

# ADWEEK'S MARKETING WEEK

## STORE WARS

First it was everyday low prices. Now Procter & Gamble is taking back the supermarket with a new electronic marketing program. The Vision System, which is 24%

owned by P&G, rolls national later this year. It gives consumers credits and discounts on



some 450 brands. It gives P&G even more control over in-store promotion.



# P&G Takes Back The Supermarket

**As part owner of a new in-store promotion system, P&G plans to infiltrate 2,000 stores in 18 months**

By Michael McCarthy

Two months ago Procter & Gamble Co. upset the balance of power in the supermarket by cutting trade promotions and moving to everyday low pricing. But the \$30-billion giant from Cincinnati isn't stopping there. This year, it will fund the national rollout of an electronic marketing system that will give it even more control over in-store promotions.

The Vision system is the product of Advanced Promotion Technologies (APT) of Deerfield Beach, Fla. P&G co-founded the company in 1987 with Dun & Bradstreet and CheckRobot. A 1991 public offering raised \$17 million and left P&G as the largest shareholder, with a 24% stake.

Vision Value Club is being tested at 30 stores in five chains across the country. In the next 18 months APT plans to roll it into more than 2,000 supermarkets.

"Major metropolitan markets have been targeted for Vision installations," says chief executive David Humble. "They are being selected based on their attractiveness to packaged goods manufacturers."

So far the system represents more than 450 brands from companies like P&G, Coca-



**The Vision System already offers discounts on more than 450 brands.**

Cola, Kraft General Foods, Sara Lee, DowBrands, Ralston Purina and Ocean Spray.

The Vision program has three components. First is a new interactive color monitor—mounted at the checkout counter—which delivers credits, paper coupons and money-saving promotions.

Then consumers can join the Vision Value Club. Using a "smart card," they can accrue points with their purchases and redeem them for brand-name merchandise.

The third element, Vision Visa, allows consumers to buy groceries on credit. Shoppers are alerted to Vision instant credit offers by shelf talkers and point-of-purchase signage as well as by a monthly shopping list.

The new system offers P&G a measure of control, as well as back-end equity in a booming area of marketing. But the company faces stiff competition from established players like ActMedia, Catalina Marketing and In-Store Advertising, as well as newcomers.

VideOcart Inc. of Chicago is also going national this year. Its system features interactive video screens mounted on special shopping carts. It is in 70 stores in 12 supermarket chains. The company plans to expand its system at the rate of 70 stores per month and is shooting for 2,000 stores by the end of next year.

This summer VideOcart plans to add an electronic couponing function to the carts, which would alert con-

sumers to savings as they pass by a participating product on the shelf. At the touch of a button, the discount will be directly transmitted to scanners at the checkout counter.

"We're almost like a different form of media," says Bob Froetscher, vice president of marketing at VideOcart. "It's tough to reach consumers, but there's one place where the product, the consumer and the cash come together. And that's in the store."

Like earlier in-store promotion systems, Vision and VideOcart enable marketers to directly target consumers based on their purchasing habits. More important, they allow marketers to target promotions at shoppers who buy their rivals' products.

"The conversion of competitive users is what we're all about," says Wally Meyer, president and chief operating officer of Catalina Marketing, which operates the Checkout Coupon system in about 4,200 stores nationwide.

"With these systems, clients can steal customers away from competitors, get existing customers to buy more products at one time, and draw new users into the brand franchise," he says.

In that regard, Procter benefits doubly from its equity stake in the Vision System. Not only will it pocket some of the advertising revenue, it will make money off the sale of consumer information.

The smart cards allow APT to develop databases on specific shoppers. Retailers get the data for free. But if marketers want consumer information to create targeted promotions, they have to pay for it. Tracking consumers through the smart cards, APT can identify people in specific

areas who would be prime targets. When those consumers use their cards at the checkout counter, they automatically trigger the promotion. APT will not, however, provide names and addresses for mailing lists.

With more and more players joining the field, in-store promotion systems are sure to reshape packaged-goods marketing. The programs reduce the need for costly and inefficient free-standing-inserts and direct mail programs. Marketers issue more than 300 billion coupons a year and spend nearly \$60 billion on direct-to-consumer promotion. In the last decade coupon redemption levels have plunged from 6% to 2%.

The new programs may well affect traditional media and advertising, too. In an era of fragmented media, they allow marketers to take careful aim at the very consumers they want to target.

"This is a terrific way of advertising," says Michael Gade, co-chairman of Coopers & Lybrands retail group. "These systems are another vehicle in the war to take market share away from competitors."

Despite their rapid rise, in-store marketing systems still have a long way to go. Many marketers are reluctant to commit to such an experimental and unfamiliar discipline. And most ad agencies ignore the medium entirely.

"Advertisers view television and traditional media in terms of image, but they are holding in-store programs to a much higher standard," says Michael Wolf, principal for the New York-based Booz Allen & Hamilton management consultants. "It's hard for some advertisers to define where it fits into the marketing mix." ■

**For more information on Vision™  
and the Vision Value Club™ contact:**

**Advanced Promotion Technologies, Inc.  
Quorum Business Center  
Building One  
626 South Military Trail  
Deerfield Beach, Florida 33442  
Phone: (305) 425-7800 or  
(800) 393-4APT**