Digital Instore Merchandising

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How can DIM improve your retail business?

• What is DIM
• What are the benefits of DIM
• How to do DIM
• IBM’s advanced DIM solutions
DIM is known under different names

- As DIM is hot, marketeers have created different terms to describe it:
  - Digital Instore Merchandising
  - Dynamic Instore Media
  - Digital Signage
  - Digital Media
  - Instore Television
  - Public Display
  - Narrowcasting

- Together they describe the solution: Displaying content to a selected audience
  - In stores
  - In restaurants
  - In public transport
  - Other popular places where likeminded people gather

- It’s like an electronic magazine or brochure in the store
What makes a DIM solution

• A DIM solution consists of the following elements
  – Screen
  – Players
    • Play static playlist or event driven
    • Integrated in screen or separate
  – Content distribution network
    • Distribute the content in batch or real time
  – Content Management system
    • Hosted internally or outsourced
  – Content sales force

• DIM can run on dedicated screens, but also on interactive terminals (kiosks)
  – Can be used for customer self service if required
DIM enables better communication with the customer

- DIM can support sales as well as improve the store experience
  - Display the right message at the right time or occasion
  - Ability to get information rich messages to the customer
  - No dependencies on local store staff to place POS materials
  - Ability to real time link with inventory control systems (ERP system)
- IBM Institute for Business Value research proves DIM works
  - 70% of the purchase decisions is made/reviewed in the store
  - Narrowcasting promotions results in a 15 – 60% sales lift depending on category
  - Screens have a 5 to 10 times better attention rate than static messages
  - The message is 2 to 5 times more sticky than static messages
  - 10 to 15% better perception
  - 15-30% increase of ticket size (spendings)

- Communication benefits vary by solution chosen
DIM eliminates some costs and can generate direct additional revenue

• Lower costs
  – Lower costs of distribution than paper based POS materials

• Additional revenue stream
  – Sell airtime
  – Depending on the line of business this ranges from advertisements for local stores to branding clips from suppliers and other companies aiming at the same target group
    • Narrowcasting is getting better accepted in the ‘media world’
    • Albert Heijn (NL): Content reach 6 million people

But: Done improperly DIM will annoy customers
• Inaccurate information
• Annoying sound
Things to consider when implementing DIM

• Ambition
  – Balance between sales, marketing (experience) and revenue (external content)
  – How dynamic and interactive should the content be?
  – Manage own content or sell part of the airtime externally
  – Take the system in-house or outsource?

• Organization
  – Decide on ownership of the solution
  – Set up responsibilities for content creation and delivery
  – Embed DIM in your sales and category management organization
  – Decide on fully centralized versus partly local management

• System
  – Choose a solution that is manageable
  – Choose a system that is open for links to/from other systems
IBM infrastructure vision for retail

- **Website for branding/sales**
  - Manage and publish media to DIM, kiosk and internet.
  - Basis for brochures

- **Internet**
  - Online connection between media server and ERP system

- **Media server**
  - Kiosk has real time sales and stock information and media content

- **Network**
  - Time and context driven branding and sales

- **Data Warehouse**
  - ERP CRM WMS

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- **POS**
  - POS

- **DIM screens**
  - Kiosk
  - Dig. shop assistant
  - Electron. Shelf labels

- **Hand terminal**

- **Customer self service kiosk for price and stock information**
  - Additional assortment
  - Computer based training for store staff
  - Front end for content management from store

- **POS**
  - Computer based training for store staff
  - Front end for ERP, CRM and content management from store
For maximum effect the content should also respond to the audience in real time

✅ Basic DIM
  - Static playlist, optimized to the location in the store

✅ DIM optimized to sales and stock levels
  - Highlight promotions that have overstock, skip sold-out promotions

⇒ DIM optimized to the audience in the store
  - DIM optimized to statistical customer profiles
    - Analyze shopping behavior over the week: Which shopper types are in the store at what time in the week?
    - Optimize the playlist to these estimated audience
  - DIM optimized to actual customer profiles
    - Link with sensors that recognize the customer type, using camera’s in the store
    - Optimize the playlist to the actual audience
  - DIM optimized to actual customer behaviour
    - Link with sensors that also recognize the customer’s emotions and reaction to the content
    - Basis for rapid fine tuning of the content
Concluding

- DIM is not something magic, it’s a reality that could enhance your business now
- DIM helps you get closer to your customer
- DIM is not a ‘point solution’, it should be integrated in your organization, processes and systems

- IBM can help you implement DIM
  - Retail consulting skills to help you choose the best option for your company
  - Innovations that help you finetune your message better to the customer
  - Partnerships with leading DIM software providers
  - IT architecture and integration skills to embed the solution in your systems
    - We also have experience implementing and customizing with all major Retail ERP systems
  - Organization and process expertise to integrate DIM into your organization and processes
Thanks for your attention!

• Any questions?

Please also come and see our demonstrations at the IBM DIM booth today.