Marketers are turning their backs on television advertising. But do they have a grip on the alternatives?

# If Not TV...?

**A new survey of 192 senior-level marketers by *Reveries.com* found 70 percent are frustrated with "traditional" media and 90 percent are actively seeking alternatives. Surprisingly, a whopping 72 percent said they are exploring "in-store" media as an option. However, almost half of respondents — 47 percent — rated their ability to measure the effectiveness of retail and other alternative media as only "fair" or "poor." Why is that and what can be done about it? To explore those questions and other related issues, we sat down with Dr. Brian Harris, founder and co-chairman of The Partnering Group, an internationally acknowledged pioneer and thought leader in marketing brands through retail.**

### What's your overall take on the survey's results?

The numbers are thought-provoking. About 70 percent agree that the effectiveness of traditional TV advertising has been reduced. Other studies have indicated that that's the case, but when you get 70 percent of senior-level marketers saying that, it's a pretty solid indication that television as an advertising medium is in decline.

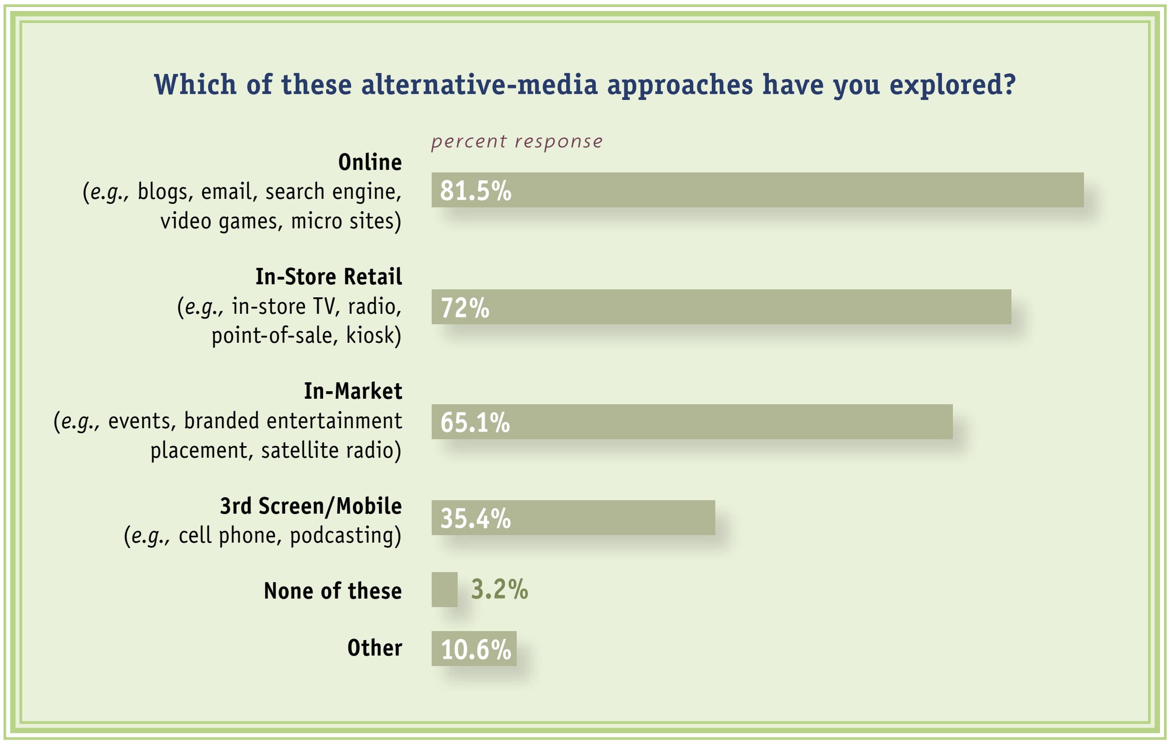
Then, as a result, it's not just that marketers are frustrated with the declining effectiveness of TV ads, but more than 90 percent say they are actively looking at alternatives, and about 60 percent say they are looking at alternatives as a "high priority."

Almost three-quarters of respondents basically are saying that in-store retail media are emerging as legitimate alternatives to achieving greater effectiveness in their media spends. If you went back two or three years ago, the percentage would have been nothing like that. Retail media now has moved into second place behind online media. Also, given the broadening array of in-store options that exist today that we didn't have in the last couple of years clearly suggests that in-store media is now becoming part of the mainstream search for media alternatives.

### Why do you think that is?

Marketers are looking at consumer trends in media usage. For us to reach consumers in a "leisure" setting is more difficult than it used to be. The need to connect to the consumer when the consumer's attention is on the purchase decision and not just simply in an entertainment (and therefore less in a purchase) setting is clearly a key behavioral reason that underlies this kind of trend.

As we all know, consumers today are just plain busy. They have many distracting alternatives and ways of screening out distractions in other media options. Once in-store, people are in a purchasing mode. They are there to buy something, to get information about




SOURCE: Reveries.com

the products they buy. Frankly, it's a much more compatible setting in which to influence the outcome.

In addition, companies like Procter & Gamble have really made it clear that the so-called "First Moment of Truth" is a major strategy for them. The best place to impact the consumer is when the consumer is in the aisle, reaching for a product. That's the most effective way to reinforce or change consumer behavior. Few people disagree with that, but when you get a major player like Procter & Gamble promoting in-store media as a major strategic direction, others listen.

### Do you think marketers see in-store and online media as similar in some ways?

There are similarities and differences between the two. But if this survey is done again two years from now, I think the use of in-store media would be ahead of online media.

### How so?

According to the survey, only about 22 percent of respondents said that they had tried in-store television, for example. Regardless of how you feel about in-store television, the fact that less than a quarter has even tried it says that there's a lot of potential for upward penetration. With online, by comparison, the percentage of companies that have already tried it and made a decision about whether they like it or not is probably quite a bit higher.

### But the percentage rating the potential of retail as a medium for marketing as "excellent" is not even 20 percent.

Well, if you add up those who rated it as "good," "very good," or "excellent," the total actually was about 76 percent. "Very good" was the number one response at about 30 percent and "good" was at 26 percent. Less than three percent said it was "poor" and about 13 percent rated the potential as "fair."

Your conclusions depend on how you want to add all of those up, but even if you took just "very good" and "excellent," the total comes to almost 50 percent. We can't compare that to other options, but for a media type that hasn't been around for all that long, that's a pretty good level of positive reaction to the value and applicability of in-store as a medium.

### What's holding it back?

Two issues are holding it back — which probably are also the keys to using it more successfully. One is, measuring effectiveness: About 48 percent said it was still "fair" to "poor." As people put more emphasis on return-on-investment in marketing spends, the inability to measure in-store media is clearly a weakness that needs to be addressed.

The second issue is that shoppers ignore in-store media. About 46 percent said that a major factor limiting the effectiveness of in-store media is that the shopper ignores the messages. To make in-store media work, the message has to be relevant to the shopper at the right time.

## If consumers are learning to ignore TV at home, what makes us think they won't also ignore it in the store?

I'm sure there's a fair amount of reaction among the survey's respondents to things like in-store television, where the TV screens are either placed in certain parts of the store or at checkout. The problem is that the purveyors of retail media to date have simply exported traditional television approaches to retail. If consumers are learning to ignore TV at home, what makes us think they won't also ignore it in the store? Shoppers see in-store TV as either a clutter factor, or they just don't connect the message at the moment when it could influence their purchase decisions.

### How would you solve those problems?

It all comes down to targeting and positioning. Something like an electronic shopping cart, where you only expose the shopper to advertising messages at a point where the product is within reach, could solve the problem. Also, on a targeted basis, you can target the shoppers who actually have the cart in their hands, and it's a relevant message to those shoppers at the right times.

On-shelf digital messages also can deliver a product message at the right time and place. The only issue is one of targeting, which is still a problem because the sign on the shelf is shown to anybody who either pushes the button or comes within body-warmth distance of the display. It is self-selecting, in a targeted sense, if the customer pushes the button to see the message. But it's not as targeted as something where you scan a card and get a personalized message based on your past shopping behavior.

### What is the potential role of loyalty cards in terms of the ability to target shoppers as well as measure effectiveness?

That's the Holy Grail. It's not only the ability to display timely messages at the right place, but you must also have the right messages being shown to the right customers. Loyalty cards are the key to that. You're not looking at the personal ID information; that's not critical here. What you're looking at is the past purchase behavior.

For example, for shoppers known to buy wine, the ads and messages you deliver should relate to that. That way, you can target and measure impact against targeted groups of shoppers. That would be a significant closing of the loop in terms of both measurement and targeting.

### What is the right proportion of purely product ads versus messages that include information or special offers?

The retailers I've worked with are saying that if in-store media is just all ads, it's not going to work. Some of the retailers that have been into some of these in-store media longer are saying that no more than 40 percent of the messages that a consumer sees on a shopping trip should be a straight product ad.

The other 60 percent should be information about what's available — product ingredients, cooking tips, whatever. Retailers want to position their marketing messages and their store attributes along with appropriate advertising.

The more that in-store media enhances the shopping experience — makes it more efficient, more effective, and more interesting to the shopper — the more it differentiates a retailer from their competitors. It should not simply be a vehicle for CPG companies to run ads. That will kill it. It also has to get shoppers to pay attention by adding value.

**In general, how would you rate retail's potential as a medium for marketing?**


*Source: Reveries.com*

# The missed opportunity is to add value by enhancing the shopping experience.

### Do marketers have their priorities straight when it comes to their objectives for retail media?

According to the survey, the number-one priority among marketers was "to increase impulse purchases." If you were to ask retailers the same question, they would respond the same way. It's encouraging to see both parties in agreement on that objective. It's surprising because I would have expected marketers to pick "increase share" as their top priority.

This particular result probably speaks to the fact that, in most of the typical shopping categories, you've got fairly stable growth. It's difficult to grow brands in mature categories. The best way to grow for the marketer is the same as it is for the retailer. The marketer hopes the shopper will buy something they hadn't planned to, and see that as a major source of growth. They might buy some fabric softener to go with their detergent, for example. It's almost the same as the way a retailer would think about it — that it's better to convert the traffic that's already there.

### What's the missed opportunity?

The missed opportunity for retailers is to differentiate. One of the problems is that in any one week — particularly with off-shelf displays — you can find the same items on the same off-shelf display programs at most of the same competitors in the same markets. The missed opportunity for the media is to add value — enhance the shopping trip, provide information, entertainment, navigation, savings and trip facilitation.

In-store events, depending on the nature of them, can be differentiated from one to the other, but they tend not to be done that way. Special events are built around holidays or some particular time of the year — seasonality. Unfortunately, what tends to happen is that these two top things don't give you much differentiation because they tend to be done by everybody, virtually at the same time.

In a world where you're looking for differentiation — the ability to do different things in different stores at different times — you really do need to get more into the more targeted media. Certainly the potential is there to develop something that works in a particular environment and customize it that way.

If you drew a little grid, and on one axis you had "targetability" and on the other you had "postionability" (the ability to deliver the message at the right time) and you plot against those two factors, you can figure out the options that are best able to deliver the best combination of these two things.

### Are marketers going about measurement the right way?

Media impressions still have some value, but I've always felt that return-on-investment should be high on the list because it's really a matter of not simply whether sales increased "X" but the investment required to get the "X."

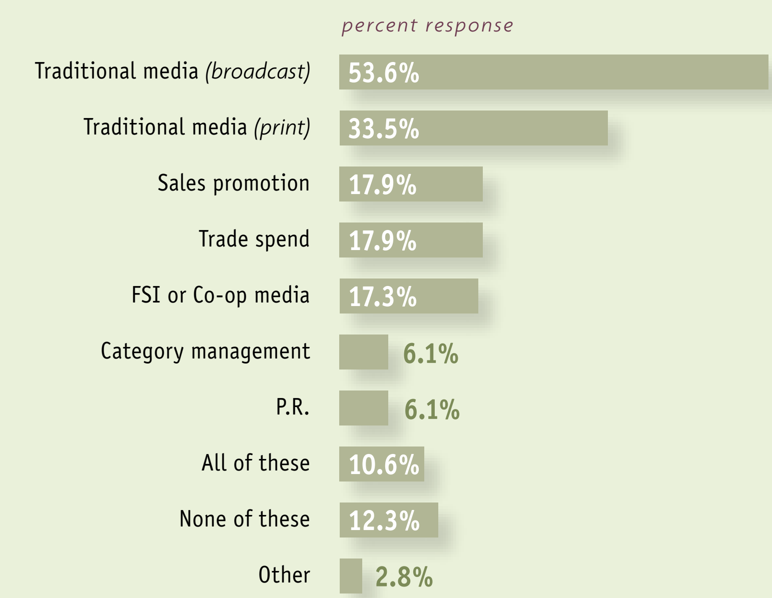
Ultimately, you've got to come down to what's the right mix based on return-on-investment. It's a matter of where you put your dollars in the portfolio to get the right return-on-investment to get the sales and profit contributions you want.

In the end, the kinds of scorecards that in-store media need to deliver against need to be based on what's good for the retailer, the shopper and the advertiser. If any one of those three parties is not satisfied, it's not going to work. The shoppers must feel like their shopping has been enhanced, that they're shopping more efficiently, getting better information, and generally liking it more than they used to.

For the retailer, it's a question of whether these media really grow the basket in sales and profit or simply swap one brand for another within the basket. And for the manufacturer — obviously it's got to be that it grows their business while at the same time delivering the scorecard measures for the other two parties.

### Where should the funding for in-store media come from?

I think the survey's respondents are thinking the right way about this; the high percentage of those saying they are shifting traditional media dollars to retail media is impressive. They're basically saying that the funding for in-store media should mainly come from traditional print and broadcast media. Only 18 percent said it would come from trade funds. They are looking at in-store media as a consumer spend, and not a trade spend.




**If you did increase your retail-media budget, where would that money come from?**

*Source: Reveries.com*

Trade spending, meanwhile, is still a major part of the retailer's profit equation. If budgets for in-store media were viewed by marketers as a switch out of the trade spend, that would be a challenge.

What we've really got to be talking about is consumer point-of-purchase spend — a combination of consumer spending at the point-of-purchase, as well as the retailer deploying trade spend at the consumer purchase level, rather than simply using it to pad their P&L.

So the buckets get combined and deployed at the right place. It's not an either-or; it's about not taking funds from bucket one and putting it into the other or protecting one bucket at the expense of the other.

We now should be thinking about in-store media as one-bucket deployment of funds rather than having competing buckets.

## Which brands are using media other than television most effectively?

Companies like P&G, Pepsi and Kraft, for example. The advantage goes to marketers that have more products in more parts of the store. If you've got only one product in one aisle — a very specialized product — in-store media would still have value.

But P&G has products in 40-plus categories, and probably three-quarters of the aisles of a drug or supermarket or mass merchandiser. The opportunity in-store clearly is greatest for companies like Procter & Gamble.

The news is that we have validation of certain trends in a changing media landscape. Marketers are switching media, and the switch to in-store is firmly underway. There's no question about that. The other message is this idea that in-store media — the "positioning" versus "targetability" success criteria, is a message that needs to be delivered. It's not a new message, but it needs to be delivered.

The idea of balance between purely an ad play versus a balanced ad play and consumer shopping enhancement play is also very important. How that trend plays out is going to have a dramatic impact in terms of consumer acceptability, retailer endorsement and, ultimately, marketer use of in-store media.

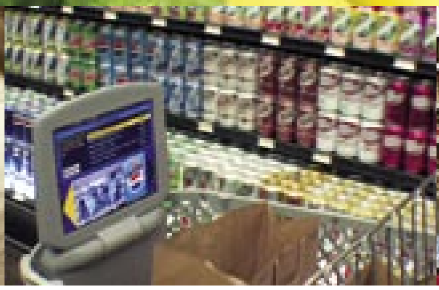
It will be comforting for retailers to read that the industry is thinking about this the right way. In-store media is a consumer spend first and not a trade spend.

Even more important is the idea of the trade and consumer spend being deployed as a consumer spend. Retail media used to be deployed as a way to induce trade support. The research suggests that there is serious growth in interest in using retail media as a true consumer medium.

Finally, there are some implications about targeting, positioning, and point-of-impact and moment-of-truth that clearly would suggest that some in-store media are going to have higher success rates than others. ■

**DR. BRIAN HARRIS,** founder and co-chairman of **The Partnering Group,** pioneered two of the most significant developments in retail management — Computerized Shelf Space Management and Category Management.





Most brand decisions are made at the point of purchase, often referred to as the "moment of truth." But no one has ever been able to effectively advertise at that exact moment in time. Until now.

mediacart™

www.mediacart.com