



January 2003

Dear Reader:

POP AI is proud to present the final report from the Convenience Store (C-Store) phase of our “In-Store Advertising Becomes a Measured Medium” study. This represents the conclusion of our second full step in conducting market research and analysis aiming to transform in-store advertising into a measured ad medium, on par with print and broadcast. The first phase had been conducted in the supermarket class of trade.

To determine proof of placement of in-store ads, we conducted audits throughout the C-Store environment, and learned that 45 percent of audited brands enjoy in-store ad support. We continue our work to find a cost-effective way to do this across the entire industry.

To estimate cost-effectiveness, we combined audit and cost data and learned that different forms of in-store advertising very cost-effectively deliver to consumers; specifically, point-of-purchase (P-O-P) can generate 1,000 consumer impressions over a two week-long period at costs lower than the roughly \$8.60 derived in the study’s supermarket phase.

To generate new sales-effectiveness data, we’ve found that, across the entire study – accounting even for P-O-P advertising that didn’t work – the medium increased sales by an average of more than nine percent.

POP AI maintains that, upon completion of this ambitious initiative, we will have enabled in-store advertising to become a measured ad medium. This will enable retailers, brand marketers and agencies to more strategically manage in-store ads. Marketing plans can become more efficient; consumers can become even better informed; most important: POP AI maintains that this stands as the single best avenue to ensure that in-store advertising is seen as a value-driven medium benefiting all who have a role in in-store advertising’s purchase, design and execution.

Please check for monthly updates on this initiative through the *POP AI Post*, and tap www.POPAI.com to post detailed questions about the study’s findings. Tailored, personalized responses will be forthcoming within five business days.

We look forward to your continued interest in this ambitious initiative.

Sincerely,

Dick Blatt
President & CEO

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In-Store Advertising Becomes a Measured Medium

Convenience Channel Study

December 2002



Prime Consulting Group, inc.

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Measured Medium Initiative & Study Background

After a thorough study of key issues facing POPAI members and its community of marketers and retailers around the world, POPAI adopted a major strategic initiative in 1998 to “establish in-store advertising as a measured medium, on par with print and broadcast.”

According to industry experts, over \$17 billion is spent annually on point-of-purchase advertising (P-O-P) materials, yet no major measurement systems are in place to quantify placement, audience delivery or the incremental sales results driven by various forms of P-O-P advertising. These three areas are the focus of retail channel-specific studies as part of the initiative.

POPAI’s long-term goal is to convert P-O-P advertising into a measured medium on par with print and broadcast. Having P-O-P advertising measured will allow producers, marketers and retailers to:

- increase awareness of the medium and its value.
- include in-store advertising in media planning, forecasting and tracking.
- make informed decisions about media alternatives.
- increase focus on executional excellence.

Measuring placement, the first focus area in the studies, is invaluable to marketers and retailers who use in-store advertising to achieve their sales and profit objectives. Measuring placement assumes an awareness of the medium’s value in creating impressions and driving incremental sales. This valuation has not existed until now.

While marketers and retailers express strong interest in measuring placement, marketers must also evaluate P-O-P as a form of media, capable of delivering cost effective impressions to an audience of current and potential consumers. This is the second major area of focus in the *In-Store Advertising Becomes a Measured Medium* studies.

A very tangible and immediate valuation of in-store advertising relates to the incremental sales, or sales lift, derived during the same week as the placement in-store. This is the third area of focus in the studies.

By developing learnings in all three areas, POPAI desires to advance the industry’s knowledge and take the first steps toward the long-term goal: on-going measurement of this media.

To recap, the objectives of the initiative and this channel study are to develop research, which systematically measures the:

- proof of placement.
- cost effectiveness of audience delivery (reach, impressions and CPM).
- effectiveness of P-O-P advertising in increasing sales.

Convenience Study Scope

Six leading consumer goods marketers joined POPAI in this effort by sponsoring the Convenience channel phase: Adams division of Pfizer, Anheuser-Busch, Dr Pepper/7UP, Frito-Lay, Pepsi-Cola Company and Quaker Oats.

The study was conducted in cooperation with the National Association of Convenience Stores (NACS). The participating retailers were: 7-Eleven, AutoStop, Chevron, Nice‘N Easy Grocery Shoppes, Royal Buying Group (Shell franchisee), Sheetz and Shell Oil.

The brand marketers and retailers participated in the category, brand and P-O-P material selections (see Appendix) that created the study foundation. Sponsors received detailed findings covering each brand, while the industry report focuses on category level findings.

The study encompassed:

- retailer P-O-P process interviews to learn of P-O-P’s role in store marketing.
- consumer intercepts to quantify awareness and recall.
- store-level study of 57 leading packaged goods products in a masked sample of 120 stores across ten markets from six retailers.
- audits for both indoor and outdoor advertising, collectively known as “at-store”.
- sales response modeling to isolate the sales lift attributable to different forms of P-O-P.
 - Historical data used to develop baselines.
 - Price algorithm to separate the impact of price changes from the impact of P-O-P.



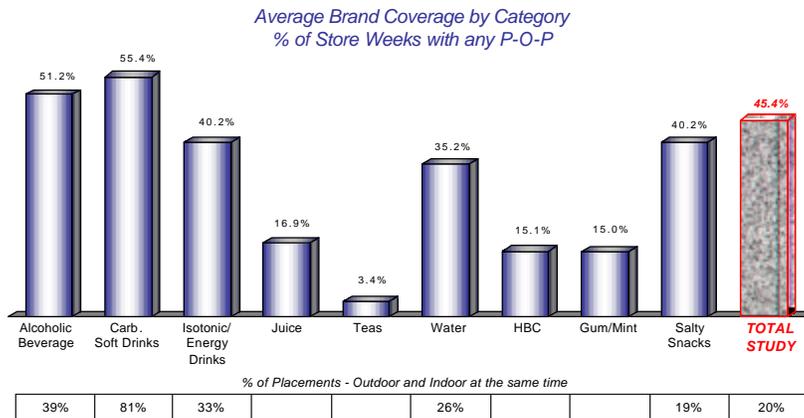
Prime Consulting Group, inc. was the study consultant who managed the project, performed the analysis, and authored the sponsor and industry reports.

FINDINGS

Finding #1: **P-O-P was Found Half the Time**

P-O-P advertising placements were found at 45.4% of the product locations across the 120-store sample for the 57 products during the ten-week long audit. The brands within the Alcoholic Beverage and Carbonated Soft Drink categories had the highest placement rates, exceeding 50% in each category. Isotonic/Energy Drink, Bottled Water and Salty Snack brands experienced 35 to 40% placement rates.

These five categories were also found to have weeks with both indoor and outdoor advertising simultaneously. The combination of indoor and outdoor was a prevailing pattern for Carbonated Soft Drinks (CSD), where 81% of P-O-P placements had outdoor and indoor materials at the same time. Across the study, the simultaneous outdoor/indoor placement only occurred for one out of five, or 20% of the studied products.

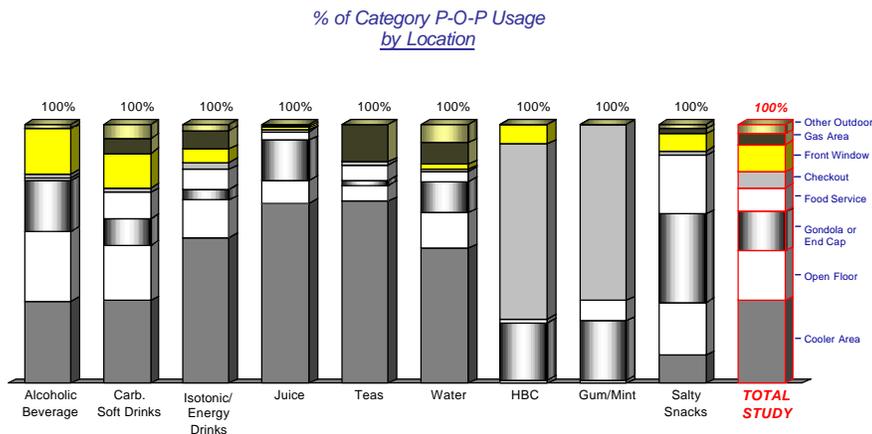


(Weighted based on number of observations by product.)

P-O-P was found every week for at least one product in both Alcoholic Beverage and Carbonated Soft Drink categories. On an average store visit, the consumer had the opportunity to see 25 pieces of P-O-P across all 57 products studied. Outdoor P-O-P averaged 3.5 pieces per store with two at the gas area, and the remainder split between the sidewalk immediately outside the store, and the area around the perimeter of the parking lot.

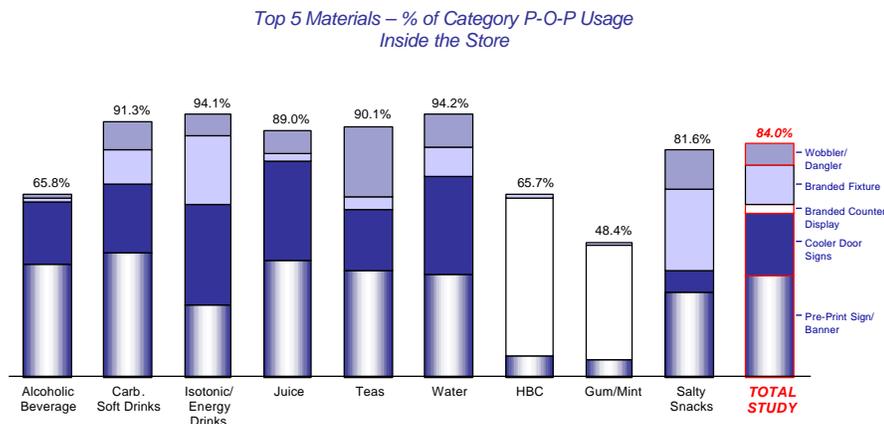
Indoors, P-O-P was found 22 times during an average week for these 57 products. The cooler area represented one-third of all ad messages, followed by 25% from the open floor and end cap displays. Food service, checkout and front window made up the remainder of the placements in that order. As expected, different categories focused on different store locations for the placement of their advertising messages.

The chart below shows that larger categories utilized more P-O-P in secondary locations (i.e., areas away from a category's main stocking location). Within a category, medium and smaller brands focused on their primary stocking location.



Advertising Materials

The five most frequently used materials comprised 84% of all advertising sightings. The concentration was strongest in non-Alcoholic Beverages and Snacks. Alcoholic Beverages made greater use of inflatables, mobiles, base wrap and standees. For Gum/Mints and HBC, counter display boxes (with riser cards) were the predominant merchandising material along with generic store price signs (not in top five study-wide).

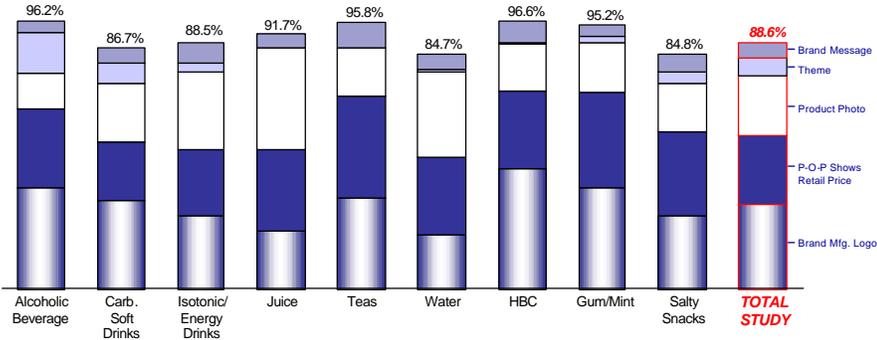


Advertising Messages

The range of advertising messages found on the P-O-P materials, was as concentrated with the top five representing 89% of all messages: brand/manufacturer logo, retail price, product photo, theme and brand message. Across categories, these five message types represented 85 to 97% of the communication to consumers.

While all brands made extensive use of product logos and retail price, three other common message types: product photo, theme and brand message were used to varying degrees. As described in Finding #4, these elements are important components for successful indoor and outdoor advertising.

*Top 5 Messages – % of Category P-O-P Usage
Indoor and Outdoor*



The combination of these three variables, location, materials and messages, will be addressed further in Finding #4 and throughout the Application section of this report.

Finding #2: C-Stores Deliver a Large Audience

Marketers and retailers have long known that in-store advertising reaches consumers at the “moment of truth”—the point of purchase. During the Supermarket phase of the In-Store Advertising Becomes a Measured Medium study, measurement tools were developed to gauge the size of the audience reached in-store. These tools were applied to the Convenience store (C-Store) phase sample and industry-wide data. Where available, participating retailers provided transaction counts and customer trip frequency. From this information, the weekly reach with an Opportunity to See (OTS) measure was computed.

The average convenience store’s weekly reach is estimated to be 2,660 people who collectively make 4,470 purchase transactions in the store, totaling \$15,600 in merchandise sales. The study sample stores were over 50% larger than the industry’s average store, providing a weekly reach of 3,910 people. The results, by chain, are recapped below.

	Average Weekly Store		
	Sales	Transactions	Potential Reach
Industry Average	\$15,600	4,470	2,660 people
Chain A	17,700	5,080	3,175
B	13,700	3,920	2,450
C	26,400	6,640	3,795
D	19,900	3,430	2,020
E	27,400	7,810	4,340
F	64,000	15,340	8,520
Study Average	\$25,975	6,670	3,910

The C-Store channel provides enormous potential for a marketer to reach the target audience over and over, as the average shopper makes more than seven purchases each month. The 4,470 transactions each week in the average store (from 2,660 people) translates into 29 billion potential impressions throughout the channel each year.

The application of weekly reach information will become widespread, allowing managers to:

- determine the size of the target audience reached with at-store campaign elements.
- plan P-O-P advertising employing the same evaluation metrics as away-from-store advertising.
- compute the cost to deliver consumer impressions through P-O-P advertising.
- compare all media using the same measures (reach, CPM, etc.).

Application Example

Chain E, or a brand marketer working with Chain E, plans to create 1.5 million impressions for a new product launch in Chain E’s market. At-store advertising will reach 4,340 people per store or 434,000 across the chain’s 100 stores. On a given week, when consumers average 1.7 trips to the store, advertising at Chain E could generate 737,800 impressions. Therefore, the launch plan can be achieved in two weeks using at-store advertising.

Finding #3: C-Store P-O-P is Very Cost Effective

Measuring the size of an audience (Finding #2) is an important first step for marketers to integrate in-store advertising into media planning. The second step is to relate the audience size to the cost of reaching those consumers. The most common measure of this is “cost per 1,000 impressions” (CPM). With these basic measures (reach, frequency, impressions and CPM), marketers and agencies can compare in-store advertising to different forms of media and develop optimized plans and measurement comparisons.

During the study, Prime Consulting Group collected a variety of P-O-P material costs to develop a credible estimate of CPM for the C-Store channel. The elements of cost and measurement are provided in the table below.

Cost per 1,000 Impressions Calculation

- Cost includes P-O-P material and labor to execute the advertising at the store.
- Audience estimation includes average sample store reach.

The measures were calculated for studied products using both the most common and best performing P-O-P materials. The analysis did not attempt to include licensed property or design costs, since these are typically not included in print or broadcast CPM calculations.

CPMs found in C-Stores ranged from \$1 to \$8, depending upon the P-O-P materials being used. Small single materials delivered a thousand impressions for just under \$1. Display packages with several materials had CPMs of \$3 to \$4, while the CPM for brand fixtures ranged from \$6 to \$8.

*Convenience Channel
Cost per 1,000 Impressions - Examples*

\$1		\$3		\$5	\$7	
Pole Topper Sign	Outdoor Sign Banner	Branded Display Shipper	Sign Banner and Standee		Brand Fixture	Brand Fixture
Gas Pump Nozzle Top						

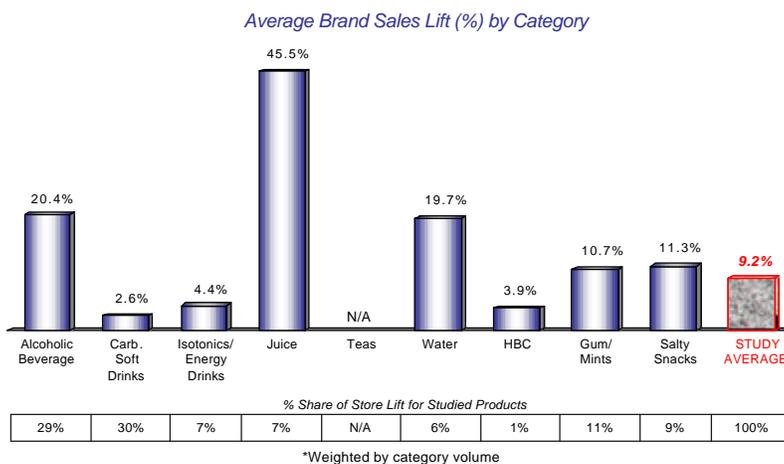
The \$1–\$8 CPM range for the studied products in C-Stores is below the levels found in Supermarkets (\$4 to \$9). By comparison, radio and magazine costs are \$7 to \$10 per thousand impressions, while TV and newspaper CPM costs range from \$15 to \$20.

The results of the study analysis confirm that P-O-P advertising in C-Stores is very cost effective. It was also found to be slightly more cost effective than advertising audited in Supermarkets.

Based on the findings of both POPAI studies, marketers should increasingly recognize the retail store is not just a point of distribution, but also serves as one of the most efficient media delivery mechanisms.

Finding #4: P-O-P Placement Delivers 9.2% Lift *

The sales response modeling found the average P-O-P placement in a Convenience store increases sales 9.2% above everyday sales and the impact of price promotions. Sales lifts were found for just over half of the products in the study. The overall 9.2% lift is the combination of half the products that derived lift (averaging 20.8% each) and 0% lift from the remaining products. The reporting of lift results includes both groups, unless specifically noted.



Category lift results range from 2.6% for the average CSD product, to 45% for the average Juice product. Since the level of base sales is different from one product to another, the percent lift does not tell the whole story. On the bottom of the above chart, each category’s share of store unit lift is listed. This is the result of the product’s base sales, its responsiveness to P-O-P (% lift) and the frequency of P-O-P placements (store weeks with P-O-P present). Alcoholic Beverages and Carbonated Soft Drinks each represent 30% of the entire store unit lift from P-O-P advertising material.

Most of the other categories each represent 6 to 10% of the store’s unit lift from P-O-P materials. Since the study occurred during the summer months, when HBC products are at a seasonal low, their share and lift are not indicative of in-season results.

Sales Response Modeling Methodology

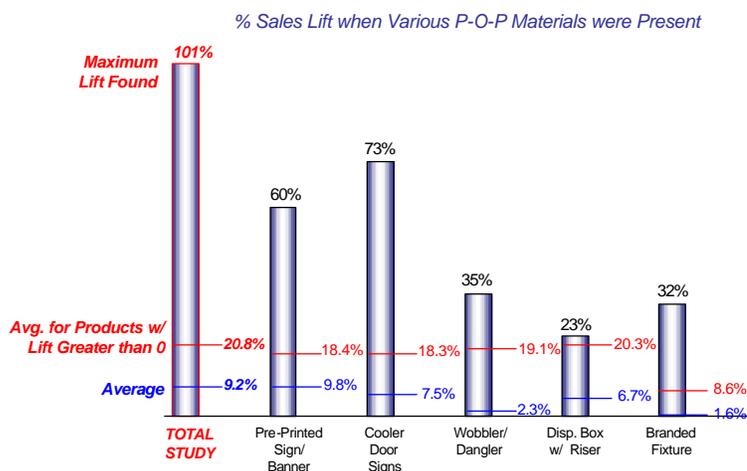
Sales response (lift) modeling was used to isolate the impact of P-O-P from the impact of other variables. Historical data and a price algorithm were used to eliminate the impact of seasonality and pricing before attributing sales changes to P-O-P.

R² and ANOVA statistical tests, which were used to validate the results, showed stability and consistency for the modeling results.

** The sales lifts provided in this report do not represent the value for the exclusive use of single materials, messages or locations. Rather they represent the value of a P-O-P package that included that respective material, message or location. All lift reporting represents the weighted average (based on sales) of studied products for a given category.*

Materials

The average lift throughout the study was 9.2% (20.8% for products with lift above 0%). The chart below illustrates the range of lifts achieved by various frequently used materials across all studied brands utilizing that material. The brand achieving the best results was usually many times the average of brands with positive results (lift greater than 0%).



Pre-printed sign/banner and cooler door signs were the most frequently used materials, totaling nearly 60% of all at-store advertising materials. Each resulted in strong lifts for brands with positive lifts (greater than 0%). For these 15 to 20 brands with positive results, the average lift was 18%, with the highest lifts (60 to 73%) recorded by medium sized brands. Similar averages were recorded for wobbler/ dangles and display boxes used on the checkout counter.

Various infrequently used materials had strong results as well. Most of these materials are related to larger display areas for Alcoholic Beverage and CSD brands.

Infrequently Used Material	Avg Lift for Brands Greater than 0%	Categories Using Material
Inflatable/Mobile	97.1%	Alcoholic Beverages
Premium Offer	45.9%	Juice, Snacks, Gum
Prop Standee	40.5%	Alcoholic Beverages, CSD
Base Wrap	22.8%	Alcoholic Beverages, CSD

Messages

The messages conveyed through in-store advertising were captured in nine different categories. Product photo was clearly the most influential message component, especially in beverage categories. Other influential components include: brand logo, retail price or savings and brand message.

Thematic materials delivered very strong lifts for seven out of nine Alcoholic Beverage brands that used them. Other categories did not experience the same lifts, perhaps because of theme content, complexity or a unique connection to a particular beverage consumption event (anticipation factor). The Alcoholic Beverage lift averaged 19% from thematic materials, compared to a 4% lift for the second best performing category. Since themes represent 11% of P-O-P, we recommend the reader investigate the drivers for thematic results to see if they can be replicated for other products.

Account Specific Materials vs. Custom Made P-O-P

Materials identifying the retailer by name or logo were not effective for larger brands in the study. In recent years, various sales organizations have adopted these materials, believing they result in stronger retailer acceptance at store-level. The study found greater impact can be achieved by using custom produced P-O-P (Custom is defined as P-O-P produced with high quality photography, graphics and production values).

Custom made P-O-P with high impact photography drove significant sales lift for one marketer of Alcoholic Beverages. They have found that high-impact photography on custom made P-O-P, not only achieves stronger retailer acceptance, but also delivers significantly higher sales lifts.

During the study, this marketer used the custom higher quality P-O-P (often times made specifically for a single/group of stores), while their competitor used more generic P-O-P.

The study found marked differences in sales lift between the two types of P-O-P. Custom materials delivered nearly twice the lift in percentage terms for every material evaluated. Since the brands with custom materials have larger base sales (than the comparable brands with generic materials), the absolute incremental sales differences were 4 to 7 times in favor of the larger brands with custom P-O-P materials.

Generic vs. Custom Materials

% Sales Lifts when P-O-P ...

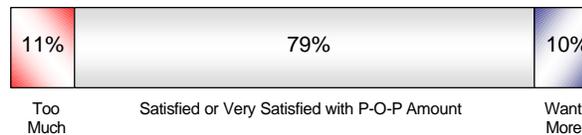
<i>How Made?</i>	<i>Brand</i>	<i>Sign/Banner</i>	<i>Brand Logo</i>	<i>Retail Price</i>	<i>Product Photo</i>
Custom	A	31%	30%	26%	23%
Generic	B	11%	11%	12%	19%

Finding #5: The Stores are Not Overloaded

Many C-Store operators today wonder whether they have too much P-O-P. The study attempted to address this question in two ways, by asking consumers, and analyzing sales under different levels of P-O-P placement.

Consumers overwhelmingly stated that their average C-Store did not have too much at-store advertising. Seventy-nine percent of consumers interviewed were satisfied or very satisfied with their stores' current level of P-O-P. Only 11% felt there was too much (range of 6 to 15% depending upon the chain level).

Consumer Rating of Amount of P-O-P At-Store



Fifty-nine percent of consumers indicated P-O-P was somewhat or very helpful in making purchase decisions, and unaided P-O-P recall was 40% for purchased products.

The consumer's behavior, as evidenced by their purchases, suggests a positive connection between P-O-P and incremental sales. Evaluation of P-O-P quantity and mix (brand, material and message mix) was found to be a better predictor of sales response, than consumers interview answers.

The results from this analysis suggest a direct connection between a combination of the amount and quality of P-O-P, and the overall sales lift for a given store. The three chains (A, B and E) with average or more than average amounts of P-O-P also had the best quality of advertising materials. The result was stronger than average sales lifts for all three chains. The other chains (C, D and F) had weak sales lift results, driven by a poor quality and mix of materials. In one case (D), the amount of P-O-P was greater than average, reinforcing the old adage that quantity cannot overcome poor quality. Intuitively, most people believe there is a point at which P-O-P "density" becomes unproductive. While we did not find such a point in this study, we can conclude that none of the six participating retailers have reached the point of diminishing returns.

Analysis of Chain Results

Chain	Amount per Store	+	Quality & Mix	=	Sales Lift Results
A	Average		Good		Strong
B	More		Good		Average
C	Less		Poor		Weak
D	More		Poor		Weak
E	Average		Good+		Strong
F	Less		Poor		Weak

Retailers are encouraged to perform their own analysis by comparing sales lifts, quantity of materials (on a per store or per hundred square foot basis) and a quality score (using the components highlighted in the application section).

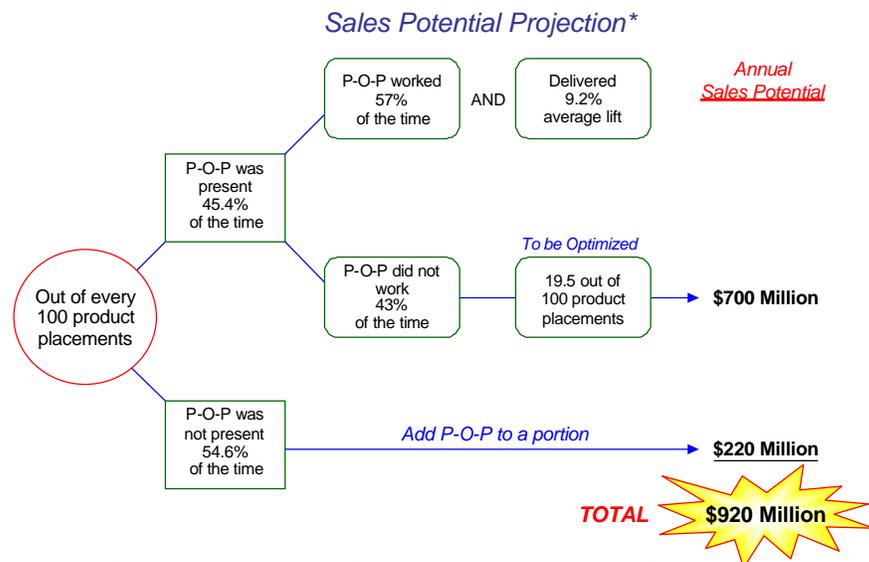
Finding #6: The Sales Potential is Large

The study has provided new information on how much P-O-P is at the stores today, how well it works and where gaps exist. Suppose all involved (marketers, retailers and producers) focused on achieving excellence in all of these areas, what is it worth?

The potential value from focusing on P-O-P optimization in C-Stores is estimated at \$920 million in annual sales. The vast majority of this potential can be achieved by optimizing the portion of current at-store materials, which are not delivering sales lift. Over 40% of today’s placements were found to be unproductive. By converting those placements to better performing materials that deliver lift, the industry would realize \$700 million of additional sales each year (see chart below).

Another \$220 million of sales would be achieved by providing proper P-O-P coverage to all existing product displays currently without P-O-P. Taken together, the incremental sales potential can deliver \$920 million in sales and nearly \$300 million in profit each year.

The study team encourages marketers, retailers and producers to apply the learnings, measure the results and recognize in-store advertising as a strategic component of the marketing mix worthy of increased focus.



*Source: PCI analysis, In-Store Advertising Becomes a Measured Medium and NACS 2001 SOI

APPLICATIONS

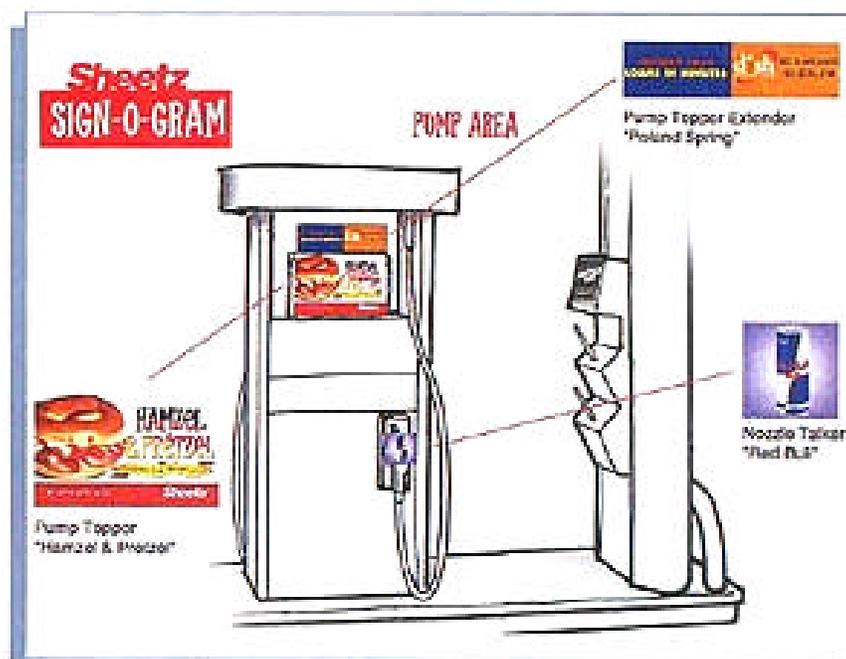
Application #1: An Organization-wide Process Ensures Proper Coverage

Over the past 10–15 years, manufacturers and retailers have invested immeasurable time and resources in a variety of planning initiatives (category management, category planning, promotion planning, etc.). While a number have produced results, all involved would agree that far too much time was spent in planning and too little in executing those plans. Most organizations have pulled back to only do what they can reasonably execute.

Technology is often seen as the answer to many of these challenges. Experience has taught that technology is an enabler, but without people embracing a new approach or process, technology just magnifies the old problems.

Such is the case with the placement and organization of in-store advertising. Several retailers in the study use sign packages, instructions and even a blueprint of the store (indoor and outdoor) to communicate the plan for in-store advertising. These are helpful ingredients, but the “package” is incomplete without the three other pieces: organizational commitment, knowledge of what works, and the rewarding of results.

For one of the participating retailers, the sign plan or “sign-o-gram” as they call it, is provided to all managers from the President to each store manager. The organization has committed itself to the complete execution of their P-O-P plan. Executives carry the sign-o-gram on store visits, often reviewing compliance and resulting sales for numerous promotional events. Their “inspect what you expect” philosophy is a crucial ingredient to achieving the planned results.



Sheetz has developed the “sign-o-gram,” which appears in POP kits, to aid retailers’ POP placement efforts.

The next ingredient is knowing what works. Brand marketers and retailers work diligently to plan and execute materials, half of which did not deliver any measurable sales lift. The POPAI studies' C-Store phase continues the process of equipping managers with knowledge to improve in-store ad planning. Each company should engage in an assessment of their advertising productivity to identify and add to what works, while addressing that which doesn't deliver as executed today.

The final ingredient relates to rewarding results. Sales and profit focused incentive systems tend to encompass all activities without singling out key influencers. Retailers and marketers (especially those controlling store-level execution) may wish to incent additional focus on P-O-P, whether through monetary or peer recognition means. This additional focus is an important reinforcement to the organizational commitment ingredient.

Producers should consider ways to provide support to retailers and brand marketers across these focus areas.

	<i>Retailer</i>	<i>Brand Marketer</i>	<i>P-O-P Producer</i>
Organizational Commitment	Primary	Primary	Support
Knowing What Works	----- Needed by All -----		
Communicating the Plan	Primary	Primary – DSD Secondary – Whse	Support
Reward Results	----- Needed by All -----		

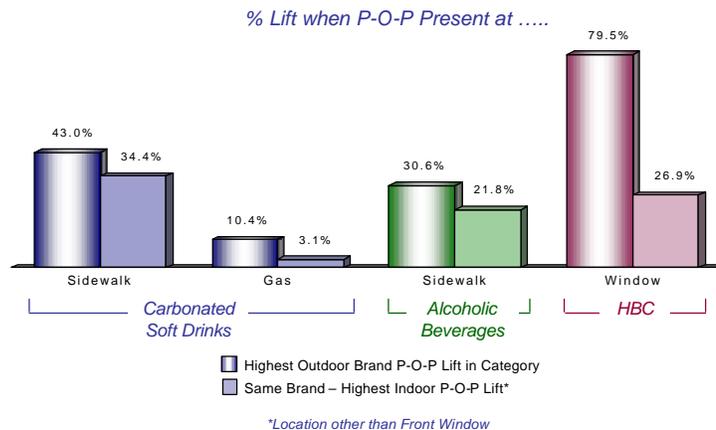
Taken together, these ingredients provide an organization-wide process critical to achieving optimal results.

Application #2: Location, Location, Location

This adage, attributable to real estate, is equally appropriate to P-O-P placement. Through the study analysis, significant learnings surfaced about the ways to optimize the store's real estate when it comes to advertising placement. A recap of various locations' performance and the resulting action items is provided below to help marketers, producers and retailers optimize P-O-P placement.

Outdoor

Outdoor P-O-P can generate larger lifts than indoor P-O-P. When outdoor P-O-P was used among brands in CSD, Alcoholic Beverages and HBC, the lifts derived from the outdoor material exceeded those from that same brand's indoor P-O-P mix.



Gas Area – Single-serve (and immediate consumption products) P-O-P was effective at the gas area for several brands, generating an incremental 15-25 unit sales each store week. Several retailers had strong success (over 50% lift) with Energy Drink P-O-P at the gas area during and just after the test measurement period ended. Take home package (multi-serve sizes) P-O-P at the gas area was generally not effective, the only exception being Snacks, which experienced over 50% lift. Retailers and their suppliers should focus gas area P-O-P to immediate consumption products, such as single-serve beverages and food service.

Sidewalk – Take home package P-O-P was effective in driving sales lift under two circumstances:

- A pre-printed sign showing brand logo, retail price (or price and savings) co-located with an outdoor product display (on the sidewalk).
- The same sign above plus an indoor display with similar signage at an open floor area.

Retailers and their suppliers should use the sidewalk area outside the store to display and advertise take home products.

Front Door – Small signs on the store front door did not contribute to sales lift for any of the eight brands (CSD, Energy and Snack Brands) that used them. Retailers should evaluate whether to continue “on the front door” ads for packaged goods, or other products not tracked in this study.

Secondary Locations

P-O-P secondary locations (indoor and outdoor) were found effective for larger brands. The more established (and larger) the category, the further P-O-P can venture from the primary stocking location and be effective.

- Key beer brands in open floor areas.
- Large CSD and water brands on the sidewalk.
- CSD single-serve at gas area (on nozzle or top of pump).
- Single-serve beverages inside the window and at the checkout.
- Smaller beverage brands benefited most from cooler door signs—their primary stocking locations.

Retailers should develop a priority list of products for each area of the store to ensure the maximum productivity storewide.

Indoor

Food Service – The food service area was not a productive location for packaged beverage or gum/mint P-O-P. Product placements may be very appropriate, but brand P-O-P without the product was not productive. Salty Snack single-serve products did achieve strong lifts from food service placements, especially when merchandised on custom brand racks.

In the food service area, retailers, marketers and P-O-P producers can maximize results through a focus on custom permanent displays and signage with product photos, logos and price.

Checkout – Small convenience items at the checkout area delivered 30% lifts. The most desirable location, as expected, for all brands was on the checkout counter. For the four CSD and Snack brands that also experienced lift here, the results were consistently around 30% as well.

As with other areas, P-O-P was most effective when it included the brand logo, photo, price and retail savings (if applicable). Careful space planning is needed to make productive use of this small but important location.

At the Shelf – Placing P-O-P on or above the gondola did not produce any incremental sales for Gum/Mint or HBC brands. Lifts, however, were realized for two Salty Snack brands.

During the studies’ Supermarket phase, at-the-shelf P-O-P was found to be most beneficial when a product was promoted and secondary inventory (with P-O-P) displayed elsewhere in the store. Convenience store operators may wish to adopt a similar approach.

Application #3: Great P-O-P Ingredients for Convenience Stores

Most Convenience store shoppers spend less than five minutes in the store. They are in a hurry and not interested in being slowed down. Even so, they do notice and respond to the “right” at-store advertising. What makes P-O-P great in Convenience stores?

- Quick recognition/interaction.
- Product photos were the most influential message followed by retail price, brand logo/message and retail savings.
- Simple easily recognized themes that get the consumer’s attention.
- Custom materials with high quality graphics, not just chain identified.
- Proper location: occasion driven connection to the product, not just store traffic. Some examples found in the study include:
 - Gas area for immediate consumption products.
 - Checkout area displays for CSD’s and Gum/Mints.
 - End caps for beverages and snacks.
 - Take home beverage displays outside the store.
 - Cooler door signs for smaller brands.
 - Snacks in the food service area.
- Secondary locations for larger brands.

The difference between good and great P-O-P results relates to the integration of message, material and placement location from design to execution.

By applying these principles and the findings described earlier, P-O-P producers can help their clients maximize the investment in materials and optimize the results.

Application #4: Excel with Smaller Brands

Smaller brands represent a large opportunity for retailers. They typically do not enjoy the quantity and size of secondary locations. Instead, they must work creatively to get the consumer's attention, while competing for space against larger competitors. Two forms of P-O-P advertising were found to deliver stronger placement levels and attractive sales lifts:

- cooler door signs.
- shared P-O-P with larger brands.

Cooler door signs provided strong lifts for smaller brands. The advertising is both getting consumers' attention, and identifying the primary stocking location for brands with fewer facings. These results were strongest for brands in the smaller non-Alcoholic Beverage categories, such as Isotonic/Energy Drinks, Iced Teas and Juice.

Shared P-O-P - Shared P-O-P was a significant factor in a smaller brand's success. When a large national beverage brand was teamed with a smaller beverage brand (different sub-category), the smaller brand experienced a significant increase in sales.

- Lifts averaged 30% across multiple retailers wherever shared P-O-P was found.

A similar sharing occurred at one retailer between two other beverage brands with equally strong results.

- 86% lift when part of shared P-O-P.
- Only 15% lift when stand-alone.

Retailers may wish to explore joint/ shared P-O-P opportunities with other packaged or food service items. Producers should consider ways to help marketers and retailers develop appropriate shared P-O-P relationships.

WRAP UP

In-Store Advertising Becomes a Measured Medium

With the sales increases from P-O-P averaging 9% across c-stores, and lifts as high as 97.1% from one material, there is no doubt that adding P-O-P to the existing shelf presentation or incremental display drives significant additional dollars.

The potential for this channel is enormous. If P-O-P was executed more consistently and more effective P-O-P materials and messages were used, the incremental sales result could exceed \$900 million. To capture this potential, retailers, producers and marketers should:

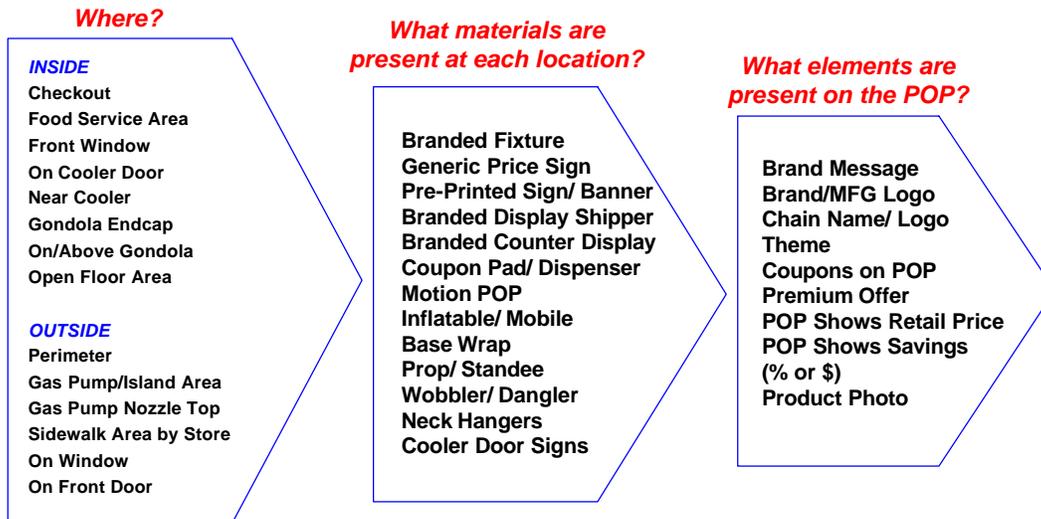
- learn what works for their brands and categories.
- optimize the mix of POP materials used.
- track P-O-P execution at regular intervals.

POPAI will continue to assist marketers, retailers and producers by exploring the presence and effectiveness of the many types of P-O-P materials in several retail channels. POPAI's strategic objective calls for a new channel study each year. The focus for the next study will be the Drug Channel, where a similar study will measure the P-O-P placement and effectiveness across a broad range of product categories.

POPAI also continues to offer its members leading edge benefits in the areas of knowledge and networking. For more information, visit POPAI's website at www.popai.com.

APPENDIX

• Proof of placement– P-O-P Advertising Auditing



• C-Store Layout used for Location Coding

