

Retail Communication

Retailers and manufacturers compete amongst themselves to get a piece of customers' wallet. Communication from the manufacturers creates an impact till outside the store and thus creates a strong brand preference even before a shopper visits the store. There is a difference in the communication objective of manufacturers and retailers. Manufacturers aim at strong brand preference for their products while retailers' objective is to get the shoppers in their stores.



Consumers have developed a 'hand-raising' attitude towards marketing in general as a reaction to the increasing amount of information they are receiving and the decreasing amount of time they have to process it. When they're ready to buy, they will seek out the information and look for easy ways to access it. The Internet and P-O-P are among the beneficiaries of this trend.

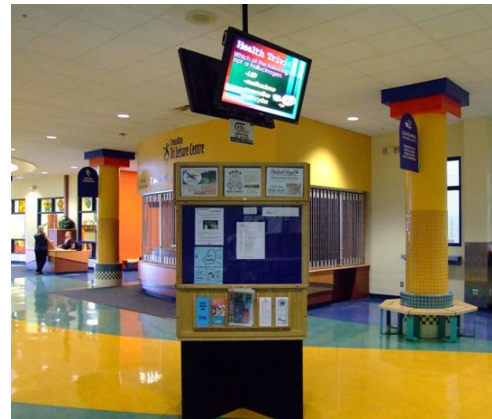
Some of the very good options for advertising offered by retailers within the retail space are the following:

1. **Events:** Retail spaces are designed for offering the atriums and other spaces for conduct of events. Events are a craze in the mall based urban culture. They play an important part in the Below the Line (BTL) promotions. They can generate trials and samples.
2. **Space on Hire (SOH):** Space on Hire (SOH) is the latest trend catching up with retailers with large format retailing. Though the costs are high, brands are willing to pay premium prices to get the right place inside the store or mall to put across his message. Within the store various spaces are available to carry messages offering a three dimensional use of retail space.
3. **Kiosk Cafes:** One of the latest media being added to the retailers and brand marketers arsenal is the kiosk internet cafes. Set up within a large format retail establishment like a mall or a large shopping center or a public place the kiosk operator offers free internet surfing to shoppers. As the potential shopper surfs the net or checks and

responds to emails, advertising messages in a non intruding manner stream through on the screen offering information on special offers and schemes that may be on offer within the premises or at neighborhood retail establishments.

Apart from these, there are In-Store Audio-Visual Communication facilities available in various retail stores which can also be used to communicate effectively with the consumers who spend a lot of time in today in retails stores and malls. Two of the most important modes of this kind are:

1. **Retail TVs:** Numbers of retailers have shown great innovation by installing TV sets at strategic locations within the store. This can add to the recall of the place that they are shopping. More bold retailers have started appointing retail jockeys, similar to radio jockeys that conduct entertainment and retail communications programs within the store environment.
2. **Digital Signages:** Digital Signage is a mechanism for distribution of digital media by allowing motion pictures, graphics, scrolling text and audio to be displayed simultaneously at multiple locations using high definition digital displays, standard displays, plasma displays or large LED displays. These enable store owners to install channels of digital signage displays that deliver specific departmental advertising focused at the customer at the critical last mile of the Retail buying decision, the point-of-purchase.



The above mentioned communication mediums can be included under a broad framework of Point of Purchase. They allow retailers to focus on delivering the RIGHT message to the RIGHT audience at RIGHT time

Changing Scenario

Point-of-purchase (P-O-P) advertising is not just one of the oldest forms of advertising; it has evolved to become one of the most powerful, most effective media available to marketers. It is uniquely effective as a marketing communications tool because it presents the brand message at precisely the right moment - when the consumer is in the store, actively engaged in the process (both mentally and physically) of purchasing a product. This is a decided advantage for P-O-P advertising, as all other media depend upon the consumer's memory being effective at the point of sale. P-O-P is the means to influence the 'Last 3 feet' before consumer makes the decision. Marketing research on impulse purchases, conducted to determine how consumers behave, has found many influences on the purchase decision. Factors such as anxiety level, physical surroundings, and whether or not the shopper is alone can influence the purchase.

P-O-P is a tool consumers use and then forget. It is also a tool that fills very specific consumer need states that may or may not be present at the time of exposure.

Constituents of the Industry Vertical

Any form of advertising, signage or communication within a retail environment that is designed to influence or assist the consumer in locating or purchasing a product or service is termed as P-O-P. It is important to differentiate a P-O-P from P-O-S here. P-O-P is where the shopper makes a buying decision and P-O-S (Point of sale) is where shoppers make the transaction.

P-O-P in India was essentially a complimentary tool, absolute spend levels were low; did not get much attention from marketer or communication agency. Budget allocations were adhoc. Though the industry is still in nascent stage it is growing fast.

The main players in the business

The client or the Brand marketer: Brands are the engines of modern marketing. In this capacity, brands have become the focal point of all marketing communication and promotion efforts. With changing power equations between the marketer and the retailer, and growing competition, it has become increasingly important for a brand to be present where it matters the most, at P-O-P. This has led to a change in attitude of brand marketers.



The Retailer: There is no mass in the mass media these days. There are increasing instances of people switching channels or muting advertisements. These consumers can be reached by P-O-P. Relationships between the brand marketer and the retailer have become critical to the success of both parties: brand marketers need the retailer to reach the consumer. Conversely, the retailer needs brand marketers to supply them with product that is timely and relevant to their customer.

The Design agencies/P-O-P Agencies: The P-O-P firms that specialize in design, development, and engineering of P-O-P are specialists in understanding all of the challenges of creating point-of-purchase displays. As P-O-P displays become more high-tech and require more sophisticated design expertise, brand marketers and retailers are increasingly looking for suppliers who understand the total P-O-P solution—from design through installation.

The Manufacturers: From the simple shelf dangler to the most complex interactive display, the manufacture of displays and in-store marketing vehicles is the next player in the value chain. The evaluation of a display company should be focused on its ability to



service the needs of its customers, its creativity, its experience, its existing client base, how well it can meet the budget, and its track record on past promotions.

The Emerging trader: These are the small traders, either the retailer side or the suppliers for the materials required for the production of P-O-P.

The Retail Solutions Companies: The retail marketing consultants service not only retailer but also the marketer. They could be full service agencies, i.e. from ideation to design to production or specialize in any of these areas.

Other services: Research and Marketing Know-How- Research and marketing knowledge are essential parts of the core services that P-O-P manufacturers and direct brokers provide. Typically, brand marketers, retailers, and producers/ suppliers are all interested in trends relative to consumer-buying behavior.

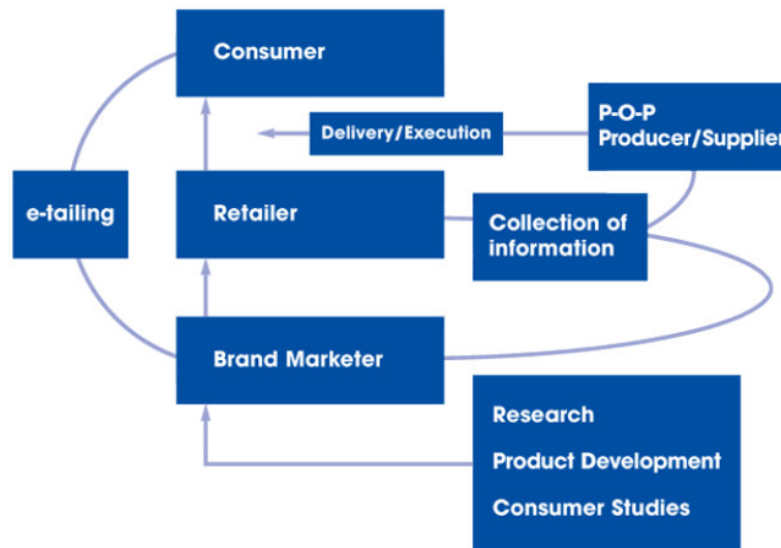


Figure 1. Relationship between different players in P-O-P

Areas of operation for the major players

The Marketer: The brand marketer has many responsibilities like translate the marketing objectives to communication objectives, he must create a P-O-P advertising display in many languages, design for many different retail environments (from mass merchandisers, to supermarkets, to convenience stores), coordinate many vendors around the market, monitor budgets and production schedules and meet the demands of each retailer and sales channel

The Retailer: The retailer sells the retail medium, defines the scope of P-O-P project with the marketer, visual merchandising of the store, optimizing the slotting fee, installation & maintenance of P-O-P displays given by marketer, many retailers are re defining the way retail communication is done. For e.g. future media (From the 'Big Bazaar' Future group) which is involved in creating properties across the visual, audio-visual (TV & radio) and print media.

The Design/P-O-P agencies: The design-planning process is critical to the successful execution of a display program. Understanding design requirements/concept/ideation-input from the client, design director, product manager, or director of sales promotion. Structural design, graphic design, a physical structural sample, the first prototype, finished component, logistics and distribution of P-O-P to the retailers.

The Manufacturers: As with any marketing effort, a budget and a timeline are involved. Those who manage display projects are responsible for picking and choosing, operations that can achieve the desired aesthetic and can be produced on time and within budget.

Market Potential

While point-of-purchase advertising has always been an effective medium, a series of technological advancements in communications during the past century, beginning with radio and followed by television and currently the Internet, have collectively tended to overshadow the fundamental effectiveness of point-of-purchase advertising. Fortunately, the pendulum of opportunity has swung in favor of the point-of-purchase advertising industry today.

In the recent years India has seen an unprecedented boom in the organized retail sector. It was ranked second in GRDI (Global Retail Development Index) in the year 2008. This along with trends of media inflation and media clutter have sent brand marketers and advertising agencies back to the basics in search of cost-effective media to reach consumers. Point-of-purchase advertising, have led many brand marketers to reconsider the role point-of-purchase advertising serves in effectively communicating a brand's message today.

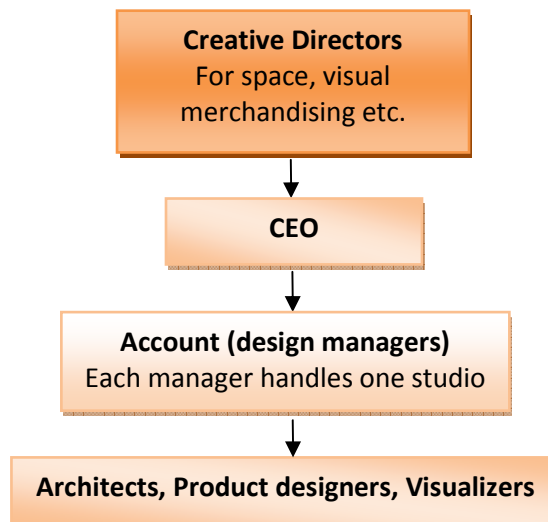
Resources & skill requirements

The industry is growing and therefore need a varied skill set at its disposal. The main question to be answered is, what does the client need? It is seen that an integrated store solution is what is increasingly important for the client too. To deliver this the following skills are required.

- **Planning:** Understand brand, consumer experience, target audience and hence a purely marketing skill set.

- **For Design:** creative ability, knowledge of materials, and knowledge of cost. This will need designers, architects etc.
- **Ability to produce a solution:** Require knowledge set up, Infrastructure, scale & time required for production.
- **Provide logistics & dispatch:** Right packaging strength, economies of transportation, ability to reach locations. There is scope for players who want to deliver only logistic management for P-O-P all over country?
- **HR & MIS skills:** Undertake installation support, ability to deploy & manage manpower for same and ability to report back
- **Evaluation:** Measuring effectiveness of what is produced

Management practices and organization structure



Each studio handles about 5 projects. Each project has one architect, one visualiser, product designer, and also the account or design manager who is the studio head.

Deliverables follow the following pattern

Idea/concept → Design → Layout → Site for store → Layout for different size

→ Prototype → Client Approval → Mass production

It is important to note that the client can ask for the entire solution or part of it. The billing is also done accordingly. A certain percentage is allocated to each activity.

Key Industry Trends and Future Perspectives

- **Share of wallet Vs Share of market:** Increasingly, retail analysts and marketing experts are looking at a different metric, known as “share of wallet”—the amount of your customers’ total spending that you are capturing in the categories you offer. Because increasing share of wallet costs less than increasing share of market, wallet strategies usually generate a greater return-on-investment.
- **Wastefulness in TV advertising/mass media advertising:** With lot of media clutter, the effective reach of mass media is being questioned. Though mass media still has the most important role in creating awareness in the consumer, its role in the later stages of buying is minimal. The diminishing ROI in this case is leading marketers to look for better, effective communication channels.
- **Differentiation is increasingly difficult:** Differentiation in product and communication is increasingly difficult. Consumer is being enticed by variety of stimuli.
- **Shopper is increasingly loyal to Place/Channel:** This has led to rise of category management. Also, Point of purchase → Point of Influence so it is where all the action is. This is giving rise to idea of media at the ambience of consumption.

Future perspectives

The next generation P-O-P: It’s about involving all the senses. As concept of sensory branding comes of age, the P-O-P and retail communications would have to adapt.

Using sound, Lighting design, Greater interactivity, personalization through mobile marketing, Store signage which are programmable. It started with handwritten P-O-P, then as technology improved Black & white posters were used. This further gave way to colour posters. Now there are digital medium available.

Business Profile of Public Relations

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Note: Various references have been used in the preparation of this profile. For further details please contact the Institute.

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