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## Get Them Where They Shop

By Pat Pape

**Selling to your customer at the point of purchase is vital to growing the bottom line.**

Your store is a great place to advertise. The customer is already there and receptive to making a purchase. You have the ability to control the environment and the number and types of messages you communicate. And today you can choose from more media formats than ever before—everything from simple signage to video and digital messaging—to get your points across.

In-store advertising has been morphing in recent years from a primarily paper product to TV screens and other "techy" communications tools. An estimated 630,000 TV screens now can be found in 97,000 U.S. retail stores and that number is projected to grow by 20% a year, according to PowerPact, a consumer marketing agency. Spending on in-store TV advertising was expected to hit \$262.5 million last year, up 25.3% from 2006, according to estimates by PQ Media, a media research organization that projects double-digit growth through 2011.

Some mega retailers, such as Target and Wal-Mart, are setting high standards by developing elaborate in-store TV networks. Wal-Mart has announced it will install LCD monitors throughout its stores and feature multiple channels of department-specific content, while Target is broadcasting a steady stream of video promotions on "Channel Red." The exclusive channel can be viewed on the TVs for sale in the electronics departments of Target's 1,400 U.S. stores.

It's a tactic that many movie theatres have been employing for years to promote upcoming films, which leads to repeat business, and the high-margin concessions area.

There are many pluses to high-tech merchandising programs. They have longer usable lifecycles and fewer installation and operational challenges. Most can be operated remotely, making it easy to ensure that the right message is being sent to customers in a timely manner. According to some estimates, retail store managers fail to deploy mandated POP displays as much as 50% of the time, a problem that off-site control overrides. As for customers, they can mute their at-home TVs, but in a retail environment they are the proverbial captive audience.

### TV is a Gas

Gas Station TV (GSTV), based in Oak Park, Mich., communicates with customers at the gas pumps through a growing network of TV monitors that reach millions of viewers each month at approximately 500 gas stations and convenience stores nationwide.

During the estimated 4.5 minutes it takes to pump a tank of gasoline, consumers can watch the private network's weather reports, entertainment and advertising. GSTV provides the technology and programming to store operators and doesn't split the revenues from the advertising it sells. However, a special feature allows individual stores to advertise their own in-house promotions on the monitors.

According to David Leider, CEO of GSTV, the network is an ideal way to reach consumers and drive them from the pumps and onto the store floor. At the present time, GSTV can be viewed at select locations of Chevron, ConocoPhillips, CITGO, ExxonMobil, Murphy USA, Shell, Speedway and Valero, and the company hopes to have 10,000 screens installed at U.S. stores by the end of this year.

## Turnkey POP

In addition to being an important marketing tool, in-store advertising can be a source of revenue for the store operator.

Dallas-based Combustion Media Inc. has developed an in-store POP program designed to enhance the customer's shopping experience while lifting brands to new heights, literally. The company has created the AirShow, an in-store billboard program. The retailer signs an agreement giving Combustion Media exclusive rights to the unused air space located above the store aisles. Combustion Media installs AirShow's in-store billboard fixtures in that space at a minimum of 8 feet from the floor and adjacent to the actual products being promoted. The self-illuminated billboards are two-sided and designed for maximum promotional exposure.

AirShow's turnkey program includes fixture installation, securing advertisers, and installing and maintaining the graphics, all at no cost to the store. Advertisers, such as Frito Lay or Coca-Cola, lease advertising space on the billboards on an annual basis and have the freedom to change promotional messages as often as they like. Combustion Media offers the participating store a revenue sharing program, which generates a new profit stream.

"This is a win-win situation," said Mark Bowring, chief operations officer of Combustion Media. "The store gets a face lift with contemporary POP, increases sales and enhances the shopper's experience by providing improved brand awareness and ease of store navigation."

The program has been adopted by a number of convenience and grocery stores in the U.S. and Puerto Rico and is currently being tested in several chains, including Centennial c-stores in Dallas.

"We have two primary objectives for this form of advertising and how it relates to our customers," said Ron Cockerham, senior vice president of retail operations for Centennial, which operates 11 convenience and 26 package stores. "We are trying to increase the incremental sales within each of our stores, and we are trying to increase our revenue stream."

Cockerham sees this new program as a creative way to handle special sales promotions and manage cross-advertising.

"For example, we may place a soft drink advertisement above the rum section in one of our package stores or place it above where the chips are located in one of our convenience stores," he said. "If we run a sales promotion on a specific item, we can use this format to target the item. We believe this type of advertising will promote both impulse sales and products with higher margins. The concept is interchangeable in as far as using it in a package store or convenience store. Obviously, the product focus will change to a degree."

Like other retailers that have adopted the billboard program, Centennial appreciates the clean, bright look of the signs, plus the financial incentive that goes with the program. But most importantly, management thinks the signs will impact consumers.

"The message here is plain and simple," he said. "You have shoppers already in the store that may be influenced to purchase an item based entirely on this advertising. I think this form of advertising is possibly more effective strategically than the subliminal message of billboards."

## Tried & True

But not all convenience retailers are rushing to jump on the high-tech bandwagon. For example, 7-Eleven has looked at digital POP, sees the advantages and is evaluating the opportunity.

Like other major retailers, 7-Eleven has established POP standards for its store operators, 80% of which are franchisees. "We want a consistent look and clean, concise messages for our customers, not confusion," said Becky Kelly, national POP manager for 7-Eleven.

Currently, the convenience store giant follows its own long-standing tradition of shipping a POP kit to every store at the end of each month in preparation for the coming 30-day period. Components of the 80-to-100-piece kit are expected to be in place on the first day of the new month.

"We have a strict schedule," said Kelly. "Store operators and franchisees know when it is

going to hit, and they schedule their labor for it."

To keep those many items organized, the company's POP supplier labels and bags all items based on the different areas of the store. There is a bag of POP for the bakery case, one for the Slurpee machine and so on.

"This makes it a lot easier, because store operators don't have to sort through it," Kelly said of the system. "Also, if employees are putting up POP and have to wait on customers, they can go back to the POP box and pick up where they left off."

On Your Way, the 51-store convenience chain headquartered in Muskegon, Mich., also replenishes in-store POP monthly, and store operators are expected to have new signage up on the first Monday of each month.

"We have four distinct seasons, and we tie our promotions to those seasons," said Bryan Link, company spokesman.

On Your Way, the retailing arm of Wesco Inc., works one month out to ensure a consistent look and message for all signage. Vendors are allowed to contribute to the POP, but they must follow mandatory corporate guidelines. "We prefer that they ask permission rather than forgiveness," Link said.

### **Searching for Answers**

The effectiveness of POP advertising in today's retail environment—whether paper, plastic or high-tech—can be difficult to evaluate. Retailers strive to create effective in-store communication programs but sometimes the best effort only adds to visual clutter.

Recently, the Point of Purchase Association International (POPAI), the trade association for the marketing at-retail industry, launched a study to learn more about how customers react to what they see in the store and what the impact is on their buying habits. According to Tim Buchholz, senior vice president of corporate communications for POPAI, the "proof of concept" study has shown that the research will generate good data.

In the initial study, POPAI researchers gave customers eyeglasses with tiny cameras attached. The cameras tracked and recorded what customers were viewing in a retail environment. They discovered that customers will walk into a store and take a broad look around. But when they paid close attention to a particular product, they looked below the traditional eye level.

"When customers focused on products on the shelf, they were looking about waist high," Buchholz said. "That's where they were engaged and focused."

POPAI is preparing for the next round of research and expects to do some type of study every quarter. Ideally, the research will result in new, more effective ways to encourage customers to purchase just one more item.

"There are a lot of marketing materials in stores, but having a lot doesn't mean it produces more sales," Buchholz said. "Research will provide more definitive answers regarding the right way to do it."

Once customers walk into your store, they become your audience, but one that is being bombarded constantly by promotions, advertising and miscellaneous messages. Whether using high-tech or traditional POP, the trick is to make an impact without merely adding to the clutter.

"We try to make everything clean and simple," Link said of On Your Way's in-store messaging. "We have to respect our customers."