



## **Heightening the Brand Experience In-store** **By Gwen Morrison, President, The Store**

I have always believed in the power of the store as “theater.” Store design, layout and creative displays have always been effective tools when wielded by skilled merchants who understood how to engage and entertain the customer in a theatrical venue which attracts shoppers and convert them into buyers. Today, however, the emergence of technology is having the same impact in transferring thespian magic into the magic of the small screen and is convincing me of the power of the store as “media.”

Arguably, the most-significant development taking place in marketing is in-store media and its potential to transition advertising funds closer to the point of purchase. While retailers have always offered media platforms to manufacturers, the industry has viewed these as promotional, not brand building. But there have been important developments that are causing marketers to re-evaluate. New insights into the power of the shelf has brand marketers re-evaluating their media spend. All major brands are focusing resources closer to their key customers and closer to shoppers. Retailer reach is now being compared to traditional media measures. So brands are challenged as to build integrated programs that build preference at home and engagement in store.

The other major force goes back to the magic screens. The technology is advancing and next generation networks offer greater possibilities in both the locations of screens throughout the store and in the targeting of content that reaches shoppers in specific store zones. At the same time, prices are coming down. While network TV continues to command high fees, the cost of in-store network infrastructure is more efficient.

Wal-mart TV is arguably the most significant large-scale example in the US. After a series of retail network start-ups and flame-outs, networks like PRN (which operates Wal-Mart TV) are demonstrating their staying power. PRN's recent acquisition by Thomson for \$285 Million cash signals at least some industry confidence. Consider the numbers. About 84% of American households shop Wal-Mart, many on a weekly basis, with an average annual trip rate of 16 times per year. With over 2650 Wal-Mart Stores, PRN is reaching about 85 million shoppers a week. Beyond Wal-Mart, more screens are being launched in just about every other retail format. From Department Stores fixtures to Malls and Fast Food kiosks, there is bound to be a digital message coming your way.

The cost for the media is still quite low. Through PRN, advertisers pay about 275K for a four week run of three: 30 spots at Wal-Mart every two hours.

Compare this with one: 30 spot on Survivor for \$400K or \$600K on American Idol. So at face value, the cost advantage is clear. But does it work?

The answer depends on what we mean by the question.

There is ample evidence that dynamic communication is considerably more effective than traditional, static signage. This means that at the most basic level, POP innovators can use the technology to create in-store creative that is more arresting in its appeal and more flexible in terms of content. Spar in Europe launched a series of pilot test over the past two years that supported the impact of a dynamic signage on end-cap displays. Sales for most items tested went up significantly and while feedback from shoppers were mixed but for the most part, positive. Still, the placement of the screens, the relevance of the content to the product nearby, and the mindset of the shopper are all variables. Ultimately, with better positioned screens, and more learning within individual categories, the success and value measures will improve. Brands that are starting to include in-store media as part of a comprehensive program will have clear advantage.

As the pilots conducted by retailers and manufacturers ramp up in scale with larger financial commitments, the debate is now shifting from whether the media is going to have real impact to the question of how to use it. Some see it as place-based media, an effective way to reach consumers who have down time while shopping. Take a thirty second spot, cut it edit it down and measure awareness.

Others look at the opportunity to trigger purchase in the moment of decision. We can now test offers in real time, create distinct promotional dayparts and stimulate sales with different groups of shoppers. The industry is just starting to measure the media, but the metrics tend to be similar to traditional TV measures such as unaided awareness. Surely the formula will be scrutinized as both advertising and trade funding is involved.

With technological advances, the flexibility of content will offer profound improvement, namely the creation of site-specific mini-commercials that reinforce brand while taking advantage of the fact that the consumer is at this moment a *shopper*, at closest proximity to the product and the register. This has far reaching implications in terms of overall marketing strategy, because it can address the increasing vulnerabilities of traditional media as it continues to fragment, while retailers consolidate. In-store media can begin to shoulder more of traditional media's marketing functions, simultaneously delivering brand-based messages as it triggers buying decisions.

While the screens get repositioned and we learn more about capturing the interest of shoppers, our creative teams will need to take the new medium seriously. Just as the internet was once a place for repurposed print ads, the new in-store channel remains a poor step child to million dollar TV productions

budgets. Ad agencies need to create compelling in-store applications where only 5 seconds of content might be seen by a passing shopper.

Is this a compliment or competitor to TV commercials? Will it cannibalize the promotion industry as we know it? Will it supplant the weekly circular? At the moment, network TV is still capturing the big media spending. Over time, the share of shoppers reached in highly targeted media will demand a convergence of brand, sales and customer marketing strategies. Whether it displaces TV or becomes the new sales activation tool, the opportunities to communicate directly with shoppers in real time, in the moment of decision are coming to a store near you.