

Why In-Store Digital Advertising? Who Wins? The Store, Consumer Or Advertiser?

**White Paper–Case Study Researched & Authored by Steven K. Platt, The Platt Retail Institute
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NOTE: To find out how the stores, consumers and advertisers all win, go to page 7 now.

Marketers view in-store advertising as a critical medium to influence consumer's brand decisions. Both retailers and brands understand that advertising in-store, at the time many purchase decisions are made, serves as an impactful method of reaching shoppers.

While there is no definite consensus among researchers regarding the percentage of purchase decisions that are made in-store, Platt Research Institute has asserted that based on available research, 50-60 percent of in-store purchases are spontaneous.

Even if the industry can't agree on a percentage, there is consensus that in-store media advertising helps to trigger memory recall, effectively introduces new products, promotes sale items and educates consumers.

Accepting that in-store media advertising is advantageous for marketers and retailers, an emerging concern is the effect of in-store competitive advertising interference on consumer behavior.

Consumers are exposed to an increasing amount of advertising messages – on average, 3,000 marketing messages each day. Yet it appears that marketers' intended solution to advertising avoidance is simply increasing the number of ads. However, this results in a high degree of advertising clutter. And, as detailed here, excessive, uncoordinated advertising may, in fact, dilute a brand's image.

Advertising Clutter

“Advertising clutter” is characterized as an excessive quantity of ads, with “excessive” meaning an amount that surpasses what is reasonable, acceptable or wanted by consumers. Clutter has separate dimensions: quantity, competitiveness and intrusiveness.

Quantity is the number of ads, as well as the percentage of space taken by the ad(s) compared to non-advertising content in a media vehicle. Competitiveness refers to the extent to which the advertised products are alike and the proximity between ads for competing brands.

Intrusiveness is defined as “the degree to which advertisements in a media vehicle interrupt the flow of editorial unit.”

Perhaps the simplest example of this would be a 30-minute television program interrupted by 10 minutes of ads.

In-store advertising, particularly when perceived as excessive, may result in diminishing returns to both the retailer and the brand due to five factors, which are detailed below. Advertising clutter can cause negative attitudes in consumers, such as skepticism or decreased likability. In addition, since individuals are unable to pay attention to all messages to which they are exposed, clutter can result in avoidance of all advertising messages in each vehicle or venue.

High levels of clutter have been demonstrated to decrease brand recognition, as well as decrease consumers’ attention. Finally, research suggests high clutter generates confusion. These factors can lead to an overall decline of advertising effectiveness:

1. Clutter can result in negative attitudes.

Brand attitude is an important factor tied to a consumer’s motivation to purchase. Clutter affects attitudes by increasing the perceptions of intrusiveness. High levels of advertising are also likely to interrupt the consumer’s cognitive process and subsequently lead to feelings of irritation. High levels of clutter can also be perceived as invasive.

A common response to invasive advertising is frustration, which may lead a consumer to avoid the ad altogether. Brands hope that in-store advertising will convince a shopper to purchase a brand.

However, shoppers are exposed to dozens or even hundreds of ads each time they step into a store. Instead of persuading consumers to purchase a brand, excessive advertising in stores may have the opposite effect.

2. Ad avoidance.

Research has shown that increased advertising causes consumers to avoid ads. If consumers are avoiding ads entirely, that clearly will have an impact on both their perception of the brand and their intent to purchase.

Avoidance behaviors increase when clutter disrupts the consumer or impedes search behavior. Avoidance can also stem from the consumer's perception of being overwhelmed due to a high quantity of clutter. As a result, consumers may be unable to correctly process the content of each message.

When confronted by various types of store advertising, shoppers may choose to direct their attention elsewhere or pass right by a store advertisement without paying attention to the content.

3. Decreased brand recognition and recall.

Other research has found that high levels of competitive advertising can lead to a decrease in both brand recognition and the consumer's ability to recall the conveyed messages. Advertising interference makes it more difficult for consumers to recall specific elements of each message.

Therefore, when there are more ads in a media vehicle or venue, the consumer's ability to recall claims made by an ad decreases. More importantly, increasing advertising levels decreases the recall of all advertisements in a media vehicle or venue.

Marketers aim to create brand recognition, or help establish a link between the brand names, logos, slogans and certain claims made by advertisements. Yet in a highly cluttered retail environment, it may be difficult for a shopper to recognize which advertising message applies to which brand.

4. Reduced attention.

In addition to initial attention, continual engagement is required for a purchasing decision to occur. There is a good deal of research proposing that competitive advertising interference results in both decreased attention and memory for the focal brand.

This happens because individuals spend less time gathering information about the focal brand when there is significant competition for attention. In a competitive environment, viewing time is divided among many brands.

Additionally, advertising clutter is likely to decrease consumers' attention to all ads in general.

When there are more messages to consider, the significance of all messages decreases. When a shopper walks through a store filled with advertising messages, he or she may become less interested in what the advertisements are attempting to convey, and thus the effect of each ad is reduced.

5. Shopper confusion.

Finally, in a cluttered environment, consumers who can pay attention to an advertising message and remember its content may become confused about which brand the message is associated with.

For example, in a study about brand slogans in an environment where the level of advertising interference is high, people were likely to incorrectly match a slogan to the advertised brand. When the proximity of ads is increased, consumers are likely to confuse one brand with another.

It is evident that in-store advertising plays a crucial role in reinforcing a brand message. However, a high degree of clutter can lessen the effectiveness of in-store advertising.

For this reason, retailers and brands need to have an integrated in-store communication strategy to ensure optimal consumer impact. For retailers considering deploying in-store advertising via digital signage, or those that have been running digital ad platforms for several years, it is important to consider whether your advertising is overwhelming customers or educating and engaging them.

Challenges Facing Retail Adoption of Digital Signage

By Steven Keith Platt, Director and Research Fellow of the **Platt Retail Institute**

Retail implementation of digital signage requires a better understanding of how to leverage the medium, and how to integrate digital signs with other emerging in-store technologies.

The digital signage industry is poised for sustained growth (the economy notwithstanding), in verticals such as education, place-based advertising, and hospitality. Retail adoption, on the other hand, is slower than many had anticipated for a variety of reasons.

We address some of those reasons here, as well as discuss how integrating digital signage into other emerging technologies will be critical to the industry's future. Size estimates for the digital signage industry vary greatly. For example:

- MagnaGlobal estimates that the 2011 worldwide spend on digital place-based advertising is \$2.6 billion. Including cinema advertising, this increases to \$5.5 billion.
- PQ Media pegged the 2010 worldwide spend on digital place-based advertising (including cinema) at \$6.47 billion.
- ABI Research believes that spending in the global digital signage market (including displays, media players, software, and installation/maintenance costs) was \$1.3 billion in 2010. ABI also projects that spending in the global digital signage market, including hardware and software, will grow to \$4.5 billion by 2016.
- When viewed in its entirety (including advertising), IMS Research estimates that the digital signage industry represented nearly \$7 billion worldwide in 2010.
- Markets and Markets estimated the global digital signage market (including advertising), at \$3.95 billion in 2011.

Notwithstanding these varying forecasts of the size of the industry, estimates of retail adoption of digital signage have been widely overstated. One firm projected that between 2004 and 2011, retail adoption would grow by 49 percent annually.

The same firm went further and predicted, "... 90 percent (of retailers) will have installed digital signage networks in their outlets by 2011." A simple hand tally of the leading North American retail networks illustrates that these projections are not realistic.

Retail implementation of digital signage lags that of many other industry segments for various reasons. Cost is a major impediment of course. But beyond the financial considerations, more fundamental issues continue to challenge retailers.

These include a lack of understanding of how to leverage the medium, how to operate it within their stores, and how to integrate digital signs into other emerging in-store technologies. More specifically, these include:

Lack of strategy: Few retailers understand what is and is not achievable with a digital signage network. This makes even a simple articulation of goals and objectives difficult. Related common mistakes include, among others, neglecting to define success and failure, poor consideration of brand positioning, and a lack of adequate testing and measurement.

Undefined management responsibilities: Running a network requires resources. Consideration as to who will run the network, provide content oversight, as well as oversee scheduling, instore placement, and technology are among the issues confronting a management team.

Inability to integrate into other retail areas: Coordination among various activities in a retail setting is necessary to the success of a network. This includes visual merchandising, as well as marketing across platforms such as the Internet, mobile, and catalog, merchandising and IT. Getting these functions to work together is one issue; finding the staff to implement is another.

Lack of content planning: A common mistake among retailers is failing to develop a content plan and budget. For example, who will be producing content? How often will it be changed? Will ads be acceptable? If so, who will monitor them? Who will sell them, and for how much?

Inconsistent Ad Metrics: Measuring the effectiveness of retail digital signage advertising does not only fall into the familiar analyses of reach and frequency. According to industry expert Steve Nesbit, "I believe that one needs to approach analytics from two distinct angles. On the one hand, traditional metrics like reach, frequency, and awareness continue to be required.

Therefore, traditional measurement techniques like audience observation, intercept interviews, surveys, etc., are needed. In addition, one needs to consider the measurement issue with a whole new set of tools specific to digital signage. These tools focus specifically on digital media and provide the capability to produce 'real time' data on a screen-by-screen, zone-by-zone and store-by-store basis. This actually allows for both 'optimization' as well as measurement."

Despite the general trend, some retailers are embracing the technology either out of recognition of its vast capabilities, or for simply pragmatic reasons. Says Nesbit, "I know there is a general slowdown due to the economy that has hit retail. But some retailers are actually viewing their digital in-store media projects as strategic initiatives that have to get done regardless of the state of the economy."

In the future, retailers will also require that digital signage messaging be seamlessly integrated into a multitude of consumer communication platforms.

According to Rob Brazell, executive chairman of [InStore Broadcasting Network](#), "If retailers do not honor the consumer demand for message integration and personalization, they will find themselves losing customers literally overnight." He continues that, "the overall experience that includes choice and personalization will dominate the landscape going forward."

As e-commerce and the use of mobile devices continue to grow, so do the implications for instore shopping. Beyond ordering merchandise, many consumers conduct product research online and on their mobile devices.

For example, by educating themselves on the Internet, 72 percent of consumers know which car they want to purchase and the price they would like to pay before entering a car showroom.

Therefore, continuity of the online experience into the store offers potential buyers a seamless path to purchase.

Message coordination and integration across platforms will be necessary to ensure consistent brand communication. Common storage and processing will be required to coordinate and stimulate customer performance across platforms to improve the customer experience, build loyalty, and increase sales.

While still relatively early in the adoption stage, in-store hand-held devices will become important for shopping and paying. It is a fact that customers who visit more areas of the store and those who shop in groups tend to purchase more.

To encourage this behavior, digital signs and hand-held devices make a great team.

Communicating messages from phone to screen, such as a product review while a group is considering a purchase, can impact social shopping and lead to more sales.

Running advertising on digital signs with the ability to download information about a product's location, availability, features, and discount coupons can enable one-to-one personalized customer communication.

Customer self-service is another technology that will grow in importance. Digital signage messages delivered at the head of the queue of a self-serve checkout can thank customers for shopping the store, alert them to upcoming specials and promotions, and educate and entertain to reduce perceived wait-time. Interactive devices, both assisted and non-assisted, also have outstanding potential.

In summary, customer-facing technologies will continue to evolve and impact the retail customer shopping experience. To execute these platforms successfully requires a lot of planning and coordination at many levels.

As these technologies continue to merge, an understanding of how to deliver relevant messages to influence consumer behavior is required to realize their potential. As our experience with these newer technologies increases, so will the resulting impact on the customer.

Top Reasons Why Competition Will Heat Up For In-Store Digital Advertising

Why Marketing Consultants Group, LLC's Exclusive In-Store Digital Signs Advertising Networks And "Consumer Friendly Marketing With THE WOW FACTOR" Will Lead The Way.

There are lots of reasons why retailers haven't embraced in-store digital signage.

That is up until now.

Why?

Because we've got brand new ideas that everyone is excited about and really want when it comes to creating win, win, win scenarios for the store, consumer and advertiser. And unless everyone wins, someone loses, and no one wants that.

And here's our thinking on how to best create positive results for all three, the stores, consumers and advertisers.

Most consumers like to play.

Most consumers like to win.

Most consumers like to "get a deal".

Most consumers do not like to be sold.

Most retailers want consumers to have a pleasant shopping experience.

Most advertisers want their ads to be seen and consumers to respond.

At Last! Our exclusive "Interactive Consumer-Friendly Marketing With THE WOW FACTOR".

What is our Interactive Consumer-Friendly Marketing With THE WOW FACTOR?

And how will these revolutionary new ads allow the store, consumer and advertiser all to win when it comes to in-store digital advertising networks?

Well, all digital ads seen on the Marketing Consultants Group, LLC's In-Store Digital Signs Advertising Networks must be "consumer friendly ads":

1. No zonks! Network advertisers will be required to provide "valuable" giveaways, deals, and contests that create real consumer excitement.
2. No boring graphics, crowded text, impossible to read fine print. Digital ads must be simple, straightforward, to the point, clearly spelling out the offer.

3. No selling. No mindless branding.
4. Each digital ad on the Marketing Consultants Group, LLC's Digital Signs Advertising Networks must create excitement among most consumers.

The best way to create excitement from an ad?

Give consumers something they want, an opportunity to play, win, or get a deal, an opportunity to enter a contest and win something valuable.

5. Each digital ad must offer the consumer a chance at either winning something, in terms of a giveaway or playing at something. The bigger the prize, the better.

We've created a win, win, win scenario for the store, consumer and advertiser when it comes to in-store digital advertising.

1. The store wins by giving consumers an enhanced shopping experience.

Why?

Because all the ads featured on the Marketing Consultants Group, LLC's Digital Signs Advertising Networks will create excitement among consumers.

Who doesn't want to win an auto, house, vacation, boat, entertainment center, shopping spree? Just about any grand prize you can think of will be featured in the digital ads.

2. The consumer will win because they want what they really want, to play, to win, to get a special valuable "deal" simply for responding to the ad.
3. The advertiser will win by getting increased exposure to their brand and creating excitement among consumers via their "wow factor" giveaways and contest offerings. And the bigger the giveaway or contest offering, the more consumer excitement is created.

Imagine walking into any grocery or retailer and seeing the same thing.

Notice the morgue-like, lifeless in-store atmosphere.



Typical lifeless, morgue-like retail store.

Up until now, there's nothing moving to attract your attention.

While you're shopping strategically positioned at each checkout counter right at eye level is a small digital sign.

And on each digital sign are 6 rotating digital ads. Every 10 seconds a new digital ad appears and the movement on the digital sign gets your attention.

So, while you're waiting in line to check out or passing by the checkout counters at the end of one minute you would have seen each of the digital ads on the signs.

And on each graphic is an ad featuring an exciting giveaway or contest that piques your interest and catches your eye because it's moving.



ABOVE: (Left) Remotely Managed Digital Sign with color thermal digital printer. (Center) Digital Signs at grocery check-outs. (Right) Remotely Managed Digital Sign at single location.

And so, the Marketing Consultants Group, LLC's Remotely Managed Digital Signs Advertising Networks will be positioned at high-traffic consumer locations in retail stores, grocery stores, convenience stores, malls, shopping centers and feature "Interactive Consumer-Friendly Marketing With THE WOW FACTOR".

The Marketing Consultants Group, LLC's Remotely-Managed Indoor Digital Signs Advertising Networks Provide Huge Advantages – To The Stores, Consumers And Advertisers.

Marketing Consultants Group, LLC's (MarketingConsultantsGroup.com) Founder Ronnie Schmidt predicts competition will heat up and transform morgue-like in-store landscapes with static display ads like this big box store (below, left) into consumer-friendly interactive digital venues with strategically placed Remotely-Managed Digital Signs Advertising Networks (below, right).



Who? Marketing Consultants Group, LLC (MarketingConsultantsGroup.com), soon to be a leading provider of exclusive advertising mediums and selling systems solutions.

What? New Digital Signs Advertising Networks, the world's-first in-store remotely managed Digital Signs Advertising Networks.

When? The Marketing Consultants Group, LLC's Digital Signs Advertising Networks launch will be ongoing.

Where? Planned launch of retail networks in North America then expanding internationally

Why?

1. Gets consumer attention because of the strategic location and visibility of the signs.
2. Increases consumer exposure and expand reach of targeted advertising message.
3. Reduces time, costs of developing and producing expensive static displays.
4. Increases consumer interaction and enhanced shopping experience with the ad.
5. Reduces time collecting feedback, instantaneously test ad content and offering.
6. Flexibility of advertising new and existing products in one cost effective ad space.
7. Management-friendly administration – to change ads, an email is sent to the sign.

How? Remotely Managed Digital Signs Advertising Networks in high traffic venues.

How would an in-store digital advertising network enhance a consumer's shopping experience? Because consumers and advertiser alike love contests and giveaways, Marketing Consultants Group, LLC has developed a special universal consumer sweepstakes giveaway program for the stores which features a consumer contest, grand prize being a 2-year lease on a car.

Unlike most static signage, Marketing Consultants Group, LLC's remotely managed advertising networks can be easily changed by simply sending an email to each individual sign. and encourage consumers to easily take a snapshot of a QR code and directly connect with the store's or advertiser's online mobile web site.

White Paper - Case Study Credits

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About Steven Keith Platt

Mr. Platt is the Director and Research Fellow of **The Platt Retail Institute**, an at-retail marketing research, consulting and analytics firm. PRI is widely regarded as the world's leading expert in research and consulting to retailers, banks, media companies and other business enterprises seeking to impact the in-store customer experience.

Steven received his Bachelor of Science Degree in Finance and Marketing from the **Boston University School of Management**. He also has a Law Degree and a LL.M. in Taxation from **Boston University**, where he served as Articles Editor for the University's Journal of Tax Law. He has co-authored six major Working Papers about digital communication networks and serves as editor and publisher of various research reports for the **National Retail Federation** and **American Marketing Association**. He has published articles in journals including the **American Bankers Association Journal**, **Digital Signage Quarterly**, **Extended Retail Solutions**, the **Retail Solutions Providers Association Magazine**, and the **Retail Navigator**, among many others.

He has been quoted in publications including **Business Week**, **Chain Store Age**, the **Chicago Tribune**, **DSN Retailing Today**, **Inc. Magazine**, **Stores Magazine**, the **San Jose Mercury News**, **Time Magazine**, **USA Today**, and the **Wall Street Journal**. He has also appeared as a guest analyst on the **CBS Evening News** and **Early Show**, **ABC World News**, and **HD News**. He has also lectured at conferences around the globe. Steven is a member of the **Executive Advisory Board** at the **University of Florida Center for Retailing Education**, as well as a member of the **National Economists Club**, and an **Associate Member of the American Collegiate Retailing Association** and the **National Retail Federation**.

About Ronnie Schmidt, Founder, Marketing Consultants Group, LLC

Visionary marketer Ronnie Schmidt and his sales and marketing staffs have been directly responsible for over a quarter billion dollars (\$252,000,000) in sales during his 48-year

marketing and sales management career, working for Fortune 500 heavyweights and industry leaders such as **Fram Corporation, Honeywell, Inc., Boise-Cascade, Inc., Bausch & Lomb, Inc., Cooper Vision, Inc.,** and **Amstar-Domino Sugar** as well as his own marketing and media company, **Marketing Consultants Group, LLC.**

Ronnie's innovative problem-solving developed strategic marketing programs, unique result oriented selling systems solutions and results-driven concepts like: "**Personal Interactive Advertising**", "**Targeted Broadcast Marketing**", "**Because Marketing Systems Work – While Everything Else Eventually Fails**", "**Empowering Your 'Unpaid' Sales Force**", "**Breaking The Deadly Silence Of Today's Unpredictable Silent Marketing**" and "**The Next Big Things In Media**".

A creative, practical mind, Ronnie has also developed innovative proprietary advertising mediums and results-driven selling systems solutions such as **Business Builders, Medi-Minders, Audio Home Tours Marketing Systems** and **Remotely Managed Digital Signs Advertising Networks** as well as others, across a broad range of industries.

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