POPAI/Kmart/Procter & Gamble Study of P-O-P Effectiveness in Mass Merchandising Stores

A Study of the Sales Impact Power of Point-of-Purchase Advertising

Conducted Jointly By

The Point-of-Purchase Advertising Institute
The Kmart Corporation and
The Procter & Gamble Company

POPAI
POINT•OF•PURCHASE ADVERTISING INTERNATIONAL

OBJECTIVES

1. To determine, through retail sales tracking, what change in retail sales is associated with the presence of point-of-purchase advertising materials.

2. To determine what change in retail sales is associated with certain types of point-of-purchase display materials.

3. To determine the effect of display location on sales of like products.

4. To test whether the length of time the product is on display affects display effectiveness.

EXECUTIVE SUMMARY

- √ In all instances, for all brands tested, display presence yielded sales increases over non-display conditions. In most instances, displays yielded significant increases.
- √ Feature pricing need not be part of a promotional program in order to produce substantial sales increases.
- √ Display effectiveness increases significantly when full end-caps or full pallets are utilized in secondary locations.
- √ Sales increases vary considerably by product type.
- √ Display effectiveness did not diminish relative to the number of days a product brand remained on display.
- √ Pallet merchandising is a strong vehicle for increasing product sales.

TEST PANEL SALES VERSUS CONTROL PANEL SALES

Test Period

Percent Increase

Brand	Test 1	Test 2
Paper Towels	447.1%	773.5%
Shampoo	18.2%	56.8%
Toothpaste	73.1%	119.2%
Deodorant	17.9%	38.5%
Coffee	500.0%	567.4%
Fabric Softener	66.2%	73.8%

Source: POPAI/Kmart/Procter and Gamble Study

METHODOLOGY

THE UNIVERSE

The universe was defined as all high-volume, "look of the 90's" Kmart stores nationwide.

TEST DESIGN

Three panels which consisted of 25 stores per panel were matched on the following criteria:

√ Advertised Brands' Sales
√ Total Store Volume
√ Shopper Demographics
√ Competitive Proximity
√ Merchandise Zone

Retail sales were measured from each panel for a base and test period.

Actual and relative changes in sales were compared for the test vs. control panels to determine the effect on sales caused by the displays.

THE PANELS

Control Panel: The control panel stores contained the advertised brands in their normal shelf position with no display or other advertising present.

Test Panel 1: Test panel 1 contained the advertised brands on display.

Test Panel 2: Test panel 2 contained the advertised brands on a different display type or at a different location.

Note: All advertised brands, in all stores, were for sale at regular price.

THE SAMPLE

The research panels consisted of 75 outlets in total:

Control Panel	Test Panel w/ Display Type/ Location 1	Test Panel w/ Display Type/ Location 2
25	25	25

THE SCHEDULE

Period	# Weeks	Time Frame	Product on Display
June 15 - September 2	4	Base	No
September 20 - October 10	4	Test	Yes*

*Except for Control Panel Stores

THE DISPLAYS

Paper Towels:	Test 1: Mass Waterfall Display Test 2: Mass Waterfall Display
Shampoo:	Test 1: Floorstand Test 2: Shelf Unit
Toothpaste:	Test 1: Floorstand in Toothpaste Aisle Test 2: 1/4 Pallet Outside Toothpaste Aisle
Deodorant:	Test 1: Powerwing Test 2: Powerwing
Coffee:	Test 1: 1/4 Pallet Outside Coffee Aisle Test 2: Full Pallet on End-Cap of Coffee Aisle
Fabric Softener:	Test 1: Full Pallet on Laundry Aisle Endcap Test 2: 1/4 Pallet Outside Laundry Aisle

IN-STORE CONDITIONS

The test and control panels were audited for compliance by the SPAR/Burgoyne Company. SPAR instructed store managers as to proper display set up and product ordering procedures.

SPAR reported deviations from stated conditions, i.e. missing displays and out-of-stock conditions, directly to POPAI, Kmart and Procter and Gamble immediately upon discovery.

SPAR delivered a complete audit report to POPAI, Kmart and Procter and Gamble upon completion of the study.

IN-STORE CONDITIONS (cont'd)

During the first week of the test period, a significant number of stores were not in compliance with the test/control conditions. In most instances, the displays had not arrived or the store managers had not as yet set them up. ***Therefore, the entire first week of the test was eliminated from the data analysis.***

As well, individual stores not complying with test/control conditions in weeks 2-4 were also eliminated from the data analysis.

RESULTS

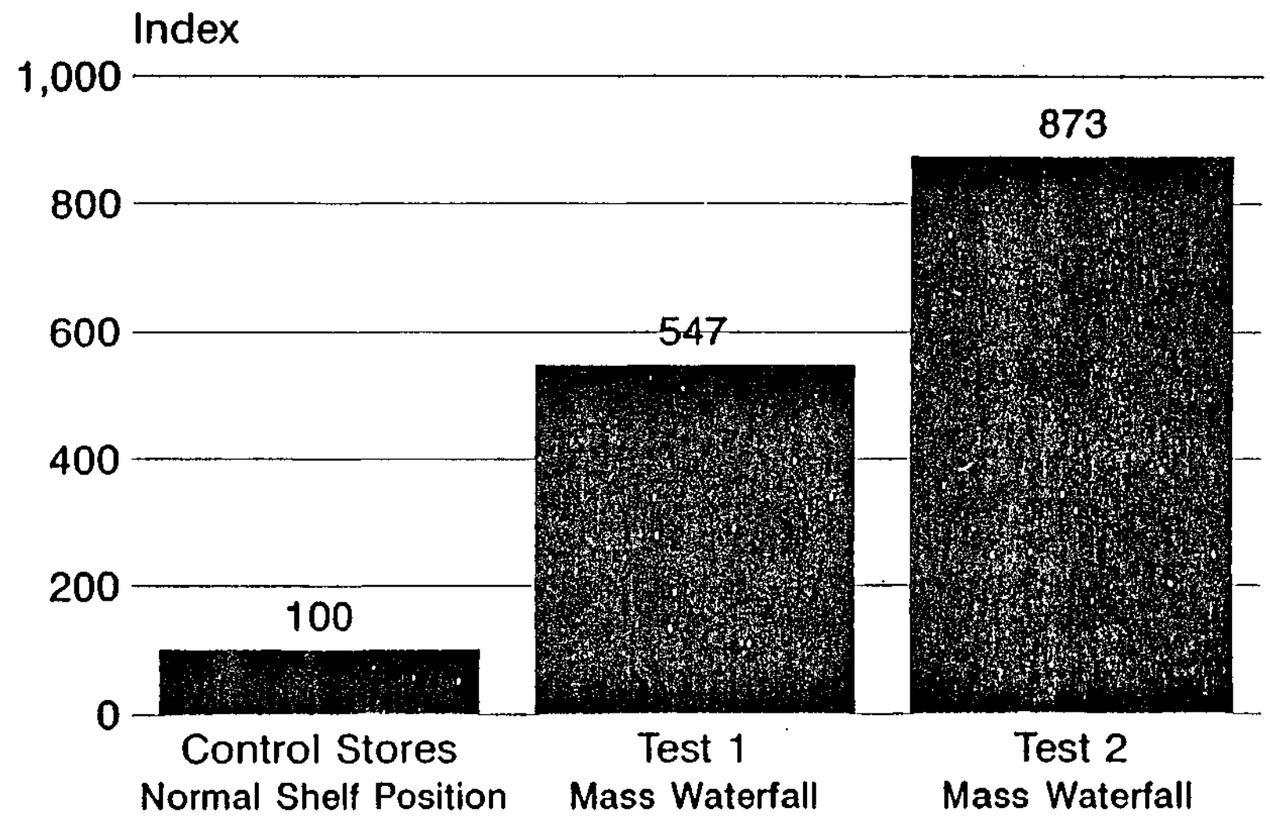
REPORT DEFINITIONS

Indices (on test period control panel):	The relationship of test panel unit sales to control panel unit sales with the control panel sales equal to 100.
Indices (on base period):	The relationship of the test period's sales to the base period's sales, with the base period equal to 100.
Relative Percent Change Test vs. Control Panel:	The relative gain (or decline) in the test panel's index relative to the control panel's index. expressed as a percent.

Paper Towels

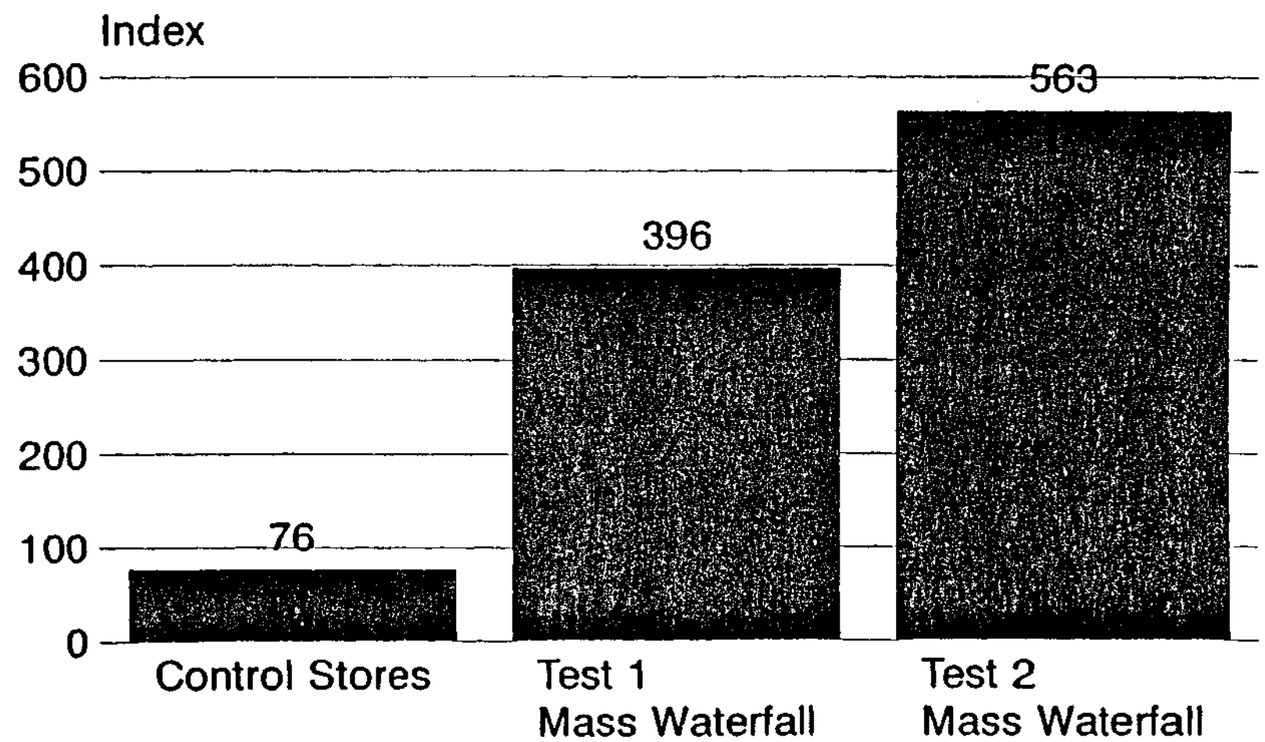
Weekly Sales Per Store Increase

Test Period Index (Control Panel = 100)



Source: POPAI/Kmart/Procter & Gamble Study

Paper Towels
Index of Weekly Sales Per Store
Base Period Index (Base Period Panels = 100)



Source: POPAI/Kmart/Procter & Gamble Study

OBSERVATIONS

The presence of the mass waterfall display increased sales of paper towels by 447 percent in the test 1 stores and by 773 percent in the test 2 stores over sales in the control stores.

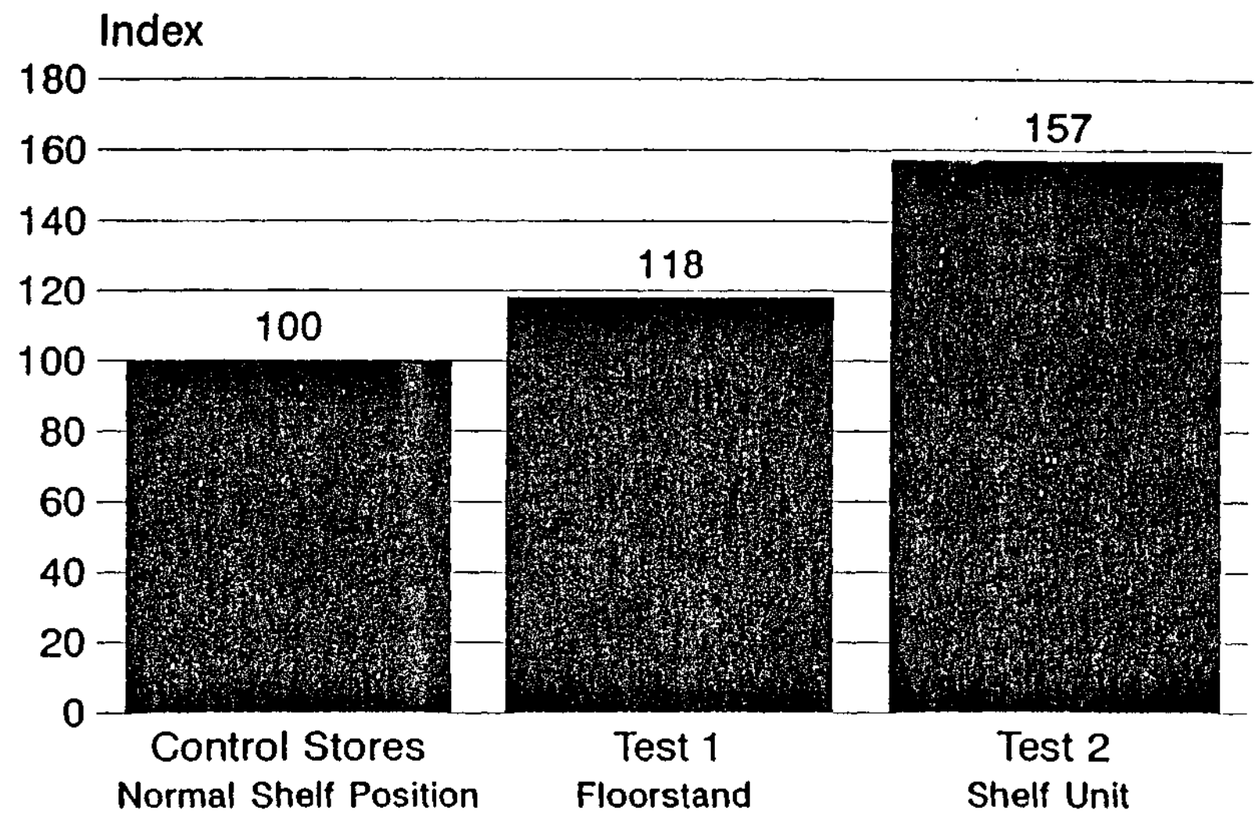
Compared to base period sales, the mass waterfall display increased paper towel sales by nearly 300 percent in the test 1 panel and by 463 percent in the test 2 panel. Control store sales were 24 percent lower during the test period than during the base period.

Although the displays in the test 1 and test 2 stores were identical, the increase in sales was significantly greater in the test 2 condition. One explanation for this is that, according to the audit report, the test 1 condition stores experienced a greater number of competitive products on display during the test period than did stores in the test 2 panel.

Shampoo

Weekly Sales Per Store Increase

Test Period Index (Control Panel = 100)

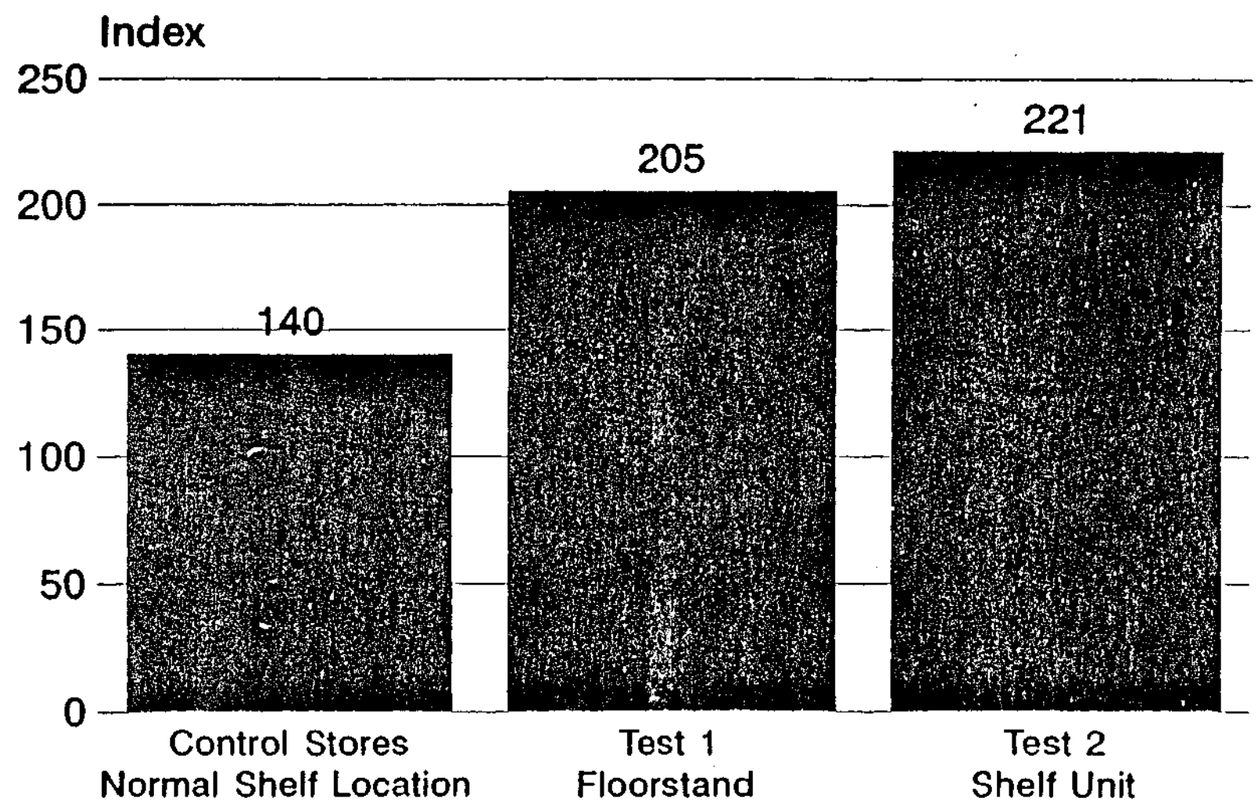


Source: POPAI/Kmart/Procter & Gamble Study

Shampoo

Index of Weekly Sales Per Store

Base Period Index (Base Period Panels = 100)



Source: POPAI/Kmart/Procter & Gamble Study

OBSERVATIONS

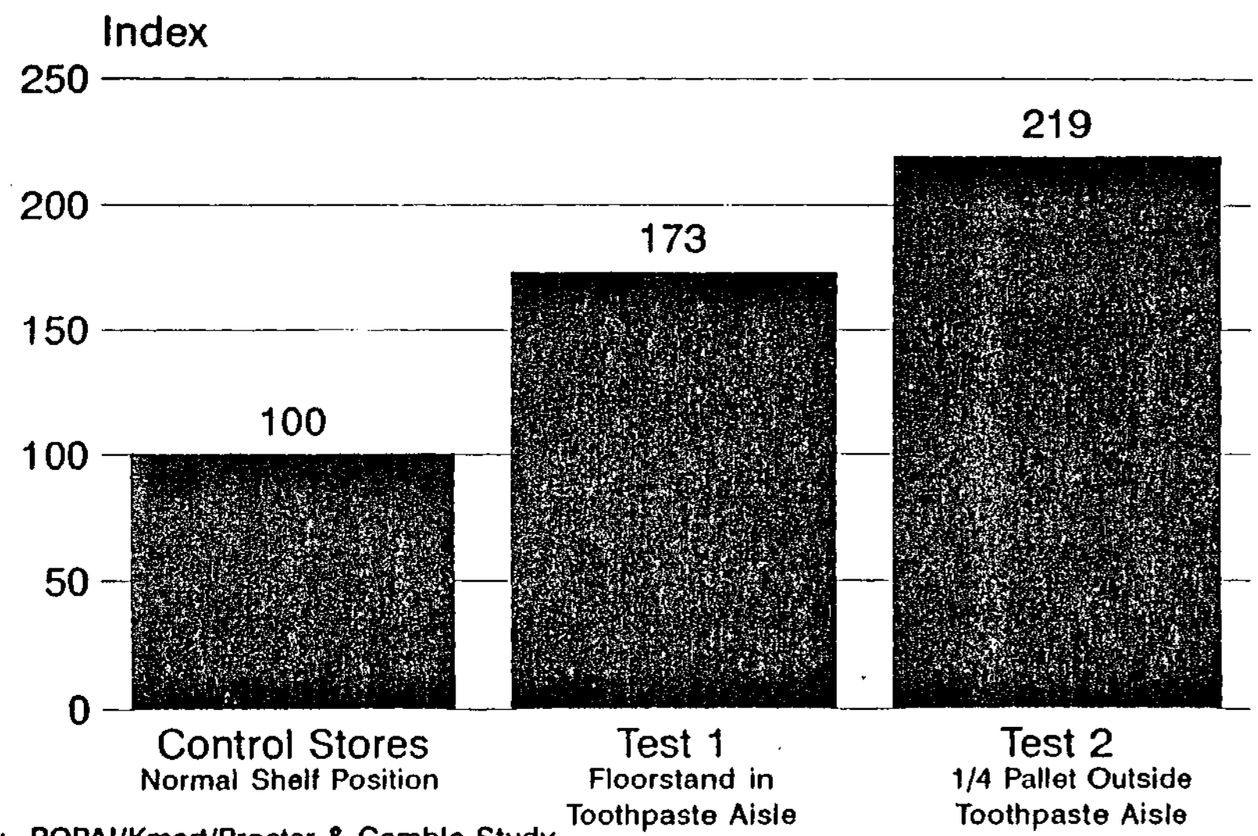
The shampoo shelf unit increased product sales by 57 percent over control store sales. The floorstand placed in the shampoo aisle increased sales by 18 percent, a non-significant increase.

Compared directly to one another, the shelf unit slightly outperformed the floorstand by a statistically significant degree.

Toothpaste

Weekly Sales Per Store Increase

Test Period Index (Control Panel = 100)

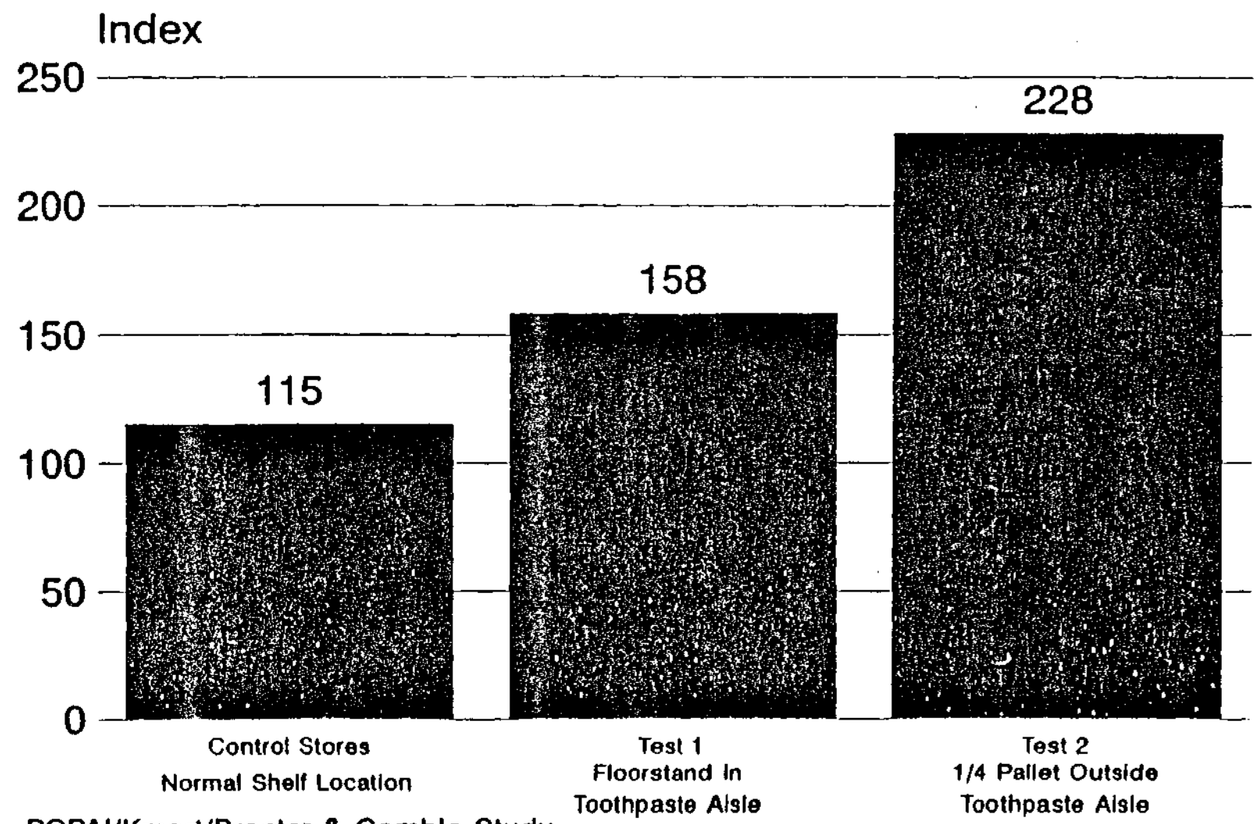


Source: POPAI/Kmart/Procter & Gamble Study

Toothpaste

Index of Weekly Sales Per Store

Base Period Index (Base Period Panels = 100)



Source: POPAI/Kmart/Procter & Gamble Study

OBSERVATIONS

Whether placed on a floorstand or on a 1/4 pallet, sales of toothpaste were increased when on display.

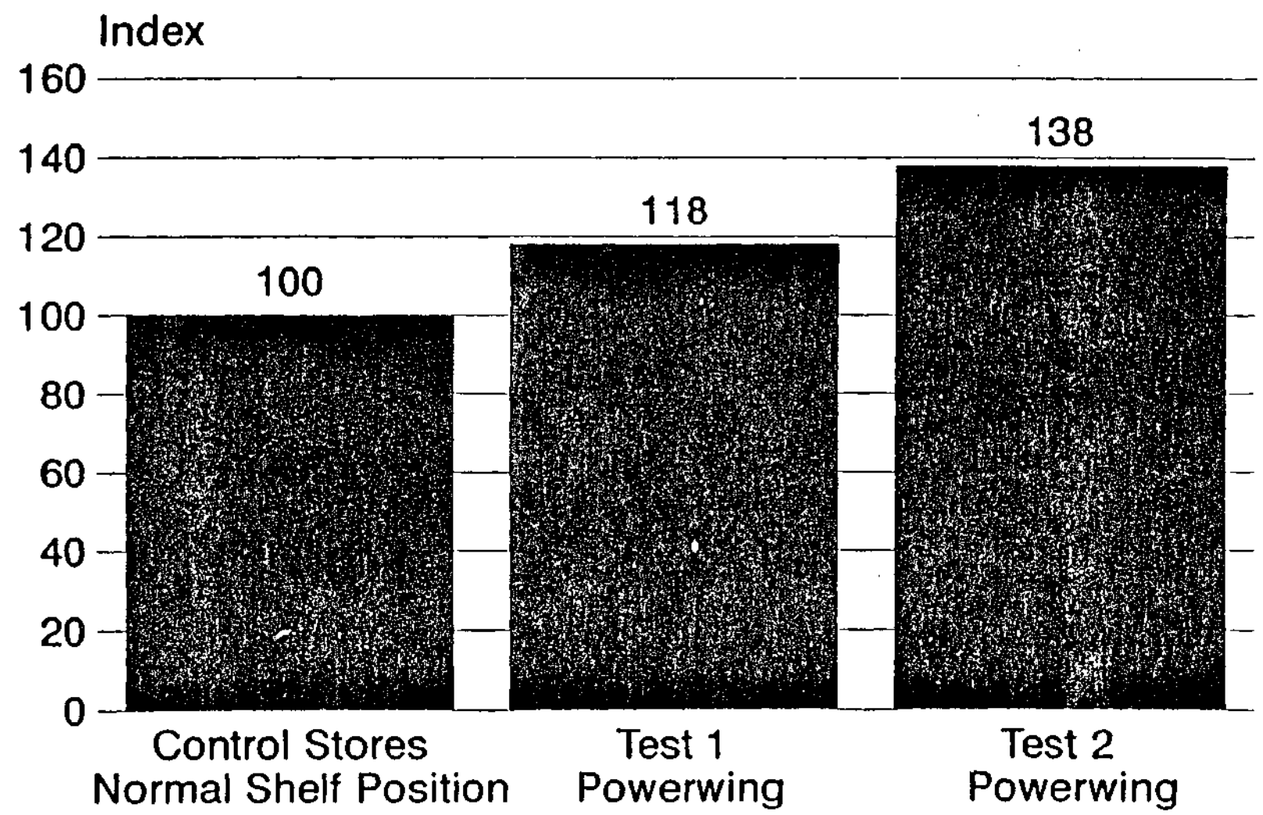
Sales increased by 73 percent with the floorstand and by 119 percent on the 1/4 pallet over control panel sales.

The 1/4 pallet placed outside the toothpaste aisle outperformed the floorstand in the toothpaste aisle, but not by a statistically significant margin.

Deodorant

Weekly Sales Per Store Increase

Test Period Index (Control Panel = 100)

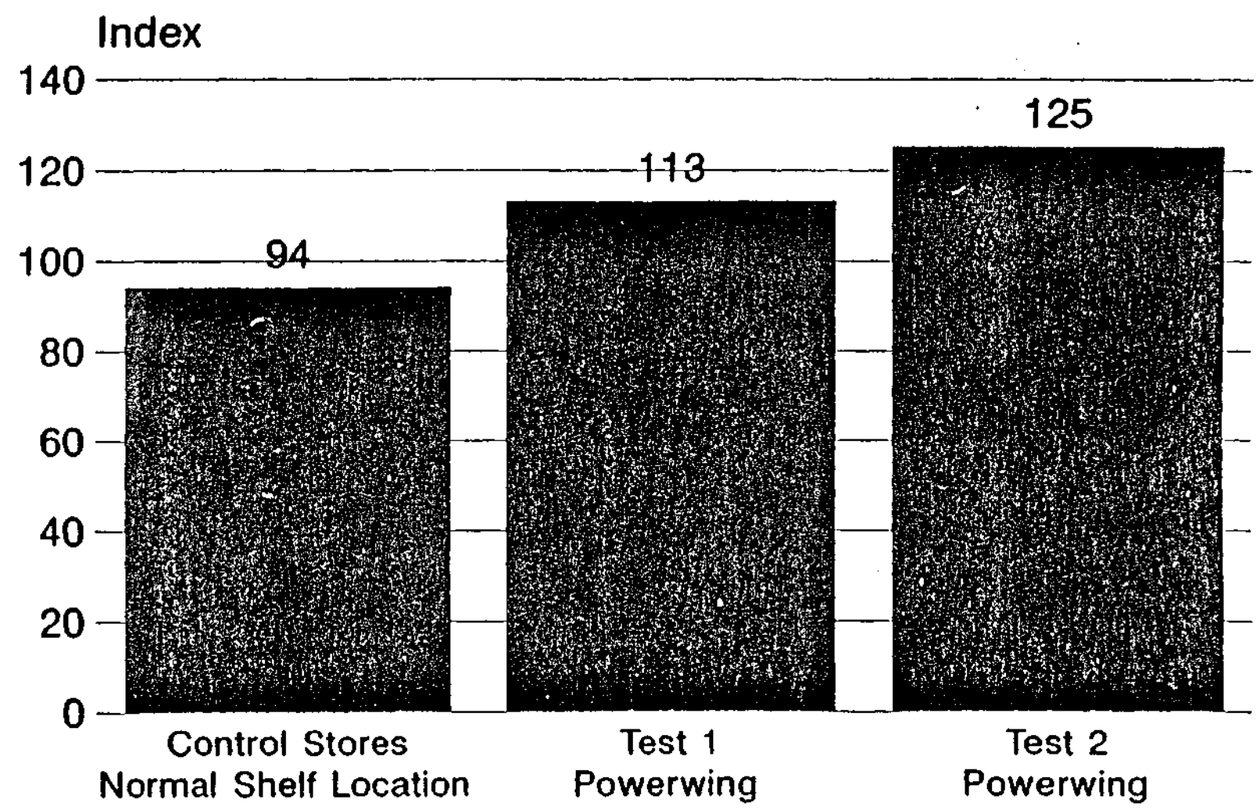


Source: POPAI/Kmart/Procter & Gamble Study

Deodorant

Index of Weekly Sales Per Store

Base Period Index (Base Period Panels = 100)



Source: POPAI/Kmart/Procter & Gamble Study

OBSERVATIONS

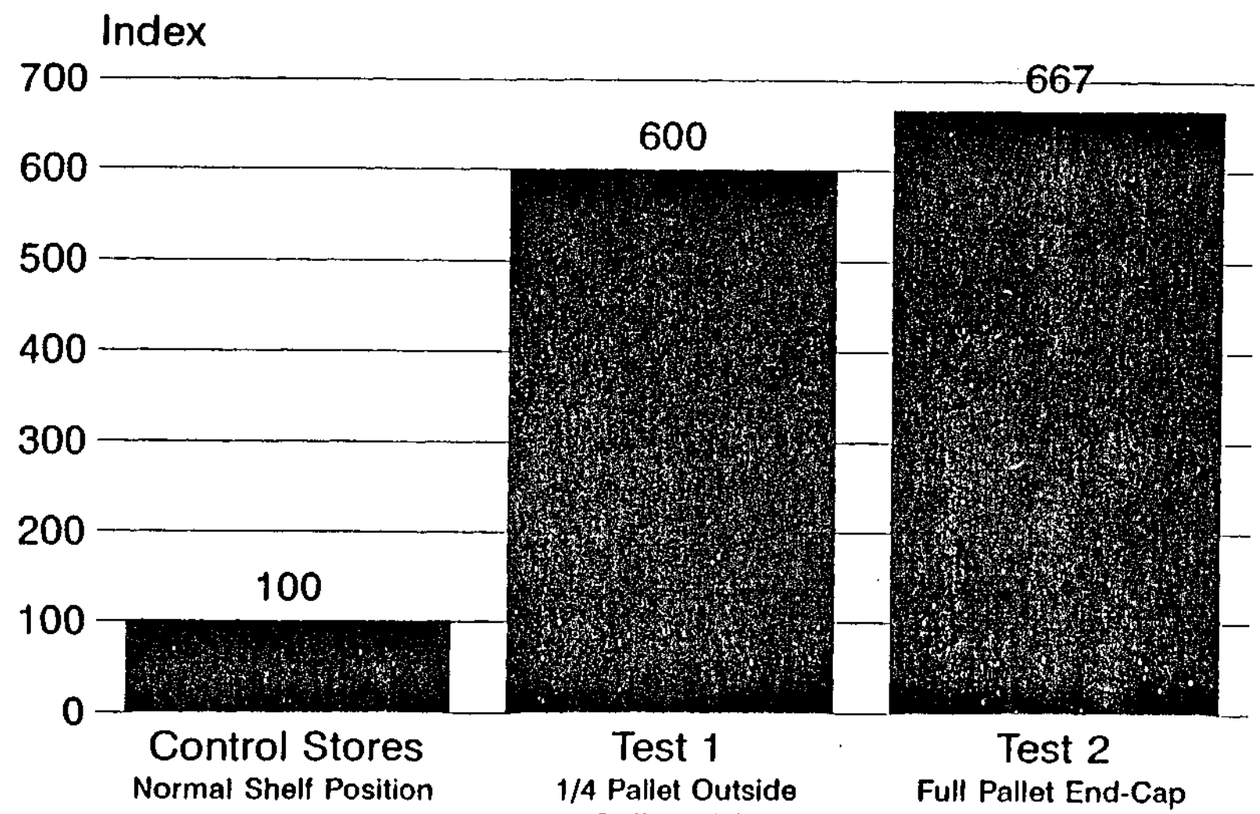
Although the same display and display location were employed in the test 1 and test 2 panels, the powerwing in the test 2 stores managed to increase sales of deodorant by a slight yet significant amount over control store sales while the test 1 powerwing yielded no significant increase.

It cannot be said, however, that there was any significant difference between test 1 and test 2 panel sales.

Coffee

Weekly Sales Per Store Increase

Test Period Index (Control Panel = 100)

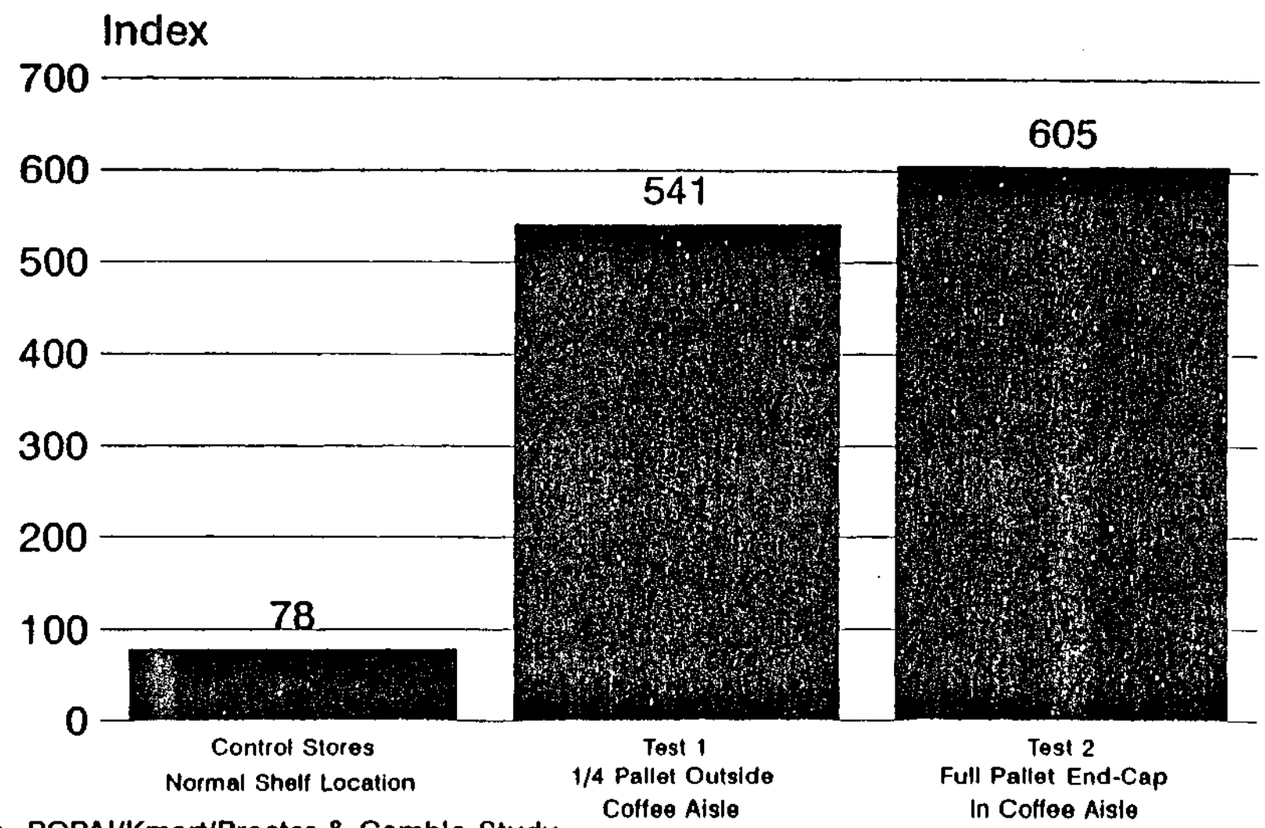


Source: POPAI/Kmart/Procter & Gamble Study

Coffee

Index of Weekly Sales Per Store

Base Period Index (Base Period Panels = 100)



Source: POPAI/Kmart/Procter & Gamble Study

OBSERVATIONS

Sales of coffee were greatly effected by display presence.

Test panel 1 (1/4 pallet outside coffee aisle) sales represent an increase of 500 percent over control panel stores while a full pallet on the coffee aisle end-cap in the test 2 stores yielded an increase of 567 percent.

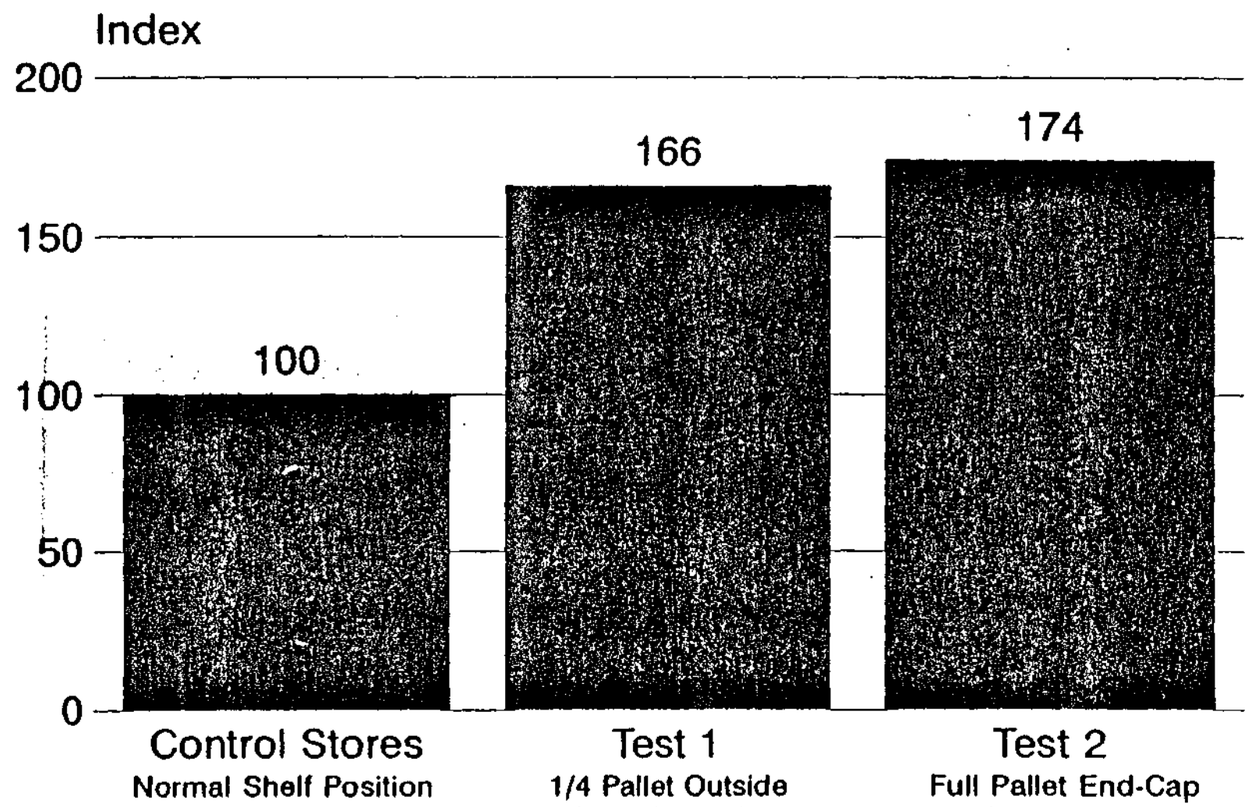
Sales increases in test 1 and test 2 stores were similar when compared to base period sales.

The 1/4 pallet place outside the coffee aisle (test 1) and the full pallet coffee aisle end-cap affected sales equally.

Fabric Softener

Weekly Sales Per Store Increase

Test Period Index (Control Panel = 100)



Source: POPAI/Kmart/Procter & Gamble Study

OBSERVATIONS

The fabric softener brand included in the test was a new product. Therefore, no base period data was availalbe.

The data show that product sales benefited significantly from the pallet merchandising and secondary locations.

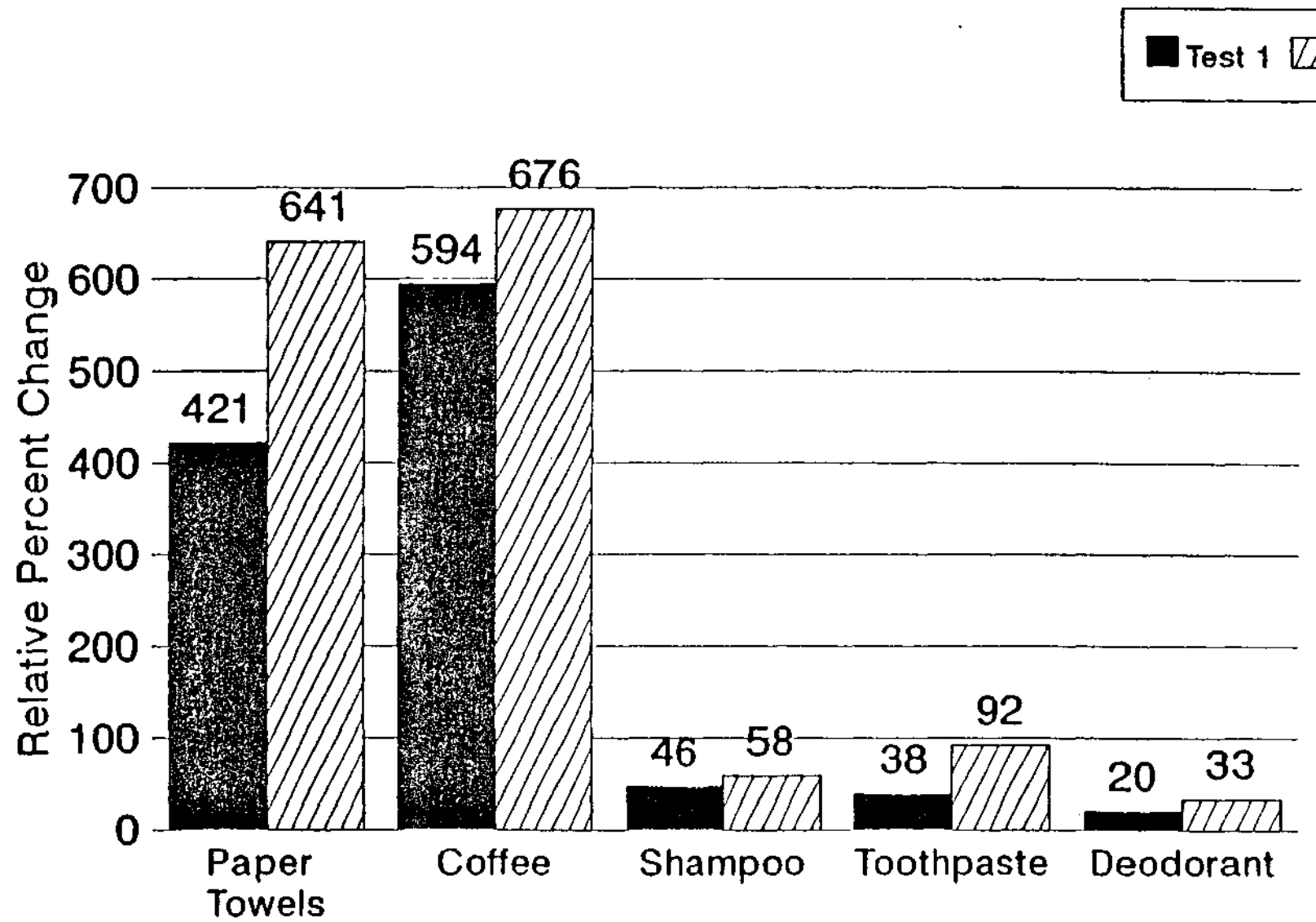
The 1/4 pallet putside the laundry aisle produced an increase of 66 percent over control store sales. The full pallet at the laundry aisle increased sales by 74 percent.

The end-aisle and outside aisle pallet locations increased unit sales equally.

Relative Percent Change of Weekly Sales Per Store

Change in Test Stores Divided by Change in Control Stores

Base Period Sales = 100



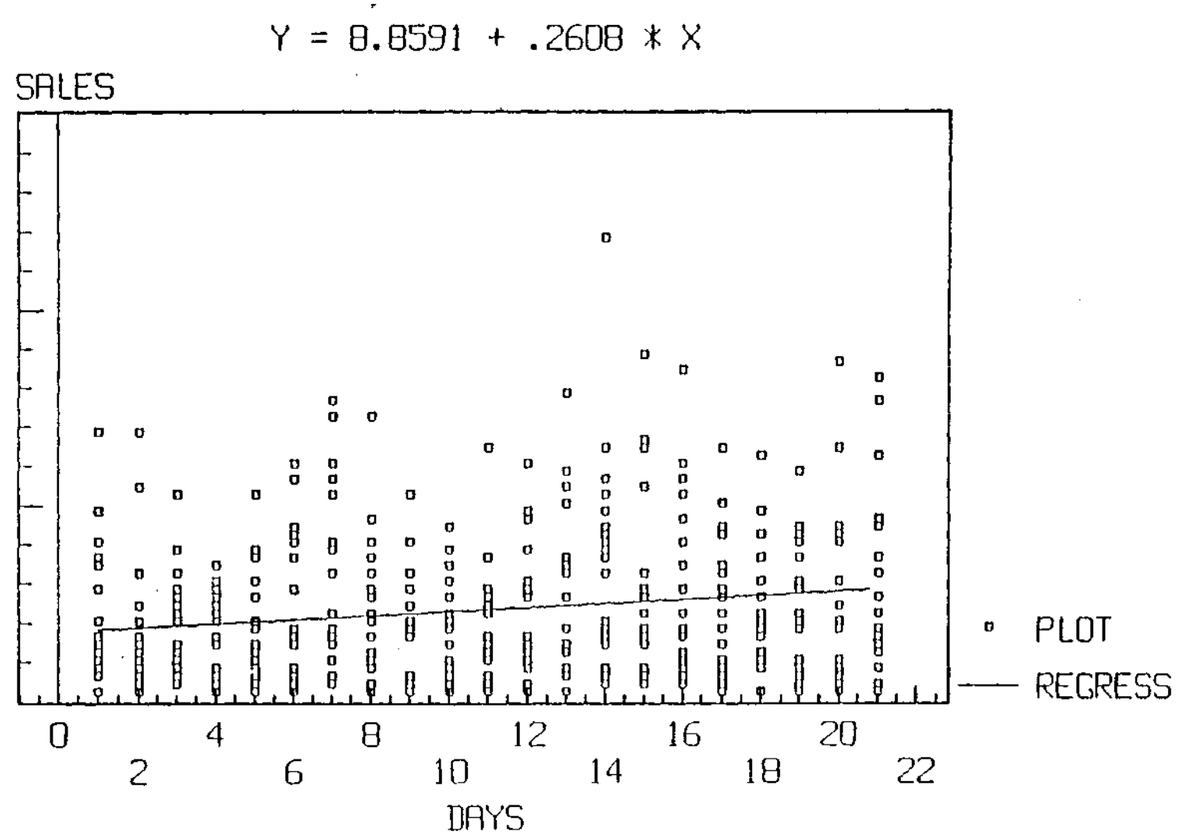
Source: POPAI/Kmart/Procter & Gamble Study

OBSERVATIONS

Sales of the paper towel and coffee brands were most effected by display presence, yielding the largest relative percent increase in sales. Shampoo, toothpaste and deodorant also experienced significant sales increases.

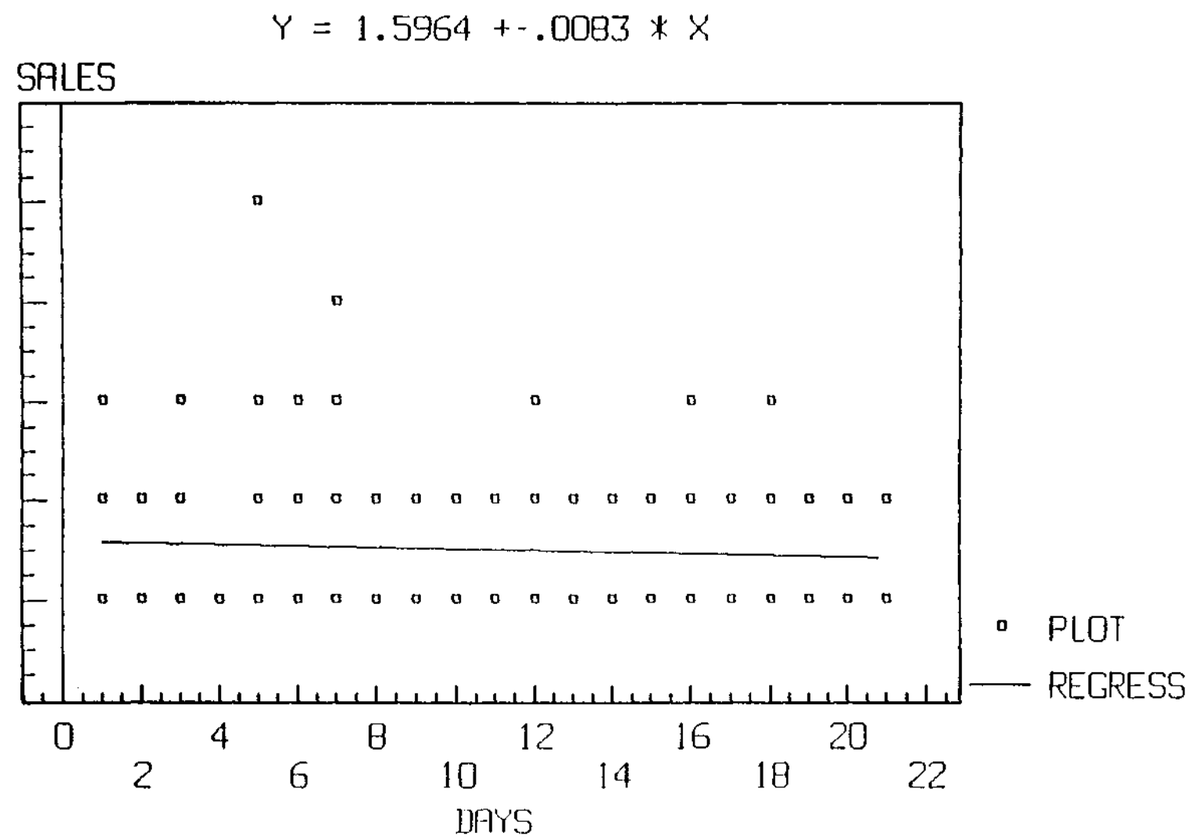
DISPLAY EFFECTIVENESS BY NUMBER OF DAYS ON DISPLAY

Daily Sales by Number of Days on Display
Paper Towels



Source: POPAI/Kmart/Procter and Gamble Study

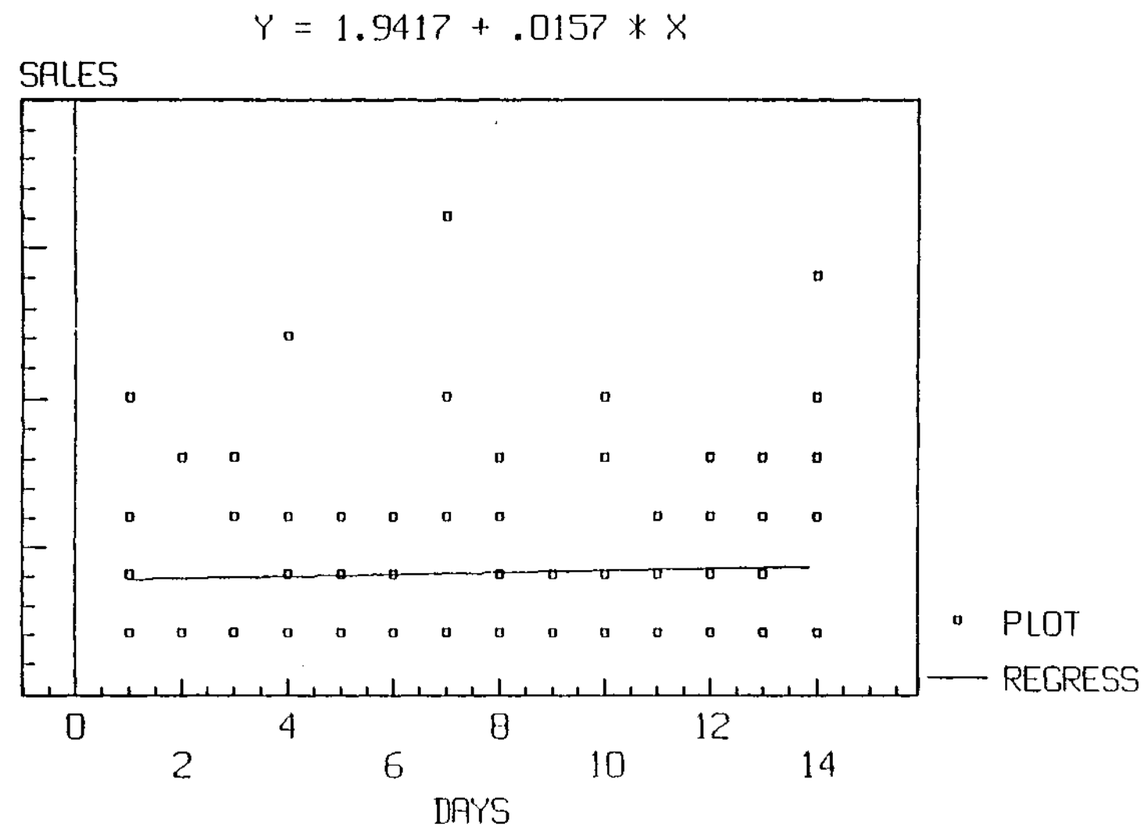
Daily Sales by Number of Days on Display
Shampoo



Source: POPAI/Kmart/Procter and Gamble Study

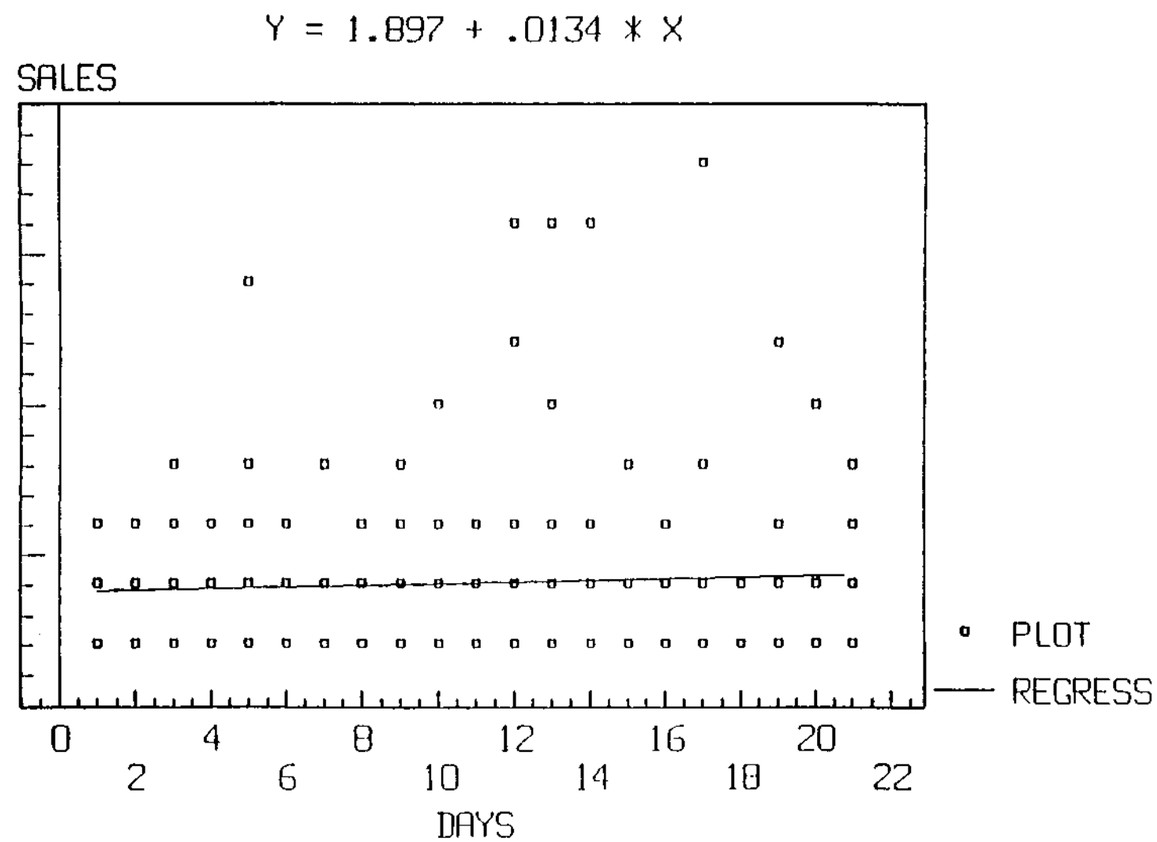
Daily Sales by Number of Days on Display

Toothpaste



Source: POPAI/Kmart/Procter and Gamble Study

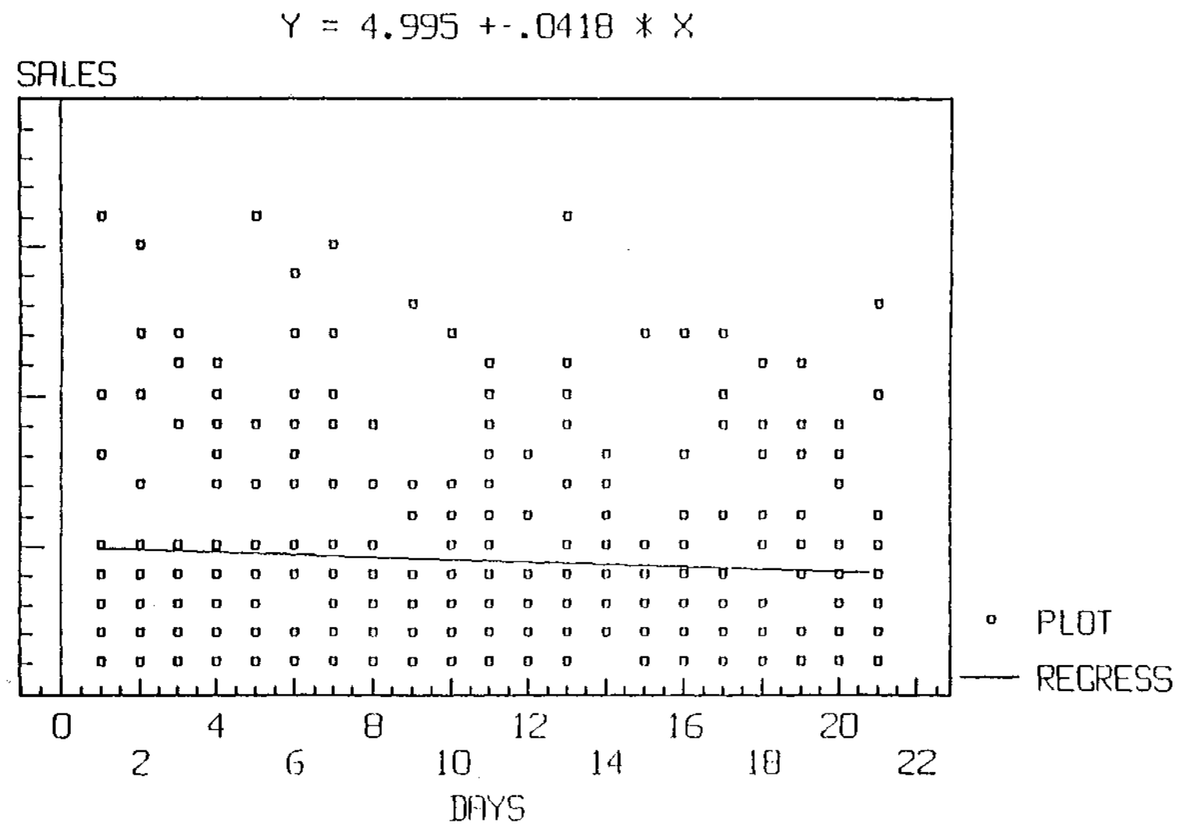
Daily Sales by Number of Days on Display
Deodorant



Source: POPAI/Kmart/Procter and Gamble Study

Daily Sales by Number of Days on Display

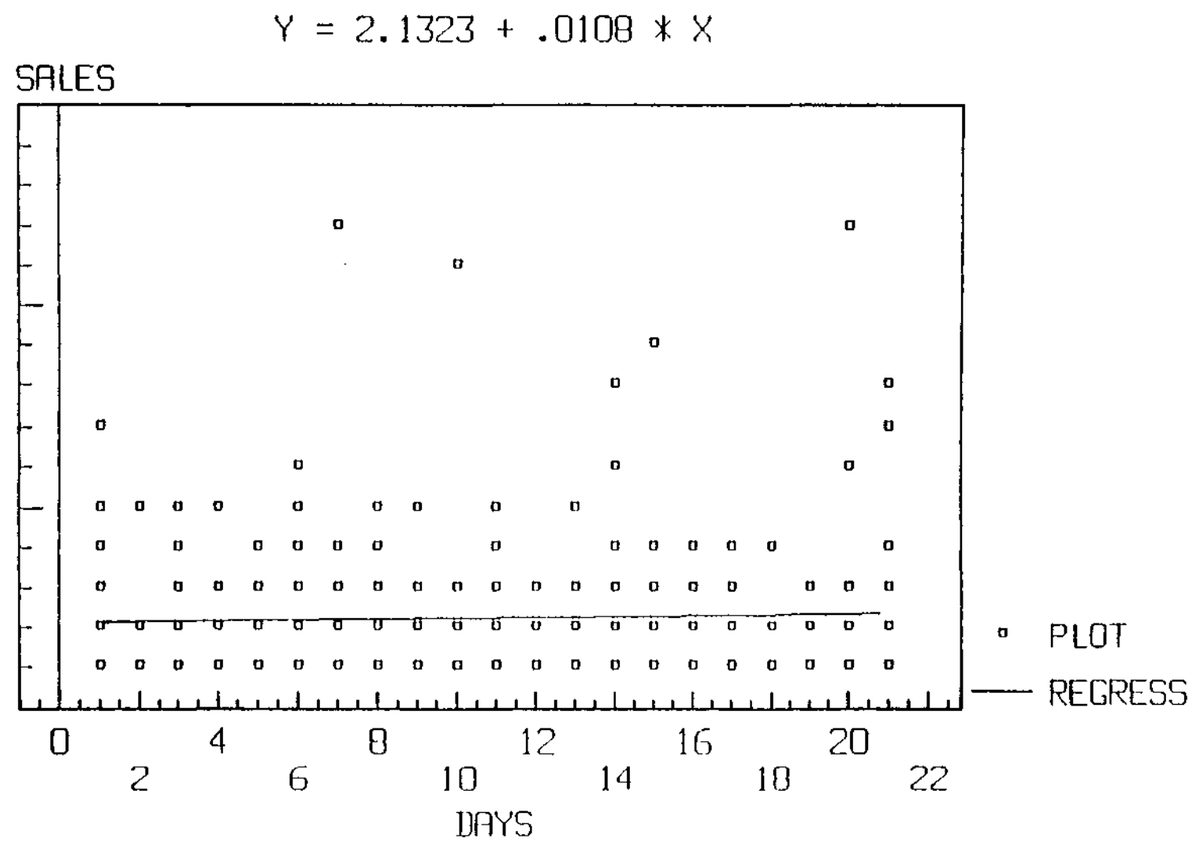
Coffee



Source: POPAI/Kmart/Procter and Gamble Study

Daily Sales by Number of Days on Display

Fabric Softener



Source: POPAI/Kmart/Procter and Gamble Study

OBSERVATIONS

The preceding analysis of daily sales relative to number of days on display reveals that over a 21-day period, sales figures for products on display did not diminish.

Though there may be a point at which sales will begin to decline if a product remains on display, product demand did not reach a ceiling during the 21-day test.