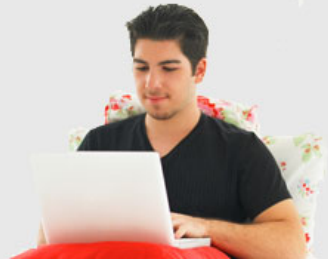


Summer 2007



ACCURACY'S IMPACT ON RESEARCH
A Knowledge Networks Newsletter



Finding Metrics for a Brand-New Medium

A Conversation with Lynn Gutstadt

As Vice President of Research for Premier Retail Networks (PRN), Lynn Gutstadt has faced a host of singular challenges; developing effective viewership measures for PRN's network of in-store screens showing customized content is just the first. She has also worked to understand the nuances of engagement and post-viewing purchase behavior, trying to establish a true understanding of the value of PRN advertising. Fortunately, Gutstadt came to PRN well prepared to take on media research challenges; over the past 20 years she has held leadership positions in research at CNN/Turner Broadcasting, Applied Communications Group, and TechTV, prior to joining PRN in 2004.



Editor's Note: As this issue was being finalized, we learned that Lynn has now moved on to a different company; but our conversation still reflects on PRN's unique role in media, and gives us the benefit of Gutstadt's perspective on a variety of issues.

How do you see buyers and planners fitting PRN into the media mix? Are they thinking of it as a medium on the same order as Internet or TV?

I think it depends on people's companies and roles. We deal with people in the trade marketing groups, brand marketing, customer marketing, media groups at vendors, and we work with media buyers and agencies, so it really depends on their environment and their context. Some people come to us with the idea that we are a promotional vehicle. Other people come to us as an adjunct to their in-home media buy — whether they're talking about magazines or broadcast or cable TV.

Are the advertisements that you run typically customized for in-store use?

In most cases, yes; approximately 65% of our in-store spots are custom-produced by our in-house creative team. We have found that there are significant differences between what an ad needs to do in-store and what it does on

traditional television. The store is an environment where people are moving; they're not sitting on the couch in front of the TV set. It requires a completely different creative strategy than a typical 30-second in-home spot, but at the same time it needs to be linked to and complementary with a brand's other marketing efforts.

We may use pieces of a sponsor's standard 30-second spot, but we usually do something to it to make it more in-store friendly. For example, you don't want to wait until the last frame of the spot to reveal the brand name or logo, so that people can make the brand connection even if the exposure is relatively brief.

How have you set about creating a currency that all your advertisers and clients can relate to?

We are a media vehicle, and we need to have data that is comparable to the basic forms of media viewership, which is roughly equivalent to the TV ratings data; but obviously we don't have the means to do it with the same frequency. For most of our networks, we commission independent research companies to field intercept studies at the store to determine the level of viewing to our networks — length of time viewed, and also ad recall. We have also extended and expanded that in the work we have done with Knowledge Networks (KN) — using online measurement for the supermarket checkout network. Then we take this research information and work with companies like IMS and Telmar to put it into media planning tools that can compare our currency with other vehicles.

Can you say more about the specific business challenges you've been working on with KN?

When we started the conversation with KN, we needed to find an effective, credible and cost-effective way to measure viewership of

our network of supermarket checkout screens. The usual way that we do our viewership studies — in-store intercepts — is cumbersome, expensive, and takes a long time to get into the field. They involve a lot of moving parts, and we wanted something that was more efficient than that.

We also realized that there was a way to reach people within a reasonable period of time after they come back from their shopping experience, so it would be fresh in their minds. So we developed a recruit to shop methodology, where we contact people who are shoppers at retailers where we have our network installed, and we ask them to take the survey shortly after they have made their normal shopping trip.

What have been the main benefits that KN has brought to the project?

Certainly one of the reasons we wanted to talk with KN initially was their experience in the media business; obviously you have an understanding of media and currency. Also, the fact that KnowledgePanelSM goes beyond households that already would be considered Internet homes is important, and that it allows us to do the kind of geographic and shopper profile targeting that we needed — all fairly quickly for a reasonable cost. We've been very pleased with the work KN has done — very impressed with the client service, with the ability to get demographic information from the profiles that we don't have to ask about a second time.

How do you see media buying and planning changing now, and how do you think it still needs to change?

In terms of the resources that people will be using, I think that's going to get orders of magnitude more complicated as the months and years go by. Not only is working with the standard currencies getting more complicated,

but also all of the different media that are out there; there are so many alternative currencies — whether it's out of home, in-store. Then there's all the online, and the cross-over between online and television. It's very messy, and it will only get more so.

So how do you think people are going to make sense of their media plans, given all of this information to consider?

Different media buying agencies may need to develop their own internal fusion systems, or at least their own internal methodologies for making sense of it all. I'm sure there will also be various players, both known and unknown, who will be willing to step into the fray and help with that, on either a syndicated or an ad hoc basis. That could be research providers or research synthesizers — trying to take all of the different pieces and put them into some kind of coherent single system.

What about the issue of research quality generally - do you think there is more awareness in the industry about what makes research reliable?

Compared to ten years ago, using online research has become second nature for so many people — consumers and researchers alike — that in some ways people question it less than they used to. But I think those who are very involved with it and understand some of the problems are still quite concerned about what's working and what's not working.

How important is quality to your own work, and what are your personal markers for quality?

Quality is very important to us. Using a representative sample is key for us, because our networks are not in TV households or Internet households — they're not in households at all. So it's very important to us that we be able to represent — even doing an

online study — the people who are going in and out of those stores, no matter where they're coming from and where they go when they leave. That's one of the reasons we are pleased with KnowledgePanelSM and the way it's put together — it gives that additional credibility through representativeness.

In terms of innovations, can you talk about PRN's plans?

We're continuously improving our programming and creative strategies, as well as developing a number of new in-store systems that all work to bring the brand message closer to the consumer and make it more relevant to their immediate needs, and which enhance the overall shopping experience.

Lynn Gutstadt, Vice President of Research, Premier Retail Networks (formerly)

