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The 70 Percent Rule Revisited: Consumer In-Store Decision-Making and the Transformational Impact of Digital Signage

By Steven Keith Platt, Director & Research Fellow

For a very long time, the mantra that "70 percent of purchase decisions are made in the store" has been circulated. The question asked here is: is it true?

The "70 Percent Rule" has been consistently advanced by those seeking to profit from the sale of all manner of in-store marketing devices – from POP displays to digital signage – as justification for these expenditures. Viewed another way, these expenditures are assumed to be effective because the marketing tools are located in-store. The implication is that in-store marketing activities are the most important factor impacting in-store purchase decisions.

The most often-cited support for the "70 Percent Rule" is a 1995 study initiated by Point-of-Purchase Advertising International (POPAI).[1] This study was large in scope, encompassing data from a nationwide field intercept study of 4,200 consumers across 14 cities. In addition to its conclusion that "more than 70 percent of brand decisions are made in-store,"[2] it was also advanced that "POP (point of purchase) displays are a significant decision influencer." The study found that "in supermarkets, 42 percent of all brand purchases were made when one or more pieces of POP were present for a brand, [and] at mass merchandise stores, 35 percent of all brand purchases were made when one or more pieces of POP were present for a brand.[3] From these two disparate conclusions, to-wit: a majority of in-store purchases are made in-store, and "in-store advertising heavily influences consumers in their purchases,"[4] the fiction was born that there was a strong correlation between the two. Independent research, however, does not support this linkage.

Independent studies do confirm that the majority of purchase decisions are made in-store, but not as much as 70 percent. For example, in an academic study conducted in 1967,[5] it was found that 50.5 percent of in-store purchase decisions were unplanned. A later study, conducted in 1998, concluded that

1 See the *1995 POPAI Consumer Buying Habits Study.*

2 More precisely, the study found that "more than 70 percent of brand purchase decisions are made in-store at supermarkets, and more than 74 percent are made in-store at mass merchandisers."

3 *1995 POPAI Consumer Buying Habits Study,* page 22. The context in which this data is presented, however, is lacking. These percent findings are stated as a conclusion, rather than, for example, as a percent of all store SKUs, in test versus control stores, etc., which would help explain the significance or lack thereof of these conclusions.

4 *1995 POPAI Consumer Buying Habits Study,* page 3.

5 See "Consumer Impulse Purchasing Behavior," *Journal of Marketing Research,* February, 1967.

59.1 percent of store purchases were unplanned.[6] Thus, it has been demonstrated by independent research that 50-60 percent of in-store purchases are spontaneous.

Unlike static media, this finding supports the decision by retailers and brands to invest in digital signage. This is because digital signage is unique in its ability to leverage many of the in-store elements that factor into tailored messages to convert shoppers into buyers. Stated another way, digital signage content can easily be geared to impact those factors found to have the most effect on consumer in-store decision-making.

In their outstanding study, Dr. J. Jeffrey Inman and Dr. Russell S. Winer[7] created a model that details "the process by which consumers make in-store decisions." Their research advanced a four-stage model for in-store decision-making, and the factors and relative importance thereof on the consumer impact of unplanned in-store purchases.[8] Interestingly, their model is reflective of the consumer buying processes advanced by other researchers.[9] The four-stage process of the Inman and Winer model for measuring in-store decision-making is as follows:

1. Exposure to Categories and Displays (which is impacted by the trip type, the number of aisles shopped, display type and location, and purchase involvement).
2. Motivation to Process In-Store Stimuli (including deal proneness, age, and the need for cognition – that is, the influence of a message on a consumer's decision-making process).
3. Planning (use of a shopping list, shopping trips per week and deal proneness).
4. Need Recognition (compulsiveness, gender, household size, shopping party size, and income).

From this model, the researchers performed an analysis and ranking of the strength of influence of the noted factors. In the following list, the relative factors are ranked from most to least impactful on consumer in-store purchase decision-making:

1. Number of aisles shopped.
2. Trip type.
3. Deal proneness.
4. Household size.
5. Trips per week.
6. Age.
7. Shopping party size.
8. Compulsiveness.
9. Gender.

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6 See "Where the Rubber Meets the Road: A Model of In-Store Consumer Decision Making," *Marketing Science Institute, January, 1998.* It is noteworthy that in this study the researchers relied, in part, upon data supplied from the earlier POPAI study, in addition to other primary research.

7 J. Jeffrey Inman is the Albert Wesley Frey Professor of Marketing, University of Pittsburgh. Russell S. Winer is the Deputy Dean and William Joyce Professor of Marketing, New York University.

8 See "Where the Rubber Meets the Road: A Model of In-Store Consumer Decision Making," *Marketing Science Institute*, 1998.

9 In their text, *Retailing Management*, Levy and White advance, in the seventh edition, at page 99, the process by which consumers select merchandise.

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10. Purchase involvement AND income (tied).
11. Need for cognition.
12. Use of a list AND feature proneness (tied).
13. Display type.

For instance, the most important influence on in-store purchase decisions was found to be the number of aisles shopped. Thus, creative content geared toward encouraging consumers to visit more parts of the store can increase retail sales. To illustrate, an ad that introduces, “Buy peanut butter here and get 50 percent off bread located in Aisle 21,” may be an effective way to augment the number of aisles shopped. If this content is not, in fact, producing the desired result, it can easily and quickly be altered to find the most effective messages. As a result of its flexibility, digital signage is the only in-store medium that can be instantly updated to account for various environmental factors while tailoring messages to impact in-store decision-making. Such pinpointed messages can have an outsized influence on sales.

Not considered in the above-noted research, another important in-store medium to be considered is, of course, mobile devices. According to its third quarter 2011 Insights Report, JiWire found that 18 percent of shoppers use their mobile devices to make purchases when inside a store, and that 28 percent comparison shop on mobile devices when in a store. The conclusions of the WSL/Strategic Retail Buzz to Buy 2.0 trend report were more aggressive, finding that as many as 50 percent of smartphone owners use the devices when shopping in-store [for comparing prices (56 percent), taking pictures of products (53 percent), and finding coupons and discounts (46 percent)].

While digital signage and mobile messages cannot affect all factors that impact in-store purchases, such as household size, creative content can have an influence on many other factors. Both brands and retailers can benefit from such a content focus.

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