

RESEARCH, MEASUREMENT, AND METRICS

Shopper Media Survey: In-Store GRPs are Good, But ROI is Better



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When it comes to evaluating shopper media, marketers believe ROI measures would be vastly superior to Gross Rating Points (GRPs). Right now most would be happy to get either one.

Performance metrics linked to sales and profits are twice as desirable as in-store GRPs or other third-party ratings, according to a new survey from consulting firm VSN Strategies. Findings from the "Retailativity Study of Shopper Media Network Practices and Trends" suggest that so-called "in-store GRPs" may not be adequate to support strategy and practice for in-store advertising media, including the emerging digital networks. CPG marketers demand a degree of certainty that their investments in the store will pay out, both in terms of short-term results and long-term brand equity.

Conducted last fall, the study asked respondents about their usage of the full range of shopper media networks, ranging from floor graphics and instant coupon dispensers to the latest in digital video and audio distribution.

The recent shopper marketing phenomenon in the retail consumer products industry has brands, retailers, agencies, and suppliers focused on the store. With billions of dollars in ad spending earmarked for reallo-

cation, established at-retail media networks are jockeying for position, while new suppliers rush to market.

When asked to rate the importance of seven measurement methods, 63 percent of CPG marketers rated "Comparative ROI analyses of shopper media channels" highly, and 61 percent gave high ratings to "Lift analyses." By comparison, only 30 percent of respondents gave top marks to "Evaluating shopper media GRPs" and 30 percent to "Third-party measurement (ratings) of shopper media."

In addition to ROI and lift analyses, more than half (51 percent) of respondents rated "Linkage to shopper loyalty measurements" highly

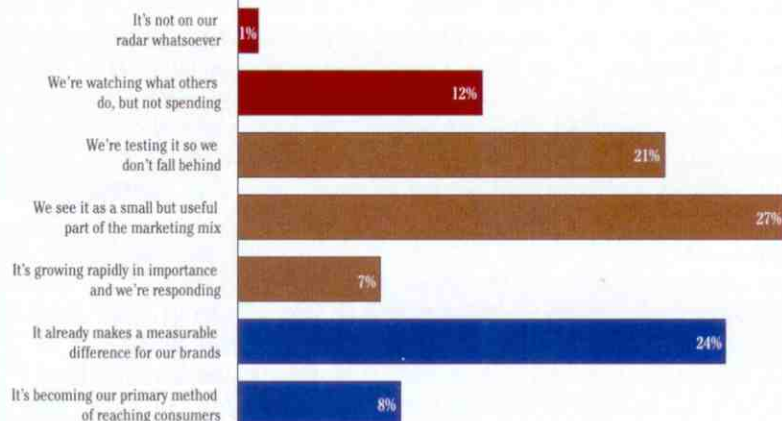
important, while 21 percent gave high ratings to "Panel-diary studies" and 18.6 percent to "Exit interviews measuring ad recall." (Ratings were based on a 1 to 7 scale, where 6 and 7 equal high and maximum importance, respectively).

The study, conducted in the fall of 2006, netted 175 respondents from the marketing, retail, agency, and supplier sectors. More than half (98) were CPG marketers, representing many of the nations' largest companies.

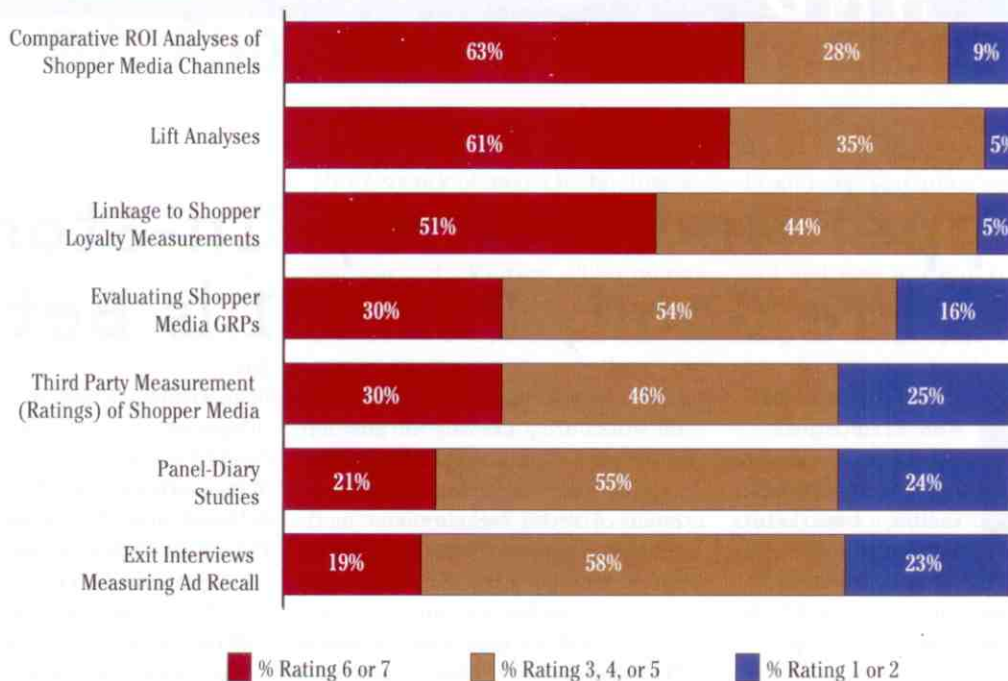
Marketers who participated in the survey accounted for more than \$1.3 billion in shopper media spending in 2006, with 20 percent reporting plans to increase spending in the

VSN Retailativity Survey of Shopper Media Practices and Trends 2006

What one statement best describes how your company presently views shopper media? (98 Brand Marketers Responding)



As the use of shopper media widens, please rate the importance of the following measurement methods, on a scale where 7 = "maximum" and 1 = "minimum"



coming year and only 8 percent anticipating a spending decrease. At the top end, 16 percent report plans to increase shopper media spending by more than 5 percent in 2007, and four responding firms indicated that they spend \$100 million or more annually on shopper media.

This concentration of interest at the top reflects the range of attitudes that consumer product firms presently hold toward shopper media. When asked to choose one statement that best describes how their companies presently view shopper media, just a single respondent indicated, "It's becoming our primary method of reaching customers." But overall, six respondents in ten indicated that shopper media play a role in their marketing mix, with 12 percent indicating that they already "make a measurable difference for our brands." Two of ten (20 percent) selected "It's growing rapidly in importance and we are responding," while nearly three of ten (27 percent) see shopper media as "a small but useful part of the marketing mix."

The survey results indicate that CPG marketers are working with a range of shopper media types, ranging from traditional printed shelf signs (employed by 50 percent of respondents), to digital shopping cart displays (used by 2 percent). Floor decals and coupons at checkout are each employed by 32 percent of respondents, followed closely by shelf coupon dispensers, used by 30 percent. Use of in-store audio/radio was the fifth most common, with 26 percent indicating usage.

Overall, the digital video channels that have attracted so much excitement in the past years are still a relatively small part of the mix. Just 17 percent of CPG marketers indicate use of video in store aisles, 9 percent use video in checkout lanes, and 3 percent use the new shelf-edge video devices or in-store video walls to advertise to shoppers.

Also of interest, only about one-third of responding CPGs (35 percent) indicated that they have a corporate strategy in place regarding shopper media. Almost half of those

have a dedicated marketing group focused on the activity, while many others are organized brand by brand or within key account groups.

Detailed results of the study will be available in the *VSN Shopper Media Handbook*, which explores further how CPG and other brand marketers make use of in-store advertising networks.

The *Shopper Media Handbook* defines the scope of the shopper media phenomenon and establishes benchmarks for present industry activity. It will be available for purchase online at <http://VSNstrategies.com> and www.cpgmatters.com.

James Tenser is the Principal of consulting firm VSN Strategies, Tucson, Arizona and the lead researcher on the "Retailativity Study of Shopper Media Network Practices and Trends." He is responsible for the research findings reported here and all opinions and analyses are his own. He may be reached by using the "Contact Us" link at <http://vsenstrategies.com>.