



Digital Instore Merchandising

Maurice van der Sterren
Brussels, November 7, 2006

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, marketers 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

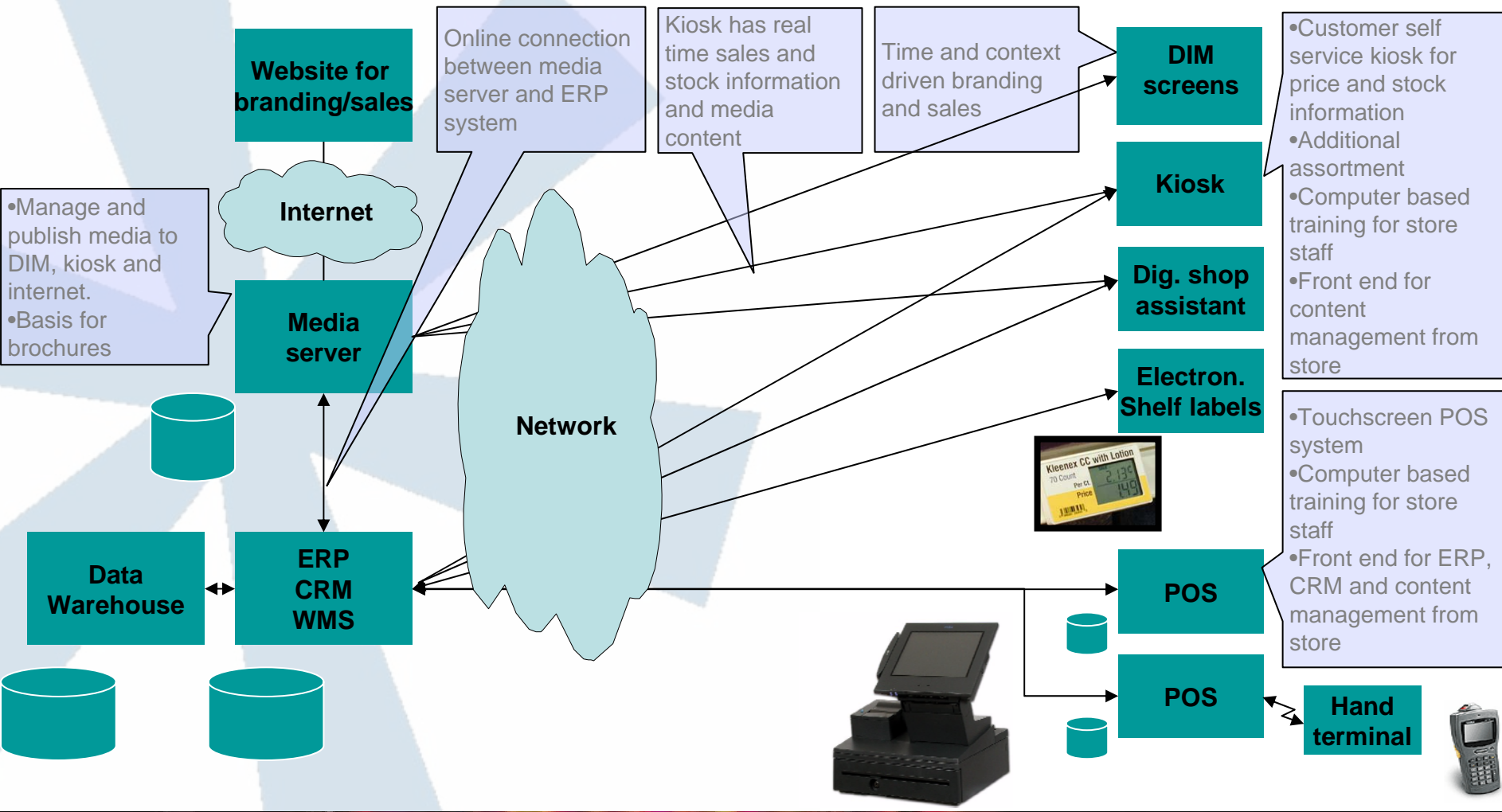


- **Ambition**
 - Balance between sales, marketing (experience) and revenue (external content)
 - How dynamic and interactive should the content be?
 - Manage own content or sell part of the airtime externally
 - Take the system in-house or outsource?
- **Organization**
 - Decide on ownership of the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



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