

NON-MEMBER
EDITION

Compliance & Sustainability Report

Published by POPAI UK & Ireland



Sponsored by



Contents

Forward	3
Executive Summary	4
Introduction	6
Research methodology	7
Contributors	8
Background to compliance	9
Conclusions	11
Sources & disclaimer	12
Appendix A – POPAI Sustainability Services	13



Become a member today

Access the full findings from this research and discover more about compliance and sustainability in the UK & Ireland.

The full report is only available to POPAI UK & Ireland members.



Become a POPAI member.
Visit www.popai.co.uk/whyjoin to sign up online.

Tel: +44 (0) 1455 613 651.

April 2024 © All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any way or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of POPAI UK & Ireland, a registered not-for-profit organisation and company limited by guarantee registered in England no. 03026544.

Whilst every effort has been made to ensure that the information contained in this publication is correct, neither POPAI UK & Ireland nor any of its staff shall be liable for errors or omissions however caused.

Foreword



The last two decades have seen huge change. We've encountered a global pandemic, a shifting political landscape and massive advances in technology, including AI's onward march.

The retail industry has also navigated transformational change. Multi-channel shopping, the rise and rise of experiential in-store theatre and the aforementioned technology have all offered retailers and brands new and innovative ways to attract and disrupt shoppers. New competition in the shape of ecommerce has also kept retailers on their toes, leading them to find ever-more creative ways of making in store the place to be. All evidenced by the incredible entries we see each year in the POPAI Awards.

Which brings me to this report. Another major revolution we've seen in recent times has been the spotlight on sustainability. As POPAI continues to place a laser focus on this critical aspect of our industry, it has become clear that more retailers, brands, and indeed shoppers are putting sustainability on their agendas.

Our previous deep dives into this topic have included the topics of how temporary display and packaging, and permanent display and fixtures, are managed through the supply chain and at end of life.

Here, we shift our focus slightly, moving onto the subject of compliance across temporary and permanent display for retailers and brands. I started my message talking about change. Our research has found that issues surrounding compliance have remained much the same over the past two decades.

Improving compliance is critical both from the industry perspective overall and from the new dimensions of sustainability. There are though some stubborn challenges to be tackled.

As the sustainability agenda continues, with alternative material choices, better recycling options and a focus on waste reduction. Let's hope that we can begin to meet some of these compliance challenges head on and ensure that we address them to make improvements for the future.

Martin Kingdon

Insights & Sustainability Director
POPAI UK & Ireland

Executive Summary

Compliance, by its simplest definition in the context of P-O-P display, is about getting display equipment placed on shop floors at the right time. There are several other considerations which follow from this. Being sited in the correct location, remaining on the shop floor for the agreed duration, and being properly stocked and priced, to name just a few.

However, consistently achieving this in the retail environment has historically proved challenging and, as this research has shown, this continues to be the case.

Previous studies and presentations by POPAI and its members going back to 2005 have consistently highlighted issues that impact compliance, as well as many of the reasons behind these.

As a result, POPAI decided to revisit the subject to see what improvements, if any, have been made over the last two decades. In particular, we wanted to look at whether sustainable display design has had any impact on the issues affecting compliance, including whether compliance was having a negative impact on the sustainability of display.

Specific objectives of the research included:

- Understanding brand and retailer perceptions of levels of display compliance for temporary, semi-permanent and permanent displays across a range of sectors.
- Comparing these beliefs against the reality of the scale of the problem and the factors which cause it.
- Estimating the amount of display material that fails to reach its destination and comparing these results with previous research.
- Investigating what happens to displays that do not reach shop floors, their eventual path to disposal and the financial and environmental impact of these.
- Identifying the compliance and environmental implications of prefilled displays compared with flat-packed or fully assembled units.
- Highlighting the opportunities to increase compliance and reduce the environmental impact of non-compliance.

To achieve these insights, POPAI conducted over 30 in-depth interviews with brands, retailers and specialist P-O-P installation companies. However, we were surprised by the reticence shown by some companies to take part in the study, particularly amongst retailers, only four of whom agreed to take part. We also undertook desk research, referring to previous studies conducted by both POPAI and third parties.

We started by asking what compliance meant to each of the respondents.

Collectively, all of the following factors were mentioned:

- Delivering to the correct stores and being placed on the shop floor
- Placing in store on time
- Remaining in store for the agreed duration
- Placing in the correct location in-store
- Assembling the display correctly with no missing elements
- Making sure display is fully stocked

- Checking that, if the display is interactive or has a digital or mechanical element, this is fully functional

However, being delivered to stores on time was the only common response from all respondents with only three companies listing four or more of these requirements. The fact that so many companies only mentioned a few requirements might partially explain the only modest improvement in the overall compliance scene since 2005, as borne out by the rest of the research.

Trying to understand what proportion of displays physically reach the shop floor is tricky. To start with, only three quarters of brands said they know how much temporary display is actually placed in stores. Even then, some of the information they rely on from third-party field agencies is anecdotal. Those with little or no idea said they have no resources to monitor compliance and/or did not feel that feedback from retailers was reliable.

This view is supported by the retailers who took part. Some said their estates are too big to accurately audit, meaning they need to rely on snapshots of store visits. Others told us that the experience of cumulative years of store visits has given them a reasonable understanding of compliance levels.

Measurement of permanent displays is more tangible, with installation companies reporting on installation rates and reasons for failed visits. The cost of permanent displays compared to their temporary counterparts also means that more focus is paid to these for both initial installation and subsequent updating and maintenance.

Installation companies typically aim for very high installation

rates, usually 95% and higher, but stop short of committing to 100%. Factors do still exist beyond their control that hinder or prevent this level of compliance.

In spite of these issues, brands and retailers were still able to arrive at installation estimates for both temporary and permanent displays. Collectively 38% of brands and retailers believed that temporary display compliance was as high as 80% to 99%, but a further 46% said it was likely to be between 60% to 79%. The remainder said it was either lower or they did not know.

However, even some of those who provided these figures said that depending on the display type or the retailer, the figures could vary from as high as 90% compliance to as low as 30%.

The majority of respondents said that compliance rates for temporary displays vary depending on who installs them. The consistent reason given was that field merchandising teams and brand representatives will ensure a much higher compliance rate than if the display placement is left to store staff.

Prefilled displays typically achieve much higher compliance rates than other temporary displays, with retailers keen to take in the stock they have paid for.

Permanent display fared much better, with 35% of brands saying that this P-O-P has a 100% placement rate and the rest saying it is at least 80%.

Retailers were a little more conservative, with half saying the permanent display would be installed 80% to 99% of the time.

Compared with POPAI's research from 2005, where the overall placement rate for all display types was 65%, the figures could be considered an improvement. However, any such conclusions should be treated with caution given the less than consistent methods currently being employed to measure compliance.

Barriers to compliance would appear to have changed little over that past 20 years. Available shop floor space is the biggest issue for both temporary and permanent displays, with over half of respondents saying this was a challenge to the installation of temporary displays was the case for the former.

Delivery to store was the second most common barrier, with parking and physical access sometimes causing delays and failed installations. Other issues afflicting temporary display included early removal from shop floors, and delivery issues to retailer distribution centres (causing and subsequent late delivery to stores). Storage of displays at stores was also cited, as they can often go missing between delivery and the time they are due to be deployed.

Although permanent displays may be prone to the same issues, breakdown in communication resulting in installation teams being turned away from stores is a continued source of frustration for installation companies.

Turning to sustainability. It was disappointing to learn that there is still a significant amount of P-O-P, mainly temporary, which never finds its way to the shop floor and is, at best, recycled or, at worst, might find its way to landfill.

Over half our respondents said they still order 'overs' to cover for damages and to capitalise on additional placement opportunities. This is despite the majority of brands and retailers saying that minimising waste from display programmes is a part of their company's sustainability strategy.

Strategies for minimising waste varied significantly. Notwithstanding the above, a third of companies said they are reviewing the way they calculate display order quantities. Others are reducing material use, but only one mentioned making their displays easier to recycle to reduce waste.

Of displays that are delivered to stores yet failed to be installed, a third of brands believed they are disposed of by retailer, while others said they did not know what happened to them. With those that are not even delivered to stores, almost half are held onto by brands in case they are needed later in the promotional period, while a quarter are stored by P-O-P manufacturers for the same reason.

Improving the sustainable credentials of displays to help compliance rates was only thought to be helpful by a minority of respondents. Most told us the ability to recycle displays is not currently a problem anyway.

Some did feel that displays with superior sustainability credentials might be more likely to be accepted by retailers and attain placement in store. Investigating a move away from temporary displays in favour of using fewer permanent displays for sustainability purposes is also being considered by some brands.

Finally, when it comes to deinstallation and disposal of permanent displays, installation companies still feel they are not being involved early enough in the project management process to significantly influence this.

While modest improvements in compliance rates may have been made over the past two decades, it is difficult to corroborate this given the inconsistent monitoring of placement rates and other compliance considerations.

The causes of compliance issues do not have appear to have changed greatly during the period. While display sustainability, in particular its ability to be recycled, is important, only a few brands and retailers believe that improving sustainability credentials will significantly improve compliance.

Introduction

Compliance has often been a tricky concept to pin down in the retail industry. Navigating between different brands, retailers, display types, installation methods and assembly teams means that those responsible for compliance and the resources at their disposal for achieving it vary significantly.

In this report, we have looked more closely at what compliance means to brands and retailers. We have also explored how this is approached differently for temporary and permanent display and how compliance is measured and audited – if at all.

Following on from our previous reports into recycling of temporary and permanent displays, we turn our attention to whether sustainability could have a positive impact on compliance levels, helping to reduce waste and streamline processes.

We spoke to key stakeholders from the retail industry to find out their opinions and to gather factual information about their assembly, installation, auditing and compliance methods. We also drew on previous POPAI research to discover more about where we were... and where we are now as an industry.



Research methodology

Our research focused primarily on gathering industry insights through a series of online questionnaires and face-to-face interviews. We canvassed brands, retailers and installation companies across a wide range of product categories.

There was brand representation from:

- Consumer electronics
- Gardening
- Health and beauty
- Household
- Snacks and confectionery
- Soft and alcoholic drinks
- Toys and entertainment
- Stationery

Retail coverage came from:

- Supermarkets
- Convenience
- Health and beauty

We emailed 2,308 brands and retailers as well as encouraging companies to engage via social media. We also personally approached 71 brands and 20 retailers to take part in the research. The response rate was very disappointing, with just 25 brands agreeing to participate and only four retailers.

Our respondents covered a wide range of disciplines from in-store marketing. These included brand and category managers, shopper and trade marketing specialists, merchandising managers, store and display designers, category insight managers and account directors, as well as installation specialists.

The research also encompassed those dealing exclusively with either temporary or permanent displays or a combination of both.

We focused initially on compliance, to understand what the term means to different areas of the industry and specialisations within.

We then went on to explore different aspects of compliance, how it is measured and barriers to it. From here, we investigated further to learn how compliance might differ between temporary and permanent displays, installation responsibilities, branded or own-label units, and different types of retailer.

Our research then examined any impact sustainability might have on display placement, including display design, display disposal and end-of-life options.

Additionally, we conducted desk research to review the traditional views and attitudes around compliance that have been collated through POPAI research going back almost 20 years, including how these views have changed. We also revisited guidance on the practical measures that impact compliance rates and how sustainable best practice might have influenced these.

Specific objectives of the research included:

- Understanding brand and retailer perceptions of levels of display compliance for temporary, semi-permanent and permanent displays across a range of sectors.
- Comparing these beliefs against the reality of the scale of the problem and the factors which cause it.
- Estimating the amount of display material that fails to reach its destination and comparing these results with previous research.
- Measuring the impact on the environment of non-compliance in terms of carbon or other impacts created by the production and transportation of surplus displays.
- Investigating what happens to displays that do not reach shop floors, their eventual path to disposal and the financial and environmental impact of these.
- Identifying the compliance and environmental implications of prefilled displays compared with flat-packed or fully assembled units.
- Establishing whether displays that do make it into stores are sited correctly.
- Understanding the situation compared with previous studies.
- Highlighting the opportunities to increase compliance and reduce the environmental impact of non-compliance.

Contributors

POPAI UK & Ireland would like to thank the following companies for their contributions to this report:



Background to compliance

“ Marketing at retail is one of the most effective forms of advertising available to brands and retailers; it communicates to the shopper when they are most receptive to product advertising, when they are in-store and in front of the fixture. P-O-P can be extremely effective at driving sales, as well as improving product visibility; however, compliance to agreed standards is still a key industry issue. Levels of non-compliance would simply not be tolerated in other forms of advertising, and yet it persists. ”

This was the opening paragraph from the POPAI Guide to Compliance published back in 2005 and every word still holds true nearly 20 years later. Yet the same issues surrounding compliance still exist. As this report shows, things have changed very little in the intervening period.

During that time POPAI has published various documents and held events dedicated to compliance. The aim of these was to understand how, or indeed if, it is being measured, identify issues that hinder and prevent compliance, and offer advice on how best to address these.

Research carried out by POPAI in 2005 showed that the overall compliance rate for P-O-P displays that year was 65.1%, down from 68.9% in 2002. The research in this report adopted a different methodology for estimating compliance. However, the results, at least for temporary displays, although slightly better, are not dissimilar.

So, what have been the key problems identified as historically plaguing successful compliance? The following were highlighted in POPAI's briefing in 2005:

- Many retailers believe they execute better than they do.
- Performance scorecards often assume excellent implementation.
- Less than 50% is often actually implemented.
- Implementation is often an afterthought in the process.

- Inadequate store-level training, poorly defined roles and responsibilities and performance measures inhibit good implementation.
- Poor design of promotional materials.
- Unsafe P-O-P will be removed, even if it only looks unsafe.
- P-O-P that is difficult to assemble or takes a lot of time will not get placed.
- P-O-P that gets lost between courier and shop floor will not be assembled.
- Lack of stock.
 - Displays removed.
 - Displays not built at all.
- Impression of P-O-P with store managers, who often do not understand its cost, value or benefit.
- Shortage of in-store resource compared to central expectations and assumptions.

- Incorrect or out-of-date head office records.
- Confused or unfocused messages to managers.
- General lack of communication.
- Lack of store-level processes for P-O-P implementation.
- Inadequate information to stores.
- Lack of store-level performance measures.
- Lack of rewards for stores and no match with store targets.
- Implementation not always seen as the store's responsibility.

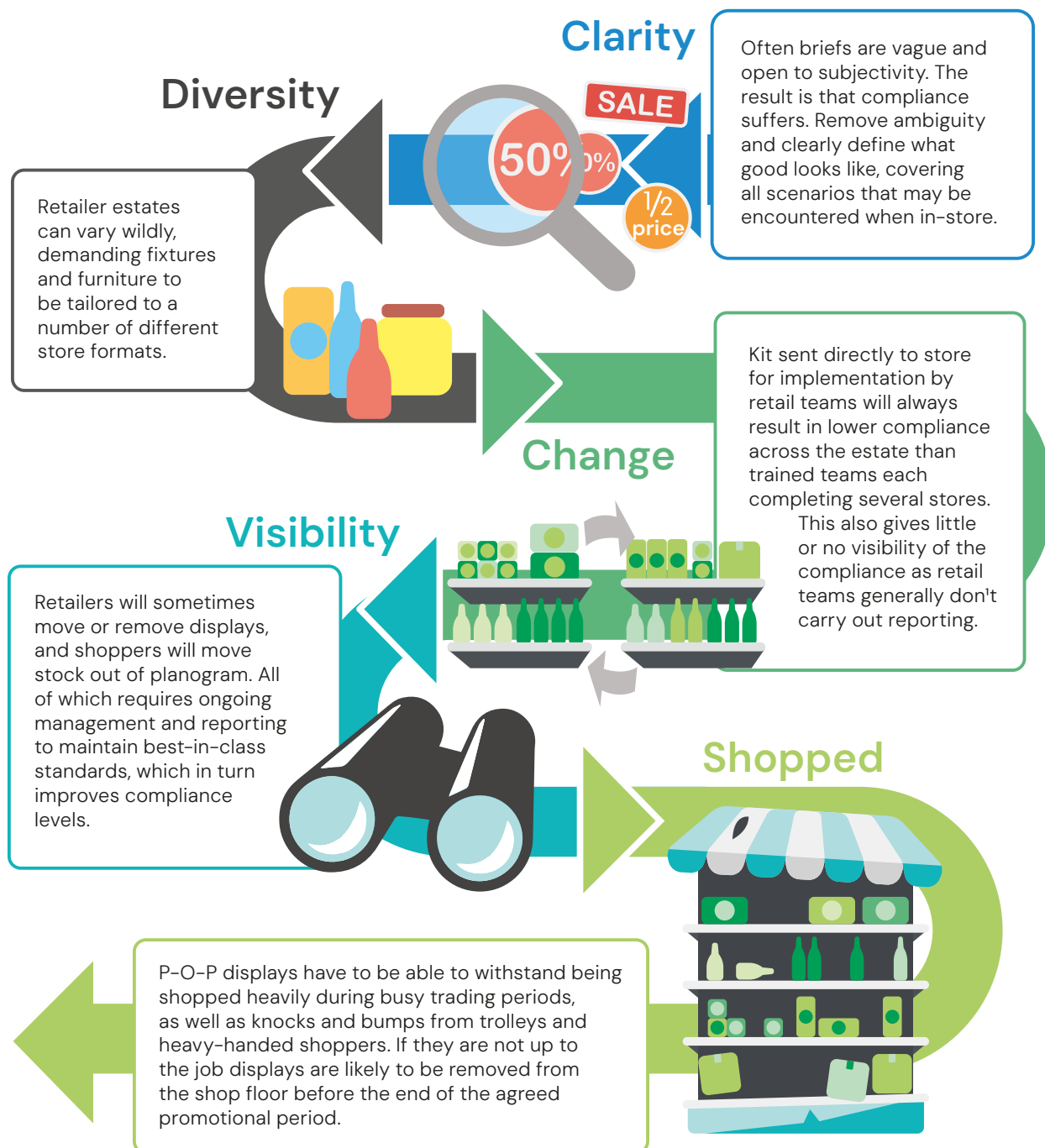
Ten years later, POPAI's Compliance Report reported that:

“ The factors for non-compliance haven't changed much, although the appetite for brands and retailers to achieve higher compliance across their estate has increased. ”

So most, if not all of the above was still applicable. The report also took all the issues above and summarised them into the top five challenges facing compliance. Contemporary conversations with industry professionals suggests that these challenges are as valid today as they were almost a decade ago.

Item	2002	2005
Permanent Units	66.1%	61.4%
Flat Packed	57.2%	40.7%
Shelf Trays	67.2%	67.8%
Headers	73.9%	67.5%
Prepacked Shippers	85.6%	70.6%
Shelf Edge P-O-P	81.4%	73.0%
Hanging Signs	68.9%	74.5%
Total	68.9%	65.1%

Top 5 challenges to achieving compliance as identified in POPAI's compliance report of 2015.



The Compliance Report went on to say that, while installation companies said they are asked to check compliance at least some of the time on 88% of projects, as much as 30% of all P-O-P activity is never or rarely measured. Also, when campaigns are measured for compliance, it is unlikely that this will always involve a full audit.

Given the adage that you cannot change what you cannot measure, it would appear that the shopper marketing world has been in a poor position to try to improve compliance. The question is: how much, if anything, has changed in the last 20 years?

One definite change is the focus on sustainability. Making P-O-P easier

to recycle, reducing its carbon footprint through lightweighting, alternative material choices, higher recycled content and using renewable energy are just some of the initiatives that have been adopted in display design and manufacture. Whether or not any sustainability practices have or will help improve compliance still needs to be investigated.

Conclusions

The overarching conclusion is disappointingly that compliance has improved little over the past two decades.

The reasons for this are many and varied, but most are unchanged since those cited as issues in previous studies. However, it is clear that one of the root causes is a lack of resources, in terms of finance, technology, but most notably human. In the majority of cases for both brands and retailers the responsibility for compliance lies with just one individual or at best a small team. In either event, the task is only ever one of the many aspects of a role, with no companies having a dedicated resource in this area.

This is compounded across the industry by a lack of consensus about what compliance actually means. Everyone spoken to as part of the research agreed that the term compliance means the timely placement of displays in stores, but many of the other factors affecting compliance were only mentioned by a handful of respondents. The implication being that not all brands and retailers necessarily see the bigger picture, which in turn may be a cause of non-compliance through lack of focus, as well as resource.

Equally important is the general inability to accurately measure compliance. Given that you 'can't change what you can't measure', trying to improve compliance, particularly for temporary display, in all or any of its facets will continue to prove challenging, if not impossible. Not until this is addressed will it be likely that any tangible improvements will be made.

Another underlying problem is the accuracy of retail estate data both in terms of store numbers and the space available in each

store. This can lead to brands, and even the retailers themselves, over-ordering the number of displays they need, leading to wastage. Poor communication between brands and retailers can also cause the same issues, with confusion about the numbers of displays required and even the order quantities changing after the displays have been produced. Permanent displays are also not immune from such issues, with inadequate briefings leading to stores not being aware or prepared for their delivery or installation.

Key to improved installation rates, along with placement in the correct location, correctly assembled, fully functional and fully stocked, is who installs displays. In the case of permanent display this is nearly always installation companies or brand representatives, which ensures compliance rates for permanent displays are significantly better than those for temporary P-O-P. Permanent displays installed by brands or specialist installers not only have higher compliance rates, but the accuracy of their reporting is far improved as well. Unfortunately, the cost of using such organisations for temporary displays is often a barrier to their use, leaving the job to hard-pressed store staff, for whom display assembly and placement is very often not a priority.

Disappointingly from a sustainability perspective, as well as financial one, there is still a significant amount of P-O-P, mainly temporary, which never finds its way to the shop floor. At best this is recycled, or at worst it might find its way to landfill. In addition to the barriers to display placement highlighted in this report, excess ordering of display stock, for both sound and less sound reasons, is contributing to this.

When it comes to the impact of sustainable design, we know that there has been a considerable move within the industry to create more environmentally friendly displays. However, this in itself has not had a significant impact in improving compliance levels. Only one brand thought that the ability to easily recycle displays should be considered as part of the overall compliance equation. Nor was there a consensus of opinion that displays with better sustainability credentials were more likely to achieve placement in-store than any others. Also, the systematic practice of over ordering displays by some companies to try and maximise placements continues to have a negative impact on sustainability through the generation of additional waste.

There continues to be a massive fragmentation in the understanding of compliance, as well as the systems, processes and data collection methods used to monitor it, by both brands and retailers. As long as this situation persists it will almost certainly ensure that compliance will be an ongoing issue.



Sources

- POPAI Guide to Compliance – 2005
- Compliance – A Retail Perspective – POPAI Breakfast Briefing – 2005
- Maximising return on investment through POP compliance – Unilever – 2005
- POPAI In-Store Insights – Compliance Report – 2015

Disclaimer

This report has been compiled by POPAI UK & Ireland for use as guidance only, by those companies in the UK & Ireland recycling and disposing of materials commonly associated with point-of-purchase (P-O-P) display equipment and its manufacture. As such it does not attempt to cover the recycling or disposal of all materials that may be used in P-O-P display equipment and its manufacture. Nor should it be treated as definitive legal advice. Please also note that whilst every effort has been made to ensure the accuracy of the information contained herein on the date published, laws and regulations are subject to change.

Appendix A – POPAI Sustainability Services

As an industry body, POPAI is committed to raising standards and has developed **4 key services** to boost our members' environmental credentials.

Sustainability Standard

Framework for environmental excellence

Developed in direct response to calls from the industry for a standardised approach, the Sustainability Standard embeds sustainability principles within organisations and challenges traditional practices by helping industry professionals better understand how, where and when sustainability issues translate to their business.

Show stakeholders and gain recognition as an environmentally conscious organisation who operates in a cost-efficient and environmentally responsible manner.

Sustain

Global eco-design indicator tool

Recommended by major retailers and brands.

Measure the environmental impact from the production of display and sales promotion items of all types. It includes design, transport, componentry, processes, energy use and end of life.

It also reports on CO₂e and embodied water from units, packaging and transport, recycled material content and recyclability.

The results highlight areas for improvement and it operates to LCA principles, using independent third party data from institutions and government.

EcoSupport

Services for retailers and brands

Recognising that sustainability best practice is a collective responsibility, POPAI has been working with its retailer, brand members and their supply chain partners for a number of years to provide a cohesive framework to help all parties navigate the journey.

Our support, designed for brands and retailers, can range from an introductory Sustainability Snapshot session covering key sustainability trends and information on how to reduce the environmental impact from display and in store activity through to a full bespoke service covering all your sustainability needs.



Knowledge

Our events throughout the year are focused on a blend of actionable, practical case studies and thought leadership from industry professionals. With a training programme alongside featuring online and face-to-face workshops and a searchable content hub on our website, POPAI offers the complete knowledge toolkit which can be bolstered with a comprehensive research and consultancy offer.