

# SUPERVALU Grocery Stores

New Technology Reinvents In-Store Marketing for SUPERVALU Grocery Stores



For 50 years, most grocers have taken the same approach to in-store advertising and marketing—paper signs and banners. Until recently, the biggest in-store advertising innovation was the giant floor graphic plastered across store entryways.



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However, times have changed. As Jeff Weidauer, director of brand advertising for Minneapolis-based SUPERVALU, says, “We need to provide content relevant to today’s customers and that means going beyond static images.”

While traditional signs and banners promote specific products and goods, they provide little opportunity to offer customers context or other relevant content. Customers might buy products because the prices are right, but what about making a purchase because they see a new recipe or meal idea they want to try, an approach that could garner future purchases? Two years ago, SUPERVALU began exploring new ways to reach its customers and decided to team with SignStorey to install an in-store television network that enables the grocery chain to run premium content and custom advertising in its stores.

Supported by advanced, two-way broadband technology from Hughes, the SignStorey solution lets SUPERVALU control and centrally manage a private television network broadcasting content to nearly 1,900 plasma screens in 943 stores.

## Managing Technology to Control the Message

Incorporating technology into in-store marketing equips SUPERVALU with more than just flashy displays and dynamic content. The technology behind the network also gives them complete control over the timing, frequency, and delivery of their messages and their suppliers’ messages, while freeing store workers from the task of hanging promotional signs.



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“When we send paper signs and banners to our locations, we are assuming store workers are hanging the material in the manner and location we’ve requested,” explains Weidauer. “But with the in-store network, we know everything about the material running.”

The SignStorey solution includes a private broadband satellite network supplied by Hughes, the global leader in broadband satellite services and solutions. SUPERVALU’s subsidiary, US Satellite, manages the day-to-day operations of the private network and effectively leverages Hughes’ hardware and services to maximize the multicast capabilities of the network. The result

is a solution that provides SUPERVALU with the same reliability as broadcast television. The two-way capability also enables SignStorey to deploy advanced software that allows US Satellite and SUPERVALU to monitor the content on all 1,886 screens across the country.

Finally, utilizing the Hughes platform, SUPERVALU has the benefit of always-on, two-way broadband connectivity that enables identification of problems in real-time. “The Hughes satellite network lets us work with customers like SUPERVALU to centrally monitor our networks,” says Todd Becker, senior vice president, technology and product engineering at SignStorey. “For example, we can tell if a screen is turned off or the volume is turned down. And we can address it in the moment.”

The full network includes two 42-inch plasma screens in each SUPERVALU store. SUPERVALU strategically places each screen in the same areas—the meat cases and the produce section—which get more than 70 percent of the customer traffic. Moreover, each screen in every store has the capability of running different content.

Currently, SignStorey provides about 70 percent of the content that runs on the network. Through partnerships with CBS, Meredith Corp. (publisher of Family Circle, Traditional Home), and other premium content providers, SUPERVALU’s customers view content directly relevant to their shopping experiences. SUPERVALU provides their own advertising for the remaining 30 percent of the content, including support of their private label brands. Ultimately, SUPERVALU hopes to increase its own content to 50 percent.

### Small Investment, Big Value

SUPERVALU will be able to increase its investment in content production because the technology investment in the in-store network is minimal. SignStorey maintains ownership of the in-store network and the hardware, generating revenue by handling the advertising

sales. SUPERVALU's investment is primarily in personnel to manage the solution and the cost of producing original material. It's an arrangement that has the company completely rethinking how it invests its marketing dollars.

According to research firm AMR, consumers are making about 70 percent of their buying decisions on impulse in the purchasing environment. As traditional marketing channels into the home (i.e. TV and radio) become more fragmented, the in-store network is increasingly appealing to retailers like SUPERVALU. In fact, according to research firm Cap Ventures, the digital signage industry is forecast to grow at a rate of nearly 50 percent per year for the next 5 years, with projected revenues of \$2 billion by 2009.

"We're shifting our media budget," says Weidauer. "We're taking our traditional advertising budget and reinvesting it in the store. When we look at what our customers are saying, early results, and what's happening in the market, it's a move that just makes sense."

In addition to compelling market data, SUPERVALU is seeing its own reasons to increase its investment in in-store marketing. For example, in May 2006, the company began running a special promotion on salmon in its seafood department and ran the program content through Labor Day. The decision was made to limit external advertising to the Internet and radio and rely heavily upon the in-store network. Though the company does not externally release resulting revenue, according to Weidauer, it was the most successful campaign they had ever run and "blew away expectations across the board."

As part of the program, SUPERVALU has aggressively sought out customers to assess their perceptions of the new marketing approach. The company conducts focus groups three times a year to hear opinions from approximately 100 customers. After two years, it's clear that customers appreciate the softer approach.

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“Our customers have told us, ‘We’re already here to buy,’” says Weidauer. “They very consistently say they don’t want item price advertising for every product. They want other reasons to consider the brand, and the in-store network allows us to give them those reasons.”

As SUPERVALU continues to reinvent its marketing strategy, the company hopes to find new ways to expand the value of the network. “Right now we’re growing the network and learning how to influence behavior,” says Weidauer. “We’re still doing testing and collecting hard data to provide to suppliers who might run their own advertising how they can benefit from in-store marketing.”

As for Weidauer’s personal experience with the technology supplied by SignStorey and Hughes, “The only thing I can say about it is that I don’t think about it, the technology or the network. That’s something you don’t think about until it doesn’t work. And all we know is that it works. It’s been incredibly reliable and we’re very happy with it.”

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