



The Arbitron Retail Media Study

Volume II: Consumer Interest and Acceptance of Video Displays in Retail Environments

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Overview

The Arbitron Retail Media Study – Volume II: Consumer Interest and Acceptance of Video Displays in Retail Environments examines consumer attitudes toward video displays in retail stores.

New forms of broadcast media have emerged over the past decade. One of the most exciting innovations has arrived in the form of retail-based video programming. Video screens are popping up in places such as supermarkets, department stores and larger retailers. The video content is designed to inform and entertain shoppers, as well as promote merchandise.

Retail video harnesses the power of recency media planning. It is the idea that advertising media “sell” those consumers who are ready to buy the product. It is as if there is a window of opportunity preceding each purchase where the consumer is most susceptible to a brand message. Advertising’s job is to influence the purchase; media’s job is to put that message in that window. Retail video takes the proven impact of broadcast-style ads and places it directly at the point of purchase.

The goal of *The Arbitron Retail Media Study – Volume II: Consumer Interest and Acceptance of Video Displays in Retail Environments* is to explore consumer attitudes toward in-store video and gauge its potential as a national broadcast advertising vehicle.

This industry study is part of a series examining the power and impact of out-of-home/outdoor advertising:

- 2001: *The Arbitron Outdoor Study*, a comprehensive examination of traditional outdoor advertising, the audience it impacts and its role in the media mix.
- 2003: *The Arbitron Cinema Advertising Study*, a profile of the youthful and affluent moviegoing audience.
- 2003: *The Arbitron National In-Car Study*, a detailed profile of the shopping habits of mobile Americans and their exposure to out-of-home media, including radio and billboards.
- 2004: *The Arbitron Airport Advertising Study*, a profile of the upscale U.S. airline traveler.
- 2005: *The Arbitron Retail Media Study – Volume I: The Impact of Retail Audio Broadcasting in Grocery and Drugstores*, examining consumer awareness and attitudes toward in-store audio broadcasting.

All reports in the Arbitron Out-of-Home Media series can be downloaded for free at www.arbitron.com.

Definition of Terms

Throughout this summary we will refer to the following terms:

Retail video: Video programming (entertainment, information or commercials) played on screens—other than sets in the TV department—in a retail store.

Retail video advertising: Spots or promotional content that is broadcast on retail video displays.

How the Study Was Conducted

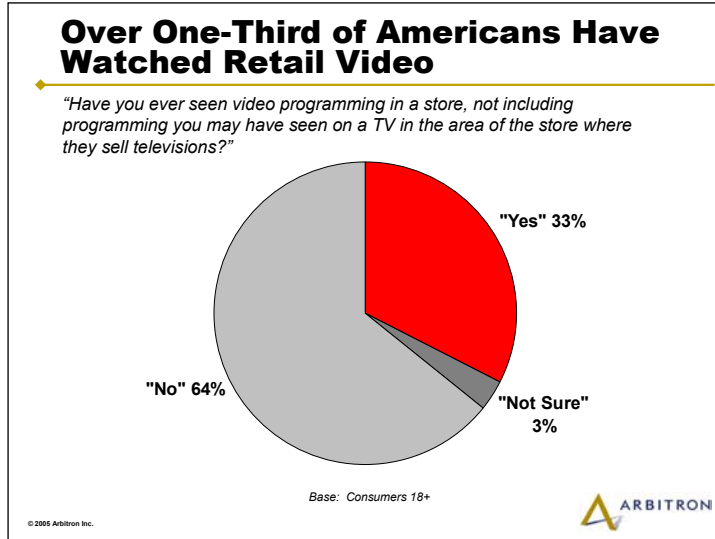
A total of 1,002 people were interviewed in September 2004 to investigate America's awareness of retail video broadcasting and the advertising it carries. Telephone interviews were conducted with respondents age 18 and over chosen at random from a national sample of Arbitron's Spring 2004 survey diarykeepers.

Significant Highlights

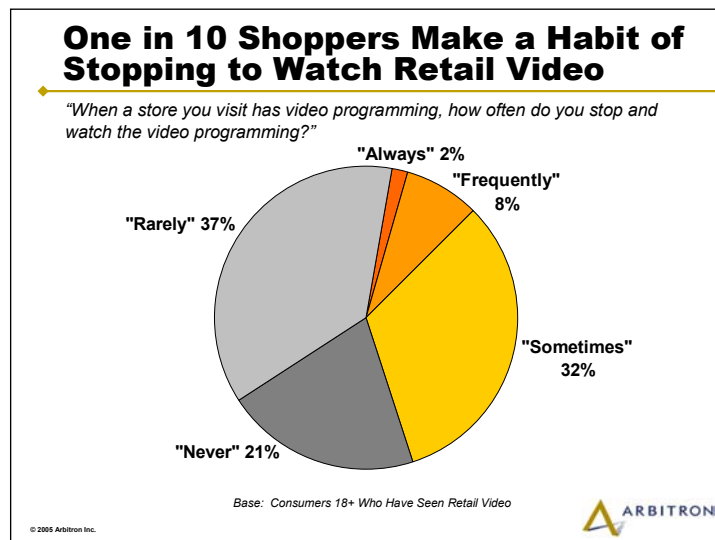
- **One-third of Americans have watched in-store video.** Thirty-three percent of consumers recall seeing video screens in a store—not counting sets for sale in the television department.
- **One in 10 shoppers make a habit out of watching retail video.** Ten percent of consumers who have seen video screens in a store say they either always or frequently stop to watch. Another 32% sometimes stop to view video screens they pass in a store.
- **Most video programming viewed featured products sold in the store.** Eighty-one percent of shoppers who have seen retail video say the programming focused on merchandise available in the store. Almost half (47%) recall learning about specials or sales from the video displays.
- **Over half of retail video viewers think more stores should install displays.** Fifty-two percent of the consumers who have watched in-store video feel that more stores should run video programming.
- **More than three-quarters of retail video viewers find the screens helpful.** Sixteen percent of the consumers who have seen video in a store feel the displays that feature product or sale information are very helpful, and another 62% find them somewhat helpful.
- **Close to 30% of retail video viewers have made an unplanned purchase.** Twenty-nine percent of the consumers who have seen video in a store say they bought a product they were not planning on buying after seeing the product featured on the in-store video display.
- **If given a choice, 42% of retail video viewers would prefer to shop in a store that has video displays.** Over 40% of consumers who have seen video in a store say that in the future they would choose to shop in a store with video screens versus one without.
- **Consumers are most interested in video that focuses on store sales, product information and special events.** Eighty-one percent of all consumers, regardless whether they have already experienced in-store video, are most interested in seeing video programming the store they are in—including sales and specials (81%), product information (72%) and special events (68%).

Key Findings

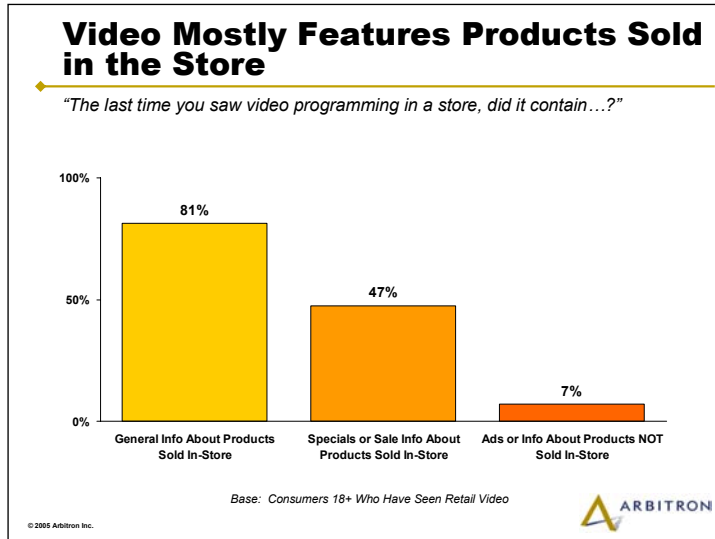
1. **One-third of Americans have watched in-store video.** Thirty-three percent of consumers recall seeing video screens in a store—not counting sets for sale in the television department.



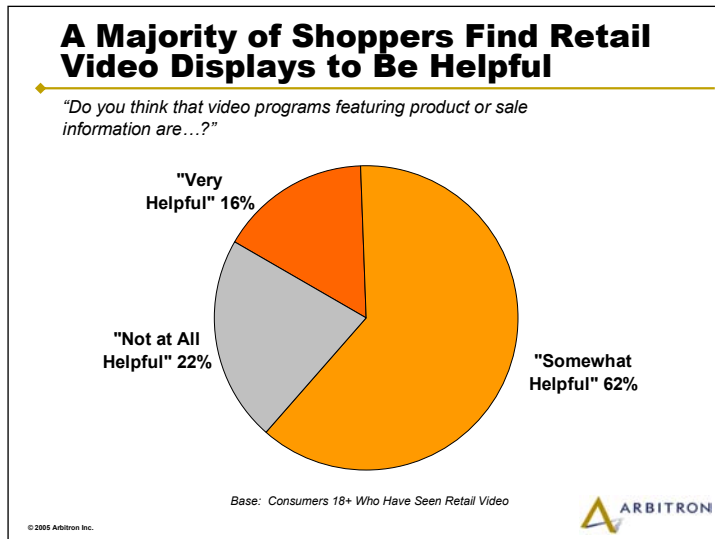
2. **One in 10 shoppers make a habit out of watching retail video.** Ten percent of consumers who have seen video screens in a store say they either always or frequently stop to watch. Another 32% sometimes stop to view video screens they pass in a store.



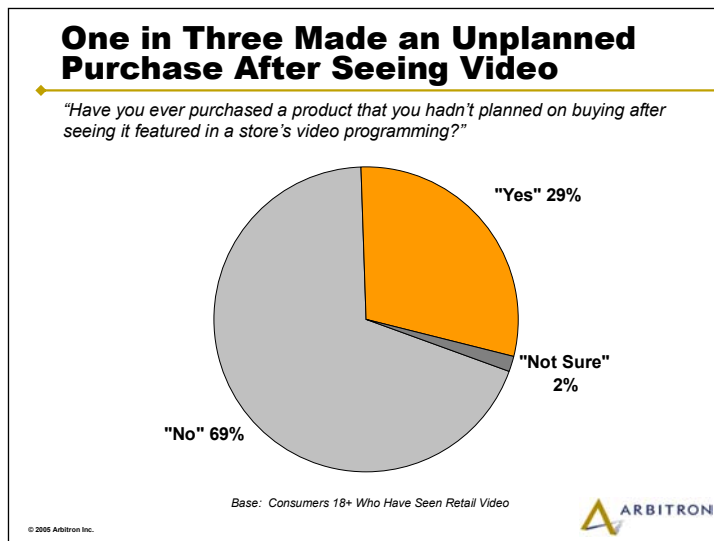
3. **Most video programming viewed featured products sold in the store.** Eighty-one percent of shoppers who have seen retail video say the programming focused on merchandise available in the store. Almost half (47%) recall learning about specials or sales from the video displays.



4. **More than three-quarters of retail video viewers find the screens helpful.** Sixteen percent of the consumers who have seen video in a store feel the displays that feature product or sale information are very helpful, and another 62% find them somewhat helpful.

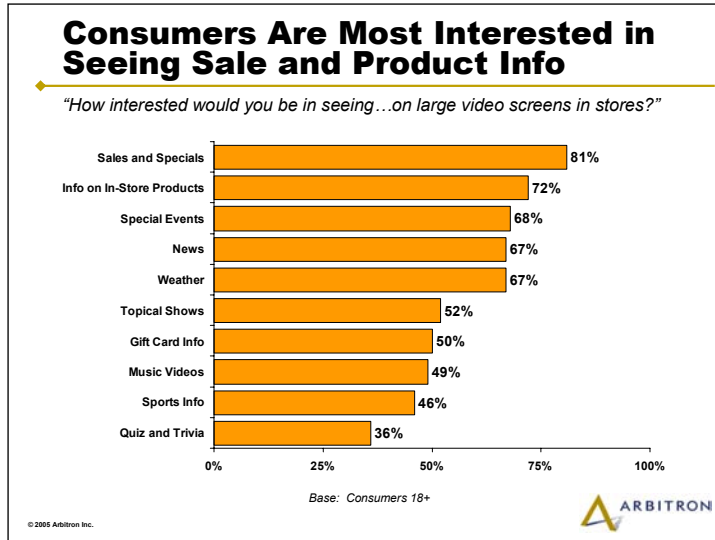


5. **Younger shoppers are most appreciative of retail video.** Eighty-four percent of shoppers age 18-34 find video screens featuring product or sale information to be helpful, compared to 64% of adults age 50 or older.
6. **Over half of retail video viewers think more stores should install displays.** Fifty-two percent of the consumers who have watched in-store video feel that more stores should run video programming.
7. **Close to 30% of retail video viewers have made an unplanned purchase.** Twenty-nine percent of the consumers who have seen video in a store say they bought a product they were not planning on buying after seeing the product featured on the in-store video display.



8. **If given a choice, 42% of retail video viewers would prefer to shop in a store that has video displays.** Over 40% of consumers who have seen video in a store say that in the future they would choose to shop in a store with video screens versus one without.

9. Consumers are most interested in video that focuses on store sales, product information and special events. Eighty-one percent of all consumers, regardless whether they have already experienced in-store video, are most interested in seeing video programming in the store they are in—including sales and specials (81%), product information (72%) and special events (68%).



10. Young adults are interested in watching music videos while they shop. Seventy-two percent of consumers age 18-34 are interested in watching music videos on video screens in the stores where they shop.

11. Almost half of male shoppers are interested in sports news and scores. Forty-six percent of men are interested in getting sports updates from video screens while shopping.

Comments and Recommendations

- 1. Shoppers are extremely receptive to retail video.** Consumers like in-store video displays and want to see more of them. This benevolent attitude toward the medium can reflect well on the advertisers.
- 2. Retail video stems the tide of commercial avoidance.** New technologies such as the DVR (TiVo[®]), video downloading (iVideo) and cable/satellite Video on Demand are giving consumers unprecedented control over programming and the commercials normally associated with them. Retail video delivers a broadcast style message that cannot be circumvented.
- 3. Retail video reaches consumers when they are ready to buy.** The concept of recency media planning, popularized by noted media researcher Erwin Ephron, states “advertising media ‘sell’ those consumers who are ready to buy the product. It is as if there is a window of opportunity for the ad messages preceding each purchase. Advertising’s job is to influence the purchase; media’s job is to put that message in that window. As Americans spend more time with nontraditional media, it becomes important to utilize media that can put the advertising messages in the ‘window of opportunity preceding each purchase.’”

About Arbitron Inc.

Arbitron Inc. (NYSE: ARB) is an international media and marketing research firm serving radio broadcasters, cable companies, advertisers, advertising agencies and outdoor advertising companies in the United States, Mexico and Europe. Arbitron's core businesses are measuring network and local market radio audiences across the United States; surveying the retail, media and product patterns of local market consumers; and providing application software used for analyzing media audience and marketing information data. The Company has also developed the Portable People Meter (PPMSM), a new technology for media and marketing research.

Arbitron's marketing and business units are supported by its research and technology organization, located in Columbia, Maryland. Arbitron has approximately 1,700 employees; its executive offices are located in New York City.

Through its Scarborough Research joint venture with VNU, Inc., Arbitron also provides media and marketing research services to the broadcast television, magazine, newspaper and online industries.

Arbitron's Outdoor division provides training, consumer shopping data and audience profiles for out-of-home and outdoor media. Currently, more than 100 outdoor plants, place-based media and thousands of agencies and advertisers utilize Arbitron Outdoor consumer shopping data and software. The company is currently working with the industry to develop an outdoor audience ratings service.

Credible third-party measurement helps advertisers justify their investment in the medium. The company's 50+ years of audience measurement experience help sellers focus on selling the value of their advertising rather than justifying the credibility of their measurement. Arbitron research studies about cinema advertising, the Outdoor industry and traditional and nontraditional media can be found on the company's Web site at www.arbitron.com and can be downloaded free of charge.

About Scarborough Research

Scarborough Research is the gold standard for consumer shopping and media behavior research. The national study of more than 200,000 U.S. consumers aged 18+ covers what Americans buy, where they shop and the media they consume. The study is conducted in two waves each year and is updated twice annually to include the two most recent six-month waves. Scarborough is comprised of stand-alone samples in 75 of the largest DMA[®] markets, as well as a balance-U.S. sample, allowing breakouts on local, regional and national bases. For more information on Scarborough, visit www.scarborough.com.

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