

At-Retail in-store Marketing. . . Delivering the Message

DDI's first-ever At-Retail Media Survey shows promise for the world of in-store marketing

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--- Methodology: The 2006 At-Retail Media Survey, conducted in May/June 2006, was an online survey hosted by a third-party Web site, and was delivered via e-mail to 3,545 visual merchandisers, store planners, designers and brand marketers. The response rate was 3 percent. In many cases, multiple answers were allowed for a single question, and all percentages were rounded to the nearest decimal place.

Getting your message into the hands of your customers is a key component in retail today. And while broadcast and print advertising has dominated consumer input for decades, in-store advertising is taking center stage as new technologies combine with focused brand messages to capture the captive audiences right where the magic happens—at the point of purchase. Today's at-retail media encompasses any in-store marketing and advertising, including digital signage, traditional signage and graphics, in-store television networks and POP displays. New innovations in this category are popping up daily, and DDI wants to keep on the pulse of what is happening out in the retail arena with the results of DDI's first-ever At-Retail Media Survey.

It seems more retailers are paying attention to the power of at-retail media within their store interiors, as awareness proves to be growing. When asked how knowledgeable they were about their organization's at-retail media programs, 38.3 percent of survey respondents replied "very knowledgeable," 30.9 percent replied "knowledgeable," and 23.5 percent replied "somewhat knowledgeable."

When asked which departments are included in making decisions regarding at-retail media, store planning and design (59.9 percent) and visual merchandising departments (55.7 percent) garnered the highest responses, followed by the purchasing department (29.1 percent) and IT department (12.7 percent). In the "Other" write-in choice, several respondents also listed the marketing department as a big decision maker when it comes to at-retail media. In addition, 78.9 percent of decisions regarding at-retail media are made at the corporate level, versus on a regional/divisional or individual store level.

Perhaps corporate-level decision making paired with store planning and visual departments comes into play here, as the leading factors "influencing your organization's decisions regarding at-retail media" were "cost of installation" and "aesthetics"—both with 50.8 percent of respondent's votes. "Return on investment" came in as the third-leading factor at 43.1 percent, followed by "ease of installation" (35.4 percent) and "life expectancy/durability" (32.3 percent). "The cost factor is a constant," one survey respondent noted. "There is a lack of inventive experimentation. [Retailers are] waiting to catch on to the next hot trend, instead of creating it...following more so than leading."

The top three types of at-retail media used in store design projects are "signage/graphics" (used in 95.7 percent of respondents' stores), "shelf displays" (56.5 percent) and "custom brand displays" (44.9 percent). As many as 51 percent of respondents indicated they will be implementing "slightly more" or "significantly more" signage/graphics in the next 12 months compared to the previous 12 months.

Perhaps as a testament to the swing toward digital at-retail media programs and high-end signage systems, it should be noted that "corrugated cardboard displays" was the only category that double-digit respondents (13 percent) said they would use "significantly less" of in the next 12 months. Cardboard displays also received the lowest satisfaction ratings, with 17 percent of respondents replying that they were either "slightly dissatisfied" or "very dissatisfied" with the use of these displays.

Bringing technological innovations into play, 29.4 percent of respondents named RFID technology as the No. 1 most important recent innovation in at-retail media. Other recent innovations included "new screen technologies/screen alterations" (25.5 percent), "in-store retail TV networks/custom video" (19.6 percent), "in-store TV commercials" (11.8 percent) and "talking shelf displays" (9.8 percent). One respondent keyed in on the growing use of in-store commercials: "I find them a little annoying at the check-out area of grocery stores (since they're unavoidable), but I am curious how they'll eventually affect purchasing. I do like the helpful videos within the departments (e.g., cooking tips in the fish department)."

Digital signage may see a boost in the industry in years to come, as 69.8 percent of respondents said that digital signage would be used by "significantly more" or "slightly more" retailers in the next three to five years. Just more than 9 percent of respondents said that digital signage would be used by "virtually all" retailers in the next three to five years. Vendor-retailer relationships may need to improve for digital signage to really take off in the retail industry; however, as 50 percent of respondents reported that "vendors are not at all involved" in providing custom content for digital signage, and 66.7 percent said that "vendors are not at all involved" in providing financial support for digital signage programs. Nearly 42 percent of respondents would like to see the ability to measure effectiveness (ROI) among the technological aspects of digital signage they would like to see improved.

Branding was listed as the top purpose of at-retail marketing in use in stores (34.5 percent), followed by "special in-store promotions/POP" (30.9 percent), "customer education/communications" (18.2 percent) and "to contribute to a desired atmosphere" (12.7 percent).

When asked which types of retailers are most likely to receive positive results from implementing at-retail media strategies in their stores, respondents ranked "beauty/bath/cosmetics/health retailers," "apparel retailers" and "supermarket/convenience/drugstore retailers" as the top three most successful categories, with 63 percent, 59.3 percent and 53.7 percent, respectively.

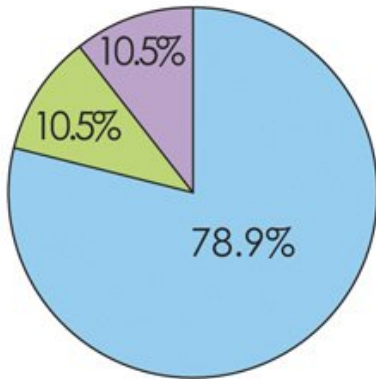
In addition to managing content, maintenance and cost, respondents relayed some interesting challenges for the at-retail media subcategory. Conveyed one respondent: "Finding ways to create the interest for each of the age groups and gender segments in the same box is always a challenge. You must create zones for each since interest and tolerance levels to technology vary widely."

Retailers also are looking to "get people to actually stop and listen/interact," noted one respondent, as gauging customer interactivity is an uncontrollable piece of the at-retail media equation. Another respondent commented that execution of the brand message was a challenge because of the "ever-decreasing attention span of the public."

The reasons for some retailers' reluctance to implement and accept at-retail media elements in their stores has a lot to do with cost and ROI readability, but many former non-believers are turning their heads. At-retail media delivers the brand message directly to the target customer right at their most crucial point of buying decision making. With the right mix of content and execution, the on-target at-retail media campaign might just have a major impact on the bottom line.

Additional data and charts






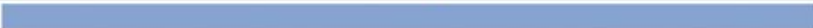



What level of your organization makes the majority (at least 50 percent) of decisions regarding at-retail media?

- Corporate level
- Regional/divisional level
- Individual store level














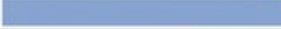










What is your satisfaction level with the following types of at-retail media available based on your experience from the past three years?

	Very satisfied	Slightly satisfied	Neutral	Very dissatisfied	Slightly dissatisfied	Not applicable
Signage/graphics	35%	27%	27%	2%	4%	6%
Digital signage	6%	15%	31%	4%	2%	42%
Kiosks/Interactive	8%	19%	27%	4%	4%	38%
Corrugated cardboard displays	4%	23%	27%	15%	2%	29%
Custom brand displays	20%	29%	39%	0%	2%	10%
Shelf displays	15%	35%	23%	6%	2%	19%
Packaging	18%	24%	33%	2%	2%	20%
Audio broadcasts	6%	18%	24%	4%	4%	45%
Scent technology	4%	4%	25%	2%	4%	60%
Standard TV, monitors or video walls	6%	15%	40%	2%	10%	27%
High-definition screens (including plasma screens, LCD screens, high-definition video walls)	10%	19%	23%	8%	4%	35%
In-store television networks or custom video	6%	16%	29%	4%	12%	33%

What is the primary purpose of the majority (at least 50 percent) of the at-retail marketing in use in your organization's stores?

Customer education/communications	18.2%	
Branding	34.5%	
Special in-store promotions/POP	30.9%	
To contribute to a desired atmosphere	12.7%	
Other	3.6%	

In your opinion (as an educated shopper), which types of retailers do you believe are the most likely to receive positive results from implementing at-retail media strategies in their stores? (Respondents were able to check all that apply.)

Apparel	59.3%	
Automotive	25.9%	
Banking/Financial institution	22.2%	
Beauty/Bath/Cosmetics/Health	63%	
Books/Music/Video	51.9%	
Consumer electronics/Technology	48.1%	
Crafts/Fabrics	18.5%	
Department store	51.9%	
Discount store/Mass merchandiser	25.9%	
Entertainment chain/Museum	42.6%	
Factory outlet	22.2%	
Furniture/Home decor/Accessories	29.6%	
Gifts	25.9%	
Home center/Hardware/Houswares	27.8%	
Jewelry/Watch	18.5%	
Optical	16.7%	
Pets	24.1%	
Restaurant	27.8%	
Shoes	24.1%	
Shopping center owner/Developer/Operator	24.1%	
Sporting Goods	42.6%	
Supermarket/Convenience store/Drugstore	53.7%	
Toy/Hobby/Novelties	31.5%	
Variety/General merchandise	29.6%	
Other	3.7%	