
The Future of Retail Advertising

By:

J Zarwan Partners

165 Queen Elizabeth Drive
Charlottetown, Prince Edward Island
Canada C1A 3B2
(902) 892-7272
jzarwan@islandtelecom.com



© 2015 PRIMIR

The Future of Retail Advertising

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY	1
II. INTRODUCTION AND METHODOLOGY	29
III. THE RETAIL ENVIRONMENT	37
INDUSTRY SIZE AND STRUCTURE	38
MAJOR INDUSTRY TRENDS	43
<i>The Struggling Consumer</i>	43
<i>Slowing Store Growth</i>	45
<i>Changing Consumer Behavior</i>	48
<i>The Growth of E-Commerce</i>	50
<i>The Emergence of Omni-Channel</i>	53
<i>Conventional Retail Categories are Changing</i>	55
CANADA	57
IV. RETAIL ADVERTISING	61
CIRCULARS	64
CATALOGS	76
DIRECT MAIL	85
NEWSPAPERS	93
MAGAZINES	98
IN-STORE AND OUT OF HOME	102
TELEVISION	107
RADIO	109
DIGITAL	112
V. ADVERTISING TRENDS OF MAJOR SECTORS	129
AUTOMOBILES AND PARTS	131
ELECTRONICS AND APPLIANCES	139
HOME GOODS AND FURNITURE	143
BUILDING MATERIALS, HARDWARE AND GARDEN SUPPLIES	147
GROCERY	151
DRUG STORES	166
CLOTHING	170
SPORTING GOODS AND HOBBY STORES	178
GENERAL MERCHANDISE	184

The Future of Retail Advertising

<i>Department Stores</i>	185
<i>Discount Department Stores, Warehouse and Club Stores, and Supercenters</i>	195
NON-STORE RETAILERS.....	202
RESTAURANTS	212
VI. IMPLICATIONS AND RECOMMENDATIONS FOR PRIMIR MEMBERS	221
IMPLICATIONS BY PRIMIR MEMBER SEGMENT	224
<i>Film, Plate and Supplies Manufacturers</i>	224
<i>Substrate Manufacturers and Distributors</i>	224
<i>Ink, Toner, Coatings and Chemical Manufacturers</i>	226
<i>Traditional Press Manufacturers</i>	226
<i>Postpress Equipment Manufacturers</i>	227
<i>Digital Press/Output Device Manufacturers</i>	227
<i>Prepress Equipment and Software Manufacturers</i>	228
<i>Print Firms and Trade Shops</i>	228
<i>Other Software and Equipment Manufacturers</i>	230
VII. APPENDICES.....	233
APPENDIX I: GLOSSARY	234
APPENDIX II: SELECTED SOURCES	239
APPENDIX III: INTERVIEW GUIDES	242
<i>Retail Interview Guide</i>	242
<i>Agency Interview Guide</i>	245
<i>Supplier (Paper, Printer) Interview Guide</i>	247
APPENDIX IV: ABOUT THE AUTHORS.....	249

The Future of Retail Advertising

EXHIBITS

Exhibit I-1: Retail Sectors Examined in Study.....	2
Exhibit I-2: Retail Sales U.S. 2000-2018.....	5
Exhibit I-3: Retail Sector Sales U.S. 2010-2018.....	6
Exhibit I-4: Changes in E-Commerce and Retail U.S. 2010-2016.....	7
Exhibit I-5: Retail Advertising Spending by Channel U.S. 2010-2018.....	10
Exhibit I-6: Retail Advertising Share U.S. 2010-2018.....	10
Exhibit I-7: U.S. Retail Advertising Trends Summary Through 2018.....	11
Exhibit I-8: Retail Digital Ad Spending U.S. 2012-2018.....	17
Exhibit I-9: Share of Digital Advertising Spending by Retail Sector U.S. 2010-2018.....	18
Exhibit I-10: Retail Sector Average Advertising Spending U.S.	19
Exhibit I-11: Retail Advertising Spending by Segment U.S. 2010-2018.....	20
Exhibit I-12: Summary of Advertising Trends by Retail Sector U.S.	23
Exhibit II-1: Major Retail Sectors Covered.....	30
Exhibit III-1: Retail Sales U.S. 2000-2018.....	38
Exhibit III-2: Retail Sector Sales U.S. 2010-2018.....	39
Exhibit III-3: Number of Retail Establishments U.S. 2012.....	40
Exhibit III-4: Retail Establishments by Employee Size U.S. 2012.....	41
Exhibit III-5: Retail Company Size U.S. 2007.....	42
Exhibit III-6: Retail Industry Snapshot U.S. 2007-2012.....	42
Exhibit III-7: Change in Income and Spending U.S. 2008-2013.....	43
Exhibit III-8: Change in Real Retail Sales U.S. 2010-2014.....	44
Exhibit III-9: Change in Per Capita Spending by Retail Sector U.S. 2010-2012.....	45
Exhibit III-10: Retail Foot Traffic in Shopping Malls U.S. 2010-2013.....	46
Exhibit III-11: Change in Retail Space U.S. 2004-2014.....	46
Exhibit III-12: Percentage of Store Expansion in the Top 20 Chains U.S. 2007-2013.....	47
Exhibit III-13: Many Influences on the Path to Purchase.....	50
Exhibit III-14: Change in E-Commerce and Retail U.S. 2010-2016.....	51
Exhibit III-15: E-Commerce by Retail Sector U.S. 2013.....	52
Exhibit III-16: Online vs. Offline Sales by Retail Sector U.S. 2013.....	52
Exhibit III-17: Growth of E-Commerce by Sector U.S. 2000-2010.....	53
Exhibit III-18: Retail Sales (Excluding Gasoline and Restaurants) Canada 2008-2012.....	58
Exhibit III-19: Retail Sales by Sector Canada 2010-2012.....	58
Exhibit III-20: Retail E-commerce Sales Canada 2010-2018.....	60
Exhibit IV-1: Retail Advertising Spending by Channel U.S. 2010-2018.....	61
Exhibit IV-2: Retail Advertising Share U.S. 2010-2018.....	62

The Future of Retail Advertising

Exhibit IV-3: U.S. Retail Advertising Trends Summary Through 2018	63
Exhibit IV-4: Circular Spending by Sector U.S. 2010-2018.....	64
Exhibit IV-5: Share of Circular Spending by Sector U.S. 2010-2018.....	65
Exhibit IV-6: Consumers Find Circulars Useful U.S. 2012	66
Exhibit IV-7: Circulars Influence on Purchases U.S. 2013	67
Exhibit IV-8: Circulars Use in Shopping U.S.2013	67
Exhibit IV-9: Retailer Circular Growth U.S. 2009-2013	70
Exhibit IV-10: Changes in Circular Distribution and Pages U.S. 2012-2013	71
Exhibit IV-11: Coupon Distribution by Media U.S. 2014	74
Exhibit IV-12: Sources of Coupons for Food and Beverages U.S. 2014	75
Exhibit IV-13: Sources of Coupons Used U.S. 2008-2013	75
Exhibit IV-14: Catalog Spending by Sector U.S. 2010-2018.....	77
Exhibit IV-15: Share of Catalog Spending by Sector U.S. 2010-2018	78
Exhibit IV-16: Number of Catalogs Mailed in the U.S. 2001-2013.....	78
Exhibit IV-17: Change in Catalog Mailings U.S. 2002-2014	79
Exhibit IV-18: Catalog Mailings (Million Tons) U.S. 2002-2014	79
Exhibit IV-19: Consumer Catalog Volume U.S. 2010-2013.....	79
Exhibit IV-20: Consumers Find Catalogs Useful U.S. 2012.....	81
Exhibit IV-21: Retail Advertising Mail Volume U.S. 2000-2012.....	86
Exhibit IV-22: Direct Mail Spending by Sector U.S. 2010-2018.....	86
Exhibit IV-23: Advertising Mail Retail Share of Class U.S. 2000-2012	87
Exhibit IV-24: Share of Direct Mail Spending by Sector U.S. 2010-2018	88
Exhibit IV-25: Direct Mail Influence on Purchases U.S. 2013	89
Exhibit IV-26: Standard Mail by Familiarity U.S. 1987-2012.....	90
Exhibit IV-27: Retail Standard Mail by Addressee U.S. 1987-2012.....	90
Exhibit IV-28: Action Taken in Response to Standard Mail U.S. 1987-2012	91
Exhibit IV-29: Newspaper Circulation U.S. 2000-2012	93
Exhibit IV-30: Newspaper Advertising Revenue U.S. 2003-2013.....	94
Exhibit IV-31: Newspaper Retail Advertising U.S. 2010-2018	95
Exhibit IV-32: Share of Newspaper Retail Advertising by Sector U.S. 2010-2018.....	95
Exhibit IV-33: Newspaper Influence on Purchases U.S. 2013.....	97
Exhibit IV-34: Magazine Ad Pages and Revenue U.S. 2009-2013.....	99
Exhibit IV-35: Magazine Retail Advertising by Sector U.S. 2010-2018	100
Exhibit IV-36: Share of Magazine Retail Advertising by Sector U.S. 2010-2018.....	100
Exhibit IV-37: Magazine Influence in Purchase Decision U.S. 2013-2015.....	101
Exhibit IV-38: In-store and Outdoor Influence on Purchase Decisions U.S. 2013	103
Exhibit IV-39: In-Store/OOH Spending by Sector U.S. 2010-2018	104

The Future of Retail Advertising

Exhibit IV-40: Share of In-Store Advertising by Sector U.S. 2010-2018.....	105
Exhibit IV-41: Television Advertising by Retail Sector U.S. 2010-2018.....	108
Exhibit IV-42: Share of Television Advertising by Sector U.S. 2010-2018.....	109
Exhibit IV-43: Radio Influences Purchase Decisions U.S. 2013.....	110
Exhibit IV-44: Radio Advertising by Retail Sector U.S. 2010-2018.....	111
Exhibit IV-45: Share of Radio Advertising by Sector U.S. 2010-2018.....	112
Exhibit IV-46: Digital Advertising Revenue U.S. 2005-2014.....	113
Exhibit IV-47: Retail Digital Ad Spending U.S. 2012-2018.....	114
Exhibit IV-48: Digital Advertising Spending by Retail Sector U.S. 2010-2018.....	115
Exhibit IV-49: Share of Digital Advertising Spending by Sector U.S. 2010-2018.....	116
Exhibit IV-50: Influence of Digital Advertising on Purchase Decision U.S. 2013.....	117
Exhibit IV-51: Value of Digital Advertising in Generating Store Traffic U.S. 2013.....	118
Exhibit IV-52: Overall Internet Advertising Format Share U.S. 2006-2013.....	118
Exhibit IV-53: Retailer Use of Social Media U.S. 2013.....	119
Exhibit IV-54: Independent Stores Use of Social Media U.S. 2014.....	120
Exhibit IV-55: Digital Marketing Programs and Customer Retention U.S. 2014.....	121
Exhibit IV-56: Purpose of Retailers' Mobile Strategy U.S. 2013-2014.....	123
Exhibit IV-57: Top Opportunities for Retailers from Mobile U.S. 2014.....	124
Exhibit IV-58: Retail Mobile Ad Placements by Targeting Strategy U.S. 2014.....	124
Exhibit V-1: Retail Sector Average Advertising Spending U.S.....	129
Exhibit V-2: Retail Advertising Spending by Segment U.S. 2010-2018.....	130
Exhibit V-3: Automotive Sales U.S. 2009-2018.....	132
Exhibit V-4: Automobile Dealerships U.S. 2009-2013.....	132
Exhibit V-5: Automobile Dealers and Parts Advertising Spending U.S. 2010-2018.....	133
Exhibit V-6: Newspaper Automobile Classified Advertising U.S. 2004-2011.....	134
Exhibit V-7: Automobile Dealers and Parts Advertising Share U.S. 2010-2018.....	135
Exhibit V-8: Influence of Media on Vehicle Purchases U.S. 2014.....	137
Exhibit V-9: Triggers of Online Search for Automobiles U.S. 2014.....	137
Exhibit V-10: Electronics and Appliances Sales U.S. 2009-2018.....	140
Exhibit V-11: Specialty Electronics Retail Market Share U.S. 2009-2013.....	140
Exhibit V-12: Specialty Electronics Advertising Spending U.S. 2010-2018.....	141
Exhibit V-13: Specialty Electronics Advertising Share U.S. 2010-2018.....	142
Exhibit V-14: Home Goods and Furniture Sales U.S. 2008-2018.....	143
Exhibit V-15: Home Goods and Furniture Advertising Spending U.S. 2010-2018.....	144
Exhibit V-16: Home Goods and Furniture Advertising Share U.S. 2010-2018.....	145
Exhibit V-17: Building and Hardware Sales U.S. 2008-2018.....	148
Exhibit V-18: Building and Hardware Advertising Spending U.S. 2010-2018.....	149

The Future of Retail Advertising

Exhibit V-19: Building and Hardware Advertising Share U.S. 2010-2018	150
Exhibit V-20: Grocery Store Sales U.S. 2009-2018.....	152
Exhibit V-21: E-commerce Grocery Alternatives	154
Exhibit V-22: Grocery Advertising Spending U.S. 2010-2018.....	155
Exhibit V-23: Grocery Advertising Share U.S. 2010-2018.....	155
Exhibit V-24: In-Store Grocery Advertising Drivers U.S. 2013	163
Exhibit V-25: Type of Mobile Content that Influence Grocery Purchases U.S. 2013	165
Exhibit V-26: Barriers to Using a Mobile App for Grocery Shopping U.S. 2014	165
Exhibit V-27: Drug Store Sales U.S. 2009-2018	167
Exhibit V-28: Drug Store Advertising Share U.S. 2010-2018	168
Exhibit V-29: Drug Store Advertising Spending U.S. 2010-2018	169
Exhibit V-30: Clothing Store Sales U.S. 2009-2018.....	171
Exhibit V-31: Clothing Stores Advertising Share U.S. 2010-2018.....	173
Exhibit V-32: Clothing Stores Advertising Spending U.S. 2010-2018.....	173
Exhibit V-33: Catalog Mailings Selected Clothing Retailers U.S. 2010-2013.....	175
Exhibit V-34: Change in Mix for Destination XL Group U.S. 2012-2013	176
Exhibit V-35: Example of Cross-Channel Promotion U.S. 2013.....	177
Exhibit V-36: Sporting Goods and Hobby Stores Sales U.S. 2009-2018.....	179
Exhibit V-37: Sporting Goods and Hobby Stores Advertising Spending U.S. 2010-2018	180
Exhibit V-38: Sporting Goods and Hobby Stores Advertising Share U.S. 2010-2018	181
Exhibit V-39: Department Stores Sales U.S. 2008-2018	186
Exhibit V-40: Department Stores Advertising Spending U.S. 2010-2018.....	187
Exhibit V-41: Department Stores Advertising Share U.S. 2010-2018.....	188
Exhibit V-42: Discount Stores Sales U.S. 2009-2018.....	196
Exhibit V-43: Number of Customer Transactions in Target and Wal-Mart.....	197
Exhibit V-44: Discount Stores Advertising Spending U.S. 2010-2018	198
Exhibit V-45: Discount Stores Advertising Share U.S. 2010-2018	199
Exhibit V-46: Growth in Circulars (Family Dollar) U.S. 2009-2013.....	200
Exhibit V-47: Non-Store Retailers Sales U.S. 2009-2018	203
Exhibit V-48: Non-Store Retailers Advertising Spending U.S. 2010-2018	206
Exhibit V-49: Non-Store Retailers Advertising Share U.S. 2010-2018.....	206
Exhibit V-50: Restaurant Industry Share of the Food Dollar U.S. 1955-2014.....	212
Exhibit V-51: Restaurants Sales U.S. 2009-2018	213
Exhibit V-52: Restaurants Advertising Spending U.S. 2010-2018	214
Exhibit V-53: Restaurants Advertising Share U.S. 2010-2018	215
Exhibit V-54: Franchise Restaurants FSI Pages U.S. 2009-2013	217