the customer's experience when shopping those categories. The key for all our suppliers is to have a really deep understanding of our customer as well as our physical format and the challenges and opportunities it presents. I would say that the leading suppliers are very much attuned to this, and I've been impressed with the level of thinking and engagement around improving the customer experience. We've gotten some really innovative research, techniques and practices.

It is generally accepted that displays drive incremental retail volume and increased basket load. But in smaller footprint stores, there's less room for off-shelf merchandising. In your opinion, which merchandising tactics deliver the most optimal in-store shopper communication and purchase motivation?

We try to drive traffic with a lot of promotional activities in the consumables arena. But as I said earlier, we also want to broaden that trip mission, so we're trying to present more visual focus in areas where we have a credible assortment so we can be a broader solution provider. If we do that effectively and efficiently, it gives her a little extra time to treat herself to a beauty item, something in seasonal, home décor or the occasional apparel item.