

Wal-Mart, P&G See Sales Through a Prism

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By Constantine von Hoffman

MIAMI -- Wal-Mart and Procter & Gamble today announced the rollout of a major effort to measure the effectiveness of in-store marketing.

“This is an initiative we think will forever change retail marketing,” said Wal-Mart CMO Stephan Quinn during a session at the Consumer 360 conference in West Hollywood, Fla. The effort, called Prism, uses infrared sensors around the store to measure traffic and consumer exposure to product displays and other marketing materials like banners and store TV networks. It is organized by Nielsen In-Store, a division of *Brandweek*’s parent company.

Dina Howell, who heads worldwide in-store efforts for P&G, said U.S. stores would start to be equipped with the sensors within two weeks. In addition to Wal-Mart, the devices will be put into 150 different retail outlets—including convenience and grocery stores—by the time of the project’s full launch in early 2008. Although the study is currently only being rolled out in the U.S., Quinn and Howell said it will be in place internationally within a couple of years. The consortium funding Prism also includes Albertsons, Kroger, Walgreens, 3M, Walt Disney, Coca-Cola, Kellogg and Miller Brewing.

“This will have a profound impact on the whole industry,” she said after the session. “It’s starting in marketing but it will impact operations, sales, everything.”

“This makes the store a part of measured media,” said Howell. She said that a pilot effort that ran for two weeks last year achieved an initial 76% accuracy rate in its predictions of consumer behavior and that further refinement since then has increased that to 85%. Prism is designed to predict consumer reach by category, area of the store, retail format, and day of the week. “This is not a nice-to-have, it’s a must-have,” she said afterward.

One measure of how important Wal-Mart sees this effort is the fact that it has contributed sales information from 1,000 of its stores to the study—a tenfold increase over the amount of data the company had ever previously released according to Quinn. Another key part of the study is measuring the difference between what companies plan to have displayed in stores and what actually winds up being displayed. “We need to know the truth about this,” Quinn said afterward. “We need to know how much of this is fact and how much is myth.”

Although Howell declined to speculate on what sort of impact this will have on the marketing mix in the future, earlier this month CEO A.G. Lafley made it clear that in-store is growing in importance to P&G. “If you step back and look at our mix across most of the major brands it is clearly shifting and it is shifting from measured media to in-store to the Internet and to trial activity,” Lafley said during a call with investment analysts.

Paul Fox, ER leader for P&G’s global operations, said Procter is stepping up efforts to measure marketing channels “that have been around forever.” He said P&G would be rolling out a word-of-mouth measurement method within the next 18 months.