

M R C C
REVIEW

The newsletter for all media professionals

**Building Brand Equity
in the Store**

Peter Breen
In-Store Marketing Institute

For more than a decade, the in-store marketing community has subsisted on a single, catch-all data point, the one claiming that “70% of purchase decisions are made within the store.”

Derived from a 1995 shopper intercept

study commissioned by what is now Point-of-Purchase Advertising International, Alexandria, VA, and conducted by Meyers Research Center, New York, that statistic has been grossly overused and disturbingly misused through the

years: although the study only covered packaged goods purchases in the supermarket channel, the “70%” has since been appropriated for just about every retail channel and consumer goods category.

Despite its limitations, however, this statistic makes a powerful statement about the potential impact of marketing within the store. On the surface, it has two implications. The first, more obvious one, is that purchase decisions are greatly influenced by in-store communication. This has been borne out over the years by reams of research at the brand, SKU and promotional program level. The conclusion, which is rarely disputed, is that effective deployment of secondary displays and other P-O-P materials at retail generates incremental sales.

The second, subtler implication is that in-store marketing can drive brand equity. By influencing the shopper's decision to purchase a specific brand, there's a good chance – at least in theory – that they are simultaneously driving brand awareness and perhaps even brand affinity. That implication,

however, has never gained much credence. In fact, because in-store marketing so often is intertwined with price promotion, the opposite viewpoint has been more the norm: that in-store marketing has a negative effect on brand equity because it fosters price-based shopping.

Therefore, in-store marketing historically has been viewed as a sales-driving *tactic*, not a brand-building *strategy*. Brand awareness, consideration, preference and affinity are to be nurtured through mass-media advertising; in-store

communications are best suited simply to sell more product.

The dearth of industry-wide research on the potential impact of branding within the store – caused primarily by a lack of any cost-effective mechanism for doing so – has perpetuated this viewpoint. Yet there always has been anecdotal evidence to consider, most broadly in

the growth of private-label packaged goods in the supermarket, drug and mass-merchant channels – achieved almost exclusively through packaging and merchandising initiatives, not media advertising. A more specific example is Method Products, which launched successfully in 2001 by presenting its “environmentally friendly” brand message solely on the endcaps provided by exclusive retailer Target Corp. The entire brand-building cycle – from awareness to purchase – was conducted right there in the store.



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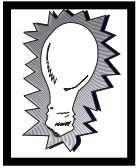
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PRESIDENT'S NOTES

by Julia Johnston
Arbitron

As we enter the month of May, our thoughts turn to summer days. Soon we'll be enjoying the warmer weather, vacations, the beach and, of course, our first love will still be in the picture, media research. Summer also brings college students looking for internships and I'm happy to report that the MRCC is able to provide funding for two summer interns this year.

We want to match the brightest our colleges have to offer with Chicago's best media companies. If your company can participate this year, please contact us. Or, if you know of a student who could be the next superstar of media research and not afraid of some hard work, send them in our direction. This will be a great opportunity, not only for the students that participate, but for the future of the MRCC community as a whole.

Speaking of future, the advertising horizon is changing, and part of that change is being led by the out-of-home advertising industry. What was mainly a medium dictated by traffic on a highway and oversized, static posters is being revolutionized by digital technology. Adding fuel to the fire is the fragmentation of traditional media. A 2001 study by Arbitron revealed that outdoor media play a crucial role in the media mix by reaching consumers who are not exposed to either newspaper or local television news.

Now, advertisers can go outside of our old bounds, reaching audiences in a multitude of places with very targeted advertising. With more opportunities than ever available, it's

possible to advertise sports drinks to members of a health club, luggage to air travelers, or city restaurants to taxi cab passengers. The possibilities seem limitless, making the decision on where to advertise a challenging one.

The Health Club Panel Network (HCPN), which offers advertising in health clubs, recognized the need to provide research to clients about the effectiveness of its product. In the case study in this month's issue, we learn about how HCPN used research to

create a compelling argument for advertising on its network. Our article this month, "Building Brand Equity in a Store," examines another out-of-home advertising strategy: in-store marketing. The In-Store Metrics Consortium developed a standard methodology for measuring the effectiveness of in-store marketing. We take a look at how this advertising

method affects brand equity.

The digital out-of-home advertising method will be explored at our luncheon this month by two of the industry's executives. Join us on **Tuesday, May 8** at Maggiano's Banquet Hall to hear **Jeff Dickey** from the **SeeSaw Network** and **Harris Korn** from **Captivate Network** discuss this transformation of advertising.

From unique out-of-home placement opportunities to in-store marketing, the playing field in which we play as media researchers is ever growing. I'm sure our summer interns will enjoy working in this field and we'll benefit from their fresh perspectives into how we can leverage these new advertising approaches. **MRCC**

From unique out-of-home placement opportunities to in-store marketing, the playing field in which we play as media researchers is ever growing.

May Meeting Notice

PLEASE RSVP!

Topic	Digital Out-of-Home Advertising
Speaker	Jeff Dickey, SeeSaw Network Harris Korn, Captivate Network
Date	Tuesday, May 8th, 2007
Place	Maggiano's Banquets 111 W. Grand Avenue The Amarone Room
Time	Noon to 2 p.m.
Price	\$35 member \$45 non-member \$5 additional charge for Walk-Ins
Menu	Buffet-style lunch
RSVP	FAX your reservation to 312-846-8277 or RSVP at www.mrcc-online.com by noon Friday, May 4th. Cancellations must be received by Noon on May 7th.

NOTE: Be sure to RSVP to guarantee yourself a seat. We can only handle a small number of walk-ins.

UPCOMING EVENTS

**May 8th -
Alternative Media**



RSVP by Credit Card

Note: The MRCC has made arrangements to accept credit cards via PayPal (Visa, MC, Amex, Discover). This must be done when registering online. Credit cards cannot be accepted at the door. Please be aware that there will be an additional 4% processing fee when paying by credit card.

Health Club Panel Network™ Case Study

A growing alternative media company leverages research in varying ways to fuel its success

Richard Hirsch
Company Name

The growth and interest in non-traditional/alternative media by agencies and their clients has continued unabated over the past few years, with 2007 shaping up to be the most successful yet for this medium. The reasoning is simple and has been recounted many times: traditional media is losing its audience dominance, becoming more and more fragmented, and thus, brands are increasingly looking for uncluttered, innovative and relevant venues to reach their target consumer throughout his/her daily routine.

Health Club Panel Network (a Captive Media Company), provider of advertising and marketing opportunities in health clubs, has greatly benefited from the shift of media investments from traditional to non-traditional. However, like all companies in the alternative media field, HCPN faces key accountability issues to maintaining its sales growth. Many clients testing the waters of this medium today want to be convinced that they will not only 'get what they paid for' in terms of placement, but that there is substantiation on the size of audience reached and overall gross impressions, as well on the actual impact these campaigns are having.

While HCPN has historically been effective at providing proof-of-performance, the increasing substantiation requirements of present and potential clients have motivated the company over the last few years to fully embrace research, in a variety of permutations, to effectively address these requirements. Below is a review of HCPN's efforts:

1. Audience size and gross impressions:

For many years, HCPN based its audience metrics on data provided by the International Health, Racquet and Sportsclub Association (IHRSA). IHRSA's data is derived from annual surveys of its member clubs. Though accurate on a national basis, this data is

somewhat limiting for HCPN's purposes. For one, HCPN believed that IHRSA's national data underrepresented the member traffic counts found in HCPN clubs. This is because HCPN seeks clubs for its network with a member base of 10,000+, while IHRSA represents clubs of all sizes. An additional issue with the IHRSA data is that it comes from a source with which many media planners and buyers are not familiar; providing uncertainty that could further limit its value.

To remedy this situation, HCPN had its member traffic data audited by Nielsen Media Research. NMR sampled monthly traffic data from nearly 20% of HCPN's club network for an entire year. This project produced two key pieces of data for HCPN and its customers: Average monthly workouts per club and an index on how member traffic varied for every month of the year. This data has allowed HCPN to develop gross and unique impressions estimates for its existing and prospective clients that are derived out of the Nielsen audit. An additional bonus is that HCPN was right regarding its club data, as the Nielsen audit revealed member traffic counts that were nearly 15% higher than the same counts from the IHRSA survey.

**brands are increasingly
looking for uncluttered,
innovative and relevant venues
to reach their
target consumer**

HCPN is further leveraging its Nielsen audit via a project it recently launched with IMS, the nation's leading provider to ad agencies of media planning services and software. IMS is using HCPN's Nielsen audit, HCPN's club count by DMA, as well as the robust data on active health club members available from MRI, to develop HCPN audience estimates and related data that are compatible with the way such data is derived for traditional media, such as magazines. This will now, for example, allow media buyers and planners who subscribe to MRI and IMS's services to build a traditional media plan that includes HCPN and be able to determine how HCPN contributes to the plan's overall reach and frequency goals against the target.

continued on page 4

**Agencies that spend more than
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**HCPN had its
member traffic data
audited by
Nielsen Media Research**

2. Campaign Impact Analyses

The Nielsen audit has been instrumental in helping HCPN overcome concerns regarding the credibility of its audience data. However, HCPN's agency and brand clients are also increasingly seeking assurances that their in-club campaigns are having a measurable impact, as well. Many CPG clients choose to place coupons on their static panel campaigns and measure redemption to help validate their campaign's impact. However, many clients can not include couponing in their HCPN campaigns.

To address the issue of measurability further, HCPN has developed a number of relationships with reputable third-party intercept survey research companies. A standard research program includes

surveying approximately 200 health club members in the client's target (eg: age, gender, etc.) at selected clubs prior to and at the end of the campaign. Typical measurements include unaided/aided ad recall, key ad takeaways, changes in past purchase and purchase intent, as well as changes in brand perception.

A great example of this initiative occurred recently with Jack-in-the-Box. The QSR was launching a line of salads and advertised in HCPN clubs to reach prime salad customers. Aside from increasing sales, one of Jack's core campaign objectives was to convince active, healthy adults that there were viable food options for them at this QSR (so they would not veto Jack as a place to eat with family, friends and co-workers). Over the course of two waves of research, nearly 500 health club members in Jack's target were surveyed. The results: An ad recall rate of nearly 90%; and from pre- to end campaign surveys, the percentage of those indicating they would likely eat at Jack in the next 3 months more than doubled while the percentage of those agreeing that Jack has healthy food choices nearly tripled. The research provided insightful data on the success of the campaign as well as

opportunities for even more success in future campaigns. The agency and client were so thrilled with the results that the campaign and corresponding research were recently presented as a case study at the AAAA's annual conference (to view the video of this case study or to see briefs of other HCPN research-backed case studies, please visit www.healthclubpanel.com).

**...able to determine
how HCPN contributes
to the plan's overall reach
and frequency goals
against the target**

Finally, an additional benefit of these research efforts for HCPN has been that it has allowed the company to add questions to the back end of many surveys. These additional questions provide key insights on health club members not available through traditional sources, such as MRI. For example, over a series of surveys in markets throughout the country, HCPN asked members if they planned to go on a regular shopping trip after they left the club that day and before they returned home. 61% of all health club members surveyed (and nearly 70% of female members) responded "Yes" to this question. For so many companies, this data has been critical towards further validating HCPN as a uniquely powerful and relevant advertising and marketing resource.

In sum, HCPN owes a lot of its continued success to its decision to make research a core component of its marketing investments and business development initiatives. **MRCC**

Richard Hirsch is EVP of Marketing at HCPN.

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For more information on how to place an ad in the newsletter, please contact

Bob Hodlick at
(312) 583-5352, or
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A Shift in Thinking

Two major trends in the last decade have forced a reconsideration of the store as a viable brand-building medium. The fragmentation of television viewership and other mass audiences, combined with the rise of national retail chains boasting tens of millions of weekly shoppers, has led a growing number of marketers to believe that in-store marketing can more effectively reach large numbers of consumers than traditional methods. In 2002, Procter & Gamble provided a rallying cry for this shift by defining the at-shelf decision-making process as the "First Moment of Truth." This declaration identified in-store marketing not only as a vehicle for inducing purchase – as the "last three feet" of the marketing plan -- but also as an avenue for delivering the brand proposition that will inspire purchase.

**The goal of the project...
was to develop a
standard method for measuring
the reach of an in-store
marketing campaign**

Industry-wide adoption of this concept still requires measurement techniques. Television wouldn't have become an efficient advertising medium if ACNielsen hadn't developed audience-measurement tools. Likewise, the retail environment can't be properly assessed without a standardized system for evaluating its reach. That fact was the impetus for a project conducted in

2006 by the In-Store Metrics Consortium, an ad hoc coalition of consumer product manufacturers and supporting retailers spearheaded by the In-Store Marketing Institute. The goal of the project, dubbed Pioneering Research for an In-Store Metric (P.R.I.S.M.), was to develop a standard method for measuring the reach of an in-store marketing campaign by establishing accurate traffic estimates at the category and/or department level.

Conducted last spring by the consortium's team of researchers, the project successfully validated the initial hypothesis: that reliable traffic estimates could be achieved by using data already collected through point-of-sale systems and other easily obtainable information, such as store format, product category, units sold and number of category baskets. Put more simply, the total number of shoppers in a given area of a particular store during a specified time period can be determined by examining scanner data and a variety of other, identifiable variables.

This metric can deliver a common language for retailers, manufacturers and media buyers to assess the value of retail as a marketing channel and compare its effectiveness to other media such as TV, radio and print. It also gives marketers a way to evaluate the store as a vehicle for generating brand awareness and trial, putting "the store" on a level playing field with other forms of mass media. Thus, brand marketers will know the potential reach that a temporary display at a specific location in a particular store will have, just as they know the potential reach of a TV spot aired during primetime or a print ad placed in the March issue of a consumer magazine.

**...learn just how well
their in-store campaigns
translate into sales**

At the same time that it creates a level playing field with other marketing media, however, the metric vaults the store ahead by paving the way for a greater analysis of advertising effectiveness than has been possible previously. Thanks to scanner data, marketers will be able to compare reach with transactions, to learn just how well their in-store campaigns translate into sales. Other advertising media do not have such potential for direct analysis.

This evaluation presupposes a reliable method of measuring in-store placement: Even the rosiest estimates find that 20% of approved P-O-P materials are never placed within the store (and other estimates are far worse). So developing a reliable method of tracking placement is one of the important tasks ahead for Nielsen, which was selected by the In-Store Metrics Consortium to develop a syndicated measurement system based on the P.R.I.S.M. model.

With the support of a larger consortium, Nielsen will conduct a second wave of research this spring to fine-tune the metric. The company expects to have a syndicated system up and running sometime in 2008 – after which the in-store marketing community will have many more data points to discuss. **MRCC**

Peter Breen is Managing Director, Content for the In-Store Marketing Institute.

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www.mrcc-online.com**

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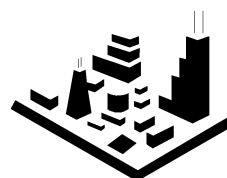
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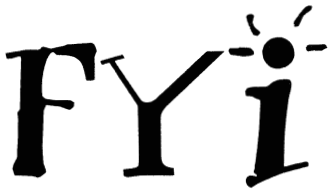
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Name _____
 Company _____
 Phone # _____

Member (\$35) Non-Member (\$45)
 No shows will be billed — cancellations must be received 24 hours prior to meeting.

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