

P-O-P Measures Up



POINT•OF•PURCHASE ADVERTISING INTERNATIONAL

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Background

POPAI adopted a major strategic initiative in 1998 to “establish in-store advertising as a measured medium, on par with print and broadcast.”

The time pressure felt by many consumers today has resulted in more buying decisions being made in-store. According to the 1995 Point-Of-Purchase Advertising International (POPAI) Consumer Buying Habits Study, 70% of all in-store decisions were made at the point of purchase in the supermarket at that time. Naturally then, a crucial location for advertising is **at the point of purchase**. An integrated advertising plan rewards the hard work of building brand awareness outside the store with the “recency” benefit of providing a related in-store message. Researchers have demonstrated that advertising generally loses its potency rapidly after exposure. The “Recency Theory” places a premium value on exposures timed for delivery the day before a purchase decision. Therefore, an in-store exposure immediately preceding a purchase decision is the most valuable of all.

Yet, the essential metrics of media planning — GRPs, CPMs, Reach and Frequency — have never been developed for in-store

media. Moreover, the most essential media metric of all, “proof of placement” (did the medium deliver the placements purchased?) also is absent from in-store media. Finally, while there are well-accepted methods for determining the immediate sales lift from an in-store action, a broad-scale knowledge base that could support in-store media’s most effective use has yet to be developed. These three unmet needs comprise the goals of this project initiated by Point-Of-Purchase Advertising International (POPAI).

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. What materials make it to the store floor, which of those materials are effective in driving incremental sales, and does the execution and effectiveness vary by category?

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.”



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Strategic Initiative

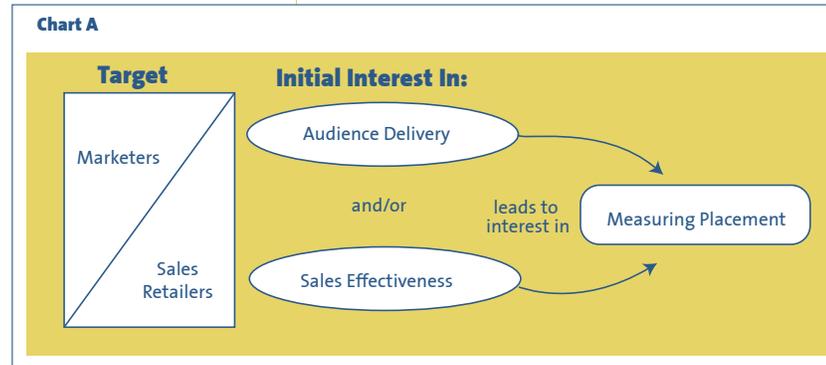
OPAI's long-term goal is to convert point-of-purchase (P-O-P) advertising into a measured medium on par with print and broadcast. Having P-O-P advertising measured will allow producers, marketers and retailers to:

- ◆ 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 is invaluable to marketers and retailers if they believe, or can prove, that placement enables their sales and profit objectives to be achieved. Therefore, to build interest for this new measurement, the value of placement must be demonstrated to the industry and individual companies. Currently, sales forces and retailers tend to focus on the first, and most immediate benefit — sales lift. While all interested

parties (marketers, sales and retailers) express interest in measuring the sales and profit impact, marketers need to also evaluate P-O-P as a form of

studies' measurement methodologies. ARF continues to play an active role in furthering dialogue in the industry for measurement standards



media capable of delivering impressions to an audience of current and potential consumers. (See Chart A)

By developing learnings in all three areas, POPAI desires to advance the industry's knowledge and take the first steps toward the long-term multi-year measurement of placement.

Beginning in 1999, POPAI enlisted the assistance of the Advertising Research Foundation (ARF), the industry's standard setting body, to oversee and approve the various

and application of these measures.

Prime Consulting Group, inc. (PCi) has provided consulting expertise to develop and manage the initiatives' studies, perform the analyses, and develop both sponsor and industry reports.

A pilot study was conducted in 1999 to refine portions of the measurement methodology. The pilot was made possible by the support of TLP, Inc., a POPAI member and leading promotional agency.

POP AI has embarked on a path to make P-O-P Advertising a measured medium. The results of this initiative will be far-reaching and significant for the advertising and marketing communities.

Pilot learnings were incorporated when developing the first channel study. The Supermarket channel was selected to be the first in the multi-channel series. The objective of the “In-store Advertising Becomes a Measured Medium” study, was to develop research, which systematically measures the:

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

Six leading consumer goods marketers joined POP AI in this effort by sponsoring the Supermarket channel phase: Anheuser-Busch, Frito-Lay, Pepsi, Pfizer-Adams, Procter & Gamble,

and Ralston-Purina. These six brand marketers participated in the category, brand and P-O-P material selections that created the study foundation. Sponsors received detailed findings covering each brand while the industry report focuses on category level findings.



This study allowed the industry standards for measuring P-O-P advertising to begin to take shape. Future channel studies will be conducted to support the development of ongoing measurement services.

Concurrent with the Supermarket phase, POP AI enlisted ARF and PCi to establish In-store Advertising Audience measurement metrics. In the last section of this report, an excerpt is provided from their “In-store Advertising Audience Measurement” whitepaper.



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Overview of Key Learnings and Applications

The Road to a Measured Medium is Paved

POPAI and P-O-P producers have embarked on a path to establish P-O-P advertising as a measured medium on par with print and broadcast. The results of this initiative will be far-reaching and significant for the advertising and marketing communities. No doubt measurement will provide new insights, both positive and challenging as to the placement and the value of in-store advertising. These insights, if embraced and acted upon, will dramatically enhance the value and importance of P-O-P advertising to brand marketers and retailers. This value however, does not come without certain caveats, most notably that the dialog concerning measurement and its importance to industry groups, brand marketers, and retailers is still in its infancy. Continued research and open dialogue regarding findings needs to carry on across retail channels and product lines.

This study lays the groundwork for measurement of P-O-P in three new ways. First, the placement of P-O-P materials in-store was quantified. Proof-of-placement is important to understand the usage and reach of P-O-P material. Second the study identified the incremental benefit, or sales lift, from placing P-O-P advertising. Third, the study developed an audience Opportunity to See (OTS) measure – the basic building block for all media measures. These new metrics of proof-of-placement, sales lift gained beyond regular promotional increases, and consumer impressions allow the marketer, for the first time in history, to quantify in real dollars the affect of their P-O-P efforts.

Study Design

The POPAI “In-Store Advertising Becomes a Measured Medium – Supermarket Study” grew out of a 1999 pilot to develop methodology. This Supermarket Study included 90 brands across eight large product categories. The audited store sample was

composed of 250 supermarkets from 22 major markets across the continental United States and drawn from the top 15 retailers as well as strong regional retailers and independents.

Store audits were conducted in three-twenty week waves to collect placement data for the study. Sales response models were employed to isolate the incremental sales effect of P-O-P materials from other causal factors that might influence product sales during the same 20-week audit period. The store auditing and sales response modeling was done by Information Resources, Inc. using their InfoScan sample of stores.

Summary of Key Learnings

In-Store Advertising Works Half the Time – But Which Half?

The early 20th Century retailer John Wanamaker in his often quoted line said, “I know half the money I spend on advertising is wasted . . . I just don’t know which half.” The advertising industry has previously

THE EARLY 20TH CENTURY RETAILER JOHN WANAMAKER IN HIS OFTEN QUOTED LINE SAID, "I KNOW HALF THE MONEY I SPEND ON ADVERTISING IS WASTED . . . I JUST DON'T KNOW WHICH HALF." THIS STUDY HAS REVEALED THAT WANAMAKER'S STATEMENT IS EQUALLY APPLICABLE TO P-O-P. BASED ON THE

Chart B

% of Brands with a Sales Lift (>+1%) When Using P-O-P Materials

	Total Study	Beer	Snacks	Cereal	Upper Resp.	Dog Food	Carb. Bev.	Hair Care	Laundry
Main Shelf P-O-P	49	68	41	23	42	54	36	70	67
Display P-O-P	41	59	30	7	59	67	41	40	67

SALES LIFTS DERIVED FROM INDIVIDUAL P-O-P ADVERTISING MATERIALS IN THE STUDY, 49% OF BRAND LEVEL P-O-P ADVERTISING WAS FOUND TO BE EFFECTIVE IN INCREASING SALES AT THE MAIN SHELF, WHILE 41% OF THE MATERIALS FOUND AT SECONDARY PRODUCT DISPLAY LOCATIONS PROVIDED INCREMENTAL LIFTS.

There is a huge opportunity to carry the marketing message from the product display to main shelf location to achieve higher levels of audience exposure and sales.

not known whether this assertion is accurate for P-O-P materials. This study has revealed that Wanamaker's statement is equally applicable to P-O-P. Based on the sales lifts derived from individual P-O-P advertising materials in the study, 49% of P-O-P advertising was found to be effective in increasing sales at the main shelf, while 41% of the materials found at secondary product display locations provided incremental lifts. Knowing which half of the in-store materials works is the first step to optimizing the P-O-P mix.

Category results ranged from 23% to 70% of P-O-P advertising materials delivering sales lift at the main shelf and from 7% to 67% at the product display. Hair Care, Beer and Laundry had the most consistently effective P-O-P advertising at the main shelf. Beer and Laundry, along with Dog Food and Upper Respiratory had the most consistently effective materials at product displays. For these categories, the results are not a reflection of how

much advertising is used in-store; but how effective the materials were in consistently increasing sales. (See Chart B on page 6)

Cereal was found to have the least effective P-O-P advertising among the eight categories studied. Not only was there little material to find but also, the P-O-P material that was found did not achieve a measurable sales increase.

Not All P-O-P is Created Equal

The Supermarket phase found wider variability than anticipated across the brands and product categories studied. In many cases, specific types of material provided significant sales lifts for brands in one category, but did not provide lift for brands in another category. In addition, detailed analyses revealed that materials were rarely effective for all brands in that category, or else the impact varied significantly between brands. For example, in Upper Respiratory, average brand sales increases for P-O-P materials ranged

from +2% to +19%, depending on the material.

However, there were a few P-O-P materials that delivered consistently across categories. Consider P-O-P use at the main shelf — there was not only consistent cross-category execution of two materials (shelf merchandising unit and retail price promotion sign) but both materials delivered modest brand sales increases for all categories. Combined, these two materials made up 80%+ of the main shelf P-O-P materials in six of the eight categories. Average brand sales increases were as high as +17% for a shelf merchandising unit, and up to +10% for a retail price promotion sign.

Store provided price signs (item description and/or price only) also produced a consistent learning across studied categories. This material did not contribute any additional sales beyond the impact of the product display. Since this type of sign was found at two-thirds of all displays, consumers may

The Beer category had the strongest dual placement, with 37% of their product displays' advertising tied to main shelf advertising.

have come to expect this primarily price message as part of the display.

The diverse results theme is amplified by looking at the best two material combinations. Although consistent sales effectiveness levels (+14-20% sales lifts) were achieved across categories when combining the top two display P-O-P materials, the types of materials were different from category to category. (See Chart C)

Execute at All Locations

The incremental sales effectiveness measures for

P-O-P materials contained in this report provide compelling evidence that tighter controls or more inclusive processes are needed to gauge execution compliance. Only one out of every four product displays studied carried marketer provided P-O-P. Additionally, the study found that every time marketer provided P-O-P appeared on a product display it was only accompanied by a similar message at the product's main shelf location 13% - 37% of the time. There is a huge opportunity to carry the

marketing message from the product display to the main shelf location to achieve higher levels of audience exposure and sales.

At the same time, with a decline in total store shopping, marketers and retailers may only have one location to provide an advertising message to consumers for a product. For some categories, the main stocking location is shopped by a majority of category shoppers, such as health and beauty care products. Yet for other categories, such as snacks, a large portion of consumers purchase from product displays found on store floor locations from week-to-week. Therefore, the message needs to have "dual placement" (advertising simultaneously occurring at the product display and main shelf during the same week).

The strongest dual placement occurred in the Beer category, with 37% of product displays' advertising tied to main shelf advertising. Upper Respiratory brands had the least dual placement,

Chart C

P-O-P Combinations

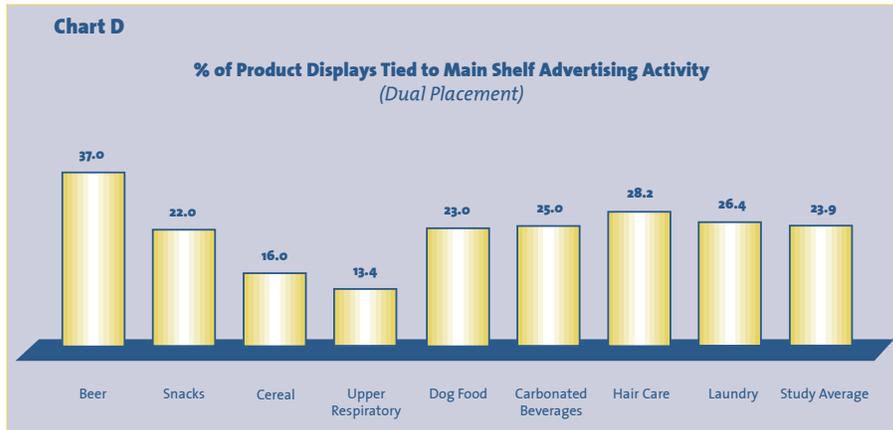
Category	Combination of Top 2 Display Materials	Combo Sales Lift Maximum Value
A	Brand Fixture, Standee	27.1%
B	Thematic Sign, Prop	19.8%
C	Thematic Sign, Standee	19.2%
D	Account Specific, Movie Sign	18.2%
E	Brand Fixture, Frequent Shopper	14.5%
F	Any Two Messages	14.2%

displays having simultaneous execution at the product display and main shelf. Across all studied categories, three-fourths of P-O-P display messages were not connected to the respective main shelf. Therefore, the customer who is shopping for the product at the main shelf and does not walk past the display has missed the advertiser's message. (See Chart D)

While a retailer will not want to saturate the main aisle with P-O-P, appropriate use at the main aisle requires knowing which brands are effective in their placement of advertising materials and knowing what types of material deliver incremental sales. Capturing this opportunity will require both education (retailer and manufacturer) and process change.

Wide Range in P-O-P Execution Across Categories and Retail Chains

P-O-P execution varied by category and retail chain. P-O-P execution analysis by retail chain was

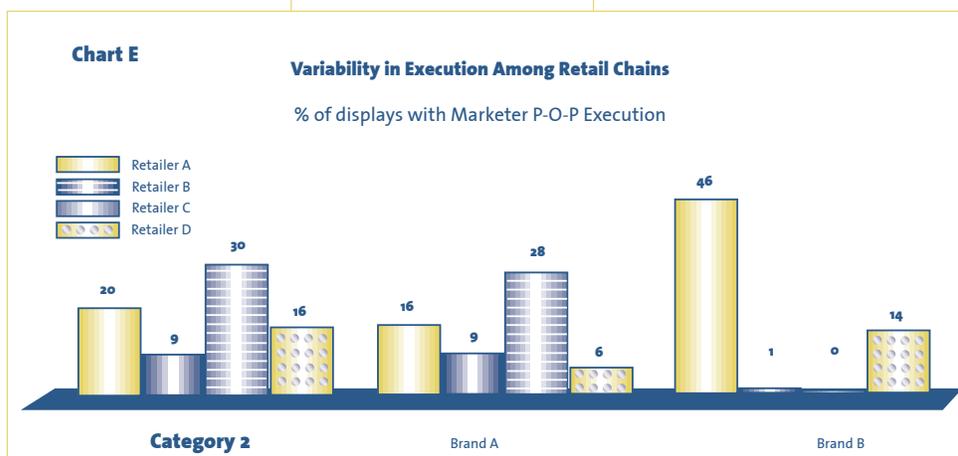


conducted for select categories during the study. While most of the analysis is proprietary to the sponsor, certain findings help to explain the execution variability across chains.

Each of the categories studied varied considerably in their execution of marketer P-O-P signage

and retail price signs at the product display across chains. For example, in Category 2, not only was the level of marketer P-O-P execution (reported as a % of displays) significantly different among chains, but even by brand, levels were very inconsistent. (See Chart E)

Dual placement rates also



varied among chains and categories. In the example below, Retailer C had a 50% dual placement rate for Category 1, but a 0% dual placement rate for Category 2. This finding suggests that most retailers do not have a systematic process for dual placement planning or execution. Equipped with these statistics, marketers and retailers can educate their respective organizations on the varying execution levels and the magnitude of the improvement opportunity. (See Chart F)

Call to Action

Operating in the Dark is Hazardous to Your Brand

The findings clearly show inconsistent placement results and wide-ranging sales effectiveness levels. Without a formal and ongoing measurement system, all parties (marketer, retailer, and P-O-P producer) will continue to operate in the dark and forego the opportunity to work together to optimize this important portion of the marketing mix.

Applying Proof of Placement Measures

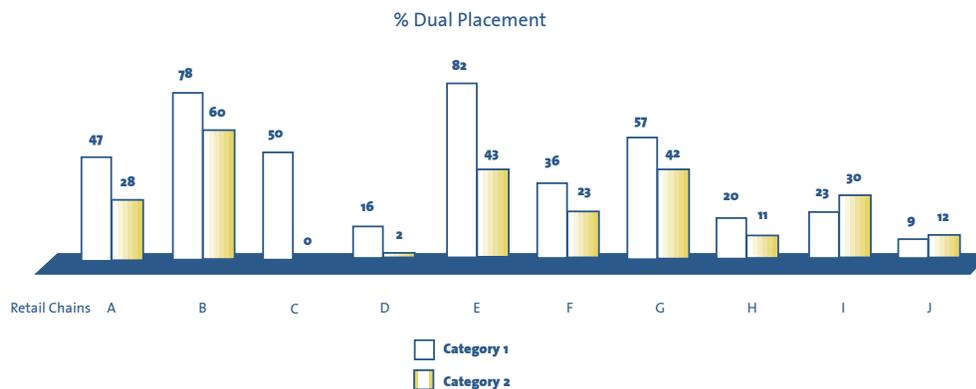
Having “proof of placement” measures available will allow marketers and retailers to measure compliance against intended execution levels. After compliance is determined, performance standards and goals can be established by using the placement information to address “problem areas.” Marketers, retailers and producers can then work together to improve execution. (See Chart G on page 11)

Applying Sales Effectiveness Measures

Once “proof of placement” verification measures are in place and communicated, marketers can work with producers to understand what works and what doesn't for their brands and category. Armed with specific sales lift figures by material, “proof of placement” findings, and material costs, they can measure ROI or develop a payback

Chart F

Variability in Execution Among Retail Chains



Applications of Findings

Chart G

Application of Proof of Placement

The availability of Proof of Placement measures will allow:

Marketers to:	Retailers to:	Producers to:	
✓	✓	✓	evaluate / focus on improving execution levels
✓	✓		measure compliance to intended execution levels
✓	✓		establish performance standards and goals
✓	✓		improve placement through acting on placement information
		✓	offer value-added services to improve execution

Chart H

Application of Sales Effectiveness

The availability of Sales Effectiveness measures will allow:

Marketers to:	Retailers to:	Producers to:	
✓		✓	understand what works / what doesn't
✓	✓	✓	bring better value to clients – insights on what works / what doesn't
✓		✓	optimize the budget – get more sales from same spending
✓		✓	move to value-added services – not just price negotiations
✓	✓	✓	evaluate ROI or payback analysis

Chart I

Application of Cost Effective Audience Delivery Measures

The availability of Audience Delivery measures will allow:

Marketers to:	Retailers to:	Producers to:	
✓			evaluate in-store with the same measures as print and broadcast
✓	✓		plan in-store with the same discipline as print and broadcast
✓			judge the reach and the cost to deliver that reach
✓	✓	✓	value (currency) retail execution
✓			negotiate for audience delivery levels
✓			treat P-O-P as a strategic part of your marketing mix
✓	✓	✓	link execution with sales effectiveness measurements
✓	✓	✓	redirect inefficient spending/execution
✓	✓	✓	optimize P-O-P material selection
		✓	suggest better performing material combinations

analysis to understand the profit generated by placement of P-O-P. Marketers and producers can then further optimize P-O-P investments and educate retailers on the most effective use of these materials. Further, this analysis will allow marketers and producers to compare this P-O-P investment to other brand-building investments. (See Chart H)

Example: Evaluating Trade Promotion

The evaluation of Trade Promotions for the more sophisticated retail trade classes (Food, Drug, and Mass Merchants) typically include:

- ◆ sales increases, over base sales (Lift) and over prior year.
- ◆ penetration of the brand (% of transactions with the brand purchased).
- ◆ trade spending (off-invoice allowances, feature ad costs, etc.).
- ◆ marketing agreement funds.
- ◆ store execution levels.

The most common measures of trade promotion results are sales lift, cost per incremental dollar (CID) and spending as a percent of sales. By combining the sales effectiveness of P-O-P material with the material costs, these measures become available. For example, in a case employing standard sales promotion evaluation modeling, and into which we factored sales effectiveness figures, we're able to illustrate in-store advertising's return on investment (ROI) in terms of generating new revenue. In a case in which base sales of \$2,000 incur a 47 percent sales lift, the incremental sales increase comes to \$938; factoring in the \$100 cost of P-O-P materials, and calculating an estimated profit of 30 percent, translates to \$281 in increased sales. So, the ROI on in-store advertising comes to 181 percent, or 10.7 cents per incremental sales dollar. This results in marketers being able to make comparisons to other forms of trade promotion such as:

- ◆ thematic sign and inflatable/mobile on

a product display compared to an extra 10-cent price reduction for the promotion.

- ◆ in-store advertising compared to coupons or retailer flyer advertising.
- ◆ shelf merchandising unit or shelf strip compared to price promotion.
- ◆ in-store signage compared to outdoor advertising.

The worksheet on page 13 outlines how to calculate the appropriate promotion evaluation measures for P-O-P material.

The top half of the worksheet provides information on P-O-P materials used, the brand's base sales, lift factor (from the tables under each material's graph) and the resulting incremental and total sales. The bottom half details the various payback statistics. In the example, a Brand A promotion with a thematic brand sign and inflatable results in \$663 of incremental sales from one store (in one week).

Therefore, the \$100 cost of P-O-P material delivered a

66% return. Evaluating cost per incremental dollar shows every 15¢ of P-O-P material delivered \$1 in incremental sales. (See Example on page 13)

Applying Cost Effectiveness (Audience Delivery) Measures

The new audience "Opportunity to See" measures have far reaching implications for the industry. They provide the methodology for weekly reach estimates where none have previously existed. By combining the audience delivery measures with the sales effectiveness information, marketers and producers will be able to use a more comprehensive scorecard to demonstrate the true profitability and ROI of their efforts.

Focusing on measurement statistics will afford marketers and retailers the ability to accomplish several strategic goals, which include:

- ◆ greater focus on execution of P-O-P at intended locations in the store.
- ◆ quantification of potential incremental sales available from a

specific campaign.

- ◆ an opportunity to fine-tune the P-O-P mix and cost expenditures.
- ◆ measurement of consumer's exposure to in-store advertising messages.

Some of these learnings may cause a redirecting of spending from less efficient and less effective materials to those with a track record of delivering incremental profits. For example: by looking at the reach of in-store advertising and using standard media planning models, we're able to showcase ROI in terms regularly used by Madison Avenue media planners: the cost per thousand, or CPM. In this case, POPAI used a rough estimate, based solely on one example. Thus, these data are not able to be projected. In one two week-long period, factoring in weekly reach, as well as the respective rates of in-store advertising's proof of placement and cost, a rough estimate of the cost of generating 1000 consumer impressions was estimated to be \$8.53. This CPM figure is roughly

EXAMPLE

Sales & Payback Projection Worksheet

Brand Brand A Base Sales \$ 2,000 (A)

P-O-P Material Inflatable Lift Factor 33.13 % (B)
 or Materials Thematic & Brand
Sign

Incremental Sales \$ 663
 (C) = A x B

Total Sales with P-O-P Material \$ 2,663
 (D) = A + C

Payback Projection

Incremental Sales \$ 663
 (C)

Variable Profit Margin for Brand x 25 %
 (E)

Incremental Profit \$ 166
 (F) = C x E

Estimated P-O-P Material Cost
 (including labor to set up) \$ 100
 (G)

Profit after P-O-P Material Cost \$ 66
 (H) = F - G

Return on P-O-P Material 66 %
 (I) = (H ÷ G) x 100

P-O-P Material Cost per Incremental Sales Dollar \$.151
 (J) = G ÷ C

comparable to that of radio and out of home advertising, and significantly less than for broadcast and print advertising. Collectively, these actions will be healthy for P-O-P producers who will be able to deliver greater value to the consumer and will be the basis for future and more innovative P-O-P material development. (See Chart I on page 11)

The Sales Opportunity is Large

The potential prize from focusing on P-O-P optimization is large. The annual incremental sales opportunity in Supermarkets is estimated at \$2.2–\$6.0 billion, depending upon the aggressiveness of the

assumptions. These opportunity estimates assume:

- ◆ no new product display placements.
- ◆ dual placement focus: P-O-P at the shelf when on product displays.
- ◆ executing marketer-provided P-O-P on product displays currently without any.
- ◆ optimizing the mix and performance of existing marketer-provided P-O-P.

Taken together, these actions can deliver 1–2% growth to the overall Supermarket industry. Each of these specific action areas is identified below. (See Chart J)

The study team encourages marketers, retailers and producers to apply the study findings, to become involved in the POPAI initiative and to recognize in-store advertising as a strategic component of the marketing and sales mix, worthy of increased focus.



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Chart J

Supermarket Sales Opportunity from Improving In-store Advertising*

Current Performance	Actions	Supermarket Sales Impact From	
		From	Up to
Main Shelf			
24% dual placement	A. Execute dual placements	\$350	\$500 Million
Out of 100 product displays			
73 do not have P-O-P	B. Execute P-O-P at all displays	\$1,500	\$4,500
27 have P-O-P	C. Optimize current P-O-P materials & messages	16 didn't work \$350	\$1,000
		11 worked	
		\$2,200	\$6,000 Million

*source: PCI estimates

Study Design & Methodology

Overview

To develop the learnings for the Supermarket channel, POPAI and PCi selected Information Resources, Inc. (IRI) to supply the field data collection, scan data and analytical modeling.

The study team selected 22 major markets across the continental United States to provide a broad representation of store formats, retail chains, and consumer demographics. The Top 15 national and all regionally strong retail chains in the 22 markets were included. In addition, independent retailers were sampled in 10 of the markets. IRI selected a 250-store sample from the existing InfoScan sample to insure confidentiality and eliminate potential for retailers or manufacturers to influence the outcome. Retailers and manufacturers were unaware of the stores used in the study. Collectively, the sample chains represent over 65% of Total U.S. All Commodity Volume (ACV). (See Map)

The study audited 90 large brands in the

following food, beverage, and HBC categories: Beer, Snacks, Ready-To-Eat Cereal, Laundry Detergent, Shampoo & Conditioner, Upper Respiratory, Dog Food and Carbonated Soft Drinks. These eight categories represent nearly 20% of total grocery store sales.

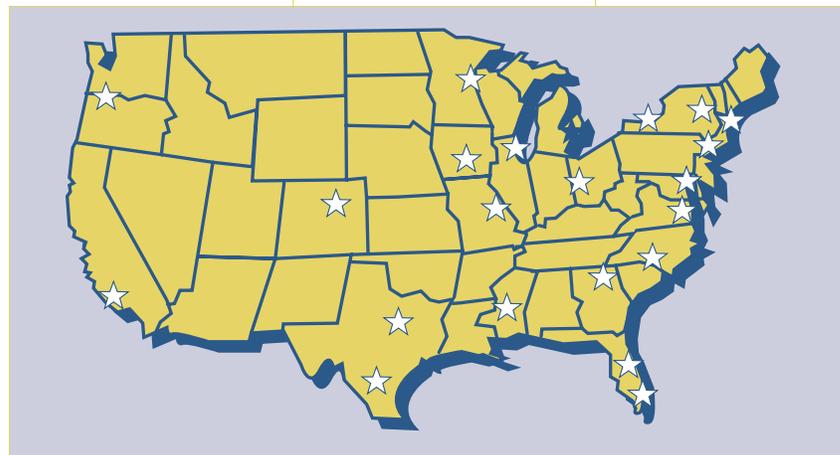
The sample design and modeling methodologies were reviewed and accepted by ARF and PCi in addition to the six sponsoring companies.

Audits – Proof of Placement

Each brand studied in each category was audited

weekly for 20 consecutive weeks during one of three different waves between May 2000 and February 2001. Over 519,000 audit observations were recorded during the three waves; 441,218 at the main shelf and 78,058 brand product displays.

Each week, auditors looked for selected brands on product displays and at the main stocking location(s) (i.e. the Beer category's main stocking location could include both warm and cold



placement). Information was collected about types of P-O-P material at each product location. (See Chart K)

Display P-O-P advertising materials were audited and reported as two separate classifications: Signage and Collateral. Since signs are the most prevalent form of P-O-P, this material was broken down into the various advertising messages that may be conveyed on one

piece of material: brand, theme, account specific, store provided, and P-O-P Display (fixture w/ P-O-P signage). Collateral materials were classified by material type. For example, an auditor categorized a product display with an inflatable and a cardboard sign with brand and retail logos as having a brand message, an account specific message, and an inflatable. In this

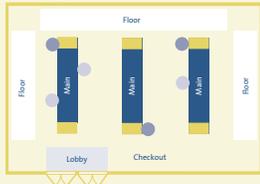
example, two materials were part of the product display (sign and collateral), although three advertising messages were conveyed.

Once the audits were complete, data points were accumulated to allow analysis of like materials as well as various material combinations. These

Chart K

In-store Advertising Materials Collected

Store Layout / Main



Where

- Main Aisle

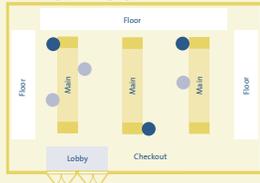
Signage

- Brand Sign
- Retail Price Sign

P-O-P Collateral

- Inflatable/Mobile
- Neck Hanger, Bottle Topper
- Shelf Merchandising Unit (Shelf Talker, Strip, System)
- Wobbler/Dangler, Door Decal
- Coupon Machine/Pad

Store Layout / Display



No

Yes

Where

- Lobby
- Main End Cap
- Adjacent to End Cap
- Floor
- In-aisle

Signage

- Handwritten Price Sign
- Store Printed Price Sign
- Pre-printed Sign, Banner
 - Brand Message
 - Account-specific
 - Thematic
 - Movie Tie-in
 - Price
- Pre-printed Display P-O-P fixture
 - Brand Message
 - Thematic
 - Movie Tie-in

P-O-P Collateral

- On-Floor Promotion
- Motion Display
- Standee
- Inflatable/Mobile
- Wobbler/Dangler, Neck Hanger, Bottle Topper
- Coupon Machine/Pad
- Base, Case Wrap
- Non-P-O-P Prop
- Frequent Shopper Sign

P-O-P material sales effectiveness was assessed through the use of sales response models developed by IRI. The models followed the pattern of standard statistical models used by many leading manufacturers.

clusters provided insight into execution of merchandising combinations and were instrumental in the sales lift analyses.

Sales Lift – Sales Effectiveness

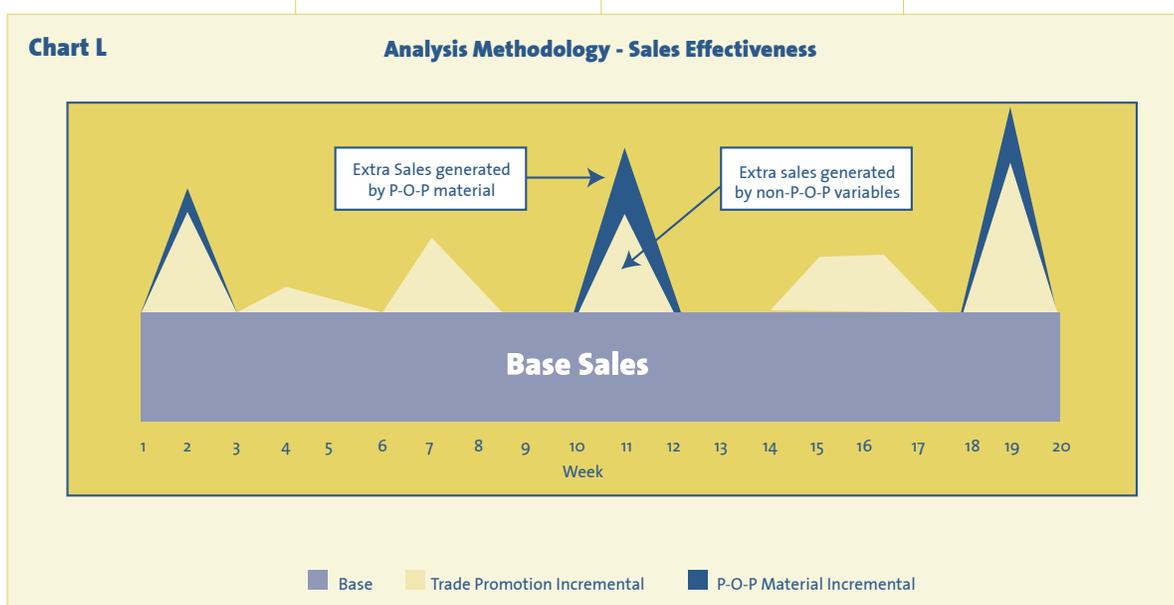
P-O-P material sales effectiveness was assessed through the use of sales response models developed by IRI. The models followed the pattern of standard statistical models used by many leading manufacturers. The lift for each material was determined by statistically isolating the sales impact from

placing that particular advertising material on the product display or at the main shelf. The effects of various other causal factors such as a product display, location of the product display (end cap, lobby, floor, etc), store differences, seasonality, price reduction, promotion and other variables were factored out to isolate the lift effect (see example below). Each brand was evaluated separately using its own response model. Statistical tests were performed to ensure acceptable explanatory

reliability was achieved for each brand. (See Chart L)

All “brand store week” observations for a particular material were used to obtain the sales lift. The models isolated the effects of each material by factoring out the mentioned variables, including other P-O-P materials.

A sales lift was derived for an individual type of P-O-P material if that material was observed enough times by itself, meaning it was statistically valid to provide an



individual lift for that material. The criteria to determine releasability (of single material lifts from model results) was a minimum of 25 observations (an observation is a store week) and an acceptable r-square for the model ('r square' serves as a statistical indicator of accuracy for the sales lift projection).

While brand material combination lifts were not modeled separately, the multiplicative value of the individual material lifts was judged an acceptable estimate of the maximum lift attributable to that combination.

An "average brand" lift was reported for each

category by weighting the brand results by volume for brands with sufficient observations.

Understanding and Applying Sales Lifts

The P-O-P effectiveness findings reported in this study represent the sales increase (or lift) for the *P-O-P material alone*. The lift is above and beyond the lift derived from the product display or price reduction. For example, if Material X delivers a 5.5% average brand sales increase then adding Material X to that product's display would add 5.5% to weekly store sales above and beyond the product display lift.

In general, small or infrequently promoted

brands will experience greater percent lifts, as their base volume is smaller than that of a large brand. When combined with base volume, this smaller brand may not deliver as many incremental dollars of sales compared to a smaller sales lift for a larger brand. (See Example Below)

During the study, no attempt was made to determine a saturation level in either frequency of events or number of ad messages cumulatively present in a store. Both effects require separate study.



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Analysis Methodology – Applying Lifts

	Base Sales	Lift %	Incremental Sales
Brand A <i>(frequently promoted)</i>	\$500,000	5.5%	\$27,500
Brand B <i>(less frequently promoted)</i>	\$150,000	12.9%	\$18,000

Findings from Main Shelf P-O-P Advertising

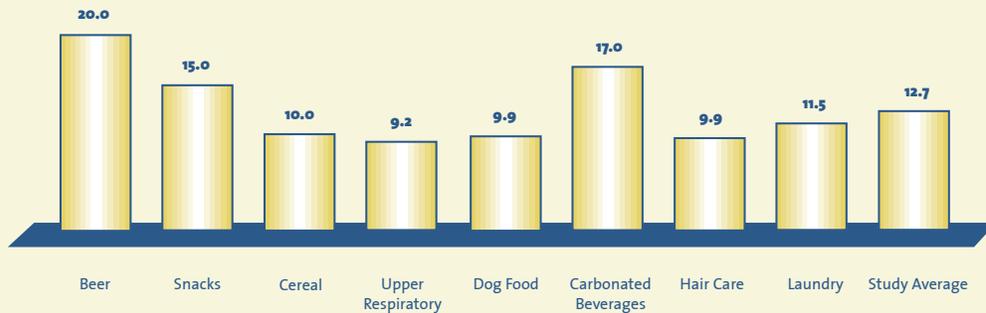
oint-of-Purchase advertising was found at 12.7% of store week brand observations. P-O-P placement ranged from 9.2% to 20.0% among studied categories. The beer category brands had 20% P-O-P execution at the main shelf, the highest level of execution in the study. This may be driven by the category's warm and cold placements in some stores. The lowest levels, 9.2-11.5%, were found in categories that are distributed through the warehouse – Upper Respiratory, Dog Food, Hair Care, Cereal, and Laundry. (See Charts M & N)

Chart M



Chart N

% of Brand Main Shelf Placements with P-O-P



Retail price promotions were the most commonly found P-O-P advertising at the main shelf. This generally consists of a retail price sign noting frequent shopper tie-ins, budget buys, or retailer advertised specials.

Retail Price Promotion

Retail price promotions were the most commonly found P-O-P advertising at the main shelf. This generally consists of a retail price sign noting frequent shopper tie-ins, budget buys, or retailer advertised specials. Across the study, this material represented 39.6% of the average category's main shelf P-O-P mix. (See Chart O)

Most brands experienced modest sales increases (+2.0% to +5.7%) from retail price promotion

advertising. Hair Care brand sales increased an average of +10.0%. Since the effect from the price reduction was factored out, the strong lift generated for the Hair Care brands may indicate that shoppers in this category are not accustomed to budget buys or advertised specials, and therefore their reaction was stronger.

Conversely, the Carbonated Beverage brands received no additional sales increase from the use of this material at the main

shelf. Perhaps the carbonated beverage consumer is accustomed to price promotions at the main shelf therefore, minimizing their effectiveness.

Shelf Merchandising Unit Wobbler/Dangler, Door Decal

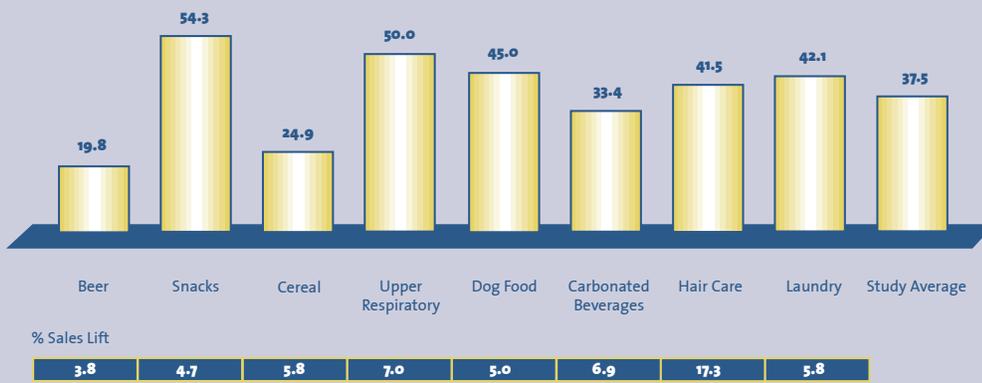
The shelf merchandising unit and wobbler/dangler were the second most common form of P-O-P advertising at the shelf. In some categories this P-O-P adheres directly to the shelf strip, acting as a mini header card. In other categories, the P-O-P takes



Chart P

Main Shelf P-O-P

% of Category's P-O-P Mix at Main Shelf for Shelf Merchandising Unit, Wobbler/Dangler, and Door Decal



the form of a merchandising tray, where it is used to organize product on-shelf and convey advertising messages. These materials accounted for 37.5% of the average category's main shelf P-O-P mix. (See Chart P)

Although the Beer category had the highest execution rate of P-O-P at the main shelf, this vehicle represented only 19.8% of the category's P-O-P mix. The Beer and Cereal categories both used a larger variety of P-O-P signage and collateral at the main shelf.

With the exception of Hair Care, most categories experienced reasonable brand sales increases of +3.8% to +7.0% when utilizing the shelf merchandising materials. Hair Care brand sales increases were exceptionally high, averaging +17.3%. The strong lifts across Hair Care brands may be attributed to the trend in this category towards information based (educational) P-O-P and merchandising at the shelf.

Inflatable/Mobile

An inflatable/mobile was used very frequently at Beer brand displays. This material consists of either a three-dimensional inflatable, filled with air and suspended from the ceiling, or a mobile consisting of several counter-balanced pieces suspended from the ceiling or shelf. The merchandising locations for Beer tend to accommodate these often larger or longer items (on top of coolers, deep gondolas, etc). 44.2% of the

P-O-P mix used by Beer brands was in the form of an inflatable/mobile. (See Chart Q on page 23)

Along with strong execution came a strong sales lift of +8.7% for the average Beer brand when using the inflatable/mobile P-O-P. While Snack and Carbonated Beverage brands did not utilize this material quite as often, they still experienced a good sales lift of approximately +5%.

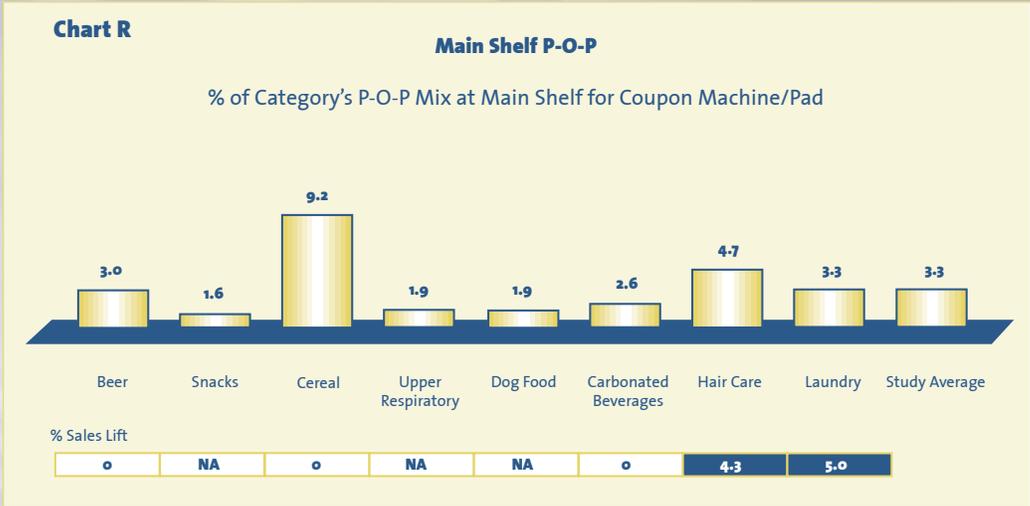
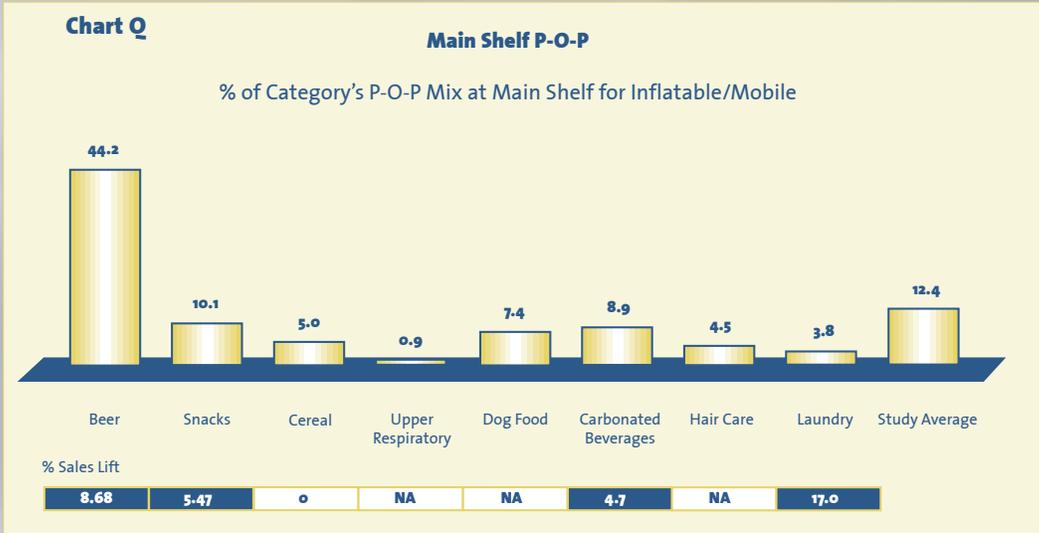
The average Laundry brand, which utilized this material infrequently (3.8% of the time), experienced the most generous sales increase of +17.0%.

These categories have long aisles with many brand choices. The inflatable/mobile may be drawing consumers to the category aisle and then directing the consumer to a particular brand.

Coupon Machine/Pad

Coupon machines/pads were used fairly infrequently as part of the P-O-P mix. These in-store units either adhere to the shelf and electronically dispense coupons, or are in the form of a tear pad announcing a price discount. On average, this material made up only 3.3% of the total main shelf P-O-P mix. For the purposes of this study, rebates, send-aways, and sweepstakes were excluded due to the inability to isolate the impact of the P-O-P material from the offer. (See Chart R on page 23)

A coupon machine/pad helped to increase sales for most Hair Care and Laundry brands that utilized (averaging +4.3% to +5.0%). Some smaller brands within each category achieved double-digit sales lifts when this material was used at the main shelf.



LESS PREVALENT MATERIALS RESULTED IN SALES INCREASES OF +9-17%.

THESE HIGHER SALES LIFTS SUGGEST MARKETERS WERE ABLE TO

MAKE A SUBSTANTIAL IMPACT ON CONSUMER PURCHASE DECISIONS

BY USING A WIDER RANGE OF ADVERTISING MATERIALS. WHEN

CONSUMERS VISIT THE MAIN SHELF AND THE SAME TYPES OF P-O-P

ADVERTISEMENTS ARE PRESENT FROM WEEK TO WEEK AND BRAND-

TO-BRAND, THEY APPEAR TO BE LESS RECEPTIVE TO THE MESSAGE.

Main Shelf P-O-P Summary

Modest brand sales increases of between +2 to +8% were realized by most categories through the use of either a shelf merchandising unit, wobblers/dangler or retail price promotion sign. All were frequently found at the shelf, or main stocking location.

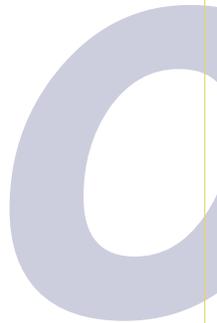
Less prevalent materials resulted in sales increases of +9-17%. These higher sales lifts suggest marketers were able to make a substantial impact on consumer purchase decisions by using a wider range of advertising materials. When consumers visit the main shelf and the same types of P-O-P advertisements are present from week to week and brand-to-brand, they appear to be less receptive to the message. Given the low levels of P-O-P found at the main shelf, marketers and retailers might wish to focus on placement, and create message and material variety to maximize sales result.

Further optimization opportunity, beyond the study scope, may come from understanding the role of message content in consumer purchase decisions (educational P-O-P: Hair Care; price discounts: Laundry, Hair Care; or attention-getting P-O-P: Beer, Laundry).



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Findings from Product Display Advertising



nly one out of every four product displays has P-O-P advertising. (See Chart S on page 27)

91.7% of product displays carried signage provided by either retailer or marketer. Focusing only on display advertising execution, 27.1% of the audited product displays contained P-O-P messages provided by the marketer, such as account specific, brand or thematic. This means three out of four product displays are found without marketer provided advertising support.

24.3% of product displays carried both signage and collateral, indicating at least two pieces of P-O-P material were found at the product display. Marketer collateral was classified into the following categories: coupon machine/pad, display wrap, standee, prop, on-floor promotion, inflatable/mobile, and wobblers/dangler.

The Upper Respiratory category had the strongest

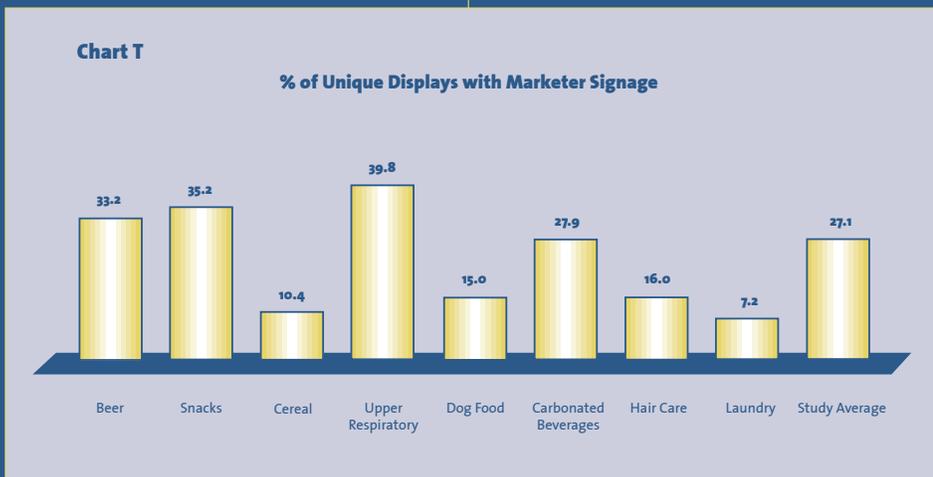
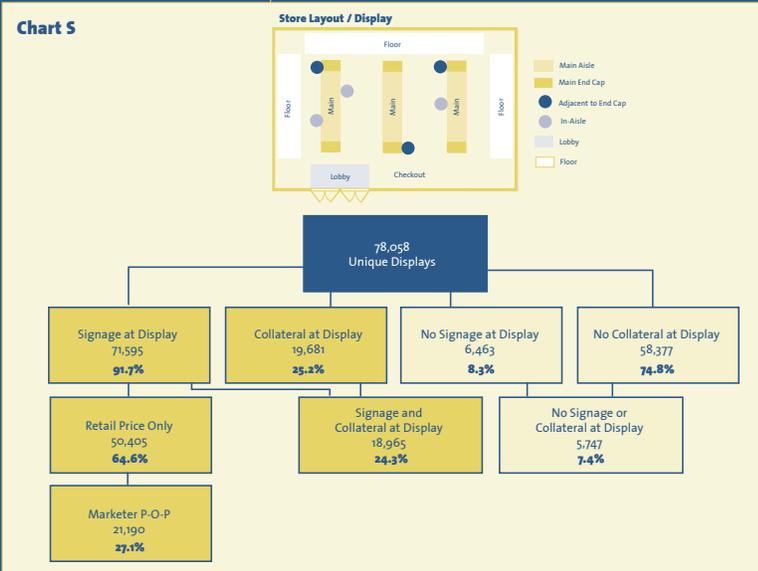
display advertising execution rate due to the shipper programs in which signage is incorporated into the shipper unit itself. Laundry and Cereal brands had the lowest rate of product displays carrying P-O-P advertising. (See Chart T on page 27)

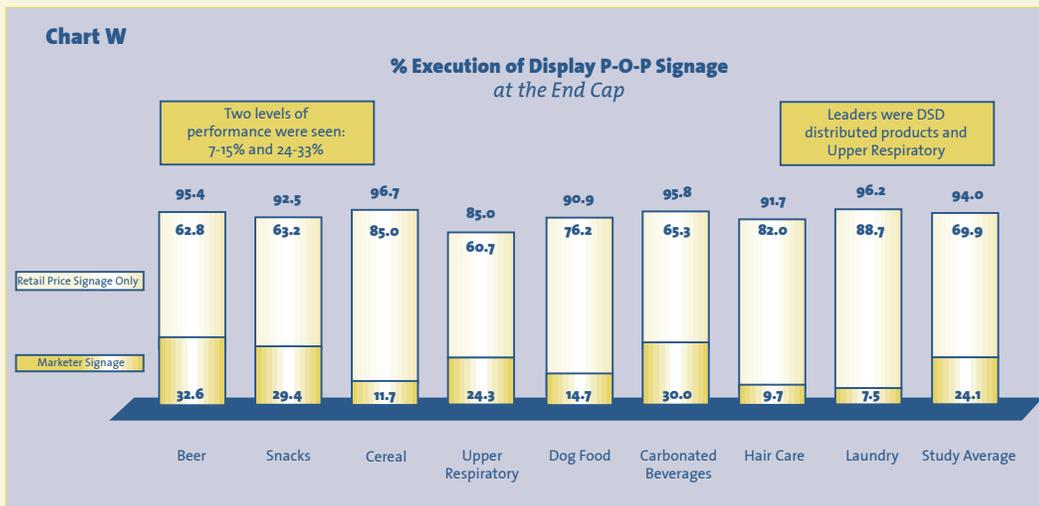
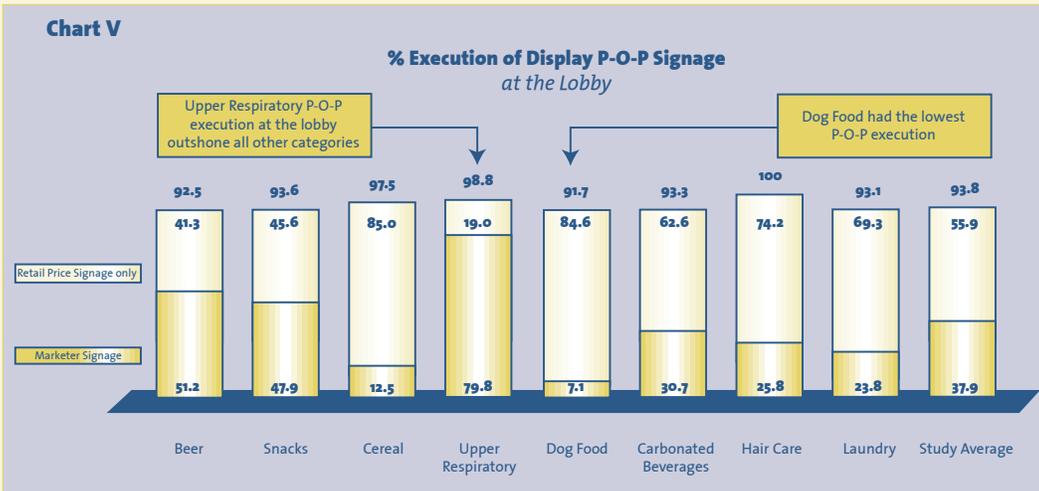
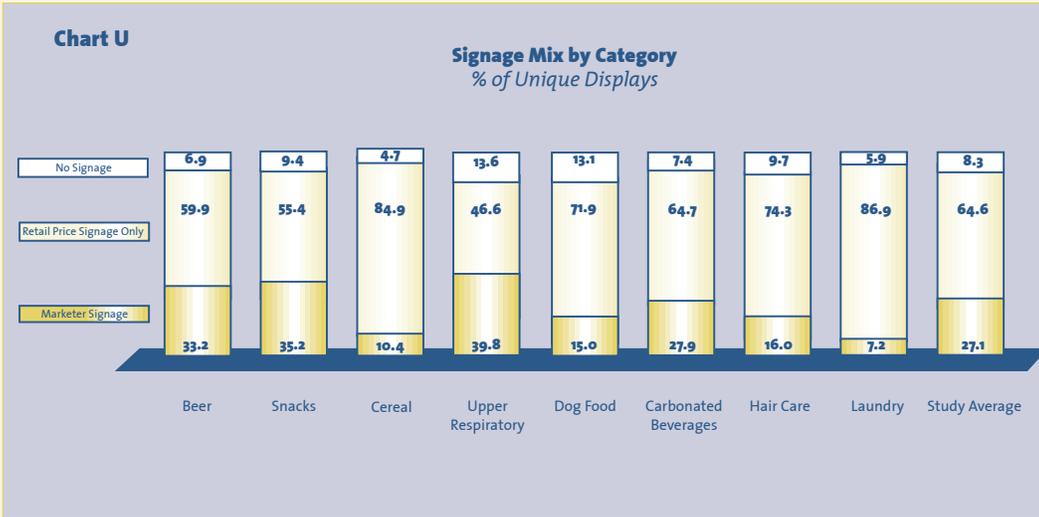
Surprisingly, 64.6% of audited product displays carried only a retail price sign, which was found to be ineffective at increasing sales. The lack of value of these retail price signs may be because they are commonplace and do not draw the consumer's attention.

Across the study, 8.3% of product displays had no signage present at all, not even a price communication. (See Chart U on page 28)

Execution Improvement Needed at End Caps

The Lobby was the in-store location with the strongest rate of P-O-P execution.





The location with the weakest P-O-P advertising execution was also the most common in-store location for product displays — the end cap.

Thirty eight percent of all lobby product displays audited had P-O-P advertising. (See Chart V on page 28)

The location with the weakest P-O-P advertising execution rate was also the most common location for product displays — the end cap. Only 24.1% of end caps had any type of P-O-P advertising, suggesting a great opportunity for execution improvement. (See Chart W on page 28)

Brand Signs with and without Price Communication

Brand signs were the most frequently utilized P-O-P signage at the product display. A brand sign is typically a full color message with graphics pre-printed by a P-O-P producer. Some brand signs include a pre-printed price or starburst where the price can be handwritten at the store level.

Brand signs without a price were executed at 10.0% of audited product displays, while brand signs with a price were found at 4.2% of

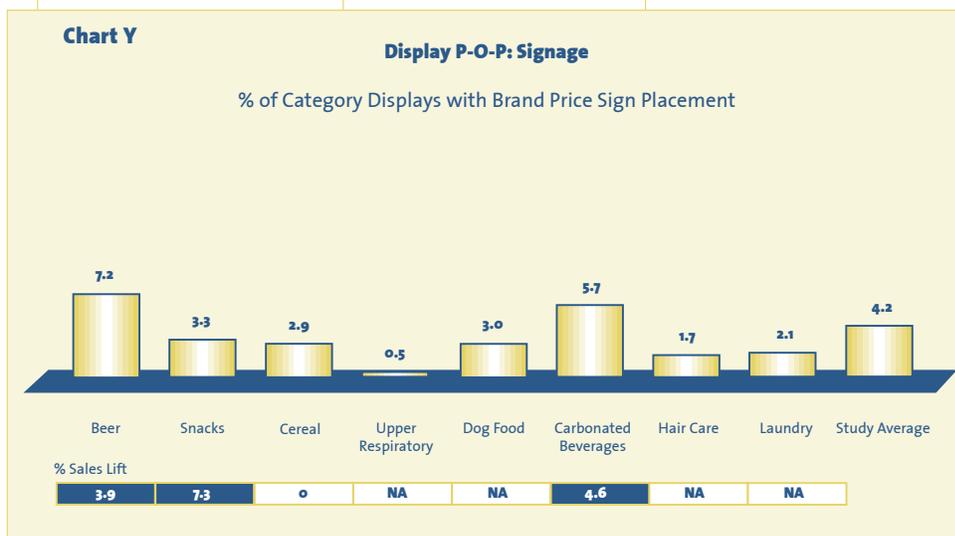
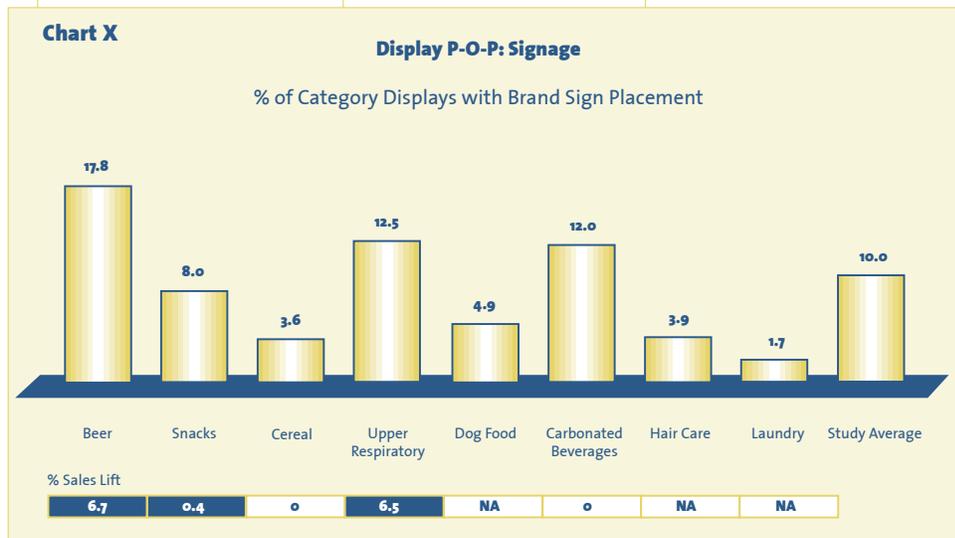
product displays. (See Charts X & Y)

Of the categories that regularly utilized brand signs without a price (at over 5% of displays), only

two generated a significant brand sales lift of over 6%: Beer and Upper Respiratory. In the other two categories, the brands did not experience

sales increases from their use of a brand sign without a price.

When price was added to the brand sign for these



Brand Display P-O-P worked especially well for HBC categories: Upper Respiratory and Hair Care. Generally the in-store locations where these categories are placed have less product display activity; therefore these displays may “stand out” more often to consumers.

categories, most recorded sales lifts (ranging from +3.9% to +7.3%).

It is worth noting that two categories, Carbonated Beverages and Snacks, which are impulse in nature and conduct frequent price promotions, experienced sales lifts only when adding a price to the brand sign. Having the price attached to the brand P-O-P appears to have motivated consumers to purchase. These signs delivered brand sales lifts of +4.6% and +7.3%. The finding

suggests marketers and retailers should not forget the price on brand signs for impulse or frequently promoted products.

Account Specific Message

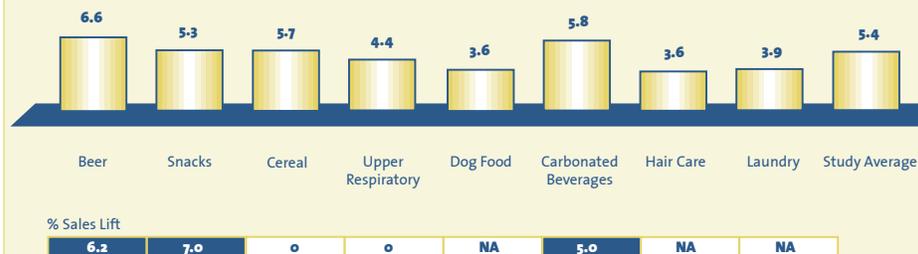
Account specific messages were consistently found at between 3.6-6.6% of each category’s audited product displays. An account specific message refers to a sign that includes the retailer’s logo. Many times this retailer reference appears on the marketer’s brand or thematic material. (See Chart Z)

While the account specific message worked especially well for impulse-oriented categories, the strong sales lifts were more likely a factor of aggressive marketing campaigns. Four of the eight categories studied frequently executed in-store marketing campaigns that integrated thematic events with account specific materials. When combining these two forms of P-O-P advertising, average brand sales lifts grew between +7.5% and +20.2% for these categories. (See Chart AA on page 31)

Chart Z

Display P-O-P: Signage

% of Category Displays with Account Specific Placement



While Cereal utilized an account specific message just as often, the average Cereal brand did not experience any sales lifts as a result.

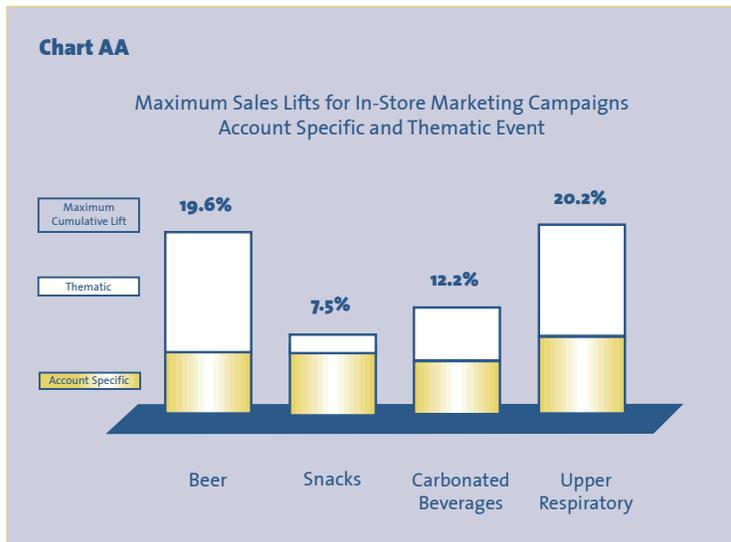
Brand Display P-O-P (Fixture)

Brand display P-O-P is different from a brand P-O-P sign in that it is a moveable fixture often containing full-color graphics and a brand message.

Fixtures are marketer provided pieces of equipment, or shippers, that are used to stock product at secondary locations.

Brand display P-O-P was used at Snack and Upper Respiratory product displays more often than just a brand sign or brand sign with price. This material was represented at 20.0% of Snack and 28.6% of Upper Respiratory's product displays. These fixtures were also used at Carbonated Beverage and Hair Care product displays, although less frequently (7.8–8.9% of their product displays). (See Chart BB)

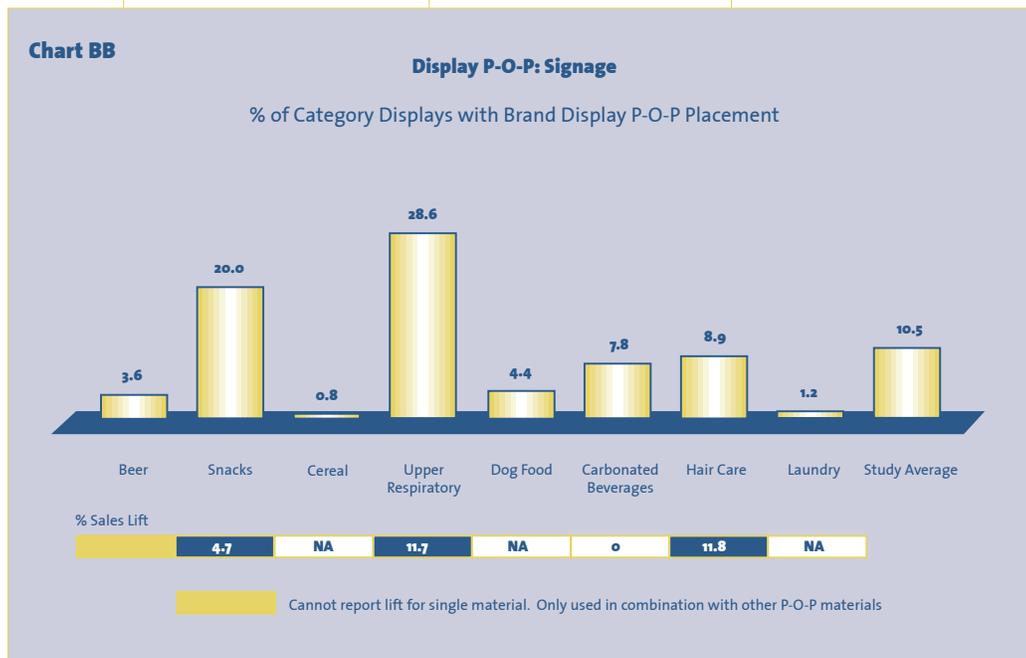
Brand Display P-O-P worked especially well for HBC categories: Upper Respiratory and Hair Care. Generally the in-store locations where these



categories are placed have less product display activity; therefore these displays may “stand out” more often to consumers. Average brand sales increases of +11.7% and 11.8% were realized for

brands in these two categories, stronger than any other branded P-O-P material.

Once again, the average carbonated beverage brand did not benefit from this branded material.



Thematic P-O-P materials worked well as part of the Beer category advertising mix. The average Beer brand experienced a +12.6% sales lift with the use of thematic P-O-P signage.

This helps confirm the theory that the carbonated beverage consumer may not be affected by the message alone, but only when accompanied by price. In addition, the brand display P-O-P, in some cases, blends in with the product packaging and therefore, does not create a point of difference for the consumer.

Thematic Sign & Display P-O-P (Fixture)

While thematic display P-O-P (fixtures) were only used at 1.2% of category product displays studied, thematic signs were used

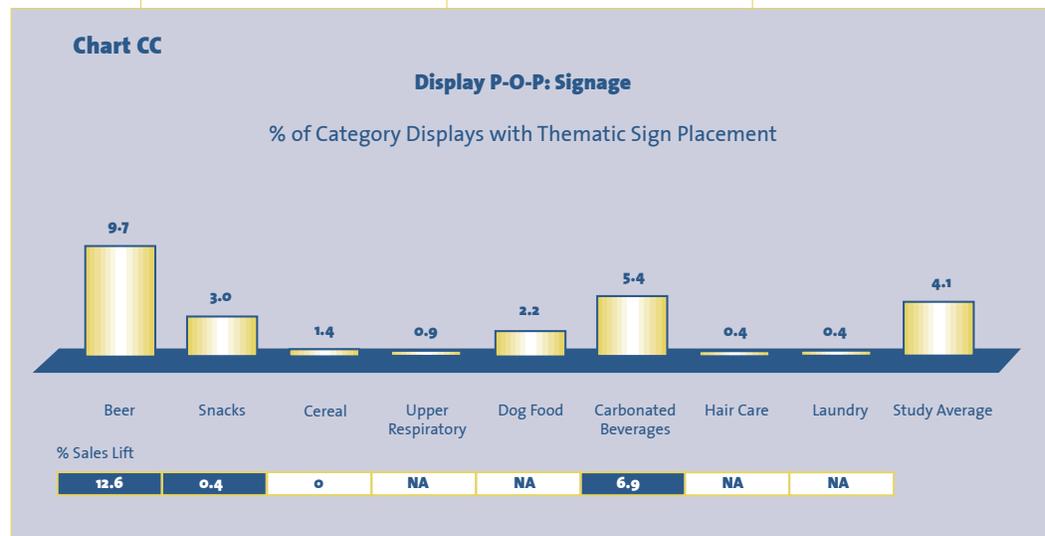
slightly more often at 4.1% of displays, particularly in the Beer, Carbonated Beverage and Snack categories. Thematic signs and display P-O-P generally feature full-color graphics promoting a specific theme or event (e.g. season, holiday, sporting, or charity tie-in). (See Charts CC & DD)

Thematic P-O-P materials worked well as part of the Beer category advertising mix. The average Beer brand experienced a +12.6% sales lift with the use of thematic P-O-P signage.

The average Carbonated

Beverage brand benefited from a 6.9% lift through the use of thematic P-O-P signage, while Upper Respiratory brands realized an average +11.3% sales lift from thematic display P-O-P.

Note: Movie thematic materials were audited and analyzed separately. Although used infrequently during the study audit timeframe, the one category that executed movie thematic materials, experienced average brand sales increases of +2.8% from display P-O-P (fixture) and 10.5% from signage. The



difference between the materials may be driven by the size of the area available for messaging.

The key to evaluating the sales lifts derived from the use of thematic P-O-P materials is to analyze on a brand-by-brand and theme-by-theme basis. The lifts generated are also influenced by the relevance to, or success of, the event.

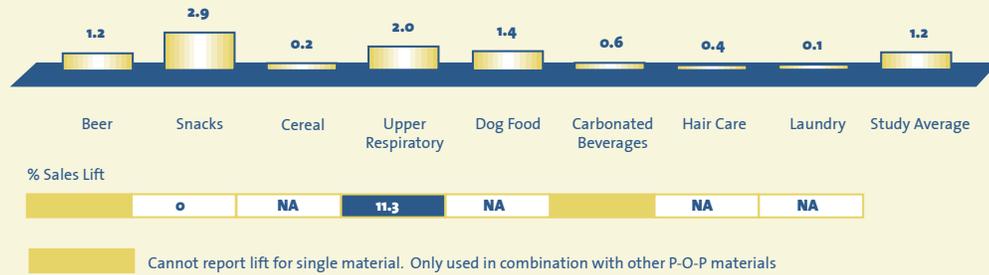
Display Wrap

Display wrap was a

Chart DD

Display P-O-P: Signage

% of Category Displays with Thematic Display P-O-P Placement



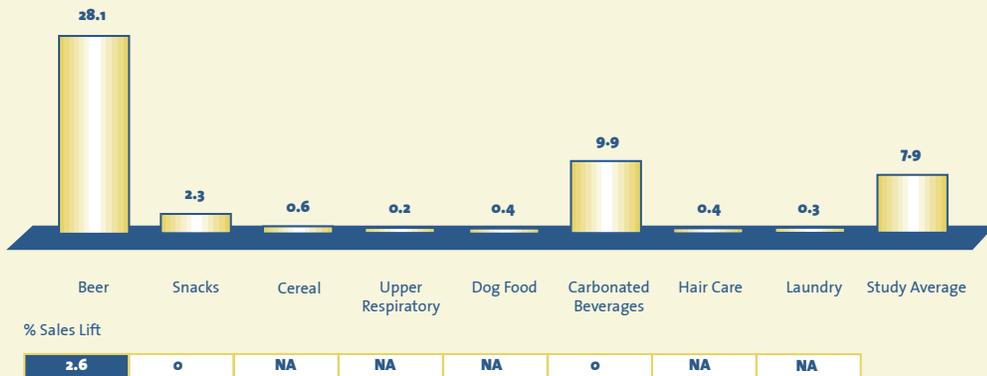
widely used material across two categories: Beer and Carbonated Beverages, observed at 28.1% and 9.9% of respective product displays. Display wrap was either branded or thematic in nature and designed to wrap around the bottom of a product

display or pallet of merchandise. (See Chart EE)
Base wrap only helped to increase brand sales at beer product displays (+2.6%). There are many variations in display wrap, such as graphics quality, content, and size

Chart EE

Display P-O-P: Collateral

% of Category Displays with Display Wrap Placement

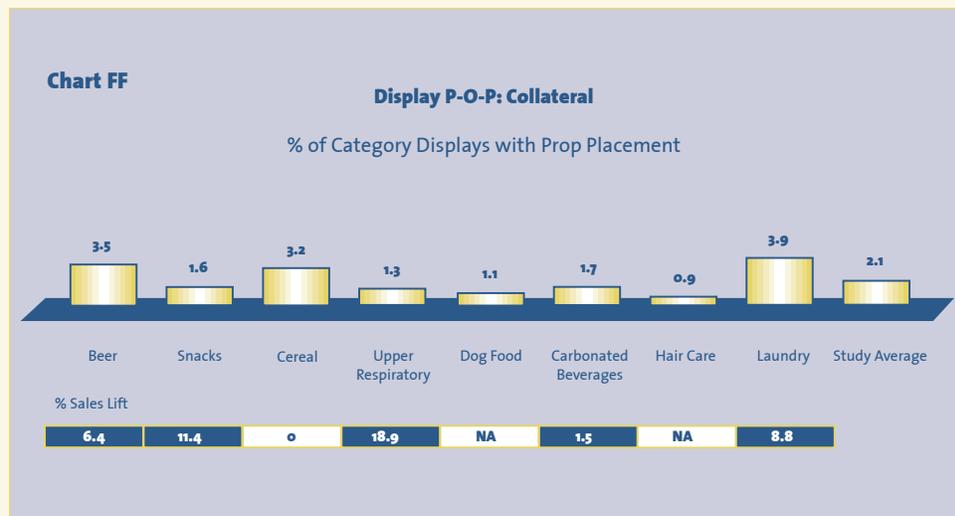


PROPS AND STANDEES WHILE NOT USED FREQUENTLY AT PRODUCT DISPLAYS

(OBSERVED AT 2.1-3.9% OF PRODUCT DISPLAYS RESPECTIVELY), DELIVERED

SOME OF THE STRONGEST AVERAGE BRAND LIFTS FOR ANY MATERIAL.

A PROP WAS USED AT 3.9% OF LAUNDRY PRODUCT DISPLAYS AND



CONSEQUENTLY HELPED TO ACHIEVE AN ADDITIONAL 8.8% IN BRAND SALES.

THE PROPS USED AT THE UPPER RESPIRATORY AND SNACK BRAND PRODUCT

DISPLAYS DELIVERED LIFTS OF +18.9% AND +11.4%, RESPECTIVELY.

The Standee was most effective at Upper Respiratory and Carbonated Beverage product displays, increasing sales +13.8% and +11.5%, respectively.

(e.g. height) that work together to impact effectiveness.

The use of display wrap did not help to increase sales for Carbonated Beverage brands. Yet from the previous learnings we know that when brand materials exclude price, they may not be as effective in increasing brand sales for this category.

Prop and Standee

Props and standees were used frequently at product displays in conjunction with thematic and branded P-O-P. They can be used to support sports related, entertainment, or holiday events. Examples of a non-P-O-P prop would be a canoe, tent, basketball hoop, etc. Props and standees while not used frequently at product displays (observed at 2.1-3.9% of product displays respectively), delivered some of the strongest average brand lifts for any material. (See Chart FF on page 34)

A prop was used at 3.9% of Laundry product displays and consequently helped to achieve an additional 8.8% in brand sales. The

props used at the Upper Respiratory and Snack brand product displays delivered lifts of +18.9% and +11.4%, respectively. The success of props is dependent on the related promotion. A natural connection with the product or event, and visible location, are needed for the prop to have an impact. (See Chart GG)

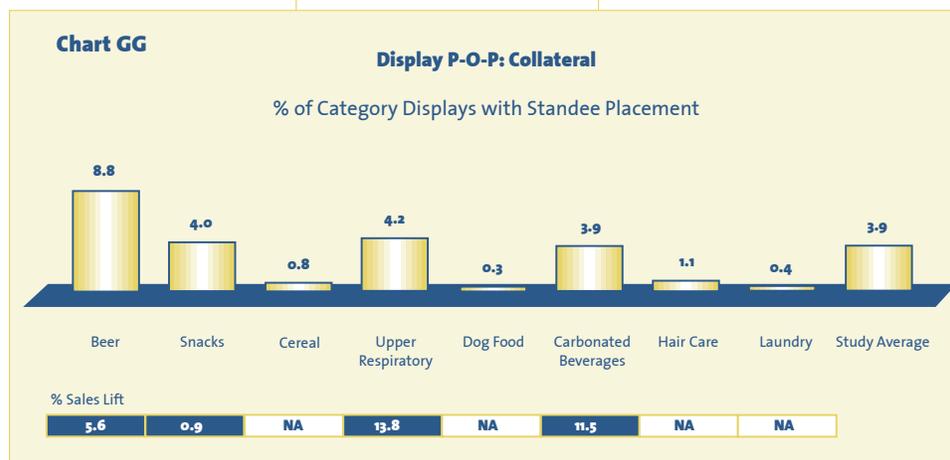
The Standee was most effective at Upper Respiratory and Carbonated Beverage product displays, increasing sales +13.8% and +11.5%, respectively.

Use of this material provides the variety needed at the product display to catch consumers' attention. Marketers and P-O-P producers should evaluate the relevance of message content and tie-in as the primary driver of sales results for a particular brand.

Wobbler/Dangler

A wobbler/dangler was found more often at the main shelf. They were used at only 2.3% of observed category product displays.

Upper Respiratory and



Although used at only 0.7% of Snack product displays, on-floor promotions material delivered +6.9% in incremental brand sales.

Snack brands experienced sales increases of +4.1 to +4.9% from the use of this P-O-P material. (See Chart HH)

Coupon Machine/ Pad

During this study, the coupon machine/pad audited at the product display (only 1.9% of all observed product displays) was most often a pad of coupons offering a price discount. (See Chart II on page 37)

Variations in the coupon offer most likely had the largest impact on the

material's success in increasing sales. This may be the reason why only one category realized a sales lift from coupon offers.

The Carbonated Beverage category was the only category with brands that experienced an increase in sales from this P-O-P material. Even though coupons were used at only slightly over 1% of product displays, a +4.8% sales increase resulted. Brand results varied significantly, highlighting the need for marketers to

perform brand-by-brand analysis before drawing conclusions and taking action.

Inflatable/Mobile

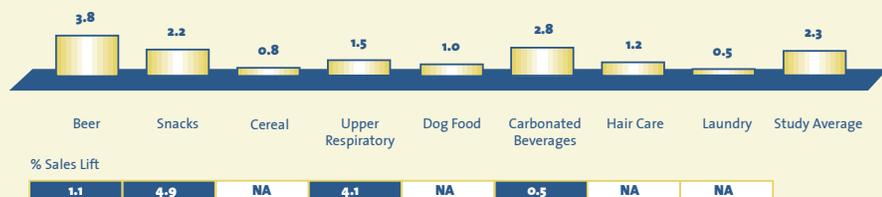
An inflatable/ mobile, used most often by beer brands, was not found as often at product displays as at the main shelf. (See Chart JJ on page 37)

This P-O-P material was effective at product displays for both Beer and Snack brands, increasing sales +5.5% and +9.9%, respectively for the average brand using this material. These categories

Chart HH

Display P-O-P: Collateral

% of Category Displays with Wobbler/Dangler Placement



were also successful with inflatable/mobiles at the main shelf. They were not as effective for Carbonated Beverage brands at the display as they were at the main shelf.

On-Floor Promotions

On-floor promotions were used very rarely during the audited weeks. (See Chart KK) On-floor promotions are visuals of varying size, shape, and quality located on the floor with a product message.

Although used at only 0.7% of Snack product displays, this P-O-P material delivered +6.9% in incremental brand sales. There are many variables that affect the success of this P-O-P material, one of which is in-store location. The on-floor promotions used in this category led the consumer to the product display. Perhaps this strategy may be more effective than only having the on-floor promotions directly in front of the product. Further research is recommended to determine the optimal location and impact.

Chart II

Display P-O-P: Collateral

% of Category Displays with Coupon Machine/Pad Placement

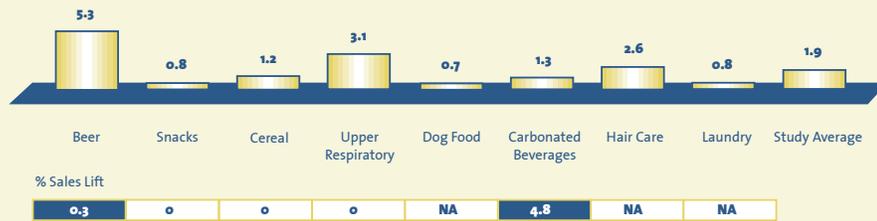


Chart JJ

Display P-O-P: Collateral

% of Category Displays with Inflatable/Mobile Placement

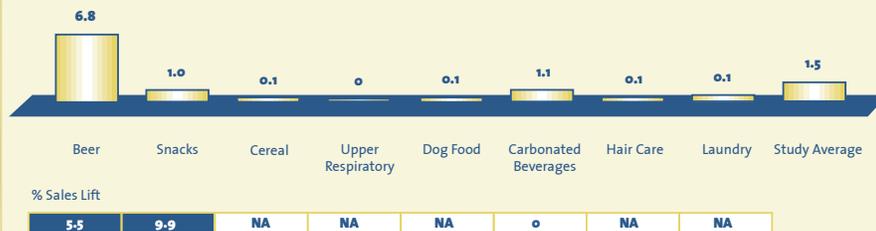


Chart KK

Display P-O-P: Collateral

% of Category Displays with On-Floor Promotions

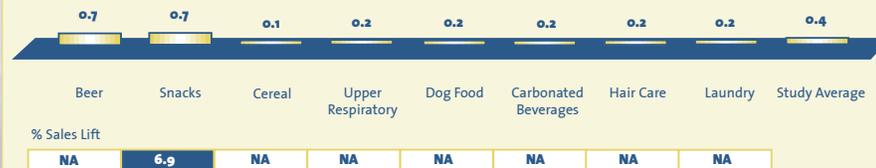


Chart LL

Highest Category Lift
Lowest Category Lift

Minimum & Maximum Sales Lifts Among Categories

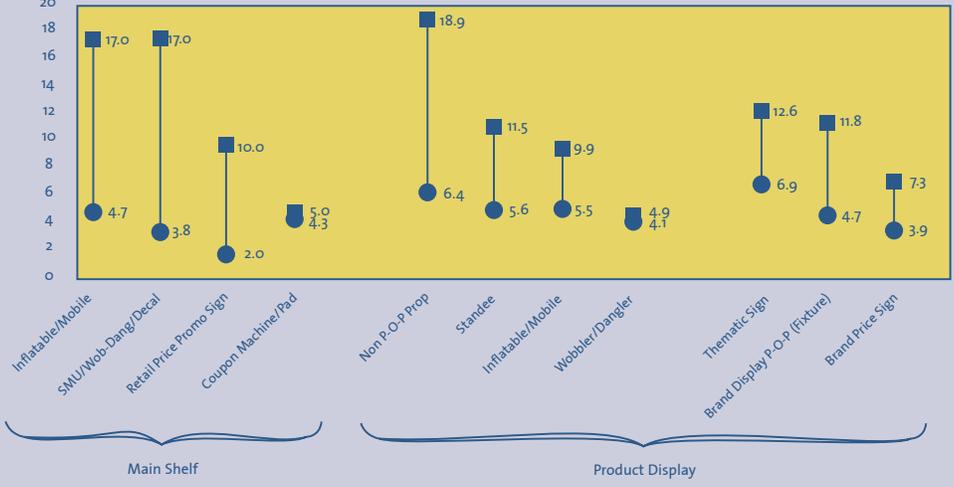
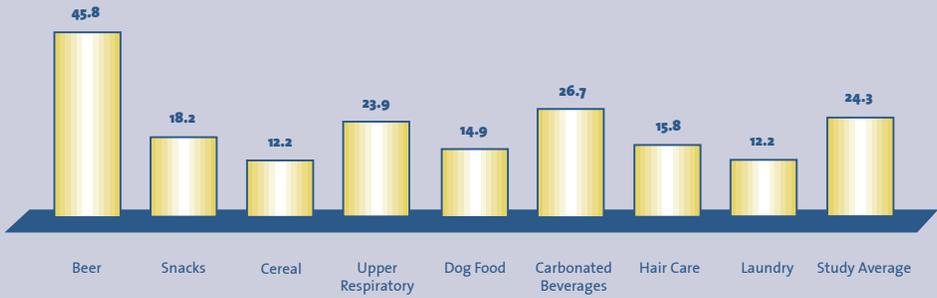


Chart MM

% of Displays with Signage & Collateral

(Two Different Forms of P-O-P Materials at Display)



Categories that consistently obtained strong sales lifts from a variety of display materials included Beer, Snacks, Carbonated Beverages, and Upper Respiratory.

Display P-O-P Summary

The average brand sales increase for display P-O-P materials was stronger than the main shelf average. It was common for average brand increases to reach +7% to +18% for materials such as inflatable/mobiles, props and standees, brand display P-O-P, and thematic materials. (See Chart LL on page 38)

Categories that consistently obtained strong sales lifts from a variety of display materials included Beer, Snacks, Carbonated Beverages, and Upper Respiratory. Although Cereal brands utilized 11 out of 18 of the display materials reported, none were found to increase brand sales. Dog Food, Laundry and Hair Care did not have widespread execution of P-O-P materials at their product displays; therefore any sales increases were concentrated to a few brand/material combinations.

P-O-P Material Combinations

On 24.3% of audited product displays, both signage and collateral materials were present. This indicates that at least two distinct pieces of P-O-P material were at the product display. Product displays with only signage material(s), may have had one sign present with a multitude of advertising messages (combination of brand, account specific, or thematic). The P-O-P material combinations in this report focus on product displays with at least two separate materials (signage and collateral). (See Chart MM on page 38)

To project the sales lift opportunity from the placement of multiple P-O-P materials at a product display, we turn to the knowledge obtained for individual P-O-P materials. Although specific P-O-P material combinations were not modeled in this study, statistically we can determine the maximum sales lift for placing those materials together. The lift will be at least the value of the larger of the two single material lifts and up to the multiplicative value of both lifts (See Example Below).

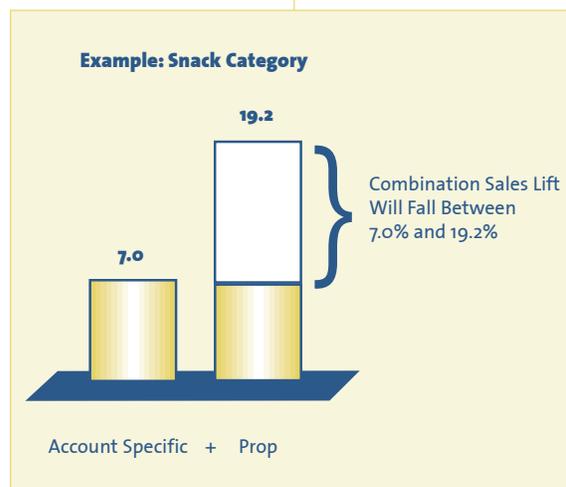
Note: Lift values should only be combined for

known material combinations. The study modeling used actual in-market, not theoretical combinations.

Armed with proof of placement information for material combinations and sales effectiveness coefficients by brand material, marketers now have the ability to build optimal P-O-P combinations for their brands. The next step is to merge these combinations with the associated material costs to complete a ROI and payback analysis (see Overview of Key Learnings and Applications).



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Excerpt from “In-Store Advertising Audience Measurement”

POPAI along with ARF and PCi are further developing the audience delivery tool that will put P-O-P on par with print and broadcast advertising.

The independent availability of in-store advertising measurement is expected to significantly increase the productivity and effectiveness of marketers’ and retailers’ P-O-P spending. In addition, if the results demonstrate, in-store advertising will now be on better footing to earn a larger share of the media budget.

While none of the current media measures were found to fit “as is,” the principle that underlies them all is readily adapted to the new in-store audience measurement system. At their core, the measures for in-store advertising like other media need to provide a measure of the consumer’s “Opportunity To See” the advertising. This concept has been so ingrained in the media world that it is short-handed: OTS. As the term OTS implies, audience measures don’t guarantee an attentive consumer carefully absorbing the ad message; rather it implies open eyes (or ears) in front of the media vehicle — an opportunity. In traditional media the vehicle might be a television program, or a

magazine issue – not the ad itself. For in-store advertising, we take the store to be the vehicle, so an OTS is an exposure to the store, not necessarily the ad itself.

To develop this new measure for in-store, media characteristics were examined to develop a comparable basis for in-store measurement. Television, print and radio are targeted vehicles with the marketer expecting to reach a demographically specified audience, segmented by age, and gender. In most instances these are actually surrogates for the marketer’s real target, which may be defined in terms of product purchase or usage behavior. Targeting media directly to shoppers is actually more effective, but is different from the traditional methods with which media people are familiar. Over the past few years, most media people have adopted Recency Theory, which states that the closer the ad exposure is to the purchase occasion, the more effective it will be. Another advantage for in-store advertising!

The full white paper contains a discussion of measurement methodology for a number of key media planning and buying measures:

- ◆ **Potential Weekly Reach** is defined as the maximum reach achievable by an in-store message. The maximum assumes 100% execution at retail. To develop the Potential Reach measure for in-store, two approaches were developed. The first approach assumes the availability of consumer-based information, while the second uses store measures and reasonable averages and approximations. While the first approach is the more accurate, and therefore preferred, the data are not always available. Both approaches were developed for application at the store or chain level and recognize the need for de-duping to reach a credible market level measure.
- ◆ **Actual Weekly Reach** is defined as Potential

Reach adjusted to reflect actual execution level achieved. This reflects the fact that not every store will properly execute the campaign. The execution level, or proof of placement, is a critical element in this in-store audience measurement methodology.

The actual execution level is crucial to developing an accurate actual or realized reach. Today, execution levels can only be measured with sufficient accuracy through visual inspection of a store to confirm in-store ad placement. These store audits, conducted routinely, randomly or during key weeks (sweeps concept) should be performed by a variety of third-party services that are independent from those using the audit results.

◆ **Frequency**

As with outdoor, online and print media, a consumer can be exposed to an in-store ad message multiple

times in the week measurement period. Weekly frequency measures, by chain by market, can be obtained from:

- household panel services.
- individual retailers, primarily from frequent shopper data.

Retailer-specific information, eventually at store-level, is needed to avoid “averaging away” important distinctions and valuable information.

◆ **Impressions/Gross Rating Points (GRP)**

Once reach and frequency are developed, the Gross Rating Points measure can be easily computed. To distinguish between in-store and out-of-store media, a separate name has been developed: *In-store Rating Points (IRP's)*. IRP's are defined as reach (%) times frequency.

◆ **Cost Per Thousand Impressions (CPM)**

Understanding the cost of delivering impressions to the audience is just as important as being able to measure the audience. Cost per thousand impressions (CPM) is the common denominator for comparing different media cost.

This measure is used to allocate media budgets across different media, along with the tracking of actual performance.

The P-O-P cost per event should capture the cost of P-O-P material and the labor cost for setting up the material in-store for all the stores with placement. The audience, also known as reach, represents the actual number of people (in a week) who have the opportunity-to-see the material.

Application of Audience Delivery Measures

The application of audience delivery measures will be far reaching. In-store advertising can now be evaluated and planned

MARKETERS WILL BE ABLE TO INCLUDE IN-STORE ADVERTISING VEHICLES AS PART OF THE MEDIA PLANNING PROCESS. MARKETERS AND RETAILERS WILL BOTH BE ABLE TO JUDGE THE REACH OF IN-STORE ACTIVITIES ALONG WITH THE COST OF DELIVERING THAT REACH. THESE MEASURES MAY ALSO EXTEND INTO SALES FORCE AND THIRD-PARTY SUPPORT SERVICE APPLICATIONS FOCUSED ON THE IMPORTANCE OF RETAIL EXECUTION.

with the same discipline afforded print and broadcast. The methodology outlined in this paper will provide reasonable audience estimates, on a par with those used for traditional media. It can also be used in a variety of settings including those that are data-rich and those less well measured.

Marketers will be able to include in-store advertising vehicles as part of the media planning process. Marketers and retailers will both be able to judge the reach of in-store activities along with the cost of delivering that reach. These measures may also extend into sales force and third-party support service applications focused on the importance of retail execution. After those will come scorecard development and negotiated levels of performance in both execution and audience delivery. Imagine a marketer offering an incentive to a retailer for providing x level of impressions for a target consumer segment.

When armed with independent statistically valid evidence of the sales response from a particular combination of P-O-P materials, marketers, sales forces and retailers will have compelling reasons to focus on execution and measurement – to achieve the maximum potential incremental sales, fully leverage both the promotional event or product placement and leverage the P-O-P expenditure. At the same time, some of the learnings may cause a redirecting of spending from less efficient and effective materials into those with a track record of delivering incremental sales profitably. This shifting, based on knowledge, is healthy for P-O-P producers, delivers greater value to marketers and retailers and is rewarded by the consumer who drives the entire process with the additional product purchases.

By connecting audience delivery and sales effectiveness (response) quantification being undertaken by POPAI (in the channel-specific

The current POPAI/ARF Measured Medium Study has broken a log-jamb that has impeded in-store advertising progress for decades.

measurement studies), marketers will be able to view a more comprehensive scorecard than exists for all other forms of media. It will still be important to conduct the types of communications studies done for other media to answer the “why” questions. Even with a direct link between campaign and performance the understanding of what drove success or failure may not be apparent. Marketers hoping to repeat successes and avoid repeating failures are advised to seek the reasons why. In turn, this research can only build marketers’ knowledge, enhance the quality of in-store advertising and increase the value of the medium.

In-store advertising will now not only be measured, but also will set the standard for planning and tracking the link between audience delivery and short-term sales response. As companies begin to experiment with audience delivery and sales effectiveness measures new insights will be

developed, which will likely refine this methodology and extend the various applications.

Defining the Next Goal

The current POPAI/ARF Measured Medium Study has broken a log-jamb that has impeded in-store advertising progress for decades. With only the first phase of this multi-year study completed we can already define the road map to standardized data methods and sources to enable the planning and management of in-store advertising as a measured medium, comparable to all the traditional media. There is a good deal of work ahead to complete this project and fully implement its findings. Nevertheless we can already begin to define the next set of goals. These fall into three categories: (1) tightening precision, (2) extending reach estimates and (3) moving up the ARF Media Model’s hierarchy of relevance from vehicle exposures to advertising exposures. Let’s consider each of these briefly.

Tightening Precision

There are a number of factors that go into this methodology. Some rely upon generalized learning to provide a sound estimate, but could be made more precise if more situation-specific data were available. These are:

- ◆ Cross-chain shopping: these factors are needed to “de-dupe” the sum of individual chain reach estimates. Third-party purchase panel and/or retailer frequent shopper data are good sources for this information.
- ◆ Trips per Week: The Food Marketing Institute (FMI) national estimate of 1.5 could be replaced with a market-specific and chain-specific estimate produced from third-party purchase panel or retailer frequent shopper data.
- ◆ Persons per transaction: the FMI national estimate of 1.25 could be replaced with a market-specific, chain-specific, time/day-specific estimate. Syndicated sources do not readily

provide this information, but a periodic custom survey could.

- ◆ Level of execution: the potential to automate this in the long-term has been mentioned. The need to employ current technology to cost-efficiently achieve this monitoring today cannot be overstated.

Extending Reach

The current methodology provides for weekly reach estimates. Media planners need to extend these estimates over longer time frames and combine them with other media to fully evaluate the contribution of various levels of in-store activity to the media plan. This will generally be handled as two related but separate projects.

The first, extension of in-store reach estimates over time, could be accomplished through further tabulation of purchase panel or frequent shopper panel data. Four-week reach estimates would be most useful. The usual execution patterns of P-O-P should inform this process and may make it

fairly straightforward.

The second requires some measurement of in-store exposure via the same study measuring the other media to be considered. A number of such syndicated surveys exist. The addition of in-store seems reasonable. Questionnaire specifications would need to be worked out, as would the sources of support for the added cost.

Ad Impressions

As with other media, all of the above measures start with the vehicle, in our case store, OTS. While not a currency measure for other media, from time to time, the measurement and analysis of Opportunities To See the actual advertising provides guidance toward the valuation of alternative placements as well as the over-all value of the each medium in relation to the others.

While not readily available, chain-specific data could be collected from time to time to map the traffic flow through the store and create exposure factors for various store-parts. So we

may learn that for every 100 shoppers, 95 are exposed to P-O-P in the dairy section, while only 73 find themselves in front of the fish department.

Looking toward the longer-term, there is a general industry interest in moving the media currencies forward from the incumbent, vehicle exposure, to the more relevant, advertising exposure. We already have this in Out Of Home, due to its nature. The Online Media are on the verge of standardizing on this as their currency. We can look forward to all addressable media (e.g. interactive television) to employ the same currency standard. Such a move on the part of the in-store media would be advantageous.

A complete copy of this white paper can be obtained from POPAI at 202.530.3000 or www.popai.com.



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