

RESEARCH REPORT

The Grocery Display Effectiveness study



LOOKS COUNT

Preface

Which P-O-P mechanic really is the most effective in grocery retail? Which promotional messages truly engage shoppers' attention? How many P-O-P displays do shoppers actually pass in grocery retail on a main shopping mission? Over the following four pages we take

a first-glance look at the initial findings released by POPAI UK & Ireland as part of the world's largest study into the effectiveness of grocery display, which hopes to go some way to answer these and other much debated retail marketing questions.

Over the years, the rise of point-of-purchase display has been well documented – and also the way that getting it right in-store can be the making of a brand, without the automatic need to invest large sums of money in TV and press advertising. A typical large UK supermarket includes approximately 20,000 items of display or promotional messages and shoppers can't, and indeed don't, attempt to look at and read every one. Indeed, most shopping is performed in autopilot mode. But research has already shown that shoppers will change to 'manual control' when a display grabs their attention. So which combination of display, location and messaging is the most effective? Everyone has personally held views on the matter, yet the true answer has remained far from conclusive. That's why POPAI UK & Ireland decided it was time for the first ever study into P-O-P effectiveness within grocery retail - a piece of research bringing together three years of on-the-ground analysis of shopper interaction with in-store display and also a fresh round of metrics gathering.

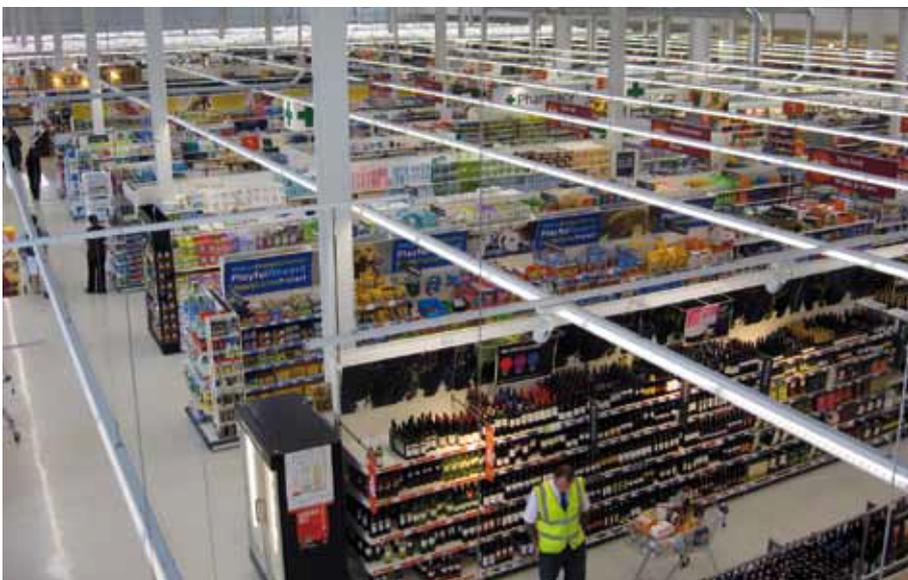
We think the results are going to prove eye opening to everyone who works in the industry, regardless of their interest – from marketers to creative agencies and P-O-P producers. And there are some intriguing findings still to be released in the months to come. In-Store Insights will be returning to the study's findings in our next issue, with a Top Ten chart of the most effective P-O-P mechanics in-store, globally and by category. But for now, here are some of the initial headline figures that prove interesting reading. We look forward to the debate this starts – and to hearing your views and comments.



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Quick stats

7million

shopper interactions analysed across 3 retail chains – Tesco, Asda and The Co-operative

0.9 seconds

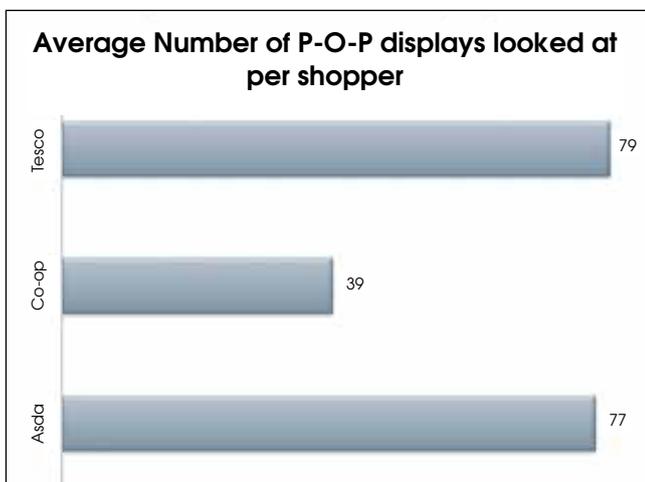
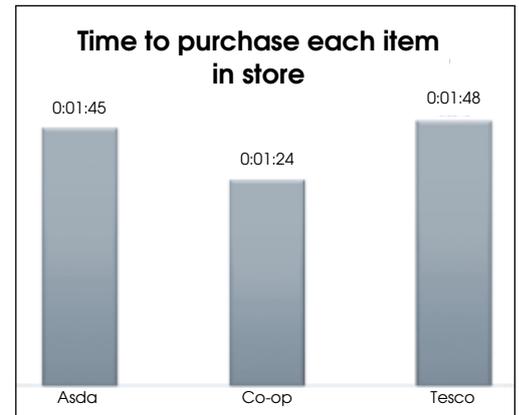
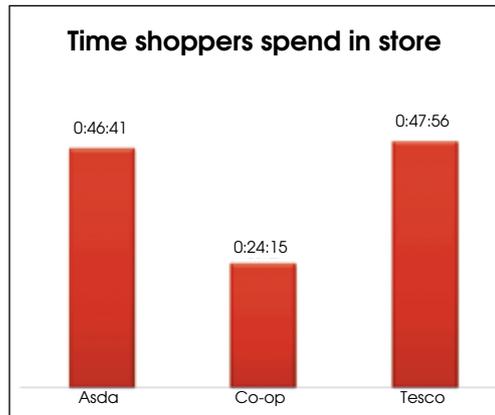
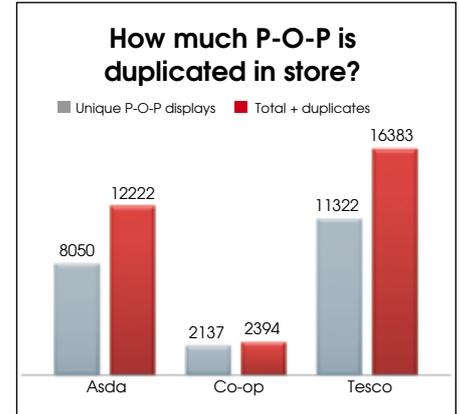
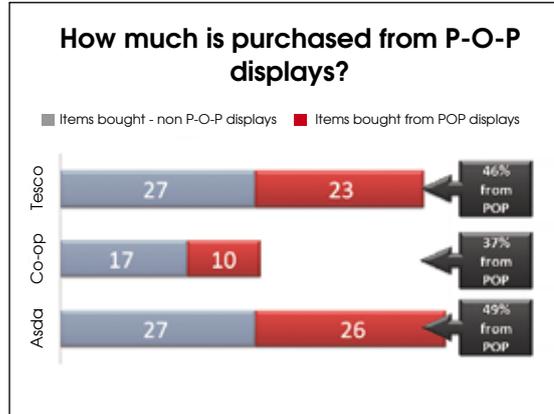
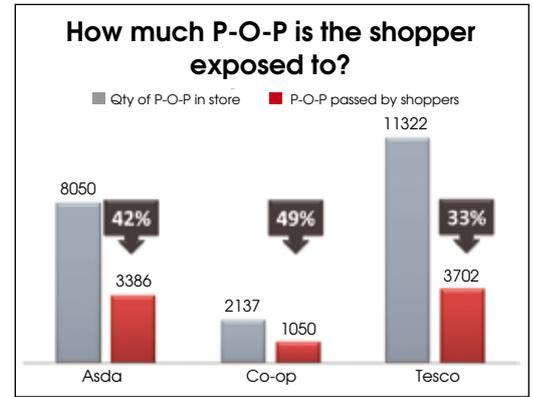
the duration marketers have to convince shoppers to see their display

20,000

Maximum number of P-O-P display items found within a store

3,700

average number of P-O-P items passed by a shopper in Tesco stores during main shopping mission



Testing Times

Why measure P-O-P and shopper insights?

- 01 Ensure effective display, communication and product placement
- 02 Better understand the return on investment
- 03 Allocate budgets accordingly, with the right levels of commitment
- 04 Refine and maximise in-store strategy within grocery retail
- 05 Develop relationships between retailers, brands and their shoppers
- 06 Understand in-outlet, shopper behaviour, ease of shopping and purchase conversion
- 07 Inform and educate about effective P-O-P deployment and impact on rate of sale



04



05

How the study was conducted

Ranking the effectiveness of P-O-P's most eye-catching mechanics

POP AI UK & Ireland spent three years developing systems, techniques and an industry standard of measurement for retail P-O-P displays and in-store messaging used within grocery retail. They have spent the past 12 months sifting data, corroborating metrics and analysing the findings to compile this industry-first study. The study began in Asda and Co-operative stores (including ex-Somerfield stores). Over time it expanded to also include Tesco supermarkets during 2010/2011. Every item of in-store P-O-P, its message and its associated product was

photographed and catalogued, along with its unique location in store together with its height. Across all participating retailers a total of 1,718 shopper journeys were captured using ClipCam technology to video what they saw during their regular shopping missions, providing over 7 million P-O-P display interactions. The resulting videos were then analysed in order to calculate a performance ratio for each item of P-O-P throughout the store together with its promotional message.

- 01 Asda signed up to study
- 02 Study expanded to Tesco stores during 2010/11
- 03 1,718 main shopper missions studied
- 04 ClipCam's used to capture shoppers' view of in-store
- 05 A total of 53 different types of P-O-P analysed

Measurement ratios

How P-O-P sells itself

The study looked at four key metrics no existing media analysis ratios had applied to the in-store environment: Impact (the number of shoppers who looked at the P-O-P display – divided by the number who walked past the display); engagements (the number of shoppers who interacted with the displays – touch, smell, read, open etc

– divided by the number who looked at a particular display); conversion (the number of shoppers who purchased the product – divided by the number who looked at it); and, lastly, lost conversion (the number of shoppers who interacted with the product but didn't purchase – divided by the number who looked at the display).

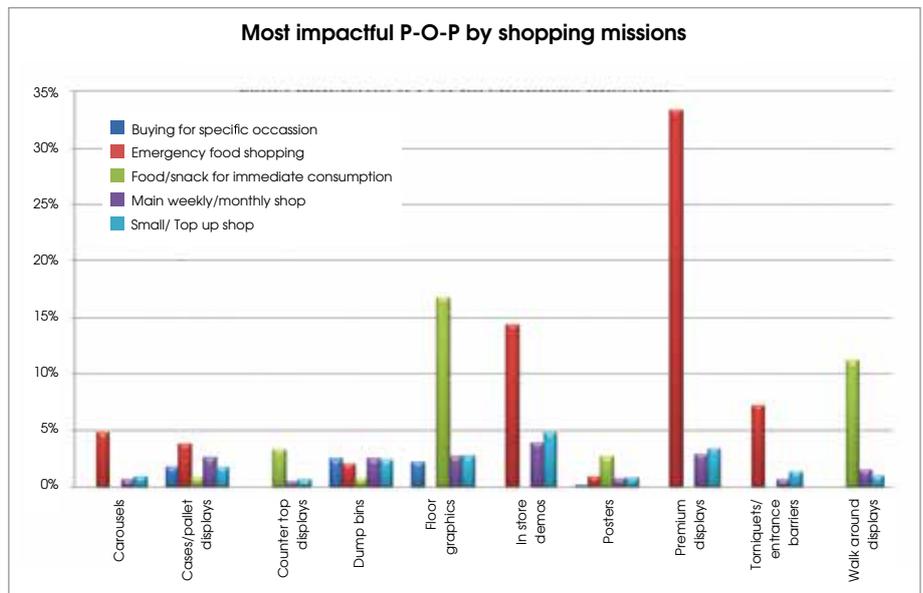


BETTER BY DESIGN

Preface

Whether it's an exercise in simplicity or design prowess, there is a myriad of P-O-P solutions available to the modern retail marketer. But which really is the most effective in grocery retail? Much will depend on the shopping mission. So too will the amount of time shoppers spend in-store. Then there is the influence of age and gender. It's a complex picture. In-Store Insights examines the first findings released by POPAI UK & Ireland as part of its groundbreaking research, the world's largest study into the effectiveness of grocery display, which hopes to go some way to answer these and other much debated retail marketing questions.

If you want data and detail, then POPAI's Grocery Display Effectiveness Study is for you. Since the research was completed, over 7 million shopper interactions have been analysed across three leading retail chains – Tesco, Asda and The Co-operative. It's been three years of painstaking work. After all, this is industry data on a massive scale. However, the reality is that few of us like data. We like facts. And that is where the study promises to really come in to its own – interpreting what's there, so that marketers can see the P-O-P landscape laid out before them, and begin the process of turning knowledge in action. In this issue we present some of the initial headline findings relating to the effectiveness of different P-O-P mechanics. It makes for interesting reading.



Measurement Ratios

The methodology for analysing the data is based on the development of all-new metrics, tailored specifically to meet the needs of those working within the P-O-P industry. As a result, the world of P-O-P has, for the first time, four metrics to measure effectiveness – Impact, Engagement, Conversion and Lost Conversion – offering a method of performance evaluation similar to that used by above-the-line advertising.

Impact ratio

Is a measure of the number of shoppers who look at a display as a ratio of the total number of shoppers who have an opportunity to pass and see it. POPAI has defined a 'look' as being more than merely a glance, requiring shoppers to make eye contact with a display for a sufficient period of time – typically just under a second – for them to drop out of autopilot mode and into conscious shopping mode, in order to make a conscious decision as to whether to engage with a display or product.

Engagement ratio

Is a measure of the number of people who look at a display and then go on to interact with the display or product prior to making a purchase decision. POPAI has defined a total of 20 different actions that qualify as shopper engagement, including reading, touching, smelling, testing, opening and tasting etc.

Conversion ratio

Is the ratio of shoppers who look at a display, engage with it and go on to purchase the product by putting it in their basket.

Lost Conversion Ratio

Is a critical measure of the extent to which a shopper looks and engages with a product or display – but then returns the products to the display and does not make a purchase. Factors influencing lost conversion may often be outside the control of P-O-P displays. For example, issues concerning freshness of product, contents of products, influence of rival brands.



Quick facts

Female shoppers in-store for 60+ minutes buy more from P-O-P displays than male shoppers.

P-O-P achieves maximum shopper impact on shopping missions of 60+ minutes for women and 50-60 minutes for men.

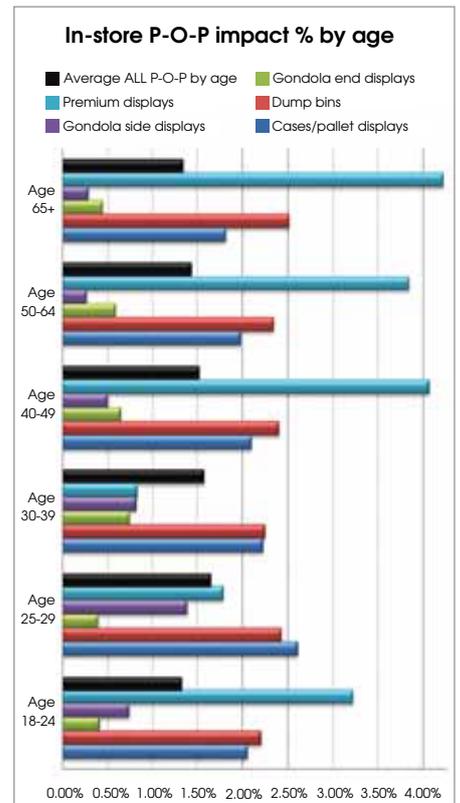
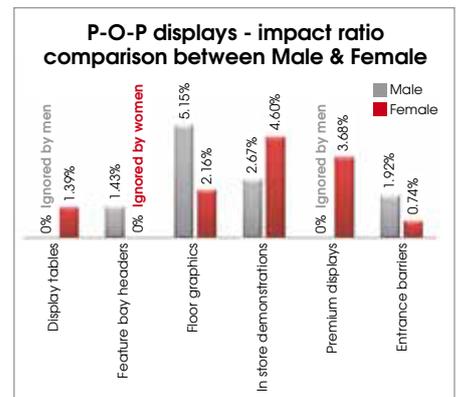
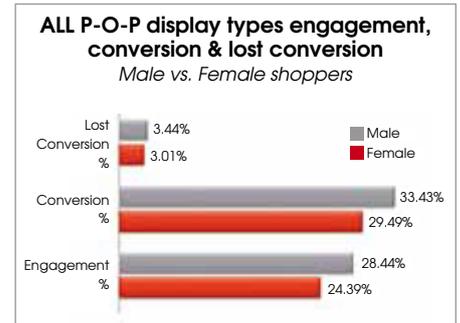
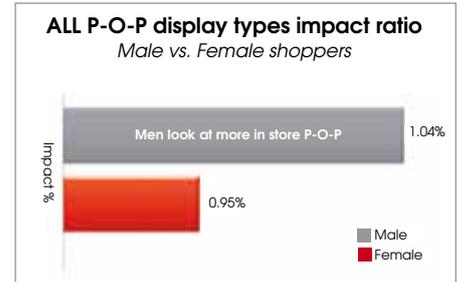
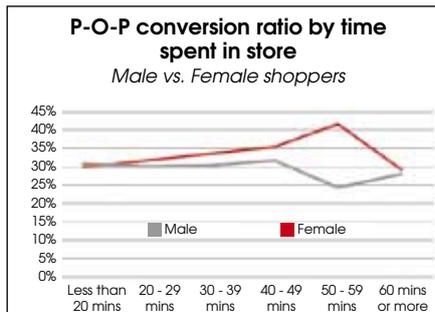
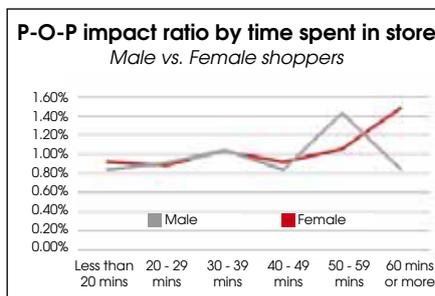
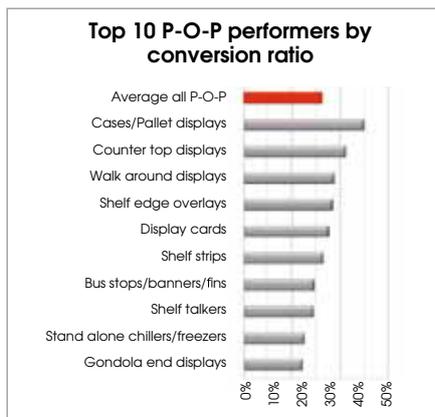
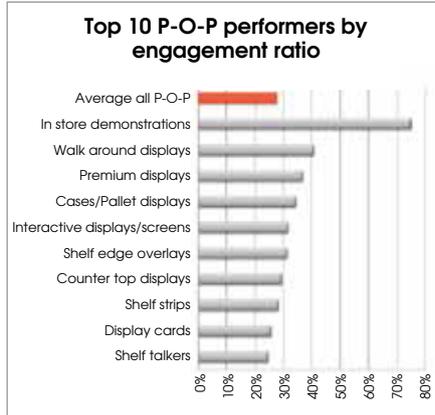
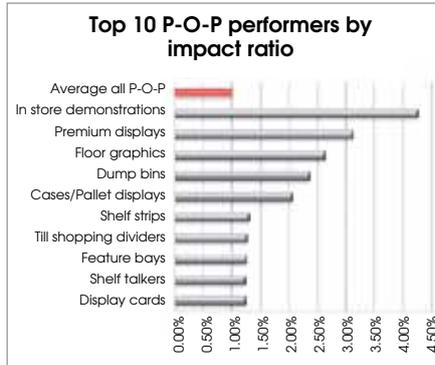
Men are more susceptible to in-store promotions.

Premium displays are least effective on the 30-something shoppers – they respond more to Gondola end displays than other age groups. Gondola side displays are least effective on 50+ shoppers.

Floor Graphics and Walk Around Displays work best for Food/Snack purchases. Premium displays are the most effective on emergency food shopping missions.

The Experts View

Unsurprisingly, the research shows that P-O-P effectiveness is specific to the application, product and brand. It does, however, also identify that P-O-P displays featuring or simulating movement have greater impact with shoppers. Researchers are also keen to reinforce the long held view that retailers have a crucial role to play in helping to influence the effectiveness of P-O-P displays. The focus by many retailers on achieving uniformity of display in-store is seen as potentially damaging – turning displays into just another standardised fixture that delivers little, if any, impact – restricting opportunities for Conversion. *“The research clearly shows that if the same approach is applied too often, you no longer achieve Impact,”* says Martin Kingdon, director general of POPAI UK & Ireland. *“It highlights the importance of being able to change graphics or re-dress displays to keep them fresh.”*



SHOP TALK



Preface

A picture tells a thousand words, as the old saying goes. It's a repetitive message that many are often quick to promote. And with marketers facing the prospect of having to convince shoppers to see their display in less than a single second – there is little time for wordy explanations. Then again, an image in isolation does not tell enough of the story to be effective either. So what is the most meaningful way to communicate at the point-of-purchase? In-Store Insights examines the first findings released by POPAI UK & Ireland as part of its groundbreaking research, the world's largest study into the effectiveness of grocery display, which hopes to go some way to answer this and other much debated retail marketing questions.

Words of Wisdom

As a marketer and shopper, we are acutely aware that there is large volume of P-O-P communications targeted at influencing buying behaviour within every store aisle. Used correctly, they can be a highly effective method of engaging shoppers and driving purchase conversion. But until now, there was little centralised data on the effectiveness of specific messages used within displays within modern grocery retailing.

Impact Ratio Top 10 P-O-P messages all Shoppers



As expected, this study reinforces that P-O-P messaging has a significant impact on all aspects of the decision-making process in-store. Most shoppers appeared to first be attracted to displays because of messaging focused on promoting new products, value or savings (5.17% impact ratio).

This seemingly clear driver for shoppers however becomes less clear when analysed on the basis of which type of message actually engages shopper. Price reduction (36.9%) and quantity discount/multi-buy (34.5%) all delivered a lower engagement ratio than P-O-P displays which focused on promoting extra free product (50%), competitions (50%) and discount vouchers (41.7%), highlighting that the use of price promotion does not automatically translate to a more engaging proposition for shoppers. Instead, it suggests that finding alternatives to price could actually prove more beneficial.

A notable exception to this, however, would appear to be the combination of new product promotion linked to a price reduction (50% engagement ratio). A common practice for marketers to support new product launches, the study seems to suggest that this is indeed still a highly effective method of engaging shoppers and encouraging trial purchase.

Quantity discounts also fare less favourably when it comes to conversion, 60% of shoppers in the study purchased items from P-O-P displays that were promoting extra free product, whilst quantity discount/multi buy messaging was

relatively lower, at 46% of all shoppers.

As indicated in earlier parts of our serialisation (issue 9 and 10), gender can have a key role to play in how shoppers interact with P-O-P displays. Information from the study again shows that male and female shoppers can often respond differently to P-O-P messaging within grocery retailing. For example, clearance messaging is marginally more effective at creating impact amongst female shoppers (3.95%) than male shoppers (3.80%). Female shoppers (63%) are also more likely to purchase products from P-O-P displays that carry messaging about extra free product than male shoppers (50%).

At the all-important conversion phase though, the study does show some similarities. The combination of price reduction and quantity discount messaging appears to have an equal affect on both male (55.48%) and female (55%) shoppers.



The Experts View

Shoppers are being faced with a growing number of different P-O-P mechanics when they shop modern grocery retailers and are becoming increasingly aware of the volume of communication messages that are being targeted at them. For many, the increase in the amount of messages being pushed in-store can lead to a mental state where they are actively choosing to deselect or filter out much of the communication that exists in-store, only engaging with brands, promotions and messages that they view as personally relevant, meaningful and of value.



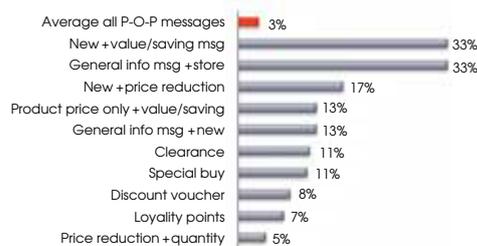
Engagement Ratio Top 10 POP Messages all Shoppers



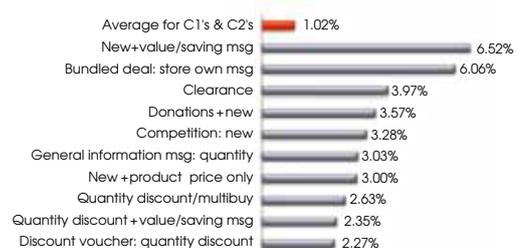
Conversion Ratio Top 10 P-O-P Messages all Shoppers



Lost Conversion Ratio Top 10 P-O-P Messages all Shoppers



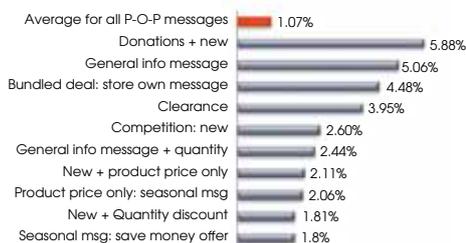
Impact Ratio for P-O-P Messages Socio Econ groups C1 and C2



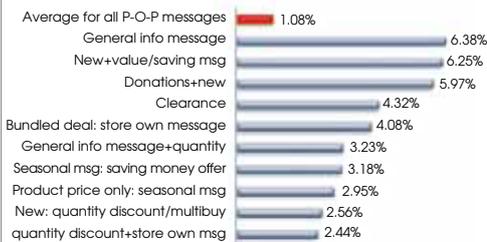
Impact Ratio for P-O-P Messages Male Shoppers



Impact Ratio for P-O-P Messages Female Shoppers



Impact Ratio for P-O-P Messages Shoppers with a list



Impact Ratio for P-O-P Messages Shoppers without a list



Quick Facts

20%
extra free

Only 36.9% of shoppers engaged with messages on price reduction, compared to 50% for messaging related to extra free product and competitions.



New product promotions including value and savings messages scored highest (5.17%) for shopper impact



Quantity discount messages are less effective (40%) at converting sales than extra free product (60%)



Male shoppers (3.32%) are more susceptible to in-store seasonal messages featuring product price only than female (2.06%).



Store own Bundled Deal messages achieve the highest conversion ratio (5.41%) amongst those shopping with a list, compared to just 2.03% for quantity discount/multibuy store messages.

SHOP TACTICS

Preface

During the course of 2012, In-Store Insights has examined some of the headline findings released by POPAI UK & Ireland as part of its groundbreaking research, the world's largest study into the effectiveness of grocery display. We have looked at how shoppers shop, the impact of different P-O-P mechanics on shopper engagement, and the use of messaging on P-O-P displays. So what does the research tell us about how display type and messages work together, and are we any closer to the most frequently asked question in P-O-P research: what is the best display?



Reasons to Buy

Is there really a perfect formula for deciding the best combination of display type and message to unlock sales conversion? Sadly, this answer is no. Whilst that's not the answer marketers ideally want to hear, the truth is that if it existed everyone would use it, and it would quickly cease to be effective. But now, with centralised data available on P-O-P effectiveness marketers can, for the first time, begin the process of refining how they communicate with shoppers within grocery retailers.

Research findings from study show that some forms of display are highly effective - in-store demonstrations, for example. Though these can be expensive, in-store demonstrations and product sampling through retail teams or field marketing personnel topped the league table for impact and engagement ratio. Interestingly, the use of dump bins offers greater impact than pallet or case stack displays. Others can work by just sheer volume like shelf edge labels. Before deciding on the best display, it's important to consider the mind of the shopper.

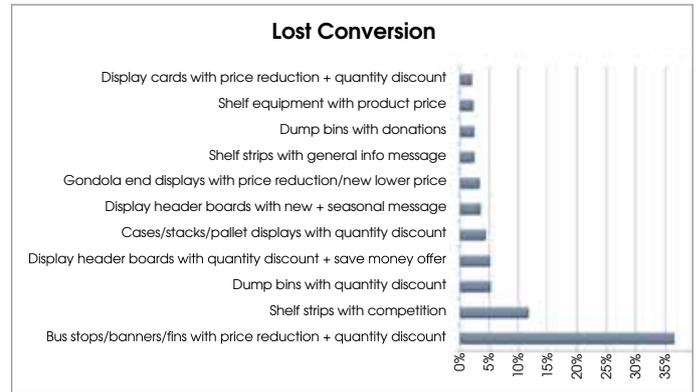
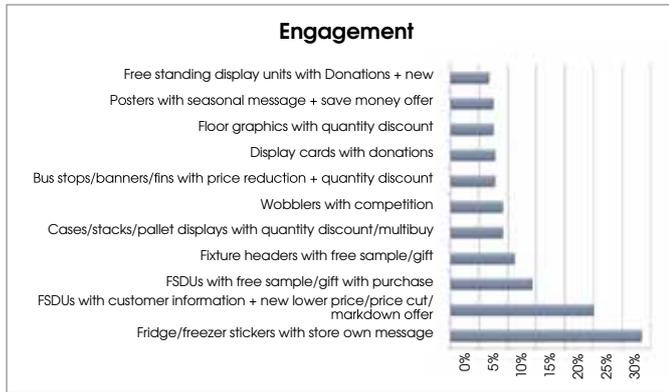
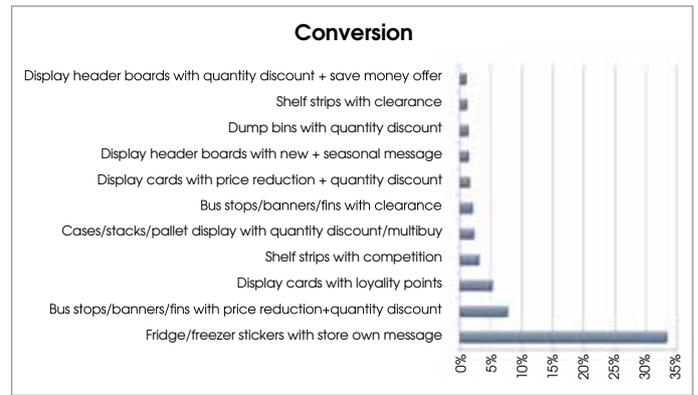
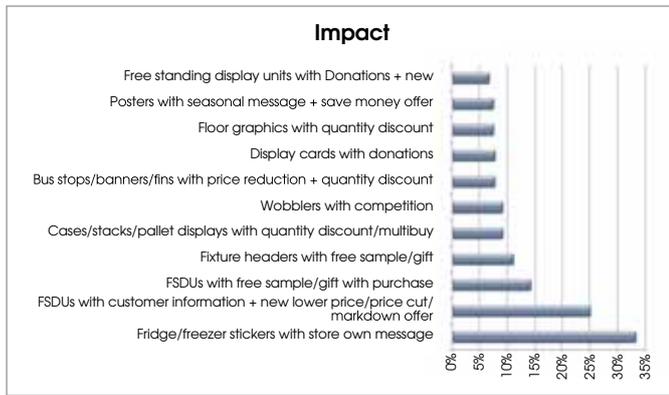
Within the store, visibility counts for a lot. During the shopping mission, the mere presence of well-constructed and implemented P-O-P packs a punch; to get shoppers to buy you must first get shoppers to look and compare visual cues to ones already held in the shopper's memory. Typically, this process can take a little as 50 milliseconds. To do this the display needs to be prominent.

It needs to stand out from the crowd, to 'promote' itself from the background products. Size, position, colour, shape and movement can all help achieve this.

Displays that are large and vertically positioned can also be used to trigger an echo or subliminal "fear flight" response. Over millions of years humans have become good at recognising movement or shapes that move horizontally across their field of vision. Even though most P-O-P displays do not incorporate movement, a vertically blocked display can achieve better results because it stimulates these "autonomic" responses.

Evolution has given humans a fantastically powerful memory for images and most of our shopping is done entirely using images. Once the shopper has "engaged" with the P-O-P display there is less than 1 second in which to deliver the key message and the products' USP to the shopper. To achieve this, research





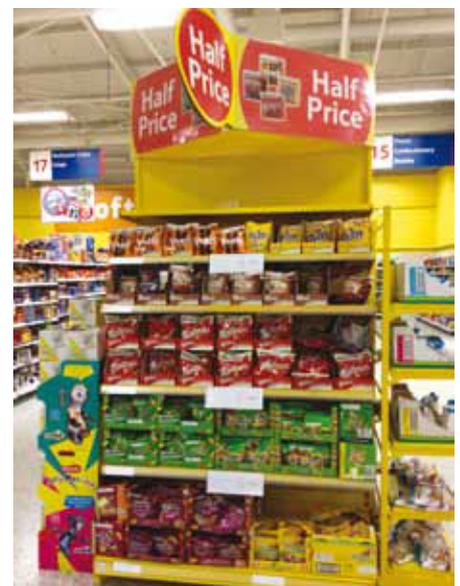
suggests the amount of primary text should always to be kept to an absolute minimum. After all, shoppers are walking down the aisle at 0.5 to 1.5 mph. If the key message is to promote a new product then the single word "NEW" is all that's needed to achieve the shopper engagement. Short words are easier and quicker to assimilate. For example, the research shows that "£1" achieves better results than "double loyalty points for two packs."

When it comes to successfully combining the two elements – display type and message, the research suggests that some caution should be exercised when making decisions. Whilst the latest research findings have been able to provide greater insight into the most effective P-O-P mechanic and most effective message in isolation, the combined effect can produce very different results. "Simply bringing together the top ranking display and message type is not a formula for ensuring success," says Martin Kingdon, director general of POPAI UK & Ireland. "A shelf fin may score well for impact when carrying only product branding, but as soon as it is combined with a price message, its impact may be altered."

No single display type or message combination will work for every product. But from the list of P-O-P displays and messages that grocery retail marketers can choose from, the study provides some useful indicators to help improve in-store performance, particularly in relation to maximising impact.

The study has also reinforced the so-called three golden rules of display - Location, Location, Location. Marketers have acknowledged the importance of obtaining the right location for P-O-P displays in-store for some time.

However, for the first time, the study has provided some clearer direction about the correlation between the location of P-O-P displays within grocery retailing in physical proximity to the shopper and the resulting impact it has on them, in terms of impact, engagement and conversion. P-O-P displays located above the head of shoppers scored particularly poorly, reinforcing what some industry observers have believed for some time – shoppers rarely look up. The impact ratio for above head height P-O-P was just 4%. Whilst the conversion ratio was only marginally better (12%). Put simply, you can have the best P-O-P in the world with the best offer in the store, but if it is located at the back of the store, with low traffic flow, next to the toilets, you'll only get a great response from the elderly and incontinent.



For more details on how the study was compiled and to find out more information about obtaining category specific findings from the Study, please contact the POPAI UK & Ireland office.