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IN-STORE MEDIA: HOW EFFECTIVE ARE THEY? EVIDENCE FROM THE PHILIPPINES

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This paper investigates the effectiveness of an in-store radio in urban Philippines. Measures of international in-store media effectiveness studies are first reviewed. Then, this study replicates the Arbitron Retail Audio study using a sample of 600 Filipino shoppers who were interviewed to obtain shopper perceptions, attitudes toward in-store radio and the corresponding effect on purchase behavior. Implications about making in-store media more effective are described at the end of the paper.

Keywords: marketing communication, in-store media effectiveness, shopper marketing, in-store radio

I. INTRODUCTION

Retail merchandising[1] or "in-store media" is a science that encompasses a huge number of marketing practices and techniques such as deploying point-of-purchase (POP) displays, optimizing in-store product presentation, creating cross-sales promotions and product adjacencies, and may also include product packaging and own store's internal and external branding (Gerba, 2006). Neff (2007) also referred to retail merchandising as shopper marketing.[2] From simple signage of retailers hoping to promote specials, in-store media has evolved into various incarnations including ads on shopping carts, cart straps, aisles and talking shelves, end-aisle displays, floor signage, kiosks, interactive flat panels, in-store audio and video transmissions (Kotler & Keller, 2009).

Lempert (2005) asserted that in-store media can be easily tailored to current merchandising and promotional executions, which can be targeted to specific consumer groups through use of technologies, which identify them once in the store. Ronald Fernandez, the shopper insight manager of Unilever Philippines, claimed that point-of-sale (POS) materials help customers accomplish five functions: "navigation (helping them find what they need), facilitation (helping them decide what product to buy), education (teaching them how to use the product), inspiration (making the shopping experience exciting and interactive) and repetition (reminding shoppers on what items they forgot)"[3] (Arceo-Dumlao, 2008).

Walmart has had in-store television network since 1990s while Subway tested in-store video system in 2006 (Manners, 2006). United Kingdom's Tesco rolled out its narrowcasting program in 2004 followed by Kroger (Breen, 2004). Tesco TV's trial run in three stores was done with an average of 50 plasma screens throughout the supermarket in 2003 (Grande, 2003). Advertisements on Walmart TV run on 125,000 TV screens in 3,100 stores and appear three times an hour

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with a potential audience of 127 million shoppers per week. The Walmart airtime costs between $50,000 and $300,000 for a four-week flight of ads, depending on frequency (Petreca, 2007). Furthermore, Moorhouse (2008) described a “Scent-emitting LCD Display” system of NTT Communications in Japan that is capable of emitting a variety of scents which could make possible unmanned demos, reduced product breakage/spillage, and more experiential marketing.

Several factors have contributed to the growing popularity of in-store media. Firstly, consumers are busier than ever and encounter many distracting alternatives in in-home and out-of-home media (Breen, 2004). Traditional mass marketing media audiences are declining as TV loses long-term share and newspaper readership decreases (Grande, 2003). It is becoming more difficult to get the attention of a shopper in a fast-paced environment when time is short, so advertising should occur close to the product location to ensure relevance and to avoid confusing the consumer (Morrison, 2008b). Secondly, consumers have developed ways of screening out distractions in the traditional media options (Breen, 2004). Morrison (2008b) is a proponent of the view that the beauty of in-store media is its ability to reach shoppers at the point in which they are making a choice. Thirdly, one U.S. demographic segment, the 18-to-34 year old males have shunned traditional media, and even the television network NBC agrees that Best Buy, the electronics gadget retailer, is the logical place to find them (Breen, 2004).

Nelson and Ellison (2005) cited that Procter and Gamble (P&G) believes that the three to seven seconds when a consumer notices an item on a store shelf is one of its most important marketing opportunities. To capture what it calls the "first moment of truth," P&G created the position of Director of First Moment of Truth (FMOT), to produce in-store displays that can command a shopper's attention. P&G’s FMOT strategy is anchored on the premise that most brand decisions are made at point of purchase, 74 percent according to one study (POPAI a) and Peter Hoyt, executive director and founder of the In-Store Marketing Institute based in Skokie, Illinois (Schenker, 2008). Once inside the store people are in a purchasing mode versus the entertainment mode in most traditional media available at home. Thus, the best place to impact the consumer is when the consumer is in the aisle, reaching for the product. Inside the store is the most effective way to reinforce or change consumer behavior (Harris, 2006).

A recent global study, “Shopper Decisions Made In-Store,” by the Ogilvy Group was based on more than 14,000 shopper interviews conducted in 700 retail outlets across 24 markets worldwide spanning five retail channels across six product categories. The study found that nearly three of ten shoppers around the world wait until they are inside the store to decide which brand they will buy (Cooke, 2008).

According to Point of Purchase Advertising International, total U.S. spending on digital signs, in-store media and other point-of-purchase advertising was $17B in 2004, $18.1B in 2005 and $19.3B in 2006 (Manners, 2006). Clean-Store policies have restricted number and types of in-store advertisements or mechandising displays. The total number of retail displays declined by 4.4 percent in 2006 and by 9.1 percent in 2005-2006 (Neff, 2007). The need to reduce display clutter has opened possibilities to other in-store media options such as audio and video transmissions.

Neff (2007) noted that shopper marketing is the fastest growing medium, even outpacing the Internet, citing results of a United States Deloitte Study for the Grocery Manufacturer’s Association released in September 2007. It grew from three percent of overall marketing budget of 19 package-goods manufacturers in 2004 to six percent in 2007. This growth is expected to reach eight percent in 2010. The compound annual growth rate (CAGR) of shopper marketing is 21 percent versus 15 percent for Internet advertising and two percent for traditional media in TV, print, and radio (Neff, 2007). Over the past 11 years, Neff (2007) estimated the P&G spent at least $500 million of its $8 billion of its global advertising spending on shopper marketing.

Results of a Reveries.com Survey of 192 senior-level marketers in the United States (Harris, 2006) show that 70 percent are frustrated with traditional media and 90 percent are actively seeking alternatives. Table 1 details alternative media explored by the managers. While 72 percent have explored in-store media as an option, 48 percent rated their ability to measure the effectiveness of retail and other media alternatives as only “fair” or “poor”.

Table 1
Alternative Media Explored Versus Traditional Media

Alternative Medium To Reach Customers	Percent
Online (e.g., blogs, email, search engine, video games, micro sites)	81.5
In-Store Retail (e.g., in-store TV, radio, point-of-sale, kiosk)	72.0
In-Market (e.g., events, branded entertainment, placement, satellite radio)	65.2
3rd Screen/Mobile (e.g., cellphone, podcasting)	35.4
Others	10.8

Source: U.S. Reveries.com Survey of Marketing Managers (Harris, 2006).

The apprehension about in-store media in the Philippines was also highlighted by Roberto and Roberto (2008), when both responded in their weekly Philippine Daily Inquirer Marketing Rx column to a bottled cosmetics manager’s concern on the high cost of in-store media and promotion materials and the local practice of practically changing these materials every month. This manager had talked to supermarket and drugstore operators, including in-store media agencies and promo material designers who could not furnish reliable evidence of the sales effectiveness of in-store media materials.

Two major issues hold back marketing managers from spending more on in-store media. First, 46 percent of shoppers ignore in-store media (Harris, 2006). Secondly, lack of audience-reach measurements comparable to traditional media make it harder to make spending decisions (Harris, 2006; Neff, 2007).

It is in this light that the present study addresses the research question of measuring effectiveness of in-store media. Marketing managers could then compare the performance of in-store media versus traditional media based on their experience of effectiveness of traditional media for their own brands. Related managerial questions may include how in-store media is perceived by retailers and customers and the issue of how in-store media is managed in the organization.

The study is significant because being aware of the effectiveness of in-store media could lead to more acceptance and applications in the Philippines. Moreover, being aware of in-store media limitations could bring about more realistic expectations about its capabilities. Consequently, manufacturing and retail managers should realize the need to achieve synergy and integration of traditional media and in-store media in their organizations.

The paper is organized as follows. Section II reviews and summarizes the results of international in-store media effectiveness studies while Section III describes the method of the Philippine study. Section IV presents the Philippine results and finally, Section V identifies implications for management and directions for future research.

II. REVIEW OF IN-STORE MEDIA EFFECTIVENESS STUDIES

Results of in-store media studies in the United States are reviewed: the Nielsen and In-Store Marketing Institute with PRISM (Pioneering Research for an In-Store Metric) study (2006), Mediaedge:cia study (2005), POPAI (Point of Purchase Advertising Industry) studies, Arbitron Retail Video Display (2005) and Arbitron Retail Audio Study (2005). Similar studies in the United Arab Emirates (UAE) and the Philippines are also included.

The Nielsen and In-Store Marketing Institute with P.R.I.S.M. (Pioneering Research for an In-Store Metric) Study (2006) and the Nielsen Media Research Study for SignStorey (2006)

Tenser (2006a) wrote that the study involved six brand marketers, four large retailers and one of the U.S. largest media buying firms and measured store traffic in 64 retail categories in 10 food, drug and mass stores in Atlanta and Portland, Oregon. The six manufacturers included P&G, Coca-Cola, Walt Disney, Kellogg's, Miller Brewing and 3M while the retailers were Albertsons, Kroger, Walgreen's and Wal-Mart. The media firm was Starcom/MediaVest USA.

The Nielsen study had three hypotheses. First, sales is highly related to store traffic. Second, the conditions that govern this relationship can be modeled or some can be safely ignored. Finally, highly accurate chain-wide projections are possible by using this metric and data from a limited sample of stores (Tenser, 2006a).

Wishart (2008) described the Nielsen study's methodology which he called the Shopper Approach. Shoppers are counted as they enter a measured area. Store traffic is linked to specific in-store media and marketing conditions. Tenser (2006a) remarked that researchers paired POS data with the store-traffic data and examined results for all 64 categories across a variety of criteria: by category – items, basket size and dollar sales; by store type – items, basket size and dollar sales; by day of the week; and by hour of the day. In addition to store traffic measurements, custom surveys provided insights on the composition of shoppers, including their age/sex, day/time of purchase and trip mission (Wishart, 2008).

Table 2
Impressions Across Categories and Customer Demographics
Retailer "X" – Gross Impressions
By Demographic Groups – September 2007

	Carb Soft Drinks	Hair Care	Percentage	Audience Opportunity
Total	3,571,850	1,828,442	51	1,743,408
Total Female	2,164,200	1,163,704	54	1,000,496
Total Male	1,407,650	664,738	47	742,912
Female 25-54	1,224,596	661,872	54	562,724
Male 25-54	679,755	329,317	48	350,438
Female 55+	584,915	335,930	57	248,985
Male 55+	422,402	214,305	51	208,097
Female <18	302,879	136,098	45	166,781
Male <18	275,987	109,697	40	166,290
MF 6-11	180,831	62,498	35	118,333

Source: Nielsen Media Research, Nielsen In-Store.

Wishart (2008) used Table 2 to illustrate that more than 1 million women bypassed the hair care section to go down the carbonated soft drink aisle (see total female, 2nd row) and over 500 thousand women were between the ages of 24-54 (see Female 25-54, 4th row), who belong to the main target market of the hair care category. If a fraction of these women in the soft drink aisles could be converted to go to the hair care aisles, the potential sales impact could be attractive.

By simply comparing impressions across nearby categories and store locations, marketers can quantify audience opportunities—and make adjustments to capitalize on them. A metric, in-store GRP (gross rating point) was formulated. It is the product of the in-store traffic count multiplied by the rate of compliance (implementation of the in-store promotion) and a factor that eliminated duplicated impressions (Tenser, 2006a).

Marketers can also examine storeparts by specific demographic targets to determine the best zone for optimal audience gross impressions. Marketers can then craft better customer messaging to effect behavior, rearrange category placement of low-closure categories to encourage purchases. Store traffic information also ensures staffing levels are tied to maximum presence of customers in-store—not sales proxy (Wishart, 2008).

In-store audiences are as large as prime-time television (Wishart, 2008). Table 3 shows that traffic of 25-54 females in various store locations of one retailer is at least four times the audience size of the popular U.S. television show, American Idol.

Table 3
A Comparison of Television Audience Versus In-Store Audience

May 2007 1 Program Average Broadcast TV Audience American Idol - Wednesday		September 2007 1 Week Average In-Store Audience Retailer "X"	
DMA Name	**Gross Impressions Female 25-54**	**Storepart**	**Gross Impressions Female 25-54**
San Francisco-Oakland-San Jose	246,000	Lobby zone	1,155,489
Sacramento-Stockton-Modesto	165,000	Runway - Rear wall	871,880
Fresno-Visalia	60,000	Runway - Front wall	736,498
Reno	18,000	Product zone	713,231
Monterey-Salinas	17,000	Dairy zone	676,542
Chico-Redding	15,000	Meat & poultry zone	515,395
Eureka	5,100	Runway - Perimeter	486,393
Total	**526,100**	Frozen food zone	376,200
		Bakery zone	267,291
		Pharmacy zone	106,651

Source: Nielsen Media Research, Nielsen In-store.

Details of another Nielsen Media Research study in 2006 provided more information on shopper behavior. The Nielsen study was for SignStorey, a Fairfield, Connecticut-based provider of in-store media networks to grocery stores. SignStorey's 1,124 store network attracted a gross potential audience of 54 million adults during a 28-day flight. Each customer spent 24 minutes of shopping. About 76 percent passed through meat and/or produce sections where SignStorey screens were placed and spent 9 minutes there (Tenser, 2006b).

Almost 22 million shoppers (38%) looked at, watched or listened to SignStorey screens. There was an unduplicated audience of nearly 9.5 million who see a screen an average of 2.3 times during 28 days. About 77 percent of all viewers agreed that SignStorey was an easy way to learn about new products and 68 percent agreed that SignStorey would influence their decision to buy the advertised product in the future. Finally, 66 percent agreed it would make them think more positively about the product advertised (Tenser, 2006b).

Mediaedge:cia Study (2005)

Lempert (2005) claimed that a majority of the supermarket shoppers (51%) still move through every aisle of the store based on an American survey of Mediaedge:cia. About 44 percent of shoppers notice messages delivered by in-store media and 34 percent of shoppers are influenced by in-store media in making brand-purchase decisions. End-aisle displays and store flyers are more noticed than shopping cart ads and in-store TV (Lempert, 2005).

The age of shoppers largely affects their response to in-store media forms. Shoppers aged 55-64 prefer product demonstrations, while those aged 45-54 like flyers. Shoppers aged 35-44 are influenced by many in-store media options including product packaging, check-out line advertising, and outside store ads. Finally, shoppers 25-44 are most driven to spontaneous, unplanned sales by shelf signs (Lempert, 2005).

Female shoppers respond to in-store ads––particularly if they are tied to a deal. They ignore poster ads hanging from the ceiling. And 61 percent of the women claim their children influence their brand decisions implying that in-store media need to target the children, too (Lempert, 2005).

POPAI Studies

POPAI is the Global Association for Marketing at-Retail and stands for Point of Purchase Advertising Industry. It is an international trade association for the marketing at-retail industry. Founded in 1936, POPAI has over 1,700 member companies representing Fortune 500 brand manufacturers and retailers, as well as, marketing at-retail producer companies and advertising agencies from over 45 countries from around the world.

Some results of three studies are described in their website: the Chain Drug Store Report, Supermarket Channel Final Report, and the Convenience-Store Channel Report (POPAI b). POPAI's research on retail marketing in chain drug stores conducted by Prime Consulting Group reveals the effectiveness of in-store advertising. With an average CPM (cost per thousand) of $9, in-store advertising compares favorably to print and radio advertising. Findings show retail marketing delivered 6.5 percent in incremental sales and reached an average 5,850 people per week. Other findings include three to four times greater sales lift when advertising is part of the promotion program, 31 percent of the brands in the study experienced over 20 percent sales lift, and in-store advertising drove additional sales 70 percent of the time. Industry giants Walgreens, CVS, Rite Aid, and Brooks Drugs provided 128 drug stores across the US for the study (POPAI b).

The results of the first phase in POPAI's "In-store Advertising Becomes a Measured Medium" study, conducted in conjunction with the Advertising Research Foundation, showed that 49 percent of individual POP advertising at the main shelf and 41 percent of such materials at secondary locations were found to be effective at increasing sales in supermarkets (POPAI b).

The second phase of POPAI's "Measured Medium" study focused on convenience stores. Results demonstrate that marketing at retail in convenience stores (c-stores) boosts sales from 5 to 13 percent. Store audits and consumer intercepts were conducted in seven U.S. chains 7 Eleven, Auto Stop/SSG, Nice 'N Easy, Shell, Sheetz, Texaco, and stores that are part of the Royal Buying Group (POPAI b).

While the POPAI studies, Mediaedge:cia study (2005), the Nielsen and In-Store Marketing Institute with PRISM (2006) provided customer perceptions about in-store media, two Arbitron studies included items on effects of in-store media on actual shopper behavior. Nielsen traffic studies tied sales to store traffic but unfortunately sales-to-store traffic results were not published.

The Arbitron Retail Media Study - Retail Audio (2005)

Arbitron is an international media and marketing research firm serving radio broadcasters, cable companies, advertisers, advertising agencies and outdoor advertising companies in the United States, Mexico and Europe.

The Arbitron Retail Media Study - Retail Audio (2005) had two objectives: to examine consumer awareness and attitudes towards grocery and drugstore music broadcasting (retail audio) and to evaluate their potential to reach a large crosssection of US consumers several times each week. Telephone interviews of respondents 18 and over in September 2004 were conducted on a national sample of 1,002 Arbitron's Spring 2004 survey diarykeepers (Williams, 2005a).

The Arbitron Retail Audio study results revealed that audience potential is 73 percent women, 80 percent age 35 and above. Ninety three percent of the shoppers visit a grocery store per week, while 63 percent visit a grocery store two or more times per week. More than two-thirds (69%) spend 30 minutes or more in the grocery store during a single visit (Williams, 2005a).

Tables 4 and 5 contain the degree of acceptance and influence on purchase of various advertising media, respectively (Williams, 2005a). About 40 percent of the shoppers recalled hearing retail audio during their most recent store visit but only about 18 percent recall hearing retail audio commercials and promotional announcements. More than half (57%) think ad-supported retail audio is an acceptable form of advertising and one-fourth (25%) think that retail audio advertising would influence their buying decision (Williams, 2005a).

Table 4
Acceptance of Advertising by Media

Advertising Medium	Percent
Newspapers	86
Magazines	73
Television	71
Radio	70
Retail Audio	57
Outdoor (Billboards)	51
Retail Video	50
Movie Theaters	32
Internet	27

Source: Arbitron Retail Media Study - Retail Audio (2005).

Table 5
Media Influence on Purchases

Advertising Medium	Percent
Weekly circulars	67
In-store signs and displays	59
Television	46
Newspaper (not circulars)	45
Radio	31
Retail Audio	25
None of the above	9

Source: Arbitron Retail Media Study - Retail Audio (2005).

Among the 18 percent of shoppers who heard retail audio commercials and promotional announcements, 94 percent claim it is about specials or sales for products in the store, 72 percent on promotions for products available in store (not on sale), and three percent on promotions for products not sold in store. The retail audio effectiveness (among 18% of shoppers) was measured by two behavioral items. The two measures are mutually exclusive because the first measure is an unplanned purchase but the second one is a planned purchase in a product category where a different brand from the usual brand was bought. About 41 percent (or 7.4% of total shoppers) have made a purchase they were *not planning on making* after hearing retail commercial or promo announcement, and about 36 percent (or 6.5% of total shoppers) have purchased *a different brand from the one they have originally intended* after hearing retail audio commercial or promotional announcement (Williams, 2005a). Although 6.5–7.4 percent may seem to be very low, any potential increase in the sales of a brand is welcome for both the store and manufacturer.

The Arbitron Retail Media Study–Video Displays (2005)

The Arbitron Retail Media Study–Video Displays (2005) had two objectives: to examine consumer attitudes towards in-store video and to evaluate potential as a national broadcast advertising vehicle. The retail video study had the same method and sampling as the retail audio study where a random sample of 1,002 Arbitron's Spring 2004 survey diarykeepers age 18 and over were interviewed over the telephone in September 2004 (Williams, 2005b).

The Arbitron retail video study results showed that all customers, regardless whether they have experienced in-store videos, are most interested in sales and specials (81%), product information (72%) and special events (68%). One-third of customers have watched in-store video and 10 percent make a habit out of watching retail video. About 81 percent of those who saw video admitted that programming is about store merchandise while 47% recalled learning about specials or sales from store displays. Another 76 percent of those who saw retail video found them useful. Finally, 29 percent of those who saw retail video (9.6% of total customers) made an unplanned purchase after seeing the product featured (Williams, 2005b).

A comparison of the audio and video Arbitron studies reveal that video displays generated higher awareness rate than audio (33% vs. 18%) and slightly higher effectiveness in making an unplanned purchase (9.6% vs. 6.5%). This shows that shoppers tend to be more engaged to the visual rather than the audio medium.

Other In-Store Media Studies

A BusinessWeek article featured a café by Israel-based Aroma Espresso Bars that shows an image of croissant appearing on a digital display next to the cash register when a customer orders coffee. According to Aroma Espresso, sales of desserts and drinks featured on the screens have increased by as much as 68 percent in one year after installing the display systems in selected stores in 2007 (Schenker, 2008; Parra, 2008). Aroma Espresso Bars has about 100 cafés in Israel, the U.S., Canada and Romania (Schenker, 2008).

A Wella Hair Colorant study in 2006 conducted jointly by Starcom MediaVest Group MENA, P&G and in-store media supplier, Hypermedia in the United Arab Emirates, argued that in-store advertising is effective in catching the attention of the shoppers. The study showed that Arab shoppers are more influenced by the four media types—shelf light-boxes, category banners, parking lampposts and What's On signs—than Asian or Western customers. Customers were exposed to each medium an average of three times and that all four media generated strong awareness (Novakovic, 2007).

Richard Rebh, CEO of Floorgraphics claimed that floor ads reach 40 percent of the U.S. population in two days at CPM of 54 cents compared with $17.74 for TV and $2.05 for outdoor ads, and increase purchases of purchase intent by more than 20 percent (Neff, 2004). Floorgraphics is the originator of floor ad concept in 1995 and sells and operates a $60-million-plus floor advertising business in 10,000 stores worldwide (Neff, 2004).

In the Philippines in-store media applications are mainly confined to store displays and visuals (Arceo-Dumlao, 2006, 2008). Three retailers, Goldilocks Bakeshop, Abea Furniture chain and Shakey's, upgraded their retail merchandising and point-of-purchase displays (Arceo-Dumlao, 2006). Pinky Yee, head of marketing of Goldilocks, declared that major changes in the logo, color schemes, new menu boards with food visuals, and staff uniforms make Goldilocks more attractive to the public. Arceo-Dumlao (2008) featured France Yu, vice president of Shopwise hypermart chain, Shiela Barra, visual merchandising manager of Robinson's Department Store, Ronald Fernandez, shopper insight manager of Unilever Philippines and Bernie Liu, owner of Golden ABC Corporation, maker of Penshoppe products. All of them share the view that the first point of contact with the brand is always visual and good in-store visual materials catch the buyers' attention and get the products bought.

An AC Nielsen Philippines study evaluated four different store displays[4] and their impact on two-year sales of powdered milk in 2004–2005 (Gonzales, 2006). Sales increased by 20 percent for powdered milk displayed in regular gondolas versus eight percent for those promoted along aisles and island displays. Front-end and back-end gondola displays had a sales increase of nine percent while on/off displays was 11 percent. The effect of the combination of displays was also evaluated with all four types of displays generating a sales increase of 72 percent, three-promotion combination gives 56 percent sales increase and a two-promotion combination, 40 percent sales increase (Gonzales, 2006). The sales increase are much lower than the 312–1,197 percent increase over regular weekly sales in Chevalier's (1975) experiment in Boston because the gondola displays were accompanied by a price reduction.

Summary of In-Store Media Effectiveness Studies

Measuring effectiveness of in-store media involves two methods. Firstly, the Nielsen study suggests using the in-store GRP metric which relates in-store traffic count and the implementation of the in-store promotion with a correction factor for duplicated impressions (Tenser, 2006a). The traffic count and the corresponding impressions are then related to the sales of the product with in-store promotion. Unfortunately, no published studies are available to show the direct relationship of in-store promotion, store traffic and sales, which may be considered as proprietary to the retailer, the marketing organization and the media group.

The second method involves collecting consumer perceptions and attitudes toward in-store media and obtaining any changes in purchase behavior after directly encountering the in-store media material. The 2005 Arbitron Retail Media studies are considered the standard here. The two items on making an unplanned purchase and purchasing another brand after hearing the in-store radio advertisement or promotional announcement (or viewing the video display). Finally, it was shown that the visual medium (e.g., store displays) was favored by most customers. The UAE study and the Philippine Nielsen study on gondolas utilized the visual media.

III. METHOD

The present study replicated the Arbitron Retail Audio Study (2005) and obtained Filipino consumer perceptions, attitudes toward in-store radio and the corresponding effect on purchase behavior. Data collection and sampling were modified to suit the Philippine situation and project budget. Instead of telephone interviews, store exit interviews were employed to collect customer perceptions of in-store media in general, and in-store radio, in particular, and self-reported changes in purchase behavior.

Six hundred randomly selected customers exiting the checkout counters from 12 supermarkets were intercepted, pre-qualified, and requested to participate in the survey conducted by trained interviewers in December 2006, three months after installation of an experimental in-store radio. Only one respondent per household was allowed. The quota of 50 customers per supermarket was distributed over weekend, weekday, and hours of store operation. The 12 supermarkets were chosen from a network of about 200 Philippine supermarkets whose owners have agreed to participate in the study. Three supermarkets each in Metro Manila, Cebu City and Cagayan de Oro City, two supermarkets in Batangas and one in Pampanga were selected to represent the four major geographic and sales territorial areas – Metro Manila, balance Luzon, Visayas and Mindanao. For Metro Manila, Batangas and Pampanga, the questionnaire was in English and Tagalog languages while for Cebu and Cagayan de Oro cities, English and Cebuano languages were used.

The questionnaire items to measure in-store radio effectiveness in the Philippines are stated below.

1) Have you ever purchased a product that you hadn’t planned to buy after hearing an announcement about it in the store? [*Napabili ba kayo ng item o bagay na di ninyo planong bilhin pagkatapos ninyong marinig ang announcement dito sa loob ng tindahan?*]
2) Have you ever purchased a different brand than you had planned on buying because of an announcement you heard in the store? [*Napabili ba kayo ng ibang brand maliban doon sa brand na plano ninyong bilhin dahil may narinig kayong announcement sa loob ng tindahan?*]
3) In your shopping today, have you been reminded to buy a product you forgot to buy because of an announcement you heard in the store? [*Sa inyong pamimili sa araw na ito, naalala ba ninyo yung nakalimutan ninyong bilhin nang marinig ninyo ang announcement sa loob ng tindahan?*]

The first two items are similar to the Arbitron items, while the third is specially created for the study. The third measure concerns a planned purchase of a brand or product category which was forgotten while shopping inside the store. This may involve a product that the shopper might have already seen or passed through while shopping but was prompted to go back for the forgotten item after hearing the announcement.

IV. RESULTS AND DISCUSSION

The sample profile is a typical Filipino mother shopping for her household. It is 89 percent female, with 61 percent aged 30 years and above. About 69 percent shop at least once a week for groceries while 72 percent spend half an hour to 1.5 hours inside the supermarket. About 40 percent brought shopping lists and 52 percent of them are aware of ongoing store promotions. For those bringing shopping lists, about 19 percent listed only brands, 8 percent listed only product categories, while 73 percent contained both brands and categories. Other details of the sample are described in Table 6.

Table 6
Description of the Sample

Profiling Variable	Details	Percent
Age	13-19 years	10
	20-29 years	29
	30-39 years	24
	40 years and above	37
Frequency of grocery shopping	About once a month	7
	2 to 3 times a month	24
	About once a week	29
	2 to 3 times a week	30
	Everyday almost everyday	10
Grocery shopping time	Less than 30 min	10
	30-59 min	42
	60-89 min	30
	90-119 min	10
	120 min or more	8

Table 7 summarizes the preferred sources of information inside the store among the 600 respondents in the study. Product display remains the top choice of the Filipino customers similar to the Americans (see Table 5). The visual media (e.g., product display, posters/banners, product demonstrations, leaflets and flyers) are still preferred over the in-store audio. The high incidence of personal communication inside the store in December 2006 is seasonal as retailers and manufacturing organizations spend on more promotions and merchandisers during the Christmas shopping season.

Table 7
Sources of Information Inside the Store - Philippines

Advertising Medium	Percent
Product display	96.2
Sampling	55.1
Product demonstrations	49.0
Posters/banners	47.4
In-store radio	35.3
Leaflets/flyers	22.8
In-store TV	11.5
Others (store staff, other customers)	60.0

The effectiveness of in-store radio is shown in Table 8. Three months after the installation of the radio medium, almost two-thirds (61%) have heard it inside the store. The Philippine retail audio study seemed to provide slightly better results compared to the two Arbitron studies based on the first effectiveness measure—buying an unplanned product. The Philippine result is at least 5 percent higher than the Arbitron Retail Audio Study (2005) and at least three percent better than Arbitron Retail Video Study (2005). The total value of the three mutually-exclusive effectiveness measures in the Philippine study could be some measure of a prompted purchase.[5] Thus, if the three effective measures are added, about 42 percent of the shoppers bought an item that was promoted in the in-store radio.

Table 8
Comparison of Effectiveness of In-Store Media –
Philippine Study Versus Two Arbitron Studies

	Retail Audio Study (Philippines)	Arbitron Retail Audio Study (United States)	Arbitron Retail Video Study (United States)
Date of fieldwork	December 2006	September 2004	September 2004
Contact method (interviews)	Store exit	Telephone	Telephone
Number of respondents	600	1,002	1,002
Heard anything in in-store radio (or watched in-store video)	60.7%	18%	33%
Effectiveness Measure			
Bought a product that was unplanned on buying	13.4%	7.4%	9.3%
Bought a different brand than what was planned	12.9%	6.5%	-
Bought a forgotten product	16.1%	-	-

In terms of behavioral changes desired, some Filipino managers might think twice if only about, say 15 percent, could be converted to the promoted brand if each measure is considered independently. However, in a product category with P1B annual sales, an additional P150 million sales is most welcome. The next questions are how much investment is needed for in-store media and what is the return on investment (ROI).

V. IMPLICATIONS FOR MANAGEMENT AND DIRECTIONS FOR FUTURE RESEARCH

In-store media effectiveness studies dealt with correlating store traffic with store sales and presence of in-store medium minus duplicated impressions (Nielsen). Other effectiveness studies measured self-reports of buying unplanned purchase or purchasing a different brand after hearing or seeing the store ad (Arbitron). David Diamond, a marketing consultant of Catalina Marketing Corp., claimed that in-store media is subjected to a higher standard than traditional media because in-store media are evaluated like sales promotion where the sales lift is also measured rather than just recall and purchase intent in traditional print and broadcast media (Neff, 2004).

While media impressions inspired by the Nielsen studies are useful, Harris (2006) suggested that managers should prioritize ROI. To him, it is really not “simply whether sales increased ‘X’ but the investment required to get ‘X’”. When a manager has several media options, he or she has to choose a portfolio to get the right ROI to obtain the right sales and profit contribution desired.

In the ultimate analysis, Harris (2006) asserted that for in-store media to work, it must satisfy three parties—the retailer, the shopper and the advertiser. The shopper must feel that the shopping experience is enhanced, shopping is made more efficient, or better information is received. The retailer’s goal is to grow the basket in sales and profit while that of the manufacturer is to grow the business while at the same time satisfying both the shoppers and the retailers (Harris, 2006).

Gwen Morrison (2008), the CEO of The Store in the Americas and Australasia, also pointed out that the ultimate benefit of in-store media is the ability to target the shoppers in specific departments at the point of decision. Thus, all in-store communications should be planned around the shopper. Firstly, she advises putting the right message in the right place. In-store media is most effective when the advertised product is within reach of the customer after viewing the ad. Brands miss their opportunity to connect with shoppers when the promotional offers for grocery items are seen at the check out lane, after the shoppers have passed the promoted displays. For example, New Look, a garments retailer, placed video displays in waiting areas outside dressing rooms of some of its stores in Britain and France (Schenker, 2008).

The second principle suggested by Morrison is to deliver the right message at the right time. Throughout the week, the type of shopper could vary depending on the day of the week and time of the day. Are the shoppers doing their regular shopping trips or just top-ups? One main advantage of in-store media is flexibility. It provides opportunity to customize promotional offers to types of shoppers in the store at any given time. The right message also involves designing advertisements that grabs shoppers’ attention. Advertisers have started to make shorter in-store video ads compared to the ineffective in-store digital ads introduced in 2004 after finding out that people stopped watching anything that ran longer than 7 seconds (Schenker, 2008).

To summarize the first two Morrison principles, Harris (2006) suggested two factors, targetability (ability to reach the target market segment with the right material) and positionability (the ability to deliver the right message at the right time) when evaluating in-store media material. Managers may plot out options using the best combination of the two factors. The third Morrison principle is inspiring the shopper. The content should not just be informational but also inspirational and entertaining. Morrison claims that “shoppers who browse are typically looking for solutions, ideas, and value.”

Two related management issues are the source of funding for in-store media when it would be implemented by the organization and how would the marketers organize their in-store media efforts. On the first issue, Table 9 shows that marketing managers would divert part of traditional broadcast and print media budget to fund in-store media efforts. On the second issue of marketing organization, P&G moved its shopper marketers into the same brand groups that handle the rest of marketing mix. Among 19 U.S. manufacturers and eight retailers surveyed, 30 percent put primary responsibility of shopper marketing in their brand or marketing groups, 45 percent put it in sales, 15 percent put it within a market research or analytic groups, and the remaining 10 percent divided it between groups or had a separate unit for it (Neff, 2007).

Table 9
Where Should the Funding for In-Store Media Come From?

Advertising Medium	*Percent*
Traditional media (broadcast)	53.6
Traditional media (print)	33.5
Sales promotion	17.9
Trade spend	17.9
FSR or Co-op media	17.3
Category management	6.1
Public relations	6.1
All of these	10.6
None of these	12.3
Other	2.8

Source: U.S. Reveries.com Survey of Marketing Managers (Harris 2006).

A recent study, "Delivering the promise of shopper marketing: Mastering execution for competitive advantage," of Deloitte Consulting for the Grocery Manufacturers Association (GMA) in the U.S. found that the percentage of manufacturers and retailers with significant shopper marketing organizations grew dramatically from six percent in 2007 to as high as 60 percent in 2008. These findings are based on the input of over 100 consumer packaged goods (CPG) companies, including interviews with more than 40 shopper marketing executives and an online survey of over 100 shopper marketing managers and executives (Cooke, 2008).

The potential for in-store media especially in the Philippines is still largely untapped if the gauge is the use of high technology such as in-store television or radio. However, what the Filipino managers do not have in investments in technology, they compensate for in creativity. Store displays and on-shelf visual displays attract the customers. In-store promotions and sampling add excitement to the shoppers. Manufacturers also place "push girls" at the shelves and "merchandisers," who replenish the shelves.

Future Philippine studies need to tie in-store media to store traffic and store sales. Unfortunately, it is difficult for most Philippine retailers to share sales information. However, a large retailer like ShoeMart could design a study which compares the effectiveness of different in-store media: radio, video, store displays, floor ads, etc. Finally, Dukes and Liu (2007) modeled the effects of retailer in-store media on distribution channel relationships. They argued that retailers may strategically subsidize manufacturers on their advertising through in-store media by charging lower advertising rate than commercial media even when in-store media is more effective than commercial media. However, their model is largely in the form of propositions and actual data must be collected to validate their model.

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NOTES

[1] Retail merchandising is contained under a broader subject, merchandising, "as commonly used in marketing, it means maximizing merchandise sales using product design, selection, packaging, pricing, and that stimulates consumers to spend more. This includes disciplines in pricing and discounting, physical presentation of products and displays, and the decisions about which products should be presented to which customers at what time" (Wikipedia, 2008). In Eastern Europe, particularly in Russia, the term, "merchandising" is commonly used within the trading industry and denotes all marketing and sales stimulation activities around point-of-sale (POS): design, creation, promotion, care and training of the sales staff (Kunz, 2005).

[2] The 2007 Deloitte Consulting study report acknowledges that shopper marketing still lacks a generally accepted definition. It suggested the broadest possible definition: "All marketing stimuli designed to engage the shopper, build brand equity and lead him/her to make a purchase while he/she is in a 'shopper mode'." However, in the spending survey, Deloitte opted for a narrower definition for the purpose of analysis, separating trade promotion and co-marketing (or joint manufacturer and retailer programs) from shopper marketing. The narrower definition confines shopper marketing to in-store media such as TV, floor or shelf ads, in-store signage and displays, etc. (Neff, 2007). This present study uses the narrower definition.

[3] In suggesting that retailers must differentiate their in-store media materials, Harris (2006) asserted that most retailers are missing the opportunity to add value to their in-store media materials which could be achieved by enhancing the shopping trip, and providing information, entertainment, navigation, savings, and trip facilitation.

[4] The four major types of displays in the study are regular aisle or island display, front-end gondola (near the checkout counter) or back-end gondola (end of the aisles opposite checkout counters), regular gondola or stand-alone gondola behind the checkout counter, and on/off location display areas in prominent parts of the store put up during special occasions such as Christmas or Valentines (Gonzales, 2006).

[5] As pointed out by a referee of the article.

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