

Indigo by Old Navy

Marketing Communications Plan

FALL 2012

PART I

MARKET SITUATION

PRODUCT OVERVIEW

- In the summer of 2010, Indigo by Old Navy, an up-and-coming furniture store, opened its first store in San Francisco, California.
- Indigo is a brand extension of the popular Old Navy clothing stores.
- The store's merchandise consists of furniture for tweens, teens, college aged students and young adults.
- Indigo by Old Navy has made a name for itself as being a trendy place to shop when looking for new bedroom furniture for youth. It has also even more popularly been known as a place for new or recent college students to come shop for dorm room furniture.
- The store's merchandise is ideal for those wanting a stylish, personalized living space that is also reasonably priced.
- Indigo's furniture is targeted toward both men and women
- Indigo has over 200 hundred different kinds of bedding to choose from.
- Furniture in the store includes: bedroom sets, tables, dorm room couches/futons, chairs, side tables, lamps, pillows, desks, TV stands, lounge chairs, gaming chairs, etc.
- There is a large "green" brand associated with the store called Rustic. The store has a specific section where all of these items are located so they can be easily found by the customer.
- After observing the store's popular success in San Francisco, it was decided that Indigo would be opened in larger cities across America.
- SURGE Digital plans to launch its campaign with Indigo in the spring of 2013.
- The campaign includes opening two new Indigo stores in the St. Louis area.

COMPETITION

-**Direct:** Other trendy furniture stores. This includes Macy's Furniture Gallery, Urban Materials + Accessories, Crate & Barrel, Pier 1 Imports, Ashley Furniture Homestore and World Market. The largest competition to Indigo is the stores selling trendy, affordable furniture for youth/young adults. World Market is known for being relatively reasonable and extremely trendy. Indigo would find large competition in them because they are both targeting the same audience.

-**Indirect:** Stores selling any kind of furniture. This includes Target, Wal-Mart, Sears, Kohl's, Ashley Furniture, Rothman Furniture, Pottery Barn for Teens and other stores that offer furniture/bedding in their merchandise, but aren't known for it. These stores offer an edge of competition because they are such large, and often times affordable, outlets. The underpriced products and availability make them highly marketable.

PRICING

- Indigo's general pricing strategy lies somewhere between luxury and affordable pricing.

- **Examples:**

 - bedding sets = \$64.99 - \$90.00

 - sofa/futon = \$120.00 - \$150.00

 - lamps = \$9.99 - \$30.00

 - desks = \$79.00 – \$200.00

TRENDS

- According to faithpopcorn.com, it is becoming a popular trend for people to affordably splurge and spend money in an effort to reward themselves for all their hard work. This is an advantage for Indigo because its merchandise is trendy and affordable.
- Being green is a large trend in society currently. Indigo's eco-friendly brand, Rustic, will target the "green" consumers.
- Indigo's target audience are Millennials. It's a trend in this generation to want personalized products. The digital touchscreen provided in each store allows the consumer to customize their experience with the brand.

DISTRIBUTION

- The two new Indigo stores will be located in the St. Louis area at The West County Center and the Galleria. There is also an ecommerce website available where customers can browse and purchase all Indigo merchandise.

Rationale = These places were chosen because they are the upper-class neighborhoods in St. Louis. It aids in positioning the brand as trendy and stylish.

RETAIL ENVIRONMENT

- Indigo has made a name for being colorful, eclectic and creative. The atmosphere and environment of Indigo is very free-spirited and imaginative.
- Every store has a digital touchscreen where customers can view Indigo merchandise. This allows the consumer to compare items, find products and get a general sense of what the store has to offer.
- Each store is split completely in two. One side is for guys, the other for girls.

- Along with having a light-hearted environment, Indigo will have a modern feel as well. The floors will be concrete, and there will be some pipe exposure on the ceiling to make the store edgier.

SWOT ANALYSIS

Strengths:

- Indigo is ultimately associated with Old Navy. This increases the chance that the brand-loyal customers that usually shop at Old Navy will also shop at Indigo.
- Old Navy is a trusted company that has been around for a long time. This means a large amount of brand trust has been created.
- It shouldn't be difficult to get the word out about Indigo because Old Navy is already so well known.
- Indigo has a "green" brand that easily attracts the target audience.
- Indigo allows customers to personalize their experience.
- Indigo is a chain store, but gives off a feeling of being local and unique. This allows them to compete with other local furniture stores.

Weaknesses:

- Indigo only sells furniture to one portion of society – young people. This means other portions of society are not being reached.
- The target audience is younger adults/ teens/ tweens. In some cases this means parents will be paying for the customer's purchase. If they find the prices unreasonable, business will plummet.

Opportunities:

- To become the brand leader in terms of trendiness and affordability.
- To have stores internationally.

- To create different line extensions and increase profit.
- Open more stores in St. Louis.

Threats:

- Other furniture stores are highly competitive against Indigo.
- Some consumers might not be able to afford the products because they are so young.
- Downturn in the economy makes it difficult for some to leave home.

PART II

TARGET AUDIENCE

DEMOGRAPHICS:

- Ages 12 - 26
- Living with parents or starting off in an apartment/ dorm
- Income level ranging from \$0 - \$60,0000
- Female/male
- Not employed to entry-level job

GEOGRAPHICS:

- St. Louis area
- Urban
- Suburban

PSYCHOGRAPHICS:

- Young
- Free-spirited
- Energetic
- Creative
- Spontaneous
- Enthusiastic
- Curious
- Trendy

BUYER BEHAVIOR:

- The people who will be purchasing merchandise from Indigo will mainly be emergent consumers.
- Customers will most likely be looking for a good deal.
- Indigo's customers will include many special-occasion users. They will want furniture to decorate their spaces. But they will not return until they update their space with more furniture, or until they redo their space entirely.

PART III

OBJECTIVES

The objective of SURGE Digital's marketing plan for **Indigo by Old Navy** is to mainly:

- Create public awareness of the store's position in the market
- Stimulate consumer's first visit to the store
- Increase product knowledge

- Build a brand image = a trendy, affordable place to purchase home décor and furniture for a customer's room/living space.

PART IV

PROMOTIONAL ACTIVITIES

GRAND OPENING:

A.) ADVERTISING

- **TV commercial:** The television commercial will mainly position Indigo by Old Navy as a brand. It start by showing tight shots of the different merchandise in the store. Once the close up hits, it will then pull wide and show the merchandise in a young person's living space. SURGE would make a series of these commercials showing different merchandise for different people's living spaces. After the commercial shows the merchandise in the person's living space, it will then show the slogan of Indigo by Old Navy, "Unique décor. Uniquely you." Lastly, the commercial will inform the audience of the grand opening of two new stores in the St. Louis area. The two new store locations will be listed. It should also direct the consumer to the website to find out more information.

Rationale = The purpose of the commercial is to let people imagine the store's merchandise in their own living spaces. It also shows that each piece of merchandise suits buyers in a different way.

- **Magazine ad:** The magazine ad will be similar to the commercial in some aspects. It will roughly have two columns on the ad page. One column will show a piece of merchandise in Indigo. The second column will have the same merchandise in a person's home. The slogan and trademark Indigo logo will be at the top of the ad.

- **Billboards:** The billboard will simply be the Indigo by Old Navy trademark design and slogan. It will also say, "Opening May 18 in the West County Center and Galleria."
- **Radio:** The radio spot should have a script describing the store in some way. It could say, "Your first resort when redecorating your space, or moving to a new chapter in your life." At the end of the spot, it should state, "Indigo by Old Navy, Unique décor. Uniquely you." The billboard could also name the store's website in case the consumer wants to learn more.

Rationale = The main objective behind showing these advertisements is to let the consumer know that the store is opening. The advertisements will also help position the brand as being unique, trendy and customized just for consumers.

B.) DIRECT MARKETING

- **Catalog:** Before Indigo by Old Navy's grand opening on May 24, a catalog with the store's merchandise will be sent to the homes of the St. Louis suburban and urban areas. The catalog will be colorful and will be laid out to have the merchandise categories in different sections of the catalog. It should be colorful and show the store's trendy character.

Rationale = The catalog will give customers an idea of the kind of merchandise the Indigo sells. Since the buyers will not have prior experience with the store, they don't have a clear vision of whether they would shop there.

C.) WEB

- **Website:** Indigo's website should state something about the grand openings at the top of the page. There will be a tab that allows the consumer to take some kind of a virtual tour of the two new stores in St. Louis. The dates and times for the grand openings will be listed. The website will have a sidebar that allows the user to like/follow the various Indigo by Old Navy social media profiles. This will keep the user up to date on various events surrounding the grand

openings. There will also be a tab that lets the consumer take a “Your Style Quiz.” The test shows them a series of Indigo merchandise and they have to choose the items they like the best. After they complete the test, it should tell them their décor style and direct them to the merchandise that will suit them.

- **Facebook/Twitter:** The Facebook and Twitter profiles will be constantly update users about the progress of the grand openings and events Indigo is holding on the days of the grand openings. On the day of the grand openings, the accounts will do live coverage of the events and encourage people to check out the two new stores.
- **Instagram:** On the day of the grand opening, Indigo will encourage customers to post photos of themselves at the events and then again when they get home with the merchandise they bought. The person with the most “likes” on their Instagram photos with the hashtag, “STLIndigo” will receive a \$100 discount on their next in-store purchase.
- **Apps:** The app will make it clear that there are two new stores opening in the St. Louis area. It will also allow the consumer to browse merchandise the store has to offer and make a “wish list” of things they would like to buy.

Rationale = The main purpose of the web and social media is to inform people about the grand opening on multiple levels of communication. Most of Indigo’s target audience is part of the younger generation, who is extremely tech savvy. This method of marketing allows the store’s information to be given on a relatable level.

D.) SALES PROMOTION

- **Coupons:** Before the grand openings, a packet of coupons will be sent to homes around St. Louis area. However, coupons will be sent out heavily in the West County area and the Brentwood area. The coupons will offer a special “Grand Opening Special.” This special will give 50 percent off merchandise to the first 200 people that come on the day of the grand openings. The coupon

must be presented to the cashier at the time of purchase. The coupon packets will also offer coupons with different percentages off merchandise. The coupons will be good for two weeks after the grand opening.

Rationale = the packet of coupons will encourage customers to come to the store. It will also raise the chances that they end up buying merchandise because of the discounted price.

E.) DISPLAYS

- **In-store posters:** There will be posters in the store that inform the consumers of the Twitter, Facebook and Instagram accounts users can follow to learn more about the store. The posters will also inform consumers of different sales that are currently happening at Indigo.
- **Floor stickers:** The stickers would be arrows on the floor of the store that point the consumer to the different merchandise they would be looking for during the grand opening. For example, there would be a floor sticker that would point in the direction of desks, lamps, chairs couches etc.
- **Table toppers:** Table toppers that give information about the stores' opening will be put in the food courts of the West County Center and Galleria malls.

Rationale = These specific displays will aid the buyers during the grand opening so they aren't confused about where to find merchandise. Also, displays like the table toppers will be a more specific way of letting the mall goers know about Indigo by Old Navy's new store openings.

F.) PUBLIC RELATIONS

- **Press release article:** There will be a press release article pitched to different publications in the St. Louis area about the openings. Some of the publications include The St. Louis Post Dispatch, The St. Louis Business Journal and other local/small newspapers.

Rationale = The press release would get the word out about the events to not only the target audience, but the local community in general. SURGE plans to make it a point to consider parents/older adults as a secondary target. Adults and parents are the main part of the community that read the listed publications.

G.) SPONSPORSHIPS/EVENTS

1. At the grand openings, Indigo by Old Navy will give away free iPads to the first 50 people that are in line to check out the store.
2. There will be a beverage station in the stores that allows shoppers free food and drinks. This is meant to make them feel more at home and comfortable in the store.
3. The first 250 people who show up to the grand openings will have their name put into a raffle box. Every two hours for the entire opening, there will be a name pulled from the raffle. Whoever gets their raffle ticket drawn will get \$1,000 worth of money to spend on redoing their room/living space.
4. Twenty percent of all the sales of the grand opening event at the West County Center location will be donated to Goodwill. Twenty percent of sales from the Galleria opening will be donated to The Salvation Army.

Rationale = Each of the events will push people to come to the grand openings and get a taste for the new stores. The donations to Goodwill and The Salvation Army are relevant to Indigo because each of the organizations donate furniture to those who are in need.

AFTER GRAND OPENING

A.) ADVERTISING

- **TV commercial:** The commercial will take hold of Indigo's slogan, "Unique décor. Uniquely you." It will take four types of young people and show how each of them can find exactly what they need at Indigo to decorate their space at. The advertisements will be separated into four separate commercials. One commercial for each separate person. The commercial will show how each young person is in a different phase of their life, but all of them still want to decorate/enhance a space and convey their own uniqueness. The four personality types will be a new college student needing furniture for their dorm, a recently graduated young adult looking for furniture, a tween looking to redo their room to look "more grown up," and a serious high school student looking for a new desk.
- **Magazine ad:** The magazine ad will also play off the idea of uniqueness and trendiness. It will show separate young people who bought their furniture from Indigo sitting in their newly designed room. It could have Indigo's slogan and trademark design symbol in the white space above the picture of the satisfied customer. Also, there should be a lot of color and modern touches to the design of the ad.
- **Billboards:** The billboard will simply be Indigo's slogan and the trademark design. It would then say the nearest location of an Indigo store.
- **Radio:** The radio spot will be the script of the television commercial. There will be four different segments of the commercials. Each commercial will describe one of the four people listed above. A new set of four people will be profiled every six months.

Rationale = The main point behind this method of advertising is to develop an emotional connection with the consumer. If advertisements relate the buyer to Indigo, they are

more likely to become fond of a brand. This then instills brand loyalty as they consistently come to Indigo for their décor needs.

B.) DIRECT MARKETING

- **Catalogs:** A catalog previewing new merchandise will be sent out to homes each season. Once the summer hits, there will also be a catalog sent out featuring the furniture needed to go to college.

Rationale = The seasonal catalog allows consumers to preview the new Indigo by Old Navy merchandise and bring them to make a purchase.

C.) WEB

- **Website:** Indigo will have a tab called “Design it Yourself” on their website. The tab will direct users to a page that allows them to submit their design of products they would like to see Indigo produce. It will allow the users to feel like they have a say in what they are buying. Indigo merchandise designers will then vote on the top-10 product ideas/designs. There will then be a poll of the best designs for users to complete on the website once every six months. The top-five products chosen will be incorporated into the store merchandise for the upcoming year.
- **Facebook/Twitter:** Another social media outlet Indigo will have is a Twitter and Facebook account/like page. The Facebook account will include a “like” page that posts promotions and sales opportunities on user’s newsfeeds. The page will also post upcoming, new products the store will be offering. It will also allow users to “like” photos of products so it shows up on their own profile. Twitter, on the other hand, will bring Indigo to life in a way. The account will be used as a place for the store to interact with users. The Twitter will respond to user’s tweets about the store and retweet satisfied customer’s posts about the store’s products. The Indigo Twitter account will also list sales, upcoming products and other facts about the company. This

is all in an effort to build an emotional connection with consumers. Lastly, the Twitter account will have its own hash tag which allows other users to converse about the store and merchandise.

- **Instagram:** Indigo will also have an Instagram account, along with having Twitter and Facebook. The most significant part of Instagram is that it is strictly visual. Having the account will allow Instagramers to post on the hashtag page. They will specifically post the ways in which they used Indigo merchandise to spice up their space. They will also post photos of their space to allow others to gain ideas from what they bought. The Indigo Instagram account will also allow the company to post photos of new products they are coming out with and new stores that are opening around the country.
- **Apps:** Indigo will have an app available to all smartphones. It will simply be named, “Indigo” and will be free to the public. The app will mainly be used to browse merchandise and see what products the store is presently carrying. The consumer will also be able to purchase desired products through the app. The app will act as a tool of convenience, but not totally discount the ecommerce website. As far as content goes, the app will have the following features:
 1. A tab where all products can be viewed and are split into different categories.
 2. List of nearby stores, and allows users to search for stores around the country
 3. Allows users to bookmark any items they wish to purchase in a “wish list.”
 4. Lists all sales the company is currently offering.

Rationale = The main goal behind the web tactics used above is to help the consumer interact with Indigo by Old Navy. By keeping them updated, and making them interact, consumers feel an emotional connection to the brand. In result, a sense of brand loyalty is instilled in the buyer.

D.) SALES PROMOTION

- **Coupons:** There will be coupon books that come along with the seasonal catalogs that are sent out.
- **Sales Events:** Every month, there will be a promotional sales event that gives a discount of some sort. For example, for the month of September, there would be a \$50 off a purchase of \$150 dollars. And for December there would be a Christmas special that gives 40 percent off an entire purchase made from Dec. 10 to Dec. 21. Consumers would be notified of the events in the store and via direct mail.

Rationale = Sending out coupons will encourage the consumers to make a trial purchase to see if they are happy with the product. These specific sales promotions for Indigo would also bring in more customers due to the reduced price.

E.) SPONSORSHIP/EVENTS

1. Each year Indigo by Old Navy will hold a furniture drive. Those who donate their old and unused furniture will receive a gift card. The amount of money given depends on the type of furniture that is given. For example, if a piece of bedroom furniture is donated, the giver will receive a \$500 gift card. However, someone who donates a lamp will receive a \$20 gift card. At the end of the drive, all the furniture collected will be given to The Salvation Army and Goodwill.
2. Yearly, there will be a "Best Design" contest. Every May, there will be a contest that allows customers to come in the store and make use of the merchandise to design a room. The store will be split up in five quadrants. Competitors have exactly one hour to use different merchandise around the store to design their space. Once the competitors have finished, the public is allowed in the store to shop and vote on the best room design. Once the votes

are counted, the winner of the contest is given the furniture they used to make the design, plus a check for \$500.

Rationale = These events are meant to create public knowledge of the store. They also create brand loyalty between buyers and Indigo by Old Navy as a store.

PART V

MEDIA

MAGAZINES:

Teen Vogue, Seventeen, GQ, Cosmogirl, Marie Claire, Elle, Glamour, Riverfront Times, ALIVE Magazine, St. Louis Magazine, Better Homes and Gardens, Parenting

Rationale = These are a variety of magazines aimed toward different consumer groups. The primary target for this form of media (magazines) is women and girls. Men read magazines, but the ads SURGE would have placed in the magazines they read would not have fit Indigo's brand image. So SURGE focused on buying ad space in young women and tween-girl magazines. The ads for Indigo by Old Navy will not run in each magazine around the world, but just in magazines specifically going to St. Louis. This will ensure a large portion of Indigo's demographic is being reached. A few St. Louis magazines are included in the media buying as well. This ensures that the St. Louis area is becoming aware of the store's new existence. Lastly, there will be an ad placed in Better Homes and Gardens and Parenting magazine to reach the parents of the demographic. The parents will, in some cases, be the one buying the furniture for their child. It is imperative the parents think the store's merchandise is affordable and reliable.

RADIO:

Z107.7, 98.1, 92.3, 101.1, 99.1 (JOY FM), 102.5, 103.3, 104.1

Rationale = SUREGE intends to cover a wide variety of radio stations specific to the demographic of young adults and tweens. Many of Indigo's customers drive to and from school each day in the afternoon or morning time. The ads for Indigo will reach the demographic during their busy lives.

TELEVISION:

MTV, MTV2, VH1, ABC Family, FOX/KTVI, CBS/KMOV, NBC/KSDK

Rationale = The channels SURGE has chosen to stress advertisements on include both channels that young people watch specifically and channels that are local to St. Louis.

BILLBOARDS:

Billboard advertisements will be before the highway exits that take buyers to the Galleria and West County Center. There should also be billboards near the stretches of highway leading to colleges in Springfield, Mo, and Columbia, Mo.

Rationale= A large portion of Indigo's demographic is college-aged students. On their drive to and from college, they usually have to drive for long periods of time. Having billboards around the major highways leading to the universities will ensure they know about Indigo. Also, billboards for the store should be right before the exits on the highway for the West County Center and the Galleria.

PART VI

MESSAGES

KEY MESSAGE:

Indigo is the only furniture and décor store dedicated solely to young adults and tweens. Indigo upholds the high standard of having the latest and trendiest fashions while still being affordable and unique.

ADVERSISING MESSAGE STRATEGIES:

- **Slice of life ads:** This ad strategy profiles different personality types of the target audience. For example, the ad would be a picture of a person who just graduated high school and are new to college. The picture would have them sitting in their dorm after they are all moved in. The ad would read,

“ When taking your entire bedroom set with you is out of the question, you always have Indigo by Old Navy. Unique décor. Uniquely you.”

- **Slogan:** “Unique décor. Uniquely you.”

The slogan goes off the idea of Indigo by Old Navy being trendy, unique and customizable to consumer’s style.

- **Testimonials:**

“I wasn’t sure what to expect when I moved out of my parent’s house. I didn’t know if I could manage making my new space feel like home without putting a huge hole in my pocket. But then I went into Indigo. After leaving with all the furniture I needed, I knew I would be able to spice my place up without spending a ton of money.” - *posted by Nick on the Indigo Facebook like page.*

“You won’t be able to find a store that caters to your unique decorating style like @IndigoOldNavy.” - *posted by Abby on the Indigo by Old Navy Twitter account.*

Rationale = The “slice of life” and testimonial ads will allow consumers to feel an emotional connection to Indigo. The ad steps into the lives and circumstances of the target audience and helps confirms the store as being unique and affordable. The brand slogan also helps position the brand in the market of other furniture stores. When consumers think about unique décor, they will think about Indigo by Old Navy.

PART VII

MEDIA SCHEDULE

Indigo's grand opening is set for May, 25 2013. This is the busiest time for the target group. A large portion of them will be heading off to college and need things to fill up their dorm room. The marketing schedule for the next three to five months will emphasize mainly on the use of advertisements, sales promotion and web marketing. The next large marketing time for Indigo by Old Navy will be around the months of November and December. Marketing will increase slightly around the winter holidays and then decrease again until May 2014. The media schedule for Indigo by Old Navy could be considered a pulsing media schedule.

	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MARCH	APRIL
ADVERTISING	H	H	H	H	M	L	M	H	M	L	H	H
SALES PROMOTION	H	H	H	H	L	L	M	H	M	L	H	H
SPONSORSHIP	H	M	M	M	L	L	L	M	L	L	M	M
DIRECT MAIL	H	H	L	L	M	M	H	H	L	L	H	H
WEB	H	H	H	H	H	M	H	H	M	M	H	H
PERSONAL SELLING	M	M	M	M	L	L	L	M	L	L	M	M
PUBLIC RELATIONS	H	M	L	L	L	L	L	M	L	L	M	M
POINT OF PURCHASE (POP)	H	H	H	H	M	M	M	H	M	M	H	H

TABLE:
L= LOW USAGE
M= MODERATE USAGE
H= HIGH USAGE

PART VIII

EVALUATION

- 1.) Coupons:** The amount of coupon redemption could be a large indicator of the success of Indigo by Old Navy's business. If more customers come to Indigo and use the coupons, the more they are reading the catalogs and direct mail pieces sent to them.
- 2.) Web:** Business could be measured by the amount of hits the Indigo by Old Navy website gets in a period of time. Also, the amount of likes on Facebook and the amount of followers on Twitter/Instagram could indicate the growth of Indigo's business.
- 3.) Events:** Attendance at store events could help measure the success of marketing tactics and the store's business as a whole.