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August 17, 2020

Paul Whitaker
Store Manager
London Drugs #006
Burnaby, BC V3L 5H1

Dear Mr. Whitaker,

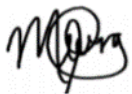
Here is the report titled, *Comparative Analysis of Consumer Engagement Techniques with Add-On Selling Procedures at London Drugs*.

This report examines methods to improve the current inefficiency in add-on selling procedures at the London Drugs point-of-sale via consumer engagement techniques. London Drugs has the potential to capitalize on the fact that they serve 45 million+ customers annually, by making an add-on product available with every transaction.

As a staff member of 5 years, my familiarity and expertise of London Drugs policies, procedures, and practices for business to consumer interactions, has contributed to the development on this reports methodology and survey design. As an economics and business student, I have insight into marketing tactics that improve engagement. Additionally, as a consumer myself, I have the experience to help direct my research from both perspectives, the business, and the consumer.

I have thoroughly enjoyed creating this report and would be happy to answer any questions. Please phone at 778-302-3928 or email at meerapatel049@gmail.com anytime.

Sincerely,

A handwritten signature in black ink, appearing to read 'Meera Patel', written in a cursive style.

Meera Patel

**Comparative Analysis
of Consumer Engagement Techniques
with Add-On Selling Procedures at London Drugs**

Prepared for
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And

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August 17, 2020

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Abstract

London Drugs Store 006 can increase add-on selling efficiency by changing their selling approach to capitalize on the more than 45 million customers that pass through their point-of-sales annually. This analysis compares 2 different selling situations aimed at increasing add-on selling against the current situation (control). A survey to 18 London Drugs Store 006 customers concludes that customers are 33.3% more inclined to purchase an add-on product at the companies point-of-sale when presented with positive anecdotes about the product, its brand, and/or its mission. London Drugs can make changes to offer an increased variety of add-on products as preferred by 66.7% of respondents, including ‘a new product to try’ as the survey reveals 45.5% of consumers state this as being the reason they have purchased add-on products in the past. This analysis recommends London Drugs management to consider training staff to offer some form of positive product-related information when engaging customers with the add-on product.

Introduction

London Drugs Background

London Drugs is a 100% Canadian owned, privately held Western Canada retailer of consumer products and services. The company began as a drugstore in 1945 and since have expanded the business to over eighty stores with more than 8000 staff. The London Drugs chain sells small appliances to more individuals than any other place in Western Canada and serves 45 million-plus customers every year, presenting ample opportunity to capitalize on add-on sales with every transaction (“Corporate Information”).

Add-on Selling and its Place within London Drugs

Techniques of Add-on Selling

Add-on products are a selling tactic aimed at increasing a company's sales and ultimately their bottom line (Robinson, 2020).

Cross-selling

Cross-selling is where a complementary product or service is suggested in addition to the original product being sold. This product or service is of value to the customer yet differentiated from the original item. In the case of London Drugs, cross-selling is commonly used by the departments. If a customer purchases a new camera, the Service Specialist can attempt to cross-sell by adding value for the customer with their expert recommendation of rechargeable batteries or the best memory cards to expand storage capacity in the customer's new device. Cosmeticians share the best suggestions for skincare routines following a customer purchasing a single skincare item. These are just a few examples of cross-selling London Drugs staff practice daily to enhance a customer's experience.

Upselling

Upselling is commonly mistaken for cross-selling (Robinson, 2020). The feature that sets upselling apart is that it adds value for a customer by "adding to the product you already have" (Robinson, 2020). For example, a customer intending to purchase a 64gb iPod may be offered to upsize the storage to a 128gb for an increase in price, however still offering the customer more bang for their buck. Both methods increase London Drug's overall profits as well as add value for the consumers.

Add-on Selling Initiatives in the Store

Specific to London Drugs is the add-on products offered next to the till at each point-of-sale (POS). These products are commonly small, useful, and targeted towards a wide audience. Occasionally, staff can recommend these as a product that is either a cross-sell or upsell to an item the customer is already purchasing, however in most cases the products are unrelated and standardized across the chain.

Deal of the Week

Deals of the Week are a single add-on product at a sale price, displayed next to the POS, often standardised across the chain for the full duration of the week with special signage as marketing. Staff are encouraged to highlight the deal as customers pass through the POS, however there is no formal/standardized method to do so.

Non-profit/Charity

Most London Drugs POS terminals have space to include not-for-profit campaigns via a product or simply a monetary donation added to the customer's purchase, in exchange for an object that signifies a donation by the customer. For example yellow daffodils during the Canadian Cancer Society campaigns, or Remembrance Day poppies by donation. These campaigns go directly to local communities and are constantly changing across stores depending on community need, geographic location, and size of the organizations wanting to partner with London Drugs locations. Parallel to the 'Deal of the Week,' there is opportunity to improve sales performance and consumer engagement with this type of add-on.

Statement of Problem

The current situation of inefficient consumer engagement procedures presents the opportunity to increase the sales of add-on units at London Drugs, via more efficient and standardized selling techniques.

Scope of the Report

This report will evaluate the impact of current add-on sale product placement on consumer perception, and compare it to the impact of varying marketing techniques that can improve their performance at the POS. In doing so, this report will answer the following questions:

- How do London Drugs customers feel about the current add-on selling situation at London Drugs, in terms of selling procedure and types of products sold?
- How does verbal exposure influence a customer's attitude towards making a purchase?
- How can a positive association made by the Service Specialist make a difference in consumer attitudes?
- How do customer's perception of add-on products at London Drugs change following the new selling methods suggested?

Purpose of the Report

The finding of this assessment will allow Mr. Whitaker to institute a more efficient procedure to increase the number of add-on units sold. It will improve the store's performance relative to other stores in the chain, as well as relative to the stores' past performance by creating an environment where customers are more inclined to purchase the add-on products. Based on Mr. Whitaker's 32 years of expert experience and discretion, this report can be made available to Mr. Mahlman to the benefit of 80+ London Drugs locations.

Methodology

The study will measure the impact of the proposed changes via survey questions to a sample of London Drugs Store 006 customers. The survey will gather data of how London Drugs customers perceive London Drugs currently and how they anticipate their personal shopping behaviors to change following London Drugs changing their selling procedures. The proposed situations are identified below:

1. Situation 1 (Control)

Add-on product is displayed at the POS with special signs stating, "Deal of the Week," in addition to the price label stating the sale.

- This puts the add-on product in the customer's field of vision as they pay for their original purchases.
- The sign is present to garner the customer's attention towards the add-on product, however the Service Specialist does not acknowledge it unless the customer proceeds to talk about it.

2. Situation 2

Add-on product is displayed at the POS with special signs stating, "Deal of the Week," in addition to the price label stating the sale. The Service Specialist also proceeds to ask the customer: "Would you like to add this/the insert name of add-on product to your purchase today?"

- This question deliberately creates a situation where the customer must consider purchasing the product to answer the question.

3. Situation 3

Add-on product is displayed at the POS with special signs stating, “Deal of the Week,” in addition to the price label stating the sale. The Service Specialist also proceeds to ask the customer: “This insert name of add-on product is insert positive anecdote about the add-on product, company, or brand. Would you like to add it to your purchase today?”

- The positive association created with the product, can lead customers to be more trusting towards the product and/or brand.

Following the survey, the data will be consolidated and analyzed based on the following criteria to determine recommendations:

- Do customers expect to increase their engagement with add-on products relative to Situation 1 (control)?
- Will the London Drugs brand perception change? Negatively or positively?

Data Section

Consumer Thought Process

Summary of Question 4 Survey Responses

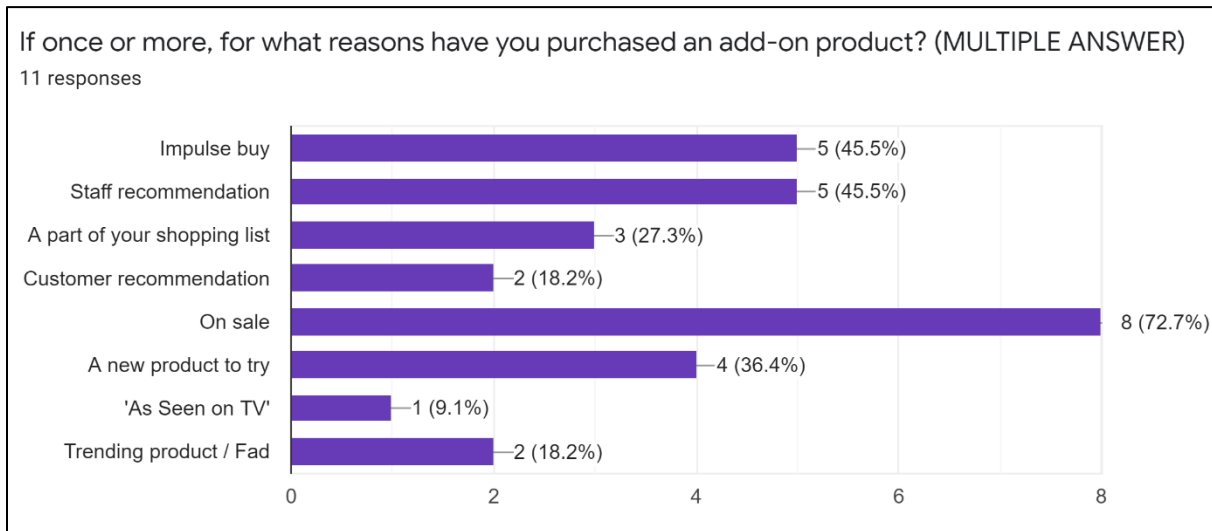


Figure 1: Why consumers buy add-on products?

Figure 1 compares the reasons previous London Drugs customers have purchased an add-on product. The top 3 being:

1. The product is on sale
2. The product is an impulse purchase and/or a staff recommendation
3. The product is something new they would like to try

Situation 1 (Control)

Situation Recap

Add-on product is displayed at the POS with special signs stating, “Deal of the Week,” in addition to the price label stating the sale.

Summary of Question 5 Survey Responses



Figure 2: Summary of Situation 1 (Control)

Figure 2 shows 38.9% of respondents are ‘somewhat likely’ to purchase an add-on product if it is in their field of vision during a transaction. Comparatively, 16.7% of consumer are ‘somewhat unlikely’ to ‘very unlikely’ to purchase in the same scenario. The remaining 44.4% are neutral.

Situation 2

Situation Recap

Add-on product is displayed at the POS with special signs stating, “Deal of the Week,” in addition to the price label stating the sale. The Service Specialist also proceeds to ask the customer: “Would you like to add this/the insert name of add-on product to your purchase today?”

Summary of Question 6 Survey Responses

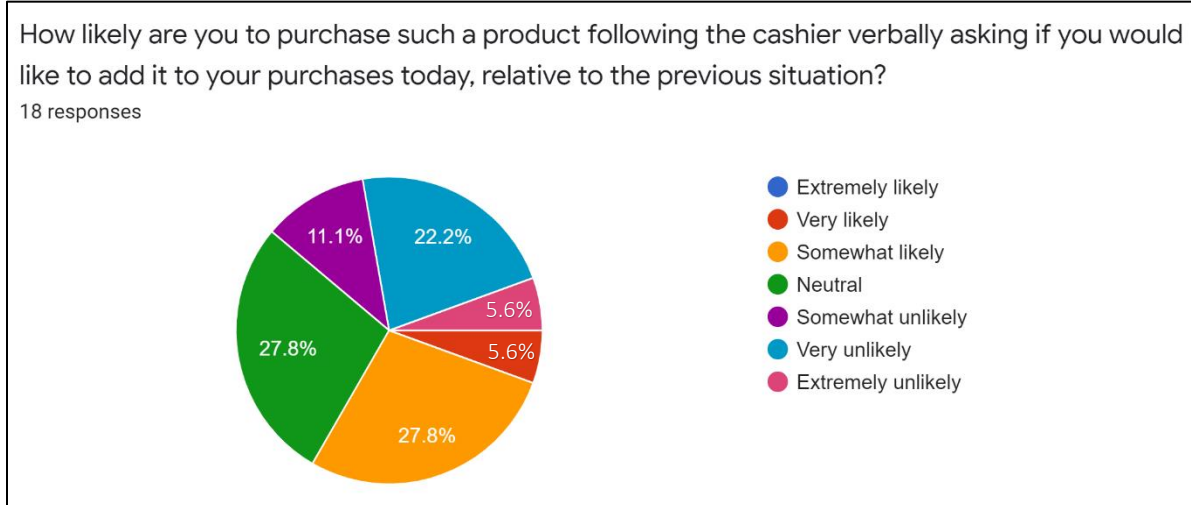


Figure 3: Summary of Situation 2

Figure 3 shows 33.4% of respondents are 'somewhat likely' to 'very likely' to purchase an add-on when asked by the Service Specialist. Comparatively, 38.8% of consumer are 'somewhat unlikely' to 'extremely unlikely' to purchase in the same scenario. The remaining 27.8% are neutral.

Situation 3

Situation Recap

Add-on product is displayed at the POS with special signs stating, "Deal of the Week," in addition to the price label stating the sale. The Service Specialist also proceeds to ask the customer: "This insert name of add-on product is insert positive anecdote about the add-on product, company, or brand. Would you like to add it to your purchase today?"

Summary of Question 7 Survey Responses

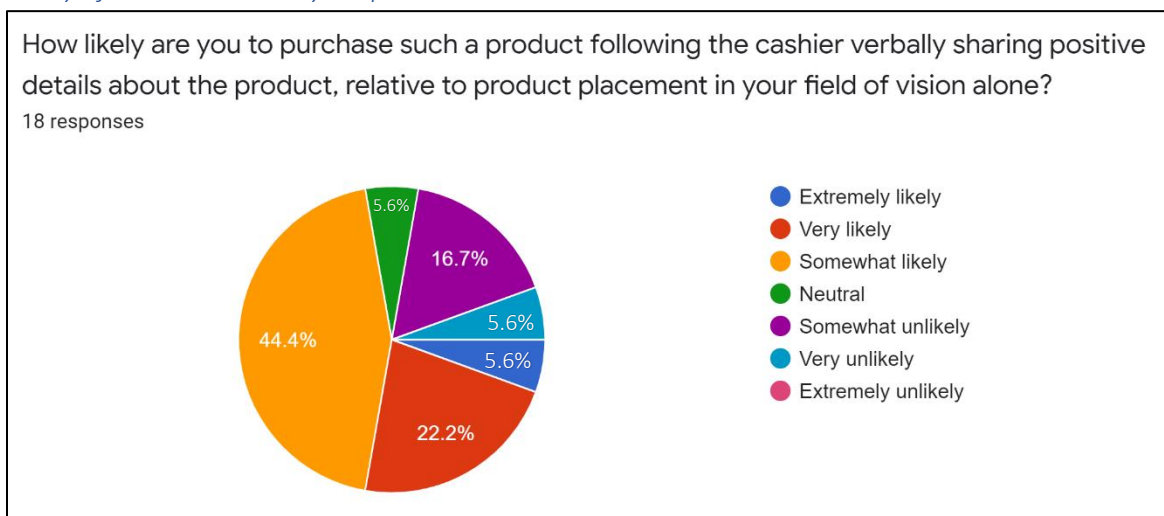


Figure 4: Summary of Situation 3

Figure 4 shows 72.2% of respondents are 'somewhat likely' to 'extremely likely' to purchase an add-on when asked by the Service Specialist. Comparatively, 22.3% of consumer are 'somewhat unlikely' to 'very unlikely' to purchase in the same scenario. The remaining 5.6% are neutral.

Consumer Attitudes on Add-on Products and the London Drugs Brand

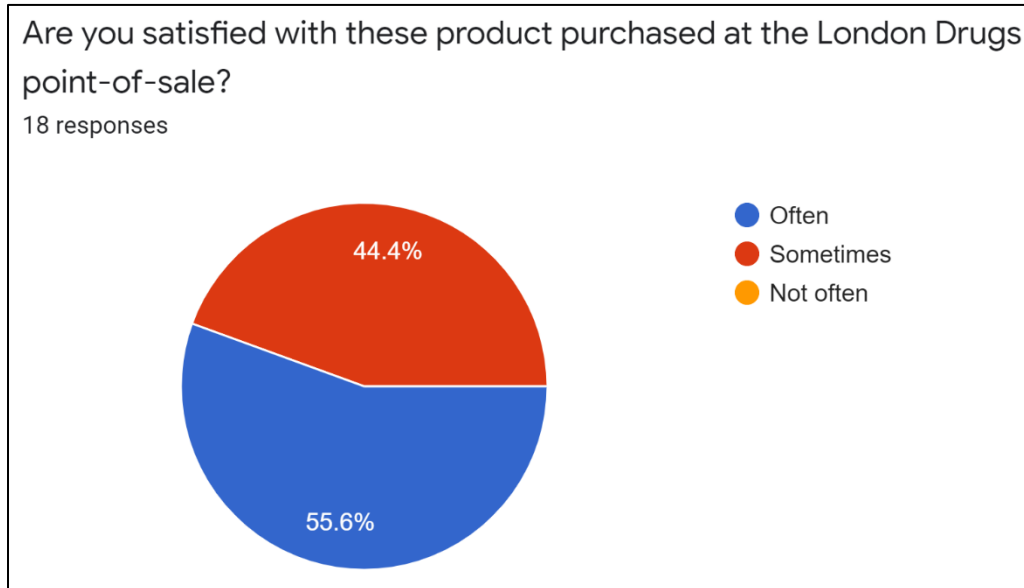


Figure 5: Customer satisfaction with London Drugs add-on purchases

55.6% of customers are often satisfied with the add-on products they purchased, while the rest state 'sometimes.' No customer felt unsatisfied often following such a purchase at London Drugs (Figure 5).

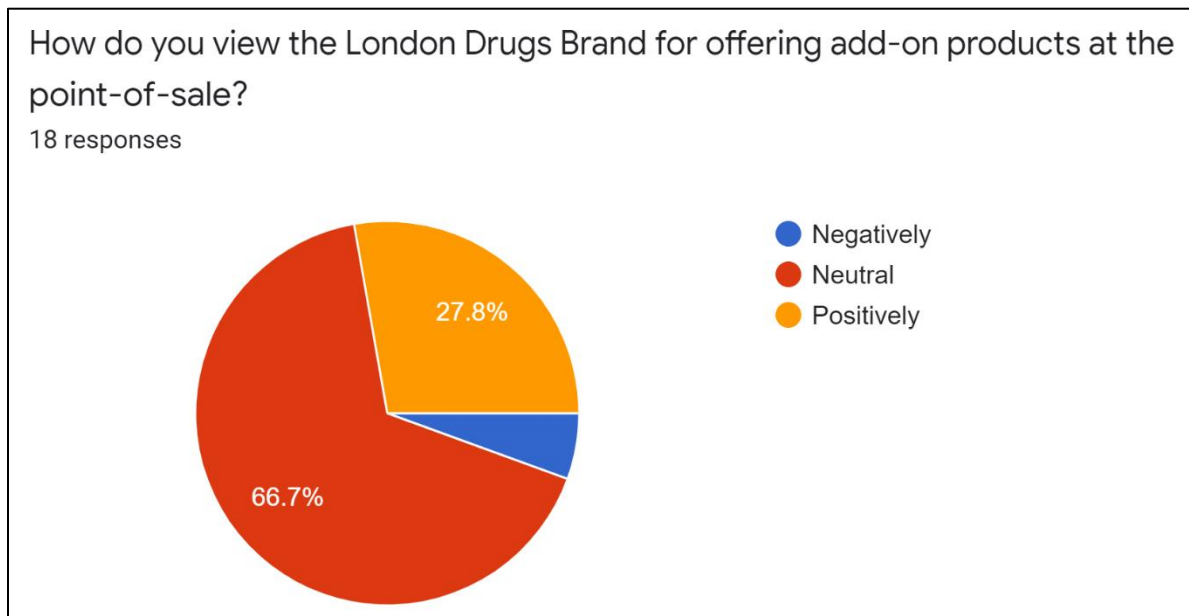


Figure 6: Brand Perception

Although 66.7 % are neutral in their view of the London Drugs brand for offering add-on products, of the remaining 33.3%, 27.6% view the brand in a positive light (Figure 6).

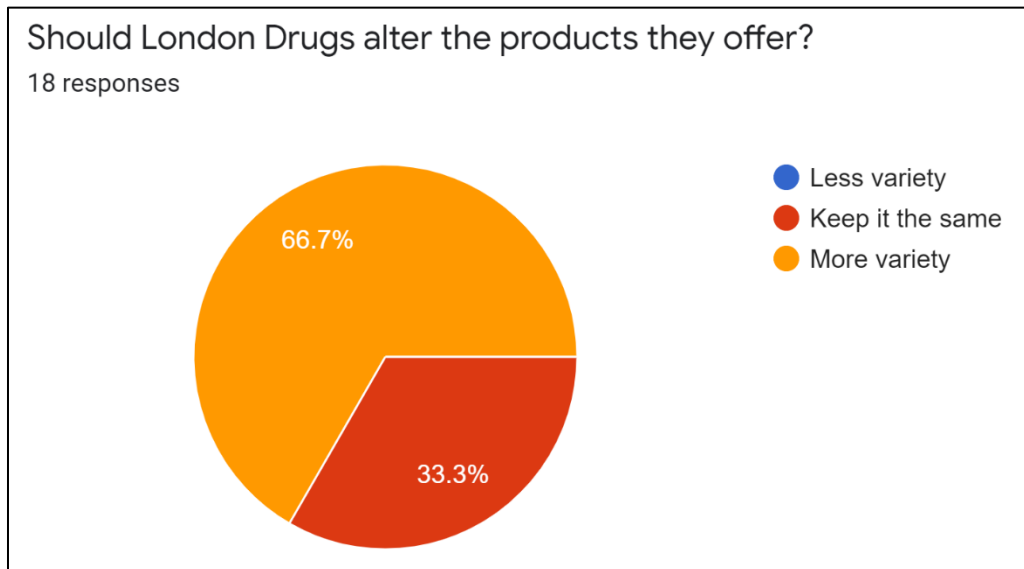


Figure 7: Should the type of add-on products change?

66.7% of state London Drugs should offer more variety of add-on products, while the remaining 33.3% are in favor of keeping it the same.

Limitations of Study

This study faces the following limitation:

1. This study is limited in its scope due to London Drugs being a privately held company. Thus private financial data, as well as unit sales data is unavailable for analysis in this report, implying percentage change in sales following each situation cannot be determined to support the analysis.
 - The lack of exact quantitative sales data does not negate the survey results. With permissions to use such data from London Drugs Head Office, the trade-off between time spent and sales made following each situation can be determined to support the feasibility analysis further.
2. The survey has been completed by customers who most often shop at one location, London Drugs #006 in Burnaby.
 - This factor limits the conclusion to the one store, without risking extrapolating the data.
 - However, upon further interest, this analysis can be further researched by London Drugs Head Office to include several locations at the recommendation of Mr. Whitaker.
3. The data collection occurred during the Covid19 pandemic, therefore due to the uncertainties caused by the pandemic, consumers are spending irregular of their normal habits (Schembri, 2020)

- To rule out the possibility of Covid19 being reflected in the survey data, the study can be extended to collect data following the pandemic to compare results or by collecting data over a longer period of time to determine any possible trends.

These limitations ultimately do not change the analysis for procedure changes; however they may affect the feasibility of implementing said procedures, therefore an area for further research is presented.

Conclusion

Summary and Interpretation of Findings

The top reason London Drugs customer choose to purchase add-on product is that they are on sale. The second driver of these sales is impulse buy and staff recommendation.

Reason to Purchase Add-On Product	Percentage of Consumers
On sale	72.7%
Impulse buy	45.5%
Staff recommendation	45.5%
A new product to try	36.5%

Table 1: Top Reason Consumer choose to Purchase London Drugs Add-on Products

From these 3 elements, London Drugs can control the items they put on sale as well as whether staff are recommending them at the POS.

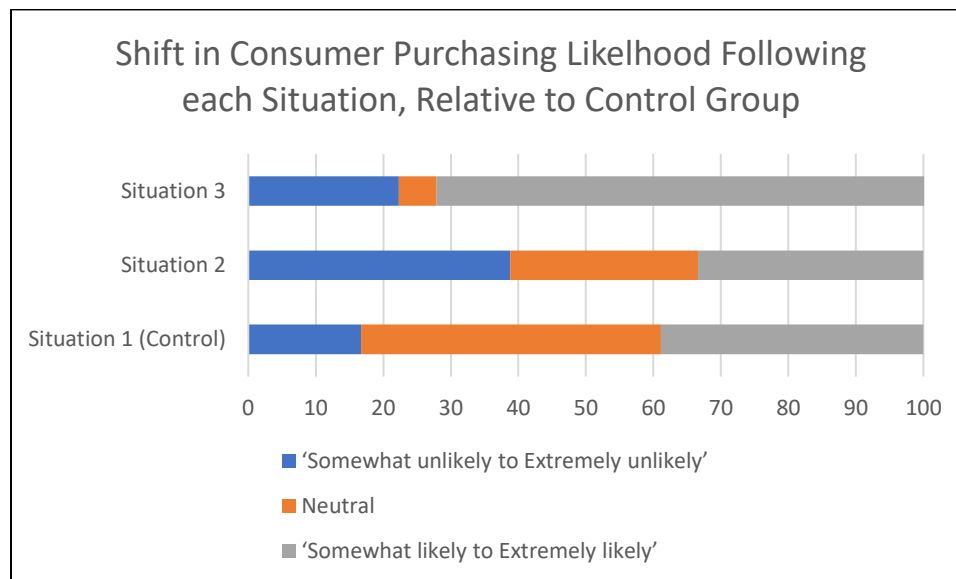


Figure 8: Shift in Consumer Purchasing Likelihood Following each Situation, Relative to Control Group

Situation 2 and 3 see more customers less inclined to purchase London Drugs add-on products relative to the control situation. Situation 2 and 3 also see less customers stating neutral behavior to the changes. Thus, it can be concluded that the new situations will move consumers towards a stronger inclination to purchase or not to purchase an add-on product at the London Drugs POS.

When presented with positive anecdotes, 72.2% of consumers perceive themselves as inclined to purchase an add-on product relative to the control at 38.9%. That is a 33.3% increase. Comparatively, situation 2 caused a 5.5% decline in inclination to purchase the add-on product.

These statistics suggest only situation 3 can expect to increase consumer engagement with add-on products.

Regarding consumer preference, London Drugs should diversify the type of add-on products they offer. This does not translate to offering more options at the same time, instead diversifying the rotation of products offered (Figure 7). Ultimately consumers are mostly satisfied with their add-on purchases and view London Drugs positively for selling add-on products (Figure 5, Figure 6).

Recommendations

It is recommended for London Drugs to incorporate positive verbal exposure of their add-on products during transactions between customer and the Service Specialist as the study concludes customers are 33.3% more inclined to purchase the product following this type of interaction. Furthermore London Drugs can make changes to offer an increased variety of add-on products as preferred by 66.7% of respondents, including 'a new product to try' as the survey reveals 45.5% of consumers state this as being the reason they have purchased add-on products in the past. This analysis recommends London Drugs management to consider training staff to offer some form of positive product-related information to engage customers with the add-on product during every single transaction.

Appendix

Survey Design

I am an undergraduate student at UBC engaged in a technical writing project. The purpose of this survey is to obtain primary data for analysis and investigation that aims to evaluate your response to varying techniques of add-on selling. The final formal report will be addressed to the management staff of London Drugs. The data I gather from this survey will serve the ultimate purpose of providing recommendations for increasing add-on product sales. The survey contains 12 multiple-choice questions that should take approximately 5 minutes of your time. Your responses are voluntary and anonymous. Thank you, I appreciate your generous participation in my survey.

Please note add-on products are those offered at the point-of-sale (where you pay for your purchases).

1. Have you shopped at London Drugs before? *
 - Yes
 - No
 - Do not remember

**Survey question 1's purpose is to screen out participants who don't have standing in this study. If they answered 'No' or 'Don't remember' to having shopped at London Drugs before, all their responses to the following survey question were removed from the final data set. Thus the data, figures, and conclusion analysis are based on the responses of 18 out of the 19 surveys completed – 1 participant's response have been excluded.*

2. Are you familiar with the variety of products offered at the London Drugs point-of-sale?
 - Familiar
 - Somewhat familiar
 - Unfamiliar
3. Have you ever purchased add-on products as London Drugs?
 - Never
 - Once or twice
 - A few times (3-8)
 - Many times (9+)
4. If once or more, for what reasons have you purchased an add-on product? (MULTIPLE ANSWER)
 - Impulse buy
 - Staff recommendation
 - A part of your shopping list
 - Customer recommendation
 - On sale
 - A new product to try
 - 'As seen on TV'
 - Trending product / Fad
5. How likely are you to purchase such a product if placed in your field of vision during your transaction with the cashier?
 - Extremely Likely
 - Very likely
 - Somewhat likely
 - Neutral
 - Somewhat unlikely
 - Very unlikely
 - Extremely unlikely
6. How likely are you to purchase such a product following the cashier verbally asking if you would like to add it to your purchases today, relative to the previous situation?
 - Extremely Likely
 - Very likely
 - Somewhat likely
 - Neutral
 - Somewhat unlikely
 - Very unlikely
 - Extremely unlikely
7. How likely are you to purchase such a product following the cashier verbally sharing positive details about the product, relative to product placement in your field of vision alone?
 - Extremely Likely
 - Very likely
 - Somewhat likely

- Neutral
 - Somewhat unlikely
 - Very unlikely
 - Extremely unlikely
8. Are you satisfied with these products purchased at the London Drugs point-of-sale?
- Often
 - Sometimes
 - Not often
9. How do you view add-on products offered at the London Drugs point-of-sale?
- Negatively
 - Neutral
 - Positively
10. What is your preference for add-on products at London Drugs point-of-sale?
- Offer less
 - Keep it the same
 - Offer more
11. How do you view the London Drugs Brand for offering add-on products at the point-of sale?
- Negatively
 - Neutral
 - Positively
12. Should London Drugs alter the products they offer?
- Less variety
 - Keep it the same
 - More variety

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