



# COMBINING CREATIVITY & ACCOUNTABILITY TO MAKE THE MOST OF IN-STORE MARKETING

by Ron Breeden and Al Halkuff

Marketers are leveraging the in-store experience as never before—but innovative programs must be matched to groundbreaking measurement

In today's high-intensity marketplace, it is no secret that concerns about advertising effectiveness have led to an almost feverish hunt for innovative ways to reach consumers. As manufacturing heavyweights offer a growing number of niche-targeted products, consumers' hectic lifestyles and the growth of advertising clutter are making it ever harder to reach potential customers with marketing messages. The result is a surfeit of brands competing for minimal opportunities for attention.

To break out of this logjam, marketers are revisiting the in-store environment as a marketing vehicle—from brand messages on shelf-edge price cards to advertising on the conveyor belt in the checkout lane. In our roles as longtime observers of the retail scene, we have never seen such accelerated change and

growth in store-based promotion. Dozens of new tactics are being tested or deployed—and the trend is accelerating. While traditional media and trade/promotion are still viewed as separate marketing buckets at most manufacturers, it seems only a matter of time before Wal-Mart checkout video monitors and conventional TV networks will be in direct competition for budget dollars.

This pace of in-store innovation can and should be sustained; for all that has been accomplished, there are still innumerable untapped ways to leverage the store environment. But these efforts must be complemented by a commitment to measuring their effects. When does “enough” become “too much”? How do we judge whether an ad projected on the store floor is more memorable, or more likely to generate

sales, than a dangler or an endcap? As they reinvent in-store promotion, marketers must also be redefining the metrics by which store tactics have long been judged.

#### THE STORE AS ADVERTISING LABORATORY

For many years, demos and simple cardboard displays were the extent of in-store promotion—and their effectiveness was not in question. Knowledge Networks/PDI studies have shown that demonstrations of a nonfood product, for example, can raise sales more than 40 percent during a four-week period.

In-store tactics are most powerful at affecting spur-of-the-moment buyers, who are more numerous than one might think. A 2003 Knowledge Networks survey

if not of today, then of a day not too far in the future ...

*As you pull into the parking lot, advertiser-sponsored signs identify your parking area. You grab a cart with a small video monitor that displays a map of the store—and, when prompted by in-store transmitters, shows advertising for products in the aisle where you're shopping. The price cards on shelf-fronts feature advertising, and the products themselves are set off by tiny colored spotlights. On the floor of every aisle, you find ads—projected or stick-on—for nearby items. Promotional messages play on the store's sound system, and strategically placed scent-generators remind you of specific items.*

*As you reach the checkout lane, you almost seem to have arrived in Times Square. A nearby video monitor plays commercials; the aisles are numbered with signs that also feature advertising; and you can even find promotional messages on the conveyor belt where you place your groceries. Magazines created by manufacturers, and even by the store itself, hold prominent places on the newsstand racks. And as you leave the checkout, "frequent shopper" coupons targeted at the types of items you just purchased are dropped in your bag.*

**OUR RESEARCH SHOWS THAT 38 PERCENT OF SHOPPERS CHOOSE AT LEAST HALF OF THEIR PACKAGED-GOODS BRANDS SPONTANEOUSLY.**

for *Advertising Age* showed that 38 percent of shoppers choose *at least half* of their packaged-goods brands spontaneously while at the store. But one-off purchases are only one function of store-based promotion; they can also be used to raise awareness of a new product, or they can encourage shoppers to make long-term shifts in brand loyalties.

To give you a sense of the extent of change in store-based promotion in recent years, let us take a quick tour of a typical supermarket—

Almost every promotional and advertising device mentioned above is being tested or implemented in the U.S. as we speak;



it is not science fiction, but the result of a powerful, increasingly frustrated, need to connect with consumers. Here are a few of the companies who are taking in-store marketing to new places:

- **Campbell Soup and Black & Decker:** Recently produced innovative merchandising systems that house both their products and competing brands. Campbell's gravity-feed displays keep shelves organized and attractive, while Black & Decker created a complete power-tool aisle for Wal-Mart.
- **Procter & Gamble, Kellogg's, and Unilever:** Have all developed on-floor ad programs in conjunction with the firm Floorgraphics, which trades a cut of its profits for access to retailers' floor space.
- **Coinstar:** Has turned its in-store coin-counting stations into marketing vehicles, collaborating on promotions with Westin Hotels and Starbucks.
- **Hallmark:** Has developed a complete card-and-gift display system to leverage its brand clout in superstores; the displays include free plastic bags to keep greeting cards clean and dry while you shop for food.
- **P&G's Oil of Olay and Unilever's Clinique:** Are among the brands that have purchased advertising time on "shelf TV"—shelf-based video advertising units created by ActMedia in Thailand.
- **PNC Bank:** Is advertising in-store ATMs via signs attached to outdoor cart-return stations; and three-color coupons can now be dispensed by ATMs in a system promoted by EFM Marketing.

Loyalty cards are also an extension of the in-store experience, and their importance is still growing. Wal-Mart has pioneered the use of RFID technology for product tracking, but RFID-enabled loyalty cards are already being used by smaller nongrocery chains; these cards store both transactional and loyalty data and are destined to become prevalent in frequent-shopper programs of every kind.

The use of loyalty partners such as UPromise (which sets aside funds for a child's education based on dollars spent) provides more options and incentives for repeat customers. And Gerber is using a checkout coupon system to reward frequent buyers; when customers purchase at least sixteen jars of Gerber baby food, the coupon system prints out a toll-free number and PIN code that allow consumers to enter a sweepstakes.

#### MANY REASONS TO MEASURE EFFECTIVENESS

With all of this innovation in play, how do we tell the home runs from the strikeouts? The ability to back up promotional campaigns with measures of effectiveness is not a luxury; it is an indispensable ingredient to success. As stores develop their own form of advertising clutter, both retailers and manufacturers need to prove to each other the value of their promo programs. Metrics can be especially powerful for smaller manufacturers, who are trying—against difficult odds—to make the case for featuring their products and promotions.

The more innovative an in-store promotion, the more difficult it may seem to measure its success. But, given today's

remarkable availability of behavioral data, we have a built-in system for evaluating the sales effects of any tactic. Resources like the Knowledge Networks/PDI National Shopper Lab™ can trace the effects of a given campaign by going back weeks before it is introduced and measuring behavioral changes for weeks after. (Promotions often yield benefits long after the four-week window usually employed for tests.)

Or, if the purpose of a promotional tactic is to raise awareness, behavioral data needs to be supplemented by in-store research or studies using the store's own loyal-customer panels.

The fact is that experimenting with the forms and strategies of in-store promotions will organically lead, at least in some cases, to new forms of research—or yield a new



perspective from existing data. For example, how do you capture the effect of seeing an ad in a parking lot as you are exiting a store versus when you are entering it? If a manufacturer sponsors a canvas bag that shoppers can buy cheaply and use repeatedly to carry their groceries, what is the research program that will represent that campaign's payoff most completely? These are challenges for marketers and researchers alike.

#### WHERE INGENUITY MEETS CREDIBILITY

As in-store promotion increasingly enters uncharted waters, what rules of success can we bring to the table? Here are some guidelines.

- **Push the envelope:** In today's message clutter, the bar for in-store innovation has been raised; but the opportunities are still nearly limitless. Stake your claim with bold thinking and flawless execution.
- **Set objectives:** Not all nontraditional campaigns should be measured on sales alone. Deciding on goals *in advance* is key to defining success or failure and achieving buy-in among all shareholders.
- **Let your metrics be inspired:** The ingredients for developing new measurements suited to new tactics are available, but bringing them together in the right combination remains a challenge. Make that challenge part of your marketing strategy from the start; your main deliverable must be metrics.

- **Have an unbiased third-party involved:**

You could do the research yourself—but your retail or manufacturing partners will be much more likely to accept the results if they come from a credible third party. The substantial investment involved in launching a campaign is almost certain to dwarf the cost of an accepted measurement that has the confidence of even skeptical participants.

AS IN-STORE AD CLUTTER GROWS,  
METRICS PROVIDE KEY PROOF OF  
PROMO RETURN ON INVESTMENT.

The rewards of a well-executed in-store campaign are unbeatable—the attention and, perhaps, newfound loyalty of consumers who are in the very place where products are most likely to be on their minds. Combine innovative promotions with diligence in measurement and you will have a recipe for success. ■

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