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What's In Store: The Rise of Shopper Marketing

P&G, Wal-Mart, Nielsen Dive Into Medium That's Growing Faster Than Web

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So this is what marketing has come to: The hottest medium around may be pasted to the floor at Wal-Mart or dangling from a shelf on aisle five at Safeway, segmented into such dayparts as "national weekday cereal aisle."



"Shopper marketing is a new medium as important as the internet, mobile or gaming," declared Starcom MediaVest Group North America CEO Renetta McCann. "It's a brand-new ballgame, and we're all in."

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Laugh if you want, but some people believe shopper marketing will reshape marketing for some very big spenders. Senior executives from the world's biggest advertiser, biggest retailer and biggest media-buying agency turned up at the In-Store Marketing Expo in Chicago last week to tout a new way of measuring shopper marketing by the world's biggest research firm, Nielsen Co.

It was just one more milestone for shopper marketing, which is growing faster than internet advertising -- doubling since 2004 and on pace for a compound annual growth rate of 21% through 2010, according to a draft study by Deloitte from the Grocery Manufacturers Association.

"Shopper marketing is a new medium as important as the internet, mobile or gaming," declared Starcom MediaVest Group North America CEO Renetta McCann at the announcement of pilot results using Nielsen In-Store's Prism initiative, essentially a ratings system for in-store media and marketing that measures reach and frequency similar to TV. "It's a brand-new ballgame, and we're all in."

P&G steps up spending

Late last month, the world's largest advertiser, Procter & Gamble Co., restated 11 years of advertising expenditures in its financial reports, largely to reflect spending on shopper marketing. The moving parts in the restatement suggest P&G is spending at least \$500 million annually on shopper marketing. And the Deloitte/GMA data suggest the marketer may actually be a bit behind others in the industry in share of marketing spending there. P&G also recently moved many of its shopper-marketing executives to the same brand teams that determine the rest of its \$8 billion in global ad spending.

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Nowhere, however, was the dissonance between shopper marketing's growing importance and its often lowly appearance more apparent than at the In-Store Marketing Expo. As some of the top names in marketing talked theory in the auditorium, the practice of shopper marketing was in full display in the adjacent convention hall, where the latest vendors of video-enhanced shopping carts vied for attention alongside makers of corrugated displays.

This brave new world means buyers need to know not just how to bet in May on ratings for fall shows but also how to hedge the price of corrugated paper for end-aisle displays or haggle with News Corp. over something called "shelf talkers."

It wasn't so long ago that media agencies weren't in the game at all, said Peter Hoyt, executive director of the In-Store Marketing Institute. Now he knows every time a big media review is under way, he said, because the institute starts getting hits on its website from media agencies -- and new members, since much of the data there is for members only.

Large stakes

Following SMG's initial involvement in the Nielsen/Prism initiative, five media agencies have joined the consortium behind the effort, said George Wishart, global managing director of Nielsen In-Store. The agencies are following the media companies; the parents of the four leading broadcast networks have a stake in some facet of in-store media.

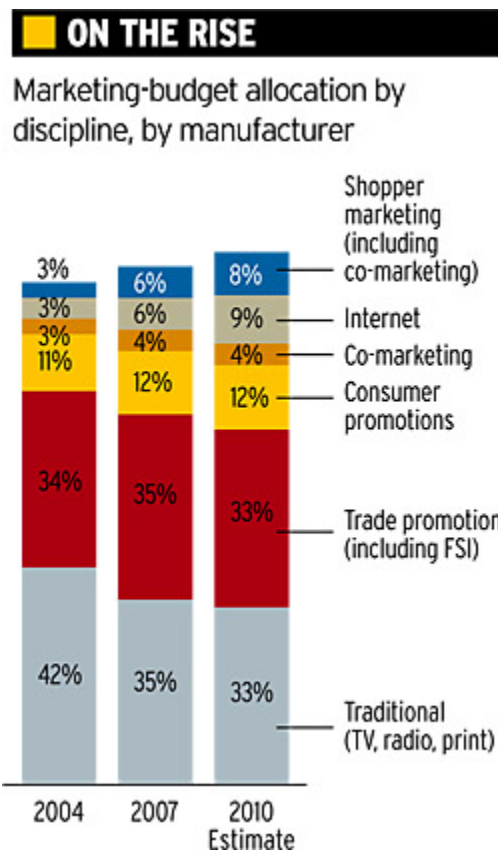
So Nielsen needs to get in on the action to broker the deals, though Prism hasn't yet applied for Media Ratings Council certification as a bona fide currency. The Pioneering Research for an In-Store Metric initiative uses a combination of electronic eyes and human counters to track how many people travel down each aisle in 160 stores representing about 60% of package-goods retail volume to date. Prism also measures what percentage of people who shop in an aisle actually buy something there.

It's the crowning achievement so far of Nielsen CEO David Calhoun's efforts to connect the pieces of the far-flung research firm to create new services. He likened Nielsen In-Store to his firm's TV and internet ratings. "It will allow in-store to rightfully take a seat at the marketing table and be considered in an analytical manner consistent with all good marketing and media planning," he said. "What you can measure, you can manage."

Therein also lies the pin that could prick the bubble. P&G Chief Operating Officer Robert McDonald politely declined to predict whether better measurement would lead P&G to shift more media money in store. But he noted another recent Deloitte study, this one showing that nine of 10 trade promos don't have a positive return on investment.

The right tool

He said P&G's spending on TV and print has been optimized extensively in recent years thanks to audience measurement and ROI analytics, but not shopper marketing. With Prism, he said, "we're going to have the data to make the right choices."



Source: Deloitte/GMA draft study

Mr. Calhoun said shopper marketing, if the definition expands to the trade-promotion dollars manufacturers pay retailers, displays or features in circulars, is already is a half-trillion-dollar business.

And the same marketers planning to spend more on shopper marketing are planning to spend around 2% less annually on trade promotion, the Deloitte/GMA study found. In the end, Prism could help manufacturers pry more money out of the black hole of trade promotion and put it into some form of measurable, brand-building media.

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