

ADWEEK

New Ad Net Registers With Consumers

Pointer Media Network's in-store service uses purchasing patterns to customize promotions

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NEW YORK Armed with two years of purchase data for 80 million individual consumers, Catalina Marketing is this week launching a new in-store ad network called the Pointer Media Network.

The information comes from frequent shopper cards covering most of the nation's supermarket chains, thousands of drugstores and other retailers.

St. Petersburg, Fla.-based Catalina -- which until now has focused on promotion and couponing dollars -- is positioning the service as possibly the first operational, wide-scale addressable network to instantly customize ads to consumers based on past purchasing patterns.

"While there's been a lot of talk about developing addressable networks to individual consumers, we actually have one up and running. [It has] access to 150 million frequent shopper IDs and \$400 billion of observed purchasing behavior," said Todd Morris, svp, Catalina.

Pointer Media works like this: Catalina has installed color printers at the checkout counters of close to 50,000 stores around the country that are linked to the company's massive database of consumer purchases. When a shopper's order is rung up, the printer instantly creates a print ad on a receipt-size piece of paper based on the unique purchasing history of that shopper. The ad is handed to the shopper along with the receipt for the current purchase.

Ads can be used a number of different ways. For instance, they can simply build awareness of products or, if customers are immediately engaged, can send them back to the aisles to buy another item.

Marketing and agency executives say the new network is a sign of the growing importance of purchase-behavior targeting at a time when consumption patterns continue to fragment.

"At media agencies we make a big deal about demographics, psychographics and behavioral targeting, but the Catalina data ... takes targeting to a whole new level," said David Sommer, managing partner and director of the retail practice at WPP's Mediaedge:cia.

Danielle Bottari, svp and director of shopper marketing at Publicis Groupe's MediaVest, agreed, noting one unique feature of the Pointer Media setup is that "you can optimize your messaging at different places in the store and at the register to create a media mix based on the history of buying behavior."

Independent research by Cornell University in pre-launch testing showed that 80 percent of the Pointer Media ads are read by the shoppers to whom they're issued. That high level of readership demonstrates the "relevance to the consumer mind-set" of issuing such ads at checkout, said Bottari.

Targeted marketing is becoming increasingly important for many brands, particularly consumer packaged goods, which are relying on smaller concentrations of consumers to drive sales.

Catalina has just completed a new study, done in conjunction with the CMO Council, that found just 2.5 percent of consumers accounted for 80 percent of sales for the average brand. By contrast, marketers say the traditional rule of thumb has been that 20 percent of the consumer population accounted for 80 percent of the typical brand's volume. The new

research suggests that product-purchase patterns, just like media-consumption patterns, are fragmenting as new brands and brand extensions enter the marketplace.

In conjunction with the study, Catalina, a unit of private equity firm Hellman & Friedman, has created a Web site that clients can use to determine what percentage of consumers compose the core purchasing base of over 1,300 individual brands. For Campbell's Soup at Hand, for example, 2.29 percent of consumers account for 80 percent of the brand's sales, according to the site. For Ben & Jerry's ice cream, the comparable figure is a little over 5 percent.

Catalina's Morris said the upshot of the new data is that finding and communicating with the consumers that make or break a brand "is like looking for a needle in a haystack," making precision-based marketing techniques more relevant in today's marketplace. He also believes it will force many marketers to reexamine their approach to consumers. "If you can focus your media on these crucial consumers you can really grow your business," he said.

MediaVest's Bottari said she was taken aback by the findings of the Catalina brand study. "Quite honestly, it's shocking" that such small levels of the U.S. consumer base provide the bulk of sales for individual brands, she said. For some, she noted, this information will be "life changing." And in some instances, she added, "it will certainly change how we plan the media that we are doing."

For Sommer, the research reinforces the need for marketers to be more facile with data. "Now it's much more about being able to track individuals based on prior purchase history," he said. "It's much less about getting a good understanding about what my sweet spot is and more about letting me drill in and really see who my consumers are and what I want to say to them."

Fruit processor Dole participated in tests of Pointer Media over the past year, said Barbara Vass, director of marketing for the company's fruit cup division. In-store media is a key component of the unit's overall marketing strategy, she said. In a test of one of the company's parfait brands, she noted, a lift in sales of more than 50 percent was achieved.

In the current economic downturn, ad budgets are restricted and "we don't always have the money to spend," said Vass. "But this is highly targeted and behavior based so I can assign an ROI to everything I do. It's easier to sell this into management when I can show the trends and the lift."