RESEARCH & DATA

The following is a brief overview of the latest industry research conducted on in-store TV programming and retail media networks:

As reported in **Wall Street Journal** in September 2004, research conducted by **Nielsen** shows the average recall of a brand advertised on Wal-Mart's in-store television is a whopping 66%, compared with 15 to 25% averages for brands advertised in other media.

Recent research by **Mintel** shows that consumers in stores with in-store TV networks

- Visited stores twice as often
- Spent an average of 5 percent more time in the store
- Spent an average of 10 percent more money
- Doubled the amount of impulse purchases versus stores without in-store TV

According to **POPAI**, a study of in-store TV marketing in 127 stores from 4 different drug store chains, conducted by Prime Consulting, showed this type of advertising generated 3 to 4 times greater sales lift and drove additional sales 70% of the time.

Arbitron recently conducted research that showed "patrons were 1.56 times more likely to recall this type of advertising and subsequently 40 percent more likely to purchase. Other studies show that 75 percent of all purchase decisions in mass merchandisers are made in-store.

The **Advertising Research Foundation**, in conjunction with **Point Of Purchase Advertising International**, a non-profit organization, recently released a study that shows that in-store televised content attracts up to 20 times the visual customer contact versus traditional display materials. The study shows that the failure to adopt an in-store visual media system may place a retailer at a competitive disadvantage and that the benefits to be derived from these systems can be considerable. The study shows that this type of advertising serves as the "silent salesman" and educates and draws attention to consumers. In-store TV networks also reduce the need for traditional POP materials such as cardboard stands therefore eliminating the massive waste these materials create when disposed.

International grocery retailing authority **IGD** conducted research to find out what factors motivated shoppers to try new products. Television advertising was found to be the most powerful medium with 20% saying a TV ad made them try a new product compared to only 2% who were persuaded by a radio ad. With the report showing TV advertising as the most powerful medium, the move towards televised in-store media indicates that the major retailers have identified the best way to communicate to their shoppers at the point of sale. Which in-store television programs were most effective? As one IGD focus group shopper commented, "it's the little ones (TV screens) in the aisles you notice; not the huge ones which are up high." Many independent researchers have noted that small screen applications at aisle and end-cap level are actually more effective than the large and expensive overhead plasma type installations. The smaller screen applications create a more direct and personal connection between the store and the customer. This is good news for **Retailer TV**, since the majority of **Retailer TV** programs are shelf-level, one-to-one small-screen programs.

A recent **Consumer Goods & Technology** Magazine Special Report discussed how in-store televisions and other electronic media tools are transforming the consumer-brand relationship. The report noted that Wal-Mart launched in-store TV in 1997 and now reaches a whopping 138 million customers each week on more than 100,000 in-store television screens. Wal-Mart generates revenue from 15 to 30 second spots it sells through an advertising partner. Wal-Mart's in-store network is believed to be the fifth-largest television network in the nation, trailing only NBC, ABC, CBS and Fox.

A recent article from the **St. Louis Post-Dispatch** titled "In-Store Networks Hit Sell Spot" discussed the moving of advertisements into the store. Experts say that smaller retailers are finally bringing more advanced media into their stores. A leading executive noted that research shows brand recall is three times as high with in-store advertising as with other media.

A recent survey and report from **Reveries Magazine** shed a lot of insight into in-store TV and "retail media networks". The report noted that marketers must move away from thinking about in-store television networks solely as mass broadcast advertising vehicles and focus more on creating "one-to-one" applications, noting that some of the most effective applications today are small screen applications, not plasma - based. In the survey, the #1 drawback was the high cost of most in-store visual media systems. However, the report noted that some programs allow retailers to install and exploit the benefits of in-store television in a low risk, affordable way on a monthly basis. The report mentions that retailers like **Wal-Mart** have teamed up with specialized media partners and how models such as these allow retailers to develop a long-term media asset without the risk of major capital investment. Participants of the survey also mentioned that another major drawback was the complicated management of content. Again, this is further reinforcement for **Retailer TV**, since most **Retailer TV** programs are provided to retail chains at no cost, ad revenues are shared, systems are easily implemented and content is easily managed.

CompUSA's newly launched in-store TV network has also been in the news, with market research showing sales lifts of 11 to 61%, with an average of @ 30%. The network is now airing in all 230 of its stores, using DVD technology to drive content on the screens. They are reporting significant sales lift for ads inserted into editorial segments driven by on-air personalities who help educate consumers about electronics. As part of their research, they also reportedly surveyed all store managers and employees who have direct contact with customers. According to this staff survey, employees working in the department airing in-store TV had up to 23 percent higher recall of sponsor brands. **CompUSA** reported that this likely causes employees to recommend these brands more often than those not on the network. As of May 2005, monthly advertising rates on the network were listed as between $5,500 and $52,000 per month, with four 15-second spots airing every 30 minutes listed at $17,500 to $36,400 per month, depending on the month of airing. News reports related to CompUSA's in-store network reported that some shoppers in retail stores prefer not to speak to sales people, so the in-store media network becomes one of the best ways to communicate with the customer.

None of the reports or surveys mentioned in this document were funded or affiliated with Retailer TV in any way.