

Out-of-home

Grocery and FMCG advertisers are embracing out-of-home as they look to target shoppers on the move in the "great outdoors".

These advertisers make up one of the fastest-growing group of users of the out-of-home medium over the last three years, and have helped outdoor grow its media share of the lucrative grocery sector to 7%.

APN Outdoor chief executive Richard Herring puts this growth down to the explosion in the number of formats within retail environments and increased advertiser acceptance of out-of-home as an effective medium.

"Out-of-home has traditionally been associated with big brand advertising, but as new environments emerge and investment in better quality presentation and a paradigm shift on traditional media use proliferates, grocery product advertising is becoming a real growth opportunity."

"Transit media in particular has seen

“Grocery product advertising is a real growth opportunity.”

an increase in grocery product use, due partially to its high-visibility recall and multiple creative format capabilities," Herring says.

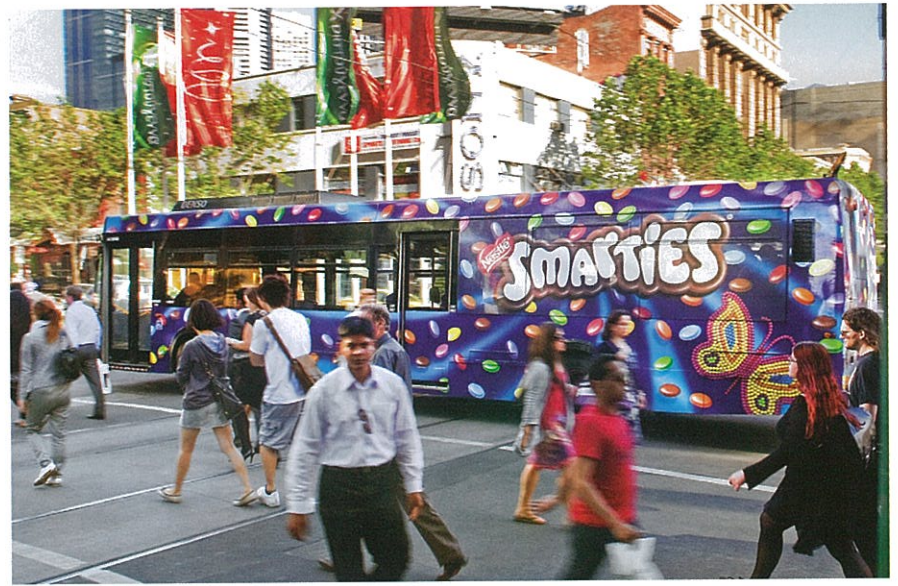
Out-of-home operator Eye has invested heavily in the grocery category in its bid to drive growth and has been working closely with FMCG advertisers behind the scenes to better research campaigns and demonstrate their effectiveness.

Eye New Zealand & Australia general manager sales strategy & performance Hamish Michie says that over the last year the company has invested in research and insights for categories such as cereals, confectionary, and frozen foods. It has also worked hard to gain a deeper understanding of the retail media audience.

"We want to better understand the shopper, their mood and mindset, shopping habits, and how they engage with advertising," he says.

Michie says the onset of digital formats in shopping centres has allowed brands to further demonstrate features and innovations across their product range. "These activities are critical for brands in competitive categories seeking differentiation, consumer loyalty, and shelf space - particularly with the growth in private labels."

"Eye research shows that Eye Study on campus media is highly effective in encouraging brand trial and influencing



Out-of-home operators, such as APN Outdoor (pictured), want to grow their share of the grocery sector.

purchase decisions in impulse categories in the hard-to-reach young adult demographic, making it an ideal choice for FMCG advertisers," Michie says.

Already, the out-of-home medium has attracted major FMCG marketers such as Coca-Cola, Unilever, and Kellogg, which are all very active in the broader out-of-home sector; as are supermarket retailers such as Coles and Woolworths. Brands such as Nestlé, Birds Eye, and L'Oreal are

also strong users of shopping centre media - which is tipped for further growth.

The sector is also banking on more growth as the results from its audience measurement system MOVE filter through the market. MOVE (Measurement of Outdoor Visibility and Exposure), which launched in February, is predicted to boost the overall industry by 1% this year with a further 1% increase expected the following year. <

Private label vs brand

AUSTRALIAN BRANDS ARE FACING A NEW KIND OF COMPETITION FROM PRIVATE LABEL PRODUCTS THAT LOOK LIKE THE BRANDS THEY MIMIC, MINUS THE COSTS OF MARKETING AND VENDOR MARGINS.



The private label juggernaut is showing no signs of abating in Australia, with Planet Retail predicting the Australian market to be second only to India in terms of growth of market share over the next three years. Internationally, Europe leads the way in terms of private label market penetration. In 2008 private label brands accounted for 46% of Swiss market share, 39% of the UK market, and 34% of the German market. One trend that can be seen in these markets is that they are highly developed and consolidated; this provides an environment where major retailers have the scale and strength to launch and support a wide range of private label brands. The large growth areas for private labels internationally are now North America and Australia, which have approximately 15-20% market penetration and are growing quickly.

The GFC helped to quicken the uptake of private label brands in many economies, as shoppers became increasingly sensitive to price and more open to trying private label products. Often, once a shopper realises the comparable quality of private label, they are happy to stay loyal. Products such as Walmart's Ol' Roy dog food have become market

leaders in their category, in this case overtaking Nestlé Purina. A Nielsen study of US households indicated that 72% of shoppers viewed private products as equal to, or better than, name brands. This growing level of trust and brand equity is allowing many retailers to grow their private label stable. The growth of private label is challenging the relevance of many market leading brands.

Private label brands have evolved a long way from the initial offering of blandly packaged products promoted purely on price. The first step in the maturation was the movement to copy or mimic the market leader in the segment. Not only do many private label brands look the same as the market leaders, but they are also made to similar or higher standards. This has removed much of the stigma from private label brands.



Tesco Finest is just one of the private label brands creating competition for the big brands.

People are no longer ashamed to be seen putting private label brands in their shopping trolley. The evolution of private label brands into brands of their own right is complete with the increase of premium level offerings. The "Tesco Finest" range is an example of a private label brand operating at the aspirational end of the market.

The Australian market is currently sitting in the middle range of the evolutionary scale. For a

longtime Australian private label was symbolised by brands such as IGA Black & Gold, Franklins No Frills, and Woolworths Home Brand. These brands all represented the extreme value end of the market, had plain packaging, low choice, and were perceived as low

quality. This began to change with the entrance of Aldi into the Australian market in 2001 and continued with the launch of Woolworths' premium private label range, Select, in 2005.

Australian retailers began to follow the international trend of copying the market leaders in selected fields, targeting specific categories with low involvement such as milk, canned fruit and vegetables, paper towels, and nuts. They saw these areas as opportunities to win new customers over to private label brands due to high price sensitivity.

The challenge for Australian brand marketers is not only comparable products available at a cheaper price, but also that the quality and performance of private label equivalents has improved substantially. With only 19% of shoppers writing brands on their shopping lists and 88% of shoppers deviating from it once in-store, brands can miss out. More focus needs to be directed towards leveraging out-of-store brand marketing spend with mechanisms at the shelf, including promotional activity, off-location displays, packaging, in-store theatre, and in-store marketing. After all, from now on the game will be played inside the store. <

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