

# In-Store Marketing in the Consumer Electronics Industry

By Brian  
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Consumer electronic companies have had no shortage of new product introductions. These new products are spurred from new or emerging technological advancements, improvements to existing technologies, or spin-offs from other brands, among others. In any of these cases, today's consumers are becoming more and more confused with all of the choices available to them. As the consumer is bombarded with advertising messages from traditional media, it has become increasingly difficult to communicate to the consumer and differentiate one product or brand from another. This paper will demonstrate how in-store marketing can address some of the issues and problems consumer product manufacturers and retailers in the consumer electronics industry face.

## **The Fall of Traditional Media – Television, Radio & Print**

There are many visible areas that show how traditional forms of media advertising are becoming more difficult and less effective in reaching consumers. The consumer has been given the opportunity to miss many of today's advertising messages with the introduction of cable and satellite television, subscription radio and commercial-skipping devices, to name a few. In 1965, 80 percent of Americans could be reached by three TV spots, whereas today it would require 97 spots.<sup>1</sup> As these technologies are developed, it has become a difficult task to reach the consumer in mass as the consumer has more choices than ever to decide what to watch, listen to, and read.

Manufacturers will always need mass media to establish and reinforce their brand messages. A growing trend with consumer electronics and technology companies is putting a greater emphasis on advertising the corporate brand rather than products.<sup>2</sup> However, engaging the consumer at retail to promote both brand and product is where results will be seen in terms of sales and profits.

According to a recent survey by Decision Analyst and published by the In-Store Marketing Institute<sup>3</sup>, in-store print/point-of-purchase info had the most influence on final purchasing decisions for consumer electronics. Television, print, and radio were cited as being fourth, fifth, and ninth respectively in terms of types of information that had influenced final purchasing decisions.

In another survey, DoubleClick reported that 28 percent of respondents said seeing the product in the store had the most influence over their purchasing decision and had more impact than any other media.<sup>4</sup>

Many companies are starting to realize that traditional media may not be working for them, as referenced by a survey by the In-Store Marketing Institute.<sup>5</sup> For companies that purchase TV advertising, 24.1 percent of those companies said they would put less

emphasis on TV advertising, while 47.4 percent will put more emphasis on point-of-purchase displays/signs.

## **The Rise of In-Store Marketing**

“The role of merchandising has never been greater. Products now live or die by what happens on the selling floor. You can’t waste a chance to tell shoppers something you want them to know.”<sup>6</sup> – Paco Underhill

It has been well documented that a majority of purchasing decisions are made while consumers are in the store. Generally, when consumers have a planned decision on what type of product they want to purchase, they have not decided which brand to actually buy. This is why it is so important to engage the consumer while they are making these purchasing decisions. For electronics and related products, over 60 percent of final purchasing decisions were made in-store for mass merchandise stores, according to the 1995 Point-of-Purchase Advertising Institute (POPAI) Consumer Buying Habits Study.<sup>7</sup>

There are a couple reasons why In-Store Marketing is so effective, especially for consumer electronics.

This is the last chance (and sometimes the first) to communicate to the potential customer. What makes a consumer pick one manufacturer’s product over another? While price is always taken into consideration, it is not the only aspect taken with weight. The consumer wants to know the differences between the products. *What are the benefits to me? Why should I pay more for a product? Is this product a better value or higher quality? Does it do something the others do not? Does this product appeal to my self-image?* These are just some of the questions consumers are asking themselves.

Retail sales associates may not understand all of the products or have the knowledge to fully help the customer. Marketing at retail is where manufacturers and retailers can take control, answer these questions, and actually influence purchasing decisions.

Since 59.1 percent of purchasing decisions are unplanned,<sup>8</sup> it is vital to have the brand and the product stand out from the clutter. In the case of consumer electronics, many of these purchases are incremental and impulsive in the form of accessories and complementary products (i.e. Primary purchase = cell phone, Incremental sale = cell phone holster).

## **Engaging the Target Consumer at Retail: The Art and Science of In-Store Marketing**

There are many keys to implementing a successful in-store marketing program. This is particularly true with consumer electronics due to the complexity of technology and consistent need for consumer education.

The first consideration that must be made is to establish the goals of the program. Ultimately the goal is to increase sales, but it is the information communicated to the consumer at the point of purchase that will attain that goal. What is the message that needs to be communicated in order to influence a purchase?

Consumer preferences change in terms of what engages them at retail. Shapes, colors size, etc. of the marketing materials all play a role in what grabs the consumers' attention. Once you have their attention, you typically have less than a minute to present the message and influence their purchase.

In consumer electronics, it is best to keep messages simple. Instead of trying to list every feature and benefit in hopes of appealing to every person, it is best to focus in on a couple of key messages that help brand the product to own a key dimension.<sup>9</sup>

Once the messaging needs to be presented to the consumer have been established, it then has to be determined how to present those messages. Will signage communicate the messages? Is there a need to incorporate the product in a display so the customer can interact with it?

In determining how to present the product at retail, one extremely important factor to take into consideration is retailer collaboration. Not only do displays and signage have to communicate the messages needed to target the consumer, but they must also fit into the retail environment and meet specific retailer requirements. Today's retailers (especially in consumer electronics) are brands themselves. They are creating store environments that carry common themes throughout the store. Manufacturers not only need to have a true understanding of their consumer, but also with the retailers that carry their product.

It is becoming more difficult to create a singular in-store marketing program through several retailers. Each retailer has their own guidelines regarding in-store marketing and display programs. What is acceptable in one retailer may not be acceptable in another. With the current trend of retail consolidation, the retailer is becoming more powerful and has more say in what gets placed in their stores.

One step that should be included in establishing an in-store marketing program is to include input from the retailer to increase the likelihood of the materials getting accepted. Leaving the retailer out of the design phase could prove to be a costly mistake.

A significant aspect to marketing consumer electronics at retail is the ability for the consumer to interact with the product and/or marketing message. It is important for the consumer to be able to "play" with the product to reassure them of value, quality, and features. Once the consumer begins to investigate the product, they may begin to educate themselves. Not only can the consumer interact with the product, but in some cases the ability to interact with the marketing message is also important. The idea is to have the in-store marketing program or display become an extension of the brand and convey the superiority of the product over the others.

## Conclusion

As mass media advertising loses its effectiveness, it is necessary to grab the consumer where he is making the purchasing decisions. Incorporating in-store marketing into current marketing plans will help increase brand awareness, educate consumers on new products and technologies, and in the end assist with increasing sales. It is important to understand what aspects influence consumer-purchasing decisions, and how to develop and implement the in-store marketing program.

As the role of marketing changes, one thing will remain the same. Consumers will continue to shop at retail.

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## NOTES

<sup>1</sup>“Who Needs Friends? Study finds P-O-P stronger influence than word-of-mouth,” P-O-P Times Dec. 2005: 78.

<sup>2</sup>“Who Needs Friends? Study finds P-O-P stronger influence than word-of-mouth,” P-O-P Times Dec. 2005: 78.

<sup>3</sup>“Who Needs Friends? Study finds P-O-P stronger influence than word-of-mouth,” P-O-P Times Dec. 2005: 78.

<sup>4</sup>“Who Needs Friends? Study finds P-O-P stronger influence than word-of-mouth,” P-O-P Times Dec. 2005: 78.

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<sup>6</sup>“Who Needs Friends? Study finds P-O-P stronger influence than word-of-mouth,” P-O-P Times Dec. 2005: 78.

<sup>7</sup>“Who Needs Friends? Study finds P-O-P stronger influence than word-of-mouth,” P-O-P Times Dec. 2005: 78.

<sup>8</sup>J. Jeffrey Inman and Russell S. Winer, “Where the Rubber Meets the Road: A Model of In-Store Consumer Decision Making,” In-Store Marketing Institute Aug. 2004, 30 Dec. 2005 .

<sup>9</sup>Scott Young, “Strategies for Marketing Consumer Electronics at Retail,” In-Store Marketing Institute Sept. 2003, 3 Jan. 2006