5 COMPELLING REASONS WHY YOU NEED ELECTRONIC SHELF LABELS (ESLS)
The purchase of a CD, more than 20 years ago, is credited as the first online transaction protected by encryption technology. Since then, the concept of online retail shopping has transformed in so many ways. As the sidebar shows, the convenience of online shopping has seen sales soar. Amid the rise of e-commerce, many industry insiders have predicted the decline of stores. However, online still only accounts for less than 10% of global sales. Although this percentage will march ever upward, there is a recognition that physical stores are key differentiators for retailers, because they provide a critical personal connection between store associates and customers.

Perhaps of more interest is how the growth of e-commerce has changed the psyche of shopping. We all know that today’s shoppers are in the driver’s seat. They now expect personalized experiences and they want to mix the way they try, buy, and return. They want quick fulfillment, next day or same day delivery, to be the new norm. And, they want rewards for loyalty and to be offered customized promos across all retail channels – online, in-store, and mobile.

Retailers recognize that, to make the most of their real estate, it’s important to offer in-store many of the online experiences that consumers value. This means embracing “webrooming” by displaying competitors’ pricing and the store’s stock levels; displaying timely, rewarding, and personalized promotions on smartphones; arranging delivery if the store has no stock; ensuring that merchandizing is on brand, engaging, and effective; and, critically, making sure that in-store prices match those online and via mobile.

Electronic Shelf Labels (ESLs) help retailers deliver these experiences, with the technology playing a key role in creating an engaging in-store experience. In this white paper, we will explore the latest developments in ESLs and discuss the five reasons why retailers need to invest in this technology.

### Change, Change, Change

With the technology playing a key role in creating an engaging in-store experience. In this white paper, we will explore the latest developments in ESLs and discuss the five reasons why retailers need to invest in this technology.

#### Online Sales

<table>
<thead>
<tr>
<th>Country</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>$399.48 billion</td>
</tr>
<tr>
<td>UK</td>
<td>£60 billion</td>
</tr>
<tr>
<td>DE</td>
<td>€52.77 billion</td>
</tr>
</tbody>
</table>

#### Smartphones as Shopping Hubs

84% of shoppers reach for their smartphones for research before or during their trip to the store.

---

1. retailresearch.org
Of course, labels can be repriced manually and retailers have refined the process for years: workflows are proven, mobile computers and scanners optimize efficiencies, and out-of-hours work for re-labeling is built into rotas. In fact, manual pricing has long been buried in a line item cost. Furthermore, there are retail sectors such as high-end furniture stores and fashion boutiques that will likely always rely on manual pricing because the stock isn’t perishable, moves slowly, and is pre-priced or specialist in nature.

However, the fact that labeling has been subsumed as an operating cost needs to be looked at again. It’s time-intensive and expensive: One major retailer’s high-profile sale takes two days to reprice and involves entire teams in every store working overnight across an entire weekend.

Indeed, repricing ties up associates in a laborious task that most would prefer to avoid and it takes them away from their primary job of helping customers. Store associates are always going to be limited to the number of repricing changes they can make based on the amount of free time they have available.

With ESLs, retailers can:

- **Change prices everywhere:** Our centrally managed solution makes it easy to change limitless numbers of prices on shelf-edge labels – anywhere, across one store or every store, in seconds – without the need to involve your in-store teams.

- **React to trends:** Use dynamic pricing strategies to change labels based on the time of day, competitor activity, or the season.

- **Improve service:** Free up store associates to do what they do best – take care of customers.
Shoppers are generally unhappy when prices online don’t match prices in the physical store. There is a danger that, even with a fully integrated pricing system, any manual intervention to reprice at the shelf-edge is error-prone. Inadvertent as they might be, mistakes undermine trust. We also know that consumers believe in-store prices to be more expensive and they can be frustrated by long queues at the customer service desk if store associates are having to deal with pricing errors.

With ESLs, retailers can overcome these problems:

- **Align prices and promotions**: By integrating the label platform with a central Enterprise Resource Planning (ERP) system and other data sources, retailers can easily change in-store prices and promotions to ensure alignment across channels.

- **Create audit trails**: ESLs can communicate back to a retailer’s headquarters to confirm what they are showing and creating a detailed audit trail of changes for compliance purposes.

- **Amend prices immediately**: If incorrect ERP data causes a pricing error on a label, it can be easily amended. The changes can also be managed locally, too, by store managers.

- **Achieve the best prices**: Based on sales velocity and stock levels, dynamic pricing can be used to achieve maximum sell-through at the best possible rates.

**ZERO PRICING ERRORS**

“Even though our pricing systems were correct, we couldn’t eliminate errors… But now, we have no price errors – none at all.”

Kresten Haubo, Warehouse Director, Kvickly Jyllinge, Denmark

“One of Displaydata’s customers in Europe, with a large estate of grocery stores, has achieved pricing accuracy of 99.99% (with known reasons for the 0.01) and expects to achieve 100%.”

Displaydata
As with manual repricing, store associates can, of course, oversee promotions in-store with merchandising systems, available through tablets and mobile computers, widely used to help managers correctly price and set up eye-catching displays. Furthermore, set-piece promotions, such as seasonal sales and offers around holidays, can be planned well in advance and factored into annual store ops costs.

However, as shoppers are buying more on discount, in order to meet their expectations, retailers are having to increase the frequency of in-store promotions.

Online shoppers are already used to being notified of compelling offers – from price reductions, to money-off coupons and rewards based on their preferences, purchase volumes, and browsing history. Being able to use these tactics in-store, at the shelf-edge, as shoppers think about a purchase, can help to convert more sales.

There are compelling reasons to offer more value at the shelf-edge, but it may not be easy to do so. Manually overseeing promotions is time-consuming. It’s also costly, especially where promotions are put in place out of hours. Retailers can only make a finite number of changes based on the amount of time their associates have available.

What’s needed in-store is a way to match the speed, agility, and personalization of online rewards and promotions. ESLs provide it, allowing retailers to:

- **Turn in an instant**: Change promotions instantly, on any shelf in any store, anywhere – in seconds. Using business intelligence and trend analysis systems, retailers can amend ESLs to react to purchase patterns, competitors’ strategies, and macro factors, to offer more compelling promotions.

- **Get personal**: Connect more deeply with customers in-store by using Bluetooth beacon-enabled ESLs – available from Displaydata – in partnership with mobile apps. For example, the app can guide customers to items on a shopping list they created before coming into the store and present discounts on their smartphones based on their location. Other promotions can also be offered – perhaps to celebrate the customer’s birthday, anniversary of visits, or past expenditure.

---

**5 COMPELLING REASONS WHY YOU NEED ELECTRONIC SHELF LABELS (ESLS)**

**STORE PROMOTION MANAGEMENT**

---

**BLUETOOTH WILL MAKE INROADS**

Business Insider expected Bluetooth beacons to directly influence over $4 billion of US sales in 2015, a figure that could climb by a factor of 10 in 2016.

**PROMOS SELL**

1% discount results in an average of 2.62% increase in sales.

**SHELVES DECIDE WHAT SELLS**

76% of purchase decisions and 80% of brand switch decisions are made at the shelf-edge.

---

7. SBXL.com
8. POPAI’s 2014 Mass Merchant Shopper Engagement Study
Retailers with online, mobile, and physical shops have made great strides in integrating these channels. A huge amount of money has been spent to ensure the shopping experience looks and feels the same across touchpoints; that prices and promotions align; and that people can mix the way they buy, try, and return items in the most convenient ways for them. Omnichannel, the white-hot topic in retail over the last 18 months, has indeed transformed the customer experience.

However, there are still challenges to overcome – notably with ‘showrooming.’ This remains a popular pursuit of many shoppers, who may make the most of a store associate’s expertise and knowledge to find out about products before going home and buying online. Displaydata’s ESLs can help with this issue by:

- **Showing a range of prices:** Why would customers check prices if the shelf-edge labels show online prices and how these stack up against key competitors?
- **Displaying stock and enabling simple ordering:** ESLs can show stock information which could help persuade a customer to buy there and then. For instance, if a retailer is in a no-stock situation, a QR code could be displayed on the label and scanned by the customer to take them to a simple online ordering page via their smartphone or the retailer’s app.
- **Displaying reviews:** ESLs allow retailers to display independent reviews from their social channels to help influence and validate buying decisions.

Over the last few years, retailers have placed large bets on technologies to capture, analyze, and monetize big data, improve omnichannel performance, and transform the speed of fulfillment. While it’s understandable that installing more IT to support ESLs can seem an expensive commitment it’s a critical area: The shelf-edge is where retailers have the last – and by far the most powerful chance – to convert a motivation to buy into a sale. That’s why Displaydata has designed its ESLs and supporting platform to be enterprise ready, allowing retailers to get the benefits of the labels through a light infrastructure that’s easier to install, manage and maintain.

The Displaydata platform:

• Is easy to install: Retailers only need wireless communicators in each store (installed with two screws and Powered over Ethernet) which communicate back to the software at a retailer’s headquarters. When installing the equipment, there is no need to disrupt the daily operations of stores or to bring in big installation teams. And, at HQ, the Displaydata ESL platform simply connects to retailers’ existing ERP and data systems.

• Is easy to secure: Displaydata uses a resilient and secure Wi-Fi frequency that does not suffer from interference from public Wi-Fi systems.

• Is easy to use: Central software provides simple drag and drop interfaces to build fully graphical label templates, allowing retailers to easily and remotely update shelf-edges anywhere.

• Is easy to monitor: Displaydata’s ESLs communicate back to a retailer’s headquarters to report what’s being displayed on each label as well as the label’s health status and temperature. The data can be used by the integrated reporting and audit capability to validate activities across entire estates of labels and communicators.

• Makes it easy to deploy Bluetooth beacons: Displaydata offers a label with Bluetooth so it’s easy to deploy and manage a Bluetooth beacon network using its simple infrastructure. The labels allow retailers to show engaging, targeted, and personalized promos on shoppers’ smartphones.

• Is easy to maintain: The Displaydata system is robust, reliable, and easy to maintain.

The Store Reigns Supreme

90% of all transactions still happen in-store. 10

Technology is valued

56% of shoppers feel that technology enhances their shopping experiences. 11
5 COMPELLING REASONS WHY YOU NEED ELECTRONIC SHELF LABELS (ESLS)

THE SHELF-EDGE ENIGMA

Retail is one of the world’s most innovative industries: Retailers are leading the drive to make the value in big data a commercial reality. They are showing how to reward loyalty and build value-based relationships, and are at the forefront of efforts to accelerate and optimize fulfillment.

Retail is hyper-competitive, too. The old cliché – that to not change is to die – is appropriate in this sector, which is going through a period of relentless invention. With augmented and virtual reality next on the agenda, progress isn’t about to stop either.

The most powerful sales influencer of all is the shelf-edge – where the vast majority of purchase decisions are made – is still based on paper and manual effort, which is costly, time-consuming, and open to error. Displaydata believes there’s a better way. The ESL is it.

It’s dynamic, allowing retailers to remotely alter any prices and promotions on any number of labels, anywhere. With ESLs, retailers can free up associates to focus on better serving the customer. They can display more compelling, rewarding, and timely promotions, discourage shopper showrooming by displaying price and competitive data, and display stock information that helps associates better assist customers and manage replenishment. And, the payback is quick – Displaydata customers within a specific category have seen in-store sales increase by up to 6%.

In our more connected, customer-driven, and fast-paced retail world, isn’t it time to price this way?

A major European retailer with over 800 stores is using Displaydata ESLs and secured payback in less than 16 months and predicts over 170% ROI within 2 years and over 400% ROI within 5 years.

TYPICAL RETURNS

Customers using Displaydata ESLs within a specific category typically see sales increase by up to 6% and margin by 2% to 3% with our labels.

12. Displaydata
13. Displaydata