
Survey: CPGs to Focus More On Brand Building In Stores

By Lynne Cooke

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Alison Chaltas, Principal at Interscope



In-store marketing will get considerable attention from CPG professionals this year, says a new survey.

In fact, nearly seven of ten (68%) respondents to an Instant Poll on the Home Page of CPG matters in December 2007 listed In-Store Marketing as their top area of focus in the New Year. Other areas of attention included Category Management (11%), Shopper Insights (10%), Trade Marketing (10%) and Other (1%). Nearly 400 executives took part in the poll.

"The results don't surprise me," said Alison Chaltas, principal of Interscope, LLC, a consulting firm in Southport, Conn. "In-Store Marketing is very much the way category management was in the late '80s and early '90s where everybody was talking about it and everybody wanted to do it. It felt like the right thing to do."

James Tenser, principal of VSN Strategies, a consultancy in Tucson, Ariz., also was not surprised that In-Store Marketing is a top priority for CPG professionals. "But I'm a little surprised that it's a priority by such a large margin. And if you're talking about a sample of almost 400, that's a pretty significant base. How often are you going to have a poll that's got that many respondents in this business?"

In recent years, the industry's interest in in-store marketing – also referred to as at-retail media, shopper media, and shopper marketing – has been spurred on by two significant developments: one, Procter and Gamble's well-publicized initiative called the First Moment of Truth, and two, the industry's

attempt at developing a metric for measuring in-store media.

P&G made headlines by creating an executive position called Director of First Moment of Truth with the responsibility of focusing on in-store marketing. According to the consumer products giant, shoppers make up their mind about a product in three to seven seconds; that is, about as long as it takes to see a product on the shelf or in a display. This moment is a critical marketing opportunity for brands.

Not long after P&G kicked off its initiative, a group of prominent companies aimed to come up with a new yardstick for measuring in-store media audiences. In pilots, researchers use infrared sensors to track people's movements past strategic locations within test stores, and converted the measurements into audience data. Experts say the new measurement tool has the potential to change the way brands allocate media mix spending between traditional ad media and in-store channels.

"For marketers, the impact of establishing a reliable in-store metric is gigantic," Jim Stengel, global marketing officer at Procter & Gamble, one of the major backers of the research, said when the project began. "We're confident we now can have an in-store tool to better assess shopper traffic and reach."

The effort, called Pioneering Research for an In-Store Metric (P.R.I.S.M.), initially involved six brand marketers, four large retailers, and one of the nation's largest media buying firms in a study that

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measured consumer traffic in 64 retail categories in 10 food, drug and mass stores located in Atlanta and Portland, Ore. The Nielsen Company is now spearheading the research that is ongoing.

“That is adding some legitimacy,” said Tenser. “(In-Store) is not yet a measurable media, and it’s not yet a media that’s easy for advertisers to buy. But manufacturers have decided that they’re going to shift money in this direction. It’s loud and clear: they’re moving dollars from traditional media and traditional types of advertising into the in-store environment. And the reason being is that the First Moment of Truth argument carries a great deal of weight.”

Chaltas of Interscope acknowledged that the other options in the Instant Poll – Shopper Insights, trade Marketing and Category Management – are also important. But executives already know what they need to do in those areas.

“Shopper marketing or in-store marketing is something we need to invent, so it’s getting a lot more attention and a lot more energy,” she said. “Both manufacturers and retailers are struggling with how to invent the right approach to shopper marketing for their own store or category or brand. It’s creating a lot of buzz because it’s an unknown and requires a lot of energy and attention. And most organizations are going from a world of doing almost none of it to doing it for the first time.”

According to Chaltas, manufacturers are enthusiastic about in-store marketing because they can develop an important interface with shoppers and consumers at the point that really matters – when they’re picking up products and actually making a decision to buy.

“It helps brands communicate their preferred brand messaging to build equity as opposed to just, ‘Buy me because I’m cheaper.’ It moves the discussion from a price conversation to one more focused on the higher-order benefits of the brand,” she said.

For retailers, she added, shopper marketing should not be viewed as “a bunch of gizmos that can be used in-store.” Rather, it should be viewed as a much more strategic approach to building marketing plans together with manufacturers that meet the needs of the segments of shoppers that are most important to that store and to that category or aisle.

“It should also help retailers build better loyalty among shoppers,” she said. “It should help retailers differentiate versus the competition. And the way to do that is in an integrated plan, not just think about a specific Catalina program or a specific digital media program. It’s more how all pieces of the puzzle come together.”

Tenser of VSN Strategies pointed out the dramatic growth of in-store media networks in recent years, especially those involving digital signage. His research turned up more than 50 companies in North America that are operating third-party advertising networks of various types – everything from checkout coupons and at-shelf signage and coupons to floor decals and digital signs.

“Procter and Gamble is just one company that’s committed an enormous amount of money – like half a billion dollars – to in-store,” he said. “But in-store is broad. So it’s not just to shopper media but everything they do in-store. Nevertheless, that’s a significant sum. If other companies like Unilever, Nestle and Kraft make similar decisions, you roll it all together and before you know it there’s a couple of billion dollars going in that direction.”

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For more information, contact Alison Chaltas at Alison.chaltas@interscopellc.com or 203-255-3375, ext. 15
