

Ringling Up Retail

*More media dollars
are flowing to retail,
but how can marketers
be sure their money is well spent?*

Are you expecting a major shift of traditional media to in-store media?

Mike Perry: Short-term, over the next couple of years, I would have to say there won't be a major shift. If you think about the amount of money that's spent on television and other traditional media, I don't think there's enough capacity in in-store media to absorb that kind of spending.

As a manufacturer, we need to get the fundamentals right and understand the value proposition of in-store media before we can get there in a big way. If a supplier sets a price of "X" number of dollars per cycle, that's based on what that supplier needs to make a profit and pay their capitalization.

So, each manufacturer, I think, needs to understand what the real value is to their particular business and how to value it versus other tools that might be used. To get there, additional testing needs

to be done so that in the end everybody—including consumers—benefits.

Bob Thacker: I don't see a huge shift, but it is an important priority. More and more retailers are realizing that in-store media can't be overlooked. Everybody now says that the last ten feet are the most important part of the sale.

With media being so fractured and the consumer's attention becoming so divided, the stores have to do more of the "heavy lifting" in the communication and selling process. That means communicating and resonating with the customer in ways that are more powerful than ever before.

Lisa Bradner: The short answer is yes—more media dollars are flowing to retail. Forrester has been talking about how traditional media is fragmenting, how more consumers are tuning out the mass-market messages; all of our data continues to show that trend.

In-store media has potential for much more measurable impact.

If you can really get it to a point where you can measure it and understand how those messages are driving the sale at that moment, that's a marketing Holy Grail.

Jon Kramer: If we start from the foundation that media needs to be accountable—yes, not immediately, but in the near future—media dollars must aggressively flow to in-store.

However, perhaps a more important question is how are marketers and their agencies going to deploy marketing communications against what is becoming a dizzying array of in-store media options?

Assuming different needs and objectives for individual categories and brands, understanding which in-store levers to pull is going to become a critical component of the planning process. There is no metric in place currently that assists in the decision-making process. Additionally, media professionals are not fully conversational with the in-store space. Before the dollars flow, these issues need to be dealt with.

A ROUNDTABLE FEATURING

Mike Perry
Kraft Foods

Bob Thacker
OfficeMax

Lisa Bradner
Forrester
Research

Jon Kramer
MediaCart
Holdings

How is creative for in-store media different from creative in other kinds of media?

Perry: In-store media should be about moving the product. Equity-messaging, image-building and awareness generating types of advertising isn't appropriate for in-store. If you have a campaign outside of the store, there are certain elements of that campaign that you might want to bring into the store. But then once you're in the store, you're competing with many, many messages. So, in-store should be a closing-the-deal kind of messaging.

In-store creative has to be very focused on the benefit, and it's got to communicate that benefit. You can't have complicated messages. Being cute and clever doesn't necessarily work in-store—it could, but not necessarily. In the end, messaging that's about value, news, and points-of-difference is the messaging that works.

Thacker: I'm proud of what we did at OfficeMax for back-to-school. In the past, we just let people know that we carried school products and let it go at that. This year, we found it important to create a theme that resonated with our key customer segment—the older back-to-school customers who are in middle school, high school or college.

Our key learning was that for this demographic segment, this time of year is a time of reinvention; each fall is really a new year, and a chance to reinvent yourself and find new ways to express your own identity. So, not only did we have thematic signage that said, "New year. New you." We also had

in-store displays and signage that showed our customers how to create unique expressions, whether it's their backpack, locker, notebooks or anything that gave them creative freedom to show their unique identity in the school environment.

Bradner: Retail creative really is going to involve more of the talents of those who understand how to message in-store versus traditional agency people. It needs to be branded, but it also needs to come a lot closer to direct-response creative in that you're trying to get someone to act, right now, while they're standing there.

It is going to involve visual merchandising, promotional and packaging people who understand the kind of information you want to convey. In the old days they might have done displays and simple shelf talkers, but integrating that kind of thinking process into better technologies is the key.

How do you get shoppers to pay attention to in-store media?

Perry: It's got to be of value to *them*. It's got to help them in their shopping experience. If there's a medium that has "sale" messages on it, and shoppers look to that medium for that message—if that's what they value—they will train themselves to look for that medium.

For example, if you're announcing a special and there's a tone that dings and shoppers understand that it means there's something new or something on sale, then maybe there's a reason to look. But we haven't seen a lot of that sort of thing in-store yet.

Putting video screens in stores is fine, but why would anybody look? They're not going to the store to be entertained or amused. Sure, we

A store should have a spirit and energy about it that almost makes it feel like it has a hum.

BOB THACKER, OFFICEMAX

Kramer: We've actually set up a 7,000-square foot grocery store in Dallas that enables us to generate extensive data and conduct analytics on the shopping experience. Based on our research, shoppers are telling us that they're looking for quick, usable information while they are shopping.

Equally important to the creative question is the challenge of creating the communications platform for retail. There are so many options for in-store media—from kiosks, traditional television screens to our own MediaCart system—it's all totally new and different and the old rules just don't apply.

can put TVs in your store and run a commercial, but that's not going to be effective. People are not going to watch the commercials unless they provide some sort of value.

Thacker: Just look at Target. For the mass category, they do it better than anybody. You always smile when you walk into Target. They do an excellent job of greeting their customers, of setting an expectation level for surprise. IKEA also does a great job. Their messaging is simple and direct but also you discover the store as you walk through it. IKEA always makes you feel like you're really smart because you're saving so much money.

Best of all is Apple. What Ron Johnson and his people have done with the Apple Stores is just remarkable. Everything about that experience is exciting, and people love going to those stores. They'll buy things there, of course, but they also know that they'll learn something and be surprised. That's what makes for a great store experience.

Bradner: If you could segment by day-part and create messages where, for example mom walks in to pick up things for dinner and the message is — *here's a quick-and-easy way to make a dinner* — you will have the kind of relevancy that will get someone to pay attention.

That may mean that at certain times of the day — like when the store is most crowded — in-store media shouldn't be happening at all. That's going to present an interesting challenge because the biggest opportunity to reach shoppers is

sure that when your advertising or communication comes up, that it's a value-add to the shopper. That's how you get them to pay attention. Simply putting re-purposed traditional communication in the store doesn't do that.

What is the best way to integrate loyalty-card programs with in-store media?

Perry: It goes back to the whole idea of value. If you can link the loyalty card with the in-store vehicle to the extent that you generate value for the shopper, that's a positive thing that would drive people to the medium.

If you know from your loyal-shopper database what a shopper is interested in, and it enables you to tell them more about those things, that could be very, very effective.

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MIKE PERRY, KRAFT FOODS

when the stores are busy. But you run the risk of creating such a frenzy that nobody can see straight.

Kramer: Shoppers tell us they want relevant information about value, product news, or usage suggestions and recipes. They just want to get in-and-out of the store as fast as possible and don't have the time to be romanced.

So, the primary goal of in-store media should be to pay off everything a brand is doing outside the store with a strong, relevant call-to-action. You need to make

The other side of the shopper card is that you can use it as a measurement tool to understand how effective a given medium is.

Thacker: The whole idea of loyalty cards is that you're treating your customers like evangelists. If you have people who are really committed to your brand and shop there frequently, then it's natural for you to reward them. That's certainly what our MaxPerks program is all about.

But the loyalty card program can only be as effective as the shop-

ping experience itself. It can't be just boxes on shelves. Our new Advantage format is focused on making the experience more exciting, inspiring and informative. The format is simple — it's a race-track — but the concept is much more understandable than any of the big-box office stores of the past.

It feels much more human and much less like going into the backroom of a warehouse. We even encourage people to stop and have a cup of coffee and open up a laptop.

A store should have a spirit and energy about it that almost makes it feel like it has a hum, if you will. It should *capture* a consumer rather than just sell stuff.

Bradner: There are opportunities for consumers to scan their loyalty cards on their way in, knowing that the trade off is that they will receive coupons and messages in-store. Let's face it — that's a whole lot more actionable than getting coupons in the mail or at checkout.

If you think about it, if the store scans loyalty cards at checkout, it shouldn't be that hard to scan them on the way in. But it has to be foolproof. There has to be a way to do it that's so straightforward and easy that the shopper doesn't have to think twice about it.

If you could integrate the loyalty cards into the shopping trip, it would increase the relevancy of the messaging and tie loyalty back to that store. It could also allow the retailer and manufacturer to obtain the kind of artificial intelligence they would need to start modeling behaviors.

Kramer: Based on our pilot-store research, the vast majority of shoppers think the term "loyalty" is a myth. Most shoppers carry mul-

tiple cards and see them purely as a means to deliver discounts. The bigger opportunity is to use loyalty-card programs to truly personalize the shopping experience at every in-store touch-point.

The technology exists today to do that, and the opportunity is equally big for retailers and manufacturers. Consumers today want to control their brands. If you enable them to “hijack” your store and truly make it theirs through a personalized shopping experience, they are going to become increasingly loyal.

Loyalty cards aren’t about shoppers being loyal to retailers, they’re about retailers being loyal to shoppers. The big opportunity is to leverage the intersection of technology and media with loyalty-card information. The first retailer that does this successfully is going to win big-time.

How are new technologies affecting the development of in-store media?

Perry: The key asset of technology in-store will be addressability—the idea that you could have separate messaging at any given store at any given time. That’s not necessarily here today, although it is being done at the chain level in some cases. But addressability is the key because to reach consumers with the right message at the right time in the store is critically important.

The ability to download information to your phone—from the store itself or an outside source—also has great potential. If you think about it, all the phones that people are carrying into the store become in-store media and the ability to

address those phones in-store would be really powerful.

Thacker: Everybody is getting better with in-store video and electronics. Things like Reactrix, which communicate brand messages using interactive videos that respond to a shopper’s movements, are fascinating. More and more savvy retailers are really going to be tapping into those kinds of technologies because they realize the power of what the store is all about.

Bradner: When I first started looking at RFID I thought it was the killer-app. If you could confirm that the item went in the basket when the shopper saw the ad—wow. But right now the technology is so slow that the shopper will have walked away with a full cart before he or she ever even saw an ad.

Also, the technology is expensive and getting the retailers to spend money on that is a question mark; there’s still a big question as to who is funding what. The technology is still very much in its infancy and it will be a while before we have the ability to push a particular item to a specific shopper.

Kramer: The technology that allows us to put movies on our iPods is the same technology that allows us to put advertising on a high-resolution video screen on a shopping cart—and that was unheard of until three or four years ago. RFID technology that was unaffordable just a few years ago now allows us to trigger advertising at key strategic locations around the store.

There’s wireless technology—now you can deploy in-store media with dramatically less wiring of the store. Historical failures of in-



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LISA BRADNER is a senior analyst with **Forrester Research**, focused on relationships between consumers, manufacturers, and retailers and how new technologies affect branding, new products, marketing and channel development.



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store media were because of the cost of providing wiring and switching. But now the cost is coming down for all components—everything from screens to batteries to wireless technology.

Meanwhile, data is getting easier to manipulate. If you go back to the core objective of in-store communication—personalization and relevance—it’s easier than ever to know the needs of shoppers based on their purchase histories. And it’s now possible to deliver value to them when and where they want it, making their shopping experience better than ever. ■