

# Revolutionary In-store Insights: Endcap Displays and the Shopper



**In-store marketing is more important than ever. New research tools such as Video Mining are providing extraordinary new insights into the effect and the value of endcap displays on the path to purchase.**

**How are shoppers reacting to your endcap displays?**



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## ***Why read this paper?***

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This paper provides hitherto unavailable insight into a specific in-store merchandising tool, the endcap display. Understanding the impact of this merchandising tool is more important today than ever before.

- Marketing dollars are flowing away from traditional mass vehicles like TV towards the store. Why?
- Because in-store merchandising vehicles influence behavior at the “first moment of truth”, the purchase decision at the shelf.
- Retailers and manufacturers must understand the effect of each in-store merchandising alternative on the brand, the overall shopping basket and total store sales.
- This paper presents insights from a new research tool, VideoMining, which analyzes shopper behavior without intruding into the shopping experience.
- These are new insights. This white paper will give you a better understanding of how endcaps effect the shopper’s behavior.

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## ***Actions to consider***

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### **If you are a retailer:**

- Begin establishing the relative effect of endcap locations on shopper behavior in your stores.
- Try to understand how different categories respond to different endcap locations.
- Understand how each category effects main aisle traffic and center store sales.
- Model your learnings to understand how optimizing endcap performance can increase sales across the store sales.

### **If you are a manufacturer:**

- Begin identifying your optimal endcap locations in major retail customers.
- Establish the effect that an endcap display on your brands has on overall category sales.
- Try to establish the relative value of your brands’ endcap displays on the retailer’s sales vs. other categories and brands.

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***Shoppers are changing their behavior rapidly. Marketers must change to influence today’s shoppers. That means marketers must constantly seek out new research tools that provide fresh insights. Video Mining is one such tool. It is no panacea. Other tools offer different complementary insights but Video Mining is a unique tool providing data of a different kind using an unobtrusive high tech capability.***

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## ***Table of Contents***

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The CPG Marketing Environment.....	Page 4
VideoMining Basics.....	Page 5
The Contrasting Perspectives of Manufacturers and Retailers.....	Page 8
Major Findings and Conclusions.....	Page 9
A Model for Developing the Weekly Merchandising Plan.....	Page 16
Summary.....	Page 19

## The CPG marketing environment

Change, rapid change ...that is the fundamental fact in the consumer package goods marketing environment. Most marketing leaders today have spent approximately 20 years in the marketing discipline. During those 20 years, the environment in which they work has changed in myriad ways.

The single most important change has been the growth in the power of the retailer. In most geographic markets, the leading retailer has a share above 25% of all commodity volume. The three top retailers in most major markets command a share around 60%. This means the retailer has the power to aggregate large numbers of shoppers every weekend. By contrast, a leading TV show struggles to muster a 10% share of viewing audience once per week.

Because the retailer has grown in power, marketers have gradually adapted their marketing spending patterns to place more funds where the shoppers are and less where the viewers are. Many have created specialists in “shopper marketing” to manage the funds flowing toward the retailer. These new specialists deploy brand strategies and funds at the retail level. They speak passionately about the “path to purchase” but in reality they spend the overwhelming portion of their money not along the path to purchase but where the path ends in the aisle of the store.

As the in-store shopping experience has grown in importance, so has the imperative to understand the manufacturer’s ROI on the dollars being spent within the store. Most manufacturers have been able to measure certain aspects of their in store expenditure from Nielsen and IRI reports on sales lifts from features and displays. But they have lacked a more granular understanding of various merchandising options at retail. The retailers themselves have lacked a holistic understanding of the relative effectiveness of specific merchandising techniques on the overall shopping experience and most importantly the effect on market basket size. More recently as center store sales have declined, retailers have become much more concerned about understanding how they may merchandise brands and categories to drive overall market basket value. Often this means finding ways to drive shoppers down more aisles into the center of the store.

Until now, manufacturers and retailers have lacked a holistic understanding of the complex interaction between brands and categories and various in-store merchandising alternatives: which brands or categories to merchandise where in the store to generate the optimal market basket value. New research suppliers have arisen to address these issues. Among the most advanced of these research suppliers is VideoMining.

# VideoMining Basics

## Methodology

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*The activities of each shopper are analyzed by patented digital analytics enabling the service to accumulate enormous masses of behavior*

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VideoMining captures the actions of every shopper in the store during the shopper's entire trip by multiple high tech digital cameras placed unobtrusively in the ceiling of the store.

The cameras are not part of the store's security system and the shopper behavior is in no way affected by the VideoMining cameras themselves. The activities of each shopper are analyzed by patented digital analytics enabling the system to accumulate enormous masses of behavior and reduce it to metrics discussed below.



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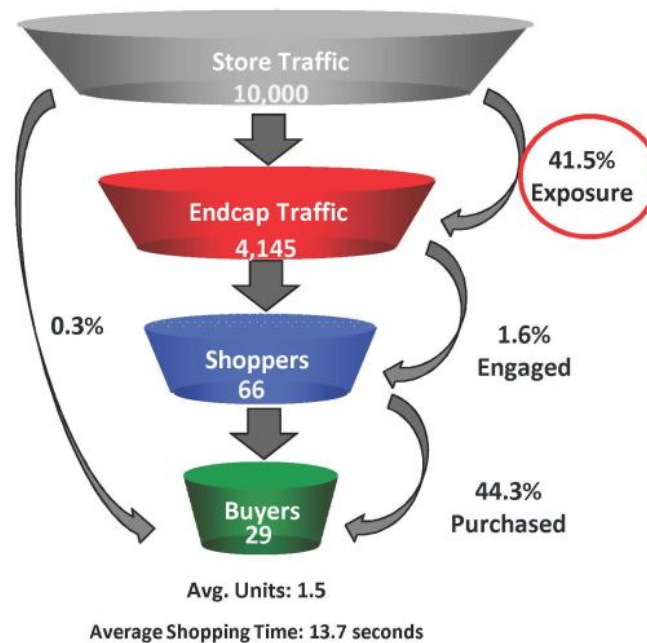
VideoMining appears to have three major advantages:

1. Unlike some other systems, the shopper's behavior is in no way affected by how the research service captures data (sometimes called the Heisenberg effect). The shoppers shop normally and VideoMining records their actions unobtrusively.
2. VideoMining captures all behaviors of all shopper's 24/7 providing an enormous statistically reliable database. No shoppers are omitted or singled out but the system offers the capability to match specific shoppers to their purchases through time stamp matching of the transaction at the checkout with anonymous loyalty card data.
3. The digital analytics reduce overall analysis costs while increasing analytical accuracy.

## More Basics: Definitions

VideoMining uses consistent standard metrics in all of their reports. These metrics are:

- **Store Traffic** refers to all store visitors thereby representing the maximum potential reach for a product category.
- **Endcap Traffic** refers to the store visitors around the endcaps who have had the opportunity to interact with the products even though they may pass by without interacting.
- **Endcap Shoppers** refers to the store visitors who actively interacted with the endcaps either by observing the items or physically interacting with them.
- **Endcap Buyers** refers to the shoppers who made a purchase from the endcaps.
- **Shopper Conversion** refers to the percentage of shoppers that became buyers. ( $\text{Buyers} \div \text{Shoppers}$ )
- **Shopping Time** refers to the time shoppers spent either interacting with or actively looking at the products.



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Please note that the average supermarket has thousands of shopper transactions per day. Of these shoppers, 29% pass any given endcap but this is TWICE the number of shoppers who go down any given aisle of the store. This fact alone accounts for much of the lift manufacturers have historically attained on their brands from endcaps.

## Data Sources

The data and analysis used in this report are based on VideoMining's Grocery Shopper Insights (GSI) program— including a syndicated “MegaStudy” of over 2 million shopping trips and a variety of custom studies. The ongoing GSI program and MegaStudy address many different issues in marketing and merchandising besides endcaps. In this specific report, the preponderance of the data and conclusions are from one conventional 45,000 square foot supermarket with 34 endcap display locations.

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***VideoMining captures and analyzes all trips irrespective of the individual trip mission or resulting navigation pattern through the store***

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Some observations reflect an analysis of individual categories from other major grocery outlets using the standard VideoMining approach and metrics. The results from the base store and these individual category reviews from select stores are quite consistent in their major findings. The base store employs a relatively common gondola configuration and, as a result, most shoppers navigate the store by taking a common counterclockwise path around the store.

VideoMining captures and analyzes all trips irrespective of the individual trip mission or resulting navigation pattern through the store. But most of the data reflects but one store and readers should understand that different gondola and department lay outs could generate different results. Therefore each retailer should consider whether these results are relevant to its unique situation including store layout and shopper behavior on a category by category, endcap by endcap basis.

That having been said, please recognize that these results reflect over 83,000 shopping trips in the test store over a three week period compared to results in matched locations with virtually identical store layouts. The sample size is remarkable and the store sufficiently representative of thousands of other locations to suggest the results permit broad general conclusions of great value.

# The Contrasting Perspectives of Manufacturers and Retailers

As should be expected, manufacturers and retailers have different perspectives regarding the role of endcaps in their marketing strategies. Both envision endcaps as a way to increase profitability but here the perspectives and objectives begins to diverge.

Manufacturers have historically looked at endcap displays as one of the most predictable and profitable ways to increase volume of a brand. Most manufacturers have repeatedly experienced dramatic volume increases from the endcap displays with or without an accompanying price reduction. Depending upon the brand, the category and the accompanying promotion, manufacturers can reliably expect volume increases from 2X to 5X versus base and control.

These significant increases have been repeatedly reported over the years by Nielsen and IRI. Everyone believes this to be the case. Some analysts are quick to point out that these are temporary increases that merely move purchases forward in time but don't represent real increases in long term in home use up rate. A few analysts have even shown that an increase in the movement of one brand in a category does not necessarily increase total category sales but merely cannibalizes the sales of other brands or later consumption thereby leaving the retailer with little in the way of incremental volume over a two or three month post promotion period. It is here that one can begin to appreciate the differing objectives that a retailer has for the valuable endcap display space awarded to a specific manufacturer and brand.

Retailers want:

- An increase in category market share versus direct competitors and other channels.
- An increase in total store sales and market share during the promo period. A promotion that helps to attract incremental shoppers to the store and generates incremental sales while the shopper is in store.
- Long term, an improvement in the banner's value image among target shoppers as an outgrowth of the overall impact of the categories and items featured.

Note that the retailer focuses on categories, on total store sales and banner image not brand movement of a single promoted item. Therefore retailers should be expected to measure the effect of the endcap display promotion on category sales and the effect on the total shopping trip, e.g. does the end cap encourage trips down center aisles especially on the 50% of trips that are "fill in" or mission specific as opposed to the weekly stock up trip. VideoMining helps retailers get this answer. Therefore manufacturers must understand their brand's impact on these issues that matter to their retail customer.



# Major Findings and Conclusions

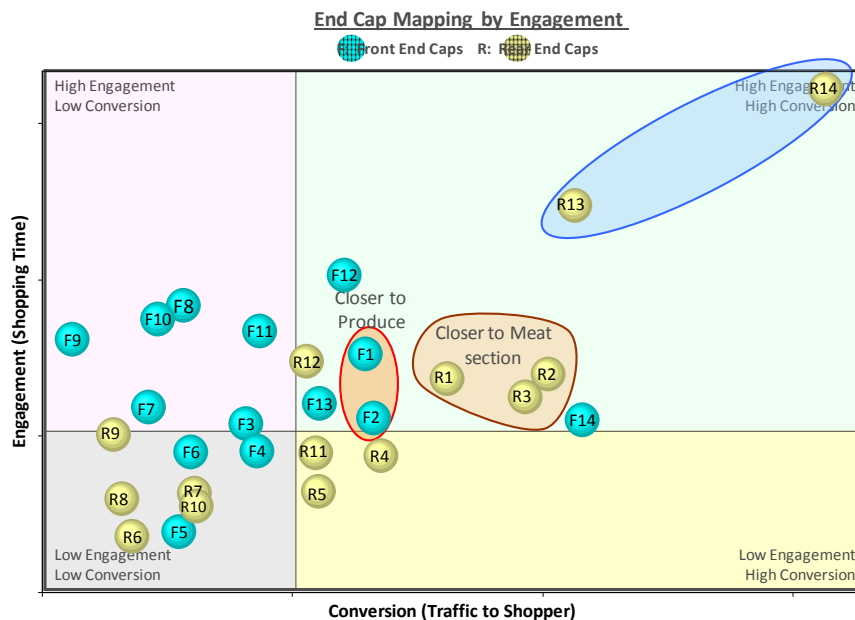
The shopper response and therefore the likely ROI of endcap displays varies dramatically across several key variables. Manufacturers need to understand the relative effect of these variables on their brand endcap displays in order to maximize the return on their in-store expenditures.

*All it requires is an investment in research to establish response variations relevant to the retailer*

For their part, retailers need to understand the overall effect on market basket and total store GM\$ based on the multiple options they have in the brands, categories and in-store placement of end caps. At this point, no one understands precisely how much money retailers are leaving on the table because they do not understand all of the response variables. What we can conclude is that the retailer would have to make no additional capital investment or incremental operating expense to realize the upside from an optimized endcap display strategy. All it requires is an investment in research to establish response variations relevant to the retailer.

Here are the major findings that drive the conclusions outlined above

- Endcap response varies dramatically by location in the store quadrant:** back right/back left versus front right/front left. Manufacturers who do not reflect this understanding in their merchandising negotiations with retailers will probably not optimize their shopper marketing investment. Conversely, retailers who undervalue the prime endcap locations or sub-optimize numerous locations will not generate the highest return on their available space. Today everyone is making judgments based on years of unquantified experience rather than hard data.



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- **Endcap response varies dramatically by category and of course by brand and offer.** In some categories the extra movement generated by the brand off the endcap display itself simply cannibalizes the main aisle sale of the total category. This suggests manufacturers should review which of their categories they seek to invest their in-store shopper marketing dollars. From a retailer standpoint, this finding suggests that some categories should almost never be put on endcap display because other categories will generate a larger ROI from this valuable space.
- **The placement of the endcap display relative to the main aisle of the item on display has varying effects by category.** In some instances it appears the endcap reminds shoppers to go down the upcoming main aisle. In other cases, placing the display after the main aisle seems to generate a subpar response. This is a critical issue for both manufacturers and retailers because of its implications for center store visitation and center store volume which has been in decline in the grocery channel.

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**Taken as a whole, these findings and conclusions suggest retailers need a mathematical model of endcap financial effectiveness and efficiency (ROI per sq. ft. of display space).**

**This model would seek to establish at a minimum the effect on total category revenues from an endcap on various categories/brands/offers/locations in the store.**

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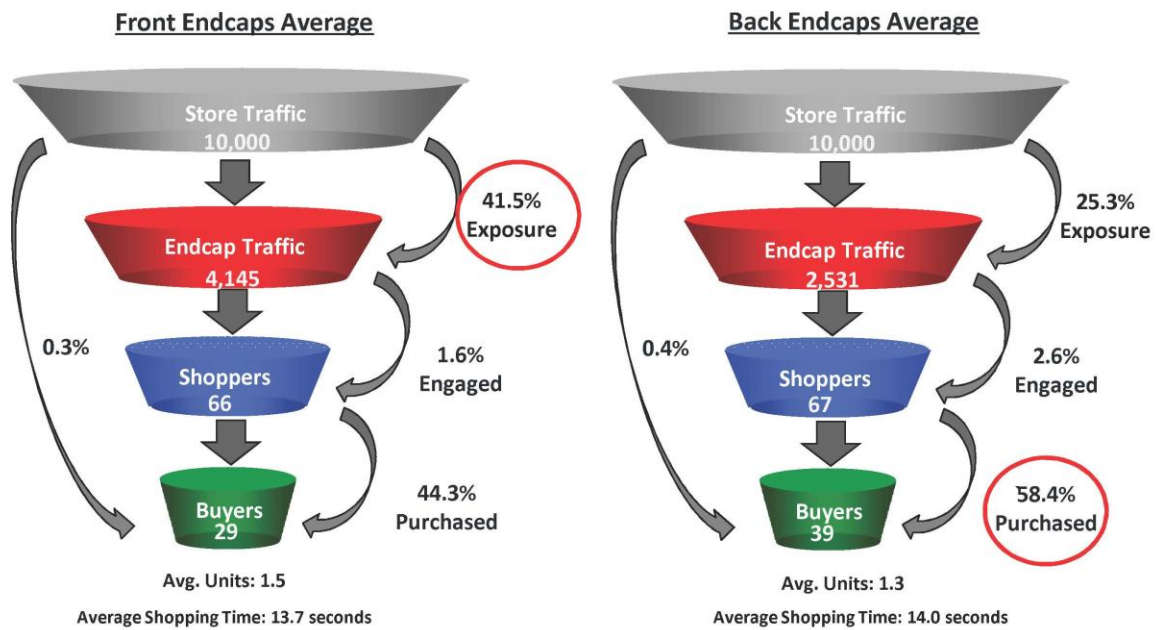
## Endcap Response by Location

When reading the data below please recognize that different products offering different value propositions occupy different endcap locations and this can influence results for any given endcap location in any given week. On the other hand, the research reflects a random incidence of products by location such that the relatively consistent response adds credibility to the conclusions below.

***Endcaps in the rear of the store see less shopper traffic but generate better absolute shopper takeaway than endcaps in the front of the store.***

The data suggest endcaps in the rear of the store are more effective than those in the front of the store. This is especially true of the locations in the front left of the store where traffic is quite heavy but conversion to sales is relatively low suggesting that these “shoppers” are actually at the end of their shopping trip headed toward the checkout aisle and therefore are uninterested in considering any other items for purchase.

Manufacturers and retailers need to reflect in their thinking what appears to be a significantly higher buyer conversion level and absolute purchase level in the rear store endcaps versus the front store endcaps.



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## Endcap Response Varies Dramatically by Category

On the surface, this finding is hardly surprising shopper buying velocity rates (household penetration X annual purchase frequency per 100 households) vary dramatically among the categories in the store. Therefore one would expect that a hundred shoppers passing endcaps of categories with different shopper velocity rates would exhibit different take away rates. Nonetheless this study is the first one in memory to lay out the differences so clearly.

The table below reveals some fascinating differences in response by category. Specifically, in the first five categories shown, overall CATEGORY sales went down even though the category was being displayed on an endcap. Moreover in several of these categories (such as paper towels), the item on the endcap moved quite well (24.3% of total category sales) but total category volume decreased by 5%. It appears the endcap item actually decreased aisle traffic and overall category volume. The same phenomenon occurred in other categories although not so dramatically.

Conversely, in several categories movement off the display was modest but total category sales increased dramatically (see condiments below) suggesting that the endcap is performing some sort of trigger function to drive shoppers down the aisle.

<i>Category on Endcap display</i>	<i>% +/- in Category \$</i>	<i>\$ +/- in category</i>	<i>% of sales off endcap</i>	<i>Observation</i>
<i>Paper towels</i>	-5%	-\$22.55	24.3%	Endcap cannibalized aisle \$'s
<i>Pasta sauce</i>	-2%	-\$18.26	3.0%	Endcap cannibalized aisle\$
<i>Home&amp; Office</i>	-13%	-\$23.29	4.1%	Endcap not a positive
<i>Canned veg</i>	-6%	-\$9.22	5.3%	Endcap not a positive
<i>Baking mix</i>	-1%	-\$6.73	3.5%	Endcap cannibalized aisle \$'s
<i>CSD</i>	+20%	+\$308.65	1.5%	Shopper driven to aisle
<i>Condiments</i>	+30%	+\$86.68	2.5%	Shopper driven to aisle
<i>Cookies</i>	+7%	+\$61.57	4.2%	Shopper driven to aisle

One must be careful in making sweeping conclusions because we do not always know the item price offers being made. In some cases the endcaps are featuring powerful leading brands such as Tide. In others the endcap holds three items from the category one of which is a powerhouse. One conclusion is obvious, however, the shopper response varies dramatically by item and category. Merely putting an item on an endcap does not guarantee an increase in category sales.

## **Additional Category Specific Responses That Provide Insights**

### **Cookies and Crackers**

Some categories are often referred to as “impulse” categories. Cookies and crackers certainly falls into that classification. The endcap study suggest that this category is worthy of the endcap space because shopper conversion (buying as a % of shopping) is 21% higher than for the average for all endcaps. Separate studies by Kantar retail seem to confirm the impulse appeal of the category.

### **Frozen Bread Dough**

This category was among the most productive in the study primarily because it did an exceptional job in attracting the attention of store traffic. Its “shopper” metric was nearly three times the average end cap. The lesson here is not clear but may be that a smaller category which normally gets lost in the historically hard to shop frozen department, can attract favorable attention when it’s put on an endcap where shoppers can discover it.

### **Ice Cream**

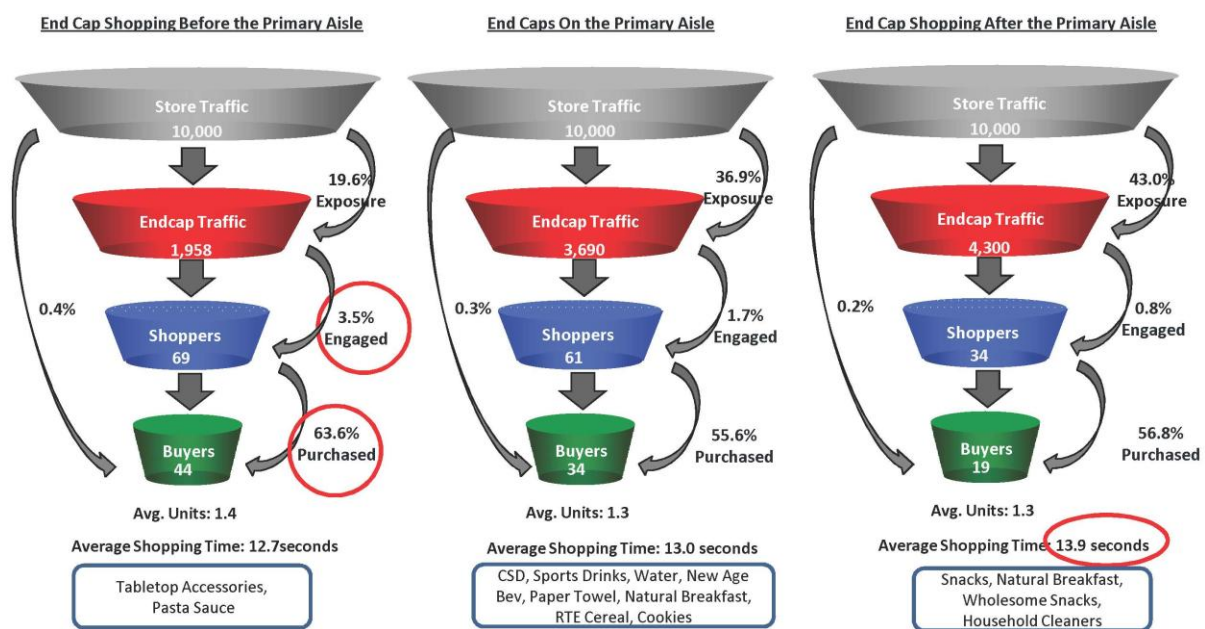
This huge and complex category had a well above average index of “shoppers” (155 vs the average category at 100), but a low index of conversion to buyers, only 48. The data suggests that shoppers notice the category item on the endcap but then go the main ice cream aisle to buy. This pattern exists in several multiple SKU categories characterized by numerous brands, types and flavors.

### **Beer**

Endcaps with Beer index significantly high in shopper to buyer conversion (130 vs average category at 100). Data also showed that only 1 out of 20 shoppers who engaged with a beer endcap went on to purchase from the refrigerated beer aisle. Unlike many other categories, there appears to be no reason to put Beer on an end-cap near the beer aisle, with any high traffic area being a good candidate for beer.

## Endcap Display Location versus the Main Category Aisle Effect on Sales

Yet another fascinating finding is that the relative location of the category on the endcap to its main aisle (before or after the main aisle in the predominant traffic flow) makes a difference. Endcaps located before the main aisle in the predominant traffic flow generated more sales than those located at the main aisle or beyond it (see graphic below) Even more remarkable was that some endcaps appear to drive more traffic down the main aisle of the category than do end aisles positioned after the predominant traffic flow relative to the main aisle. This makes sense intuitively and needs to be corroborated by additional research. Given the justifiable concern over center store visitation and overall shopper basket size, this seems to be a significant if unexpected discovery.



\*Endcap Location is related with the primary location of the category. It compares endcaps adjacent to primary location of the endcap category vs. Before/After the primary location.  
 \*Shopping Flow (before/after) based on the assumption shoppers started shopping from race track, aisle 1 to 17.

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Taken together, the existing VideoMining data provides sufficiently reliable data to make better end cap decisions today. But this single study and similar category specific studies strongly suggests retailers have the opportunity to optimize their valuable endcap display space by partnering with their vendors to gain a deeper understanding of the relative effect of the variables involved in the endcap display merchandising decision. This would seem to be an obvious and attractive alternative given the fact that the display space already exists and requires virtually no incremental investment in space or operational cost. All of the cost is in learning. This cost pales in comparison to the investments retailers are making in new store sites, costly remodels and incremental services such as shopper pick up or home delivery.

## **A Tantalizing Unanswered Question about Endcaps**

Can endcap displays actually lead to an increase in the home consumption of the category thereby generating incremental volume in the medium and long term for the retailer and the manufacturer? Some manufacturers have captured data which seems to suggest that the mere presence of the product in the home leads to incremental consumption. This data generally comes from food oriented and especially snack related categories which can generate impulse consumption in the home when they are in stock in the family's pantry. We are familiar with one study indicating that two thirds of the regular consumers of a specific snack product did not have that product in pantry inventory at the time of the research query. Therefore, it seems reasonable to conclude that a purchase from an endcap could replenish the pantry and lead to incremental consumption by the family. This same reasoning clearly does not apply to many categories for example toilet tissue wherein home consumption is driven by basic physiological factors.

So as retailers make their choices about the categories to put on endcap displays, they need to consider the value of displaying these impulse consumption categories versus those categories whose consumption will not vary longer term because of an immediate buying decision off an endcap. Of course, vendors care passionately about shoppers buying their brand versus a competitive brand and for that matter retailers want shoppers to purchase these non-impulse consumption categories at their store rather than a competitor. In the longer term however, the retailer's interest may be better served by a relative increase in endcap space for those categories characterized by impulse consumption or expandable consumption in home. This is another example of the differing objectives of retailers vs. manufacturers.

# A Model for Developing the Weekly Merchandising Plan

Developing the weekly merchandising plan is the most important and time-consuming activity of retail management. The weekly plan is the primary manifestation of the retailer's competitive strategy. The endcap display which is the subject of this white paper is but one component albeit an important one of the weekly merchandising plan. Therefore it seems appropriate to suggest how the findings and conclusions from this paper would influence the overall development of the weekly merchandise plan.

With this in mind we offer a process model for the development of the weekly merchandising plan. In so doing we recognize that we will be over emphasizing the role of the end cap display and under emphasizing many other aspects which go into the weekly plan especially issues such as target shopper cohort planning, need state marketing and individual item/price . All of these are integral parts of the weekly merchandising plan that is ultimately printed in the newspaper, the in-store circular and posted on the website.

## Step One — Choosing the Categories to Feature

This is the most basic and in many ways the most important of all the decisions made because the categories have dramatically different capability to attract shoppers into the store. One simple metric can clarify this. It's called 'shopper velocity" This metric is calculated by multiplying the number of households who buy the category in one year (HH penetration) X annual purchase frequency. For example a category such as milk is purchased by 95% of all households approximately 40 times per year. That means that 100 households in the retailer's trading area make 3800 retail shopping visits per year to buy milk (95x40). Compare milk to a category like frozen pizza which for the purpose of this example may be bought by 30% of all households 10 times per year. That means that the same 100 households in the trading area purchase pizza 300 times per year (30 X10). Every category in the store has its own unique shopper velocity profile (household penetration X annual purchase frequency= shopper velocity). Retailers who feature items in high shopper velocity categories will inevitably attract more shoppers than a retailer who picks a mix of low velocity categories all other things being equal.

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**Throughout this decision process the relative merits of an end display on specific categories is rarely informed by reliable quantified metrics which a service such as VideoMining can now provide.**

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Therefore the first decision for the weekly merchandise plan is to choose categories that would generate a high score on this annual household shopper velocity metric. Every retail merchandiser and every product marketer should understand this simple, powerful metric for every category.



## **Step Two — Choosing the Item to Feature in the Category**

Every brand item in the category has its own unique shopper velocity profile. A high share brand in a high annual purchase frequency category will inherently attract more shoppers than a low share brand in a category with a modest velocity profile. Of course, the type of shoppers the brand attracts will vary according to a variety of factors such as benefit and price and the number of category shoppers who have that brand in their consideration set.

## **Step Three — Choosing the Offer on the Item**

The retail category manager has multiple choices regarding the type of incentive, the feature price point and ad size, etc. Vendors compete to receive retailer support and make specific offers of their own so the retail category manager has many options to explore. One of those options is what to do about in-store activity especially an endcap display including where it might go in the store. This decision is also influenced by pre-existing policies regarding the number of endcap locations allocated to specific departments within the store. This means an individual department or category manager winds up competing for display space with other departments and category managers.

## **Step Four — Choose the Endcap Display Category/Item and Location**

Once the merchandising team has chosen the categories, the brands, the items and the offer, they now have new metrics to optimize the overall shopping basket. This study suggests that the merchandising team should prioritize its choices as follows:

- **Choose categories** and items for which endcap displays increase the **overall category volume** not merely unit movement off the display itself.
- **Choose the location** for the category endcap display on the demonstrated response to the endcap (a) before the main aisle for the category based on the predominant traffic flow or (b) at the end of the main aisle of the category.
- **Develop a math model to facilitate the endcap location plan** – To aid development of the overall merchandising plan, create a simple spreadsheet that allows you to insert incremental dollar sales for each endcap location in the store and then insert into each one of these endcap location “cells” on your spreadsheet the incremental sales for the category that is a candidate for that location. By a simple iterative process, one can fairly quickly develop a total store plan with the most dollar sales based on hard data. This approach will not be perfect but it will provide a relatively simple, logical quantitative method for making decisions that today are made primarily by the informed judgment of experienced merchandisers.

One of the welcome ancillary benefits of this approach is that it will inevitably favor items that drive the shopper from the endcap down into the main aisles in the center of the store. As everyone recognizes, this is where so much of the retailer’s profit is made and this is the area of the store that is under the greatest competitive threat. Of course endcap displays which drive shoppers down into the main aisles in the center of the store will also increase the opportunity for impulse buys and other reminder purchases of items in the various need states of the shopper.

**Deriving the data to compare endcaps** — both manufacturers and retailers can develop incremental sales for various promotional alternatives for endcap displays. The retailer can develop a data base and store map for its predominant endcap layout. Manufacturers may supplement that data for their brands and categories using a service such as VideoMining. This will take time but in the long haul will improve category performance and increase basket size thereby increasing overall promotional /merchandising ROI.

Shown below is a simple representation of the type of data base we envision.

<i>Category</i>	<i>Brand*</i>	<i>Offer</i>	<i>Display location</i>	<i>&gt;Sales \$'S/ Category/ Store Day</i>	<i>&gt;GM\$/Category/ Store Day</i>
<i>Detergents</i>	Tide	XYZ	Before main aisle rear	\$159	\$52
<i>Detergents</i>	Tide	ABC	main aisle front	\$88	\$31
<i>Ice cream</i>	Breyers	XYZ	Before main aisle rear	\$105	\$36
<i>Ice cream</i>	Private brand	ABC	main aisle front	\$55	\$21
<i>Ice cream</i>	Haagen Dazs	XYZ	Before main aisle rear	\$108	\$37

\*Data is illustrative not actual

Shown below is a simulated representation of an endcap optimization array expressed in incremental GM\$ /store day.

<i>Category</i>	<i>Brand Item Offer</i>	<i>Endcap #1</i>	<i>Endcap #2</i>	<i>Endcap #3</i>	<i>Endcap #4</i>	<i>Endcap #N</i>	<i>Optimized Plan</i>
<i>Detergent</i>	Tide \$Z	\$43	\$43	\$43	\$52	\$43	\$52
<i>Detergent</i>	A&H \$Y	\$ 31	\$31	\$31	\$39	\$31	
<i>Ice cream</i>	Breyers \$ X	\$28	\$36	\$28	\$28	\$28	\$36
<i>Ice cream</i>	P/L\$ Z	\$16	\$21	\$16	\$16	\$16	
<i>Avg. Store Total GM\$</i>	N endcaps	\$48	\$36	\$48	\$52	\$46	\$2,000

## Summary

Endcap space is among the most valuable assets of the retailer because shopper traffic past any given endcap is roughly twice that down any aisle. For this same reason, endcap displays are highly prized by manufacturers. As traditional mass marketing tools (e.g. TV) have declined in both effectiveness and efficiency, more marketing dollars have gravitated into the store and aggregated in the endcap space.

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**Despite the growing importance of endcaps, neither manufacturers nor retailers have the kind of detailed knowledge of response by location /category/brand/item/offer that facilitates optimization of this space. Some will protest that they do understand these nuances based on years of experience.**

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We do not believe any retailer or manufacturer anywhere understands the myriad response permutations and combinations to optimize the endcap merchandising \$. We welcome being proven wrong.

This VideoMining study offers the most comprehensive overview of the complex mosaic that is the weekly sales or merchandising plan at retail. Even this study, however raises more questions than it answers simply because of the numerous interdependent responses by location/category/brand/item/offer. In the single store reviewed in this base study, the 34 endcap locations offer 34 factorial (34X33X32X...) combination of offers based on location alone. Now complicate this with different categories/brands/offers and one can see we are just scratching the surface of understanding this complex merchandising eco-system.

With that in mind we urge retailers and manufacturers to step back, take a deep breath and begin the long march toward understanding the path to endcap optimization.

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Gordon Wade is one of the founders of the category management discipline. In 1991, along with Dr. Brian Harris and Bill Burns, Gordon started the Partnering Group to improve collaboration between retailers and manufacturers. They were asked by the CPG industry co-coordinating committee called Efficient Consumer Response (ECR) to lead development of the category management process.

Gordon's personal contributions to CatMan include the development of the Efficient Item Assortment process for the ECR committee along with virtually all the consumer focused analytical templates subsequently committed to software by Nielsen and IRI. Gordon has served scores of manufacturer clients around the globe in the development of their CatMan platforms and has facilitated category management projects with retailers and manufacturers on every continent.

In 2005, he was asked by the Association of National Advertisers, the world's largest marketing trade organization, to develop best practice in marketing accountability, the measurement of marketing's ROI. He has published two white papers on accountability that focus on the interrelationships of process, metrics and systems. He has founded six marketing related companies and has served as an advisor, board member or major investor in three leading edge marketing services companies.

Gordon is an alumnus of P&G's marketing department and a graduate of Harvard. He resides in Kentucky with his wife, Jill and noble dog, Grace.