

# Retail Televised

CompUSA uses in-store television to drive sales.

by

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Recently, TNS Media Intelligence reported that total ad spending in Q1 of 2006 accelerated by 5.2 percent as compared with Q1 of last year. As always, a deeper dive into the data suggests that there were some “winners and losers.”

Not surprisingly, internet display ads increased the fastest, posting a 19.4 percent gain. Free Standing Insets (FSIs, mostly in Sunday newspapers), meanwhile, were up 18.5 percent. In addition, “outdoor,” until recently considered a “backwater,” increased 11.1 percent—to almost \$850.0 million.

The “losers” were local newspapers, down 6.1 percent, followed by network radio and local radio, down 3.5 percent and 1.1 percent respectively. Lest anyone think that network TV ads are going away, they rang up a 12.5-percent gain in spending. (Some observers say this increase is in part due to ad spending on the Olympics that will not happen again for another two years).

These “macro trends” certainly are shaping what is occurring in the media world. But they also may reflect some of the innovative approaches that some advertisers started to take three or four years ago to respond to audience fragmentation. One sector that is particularly attuned to such changes is consumer electronics (CE) retailers.

In fact, Best Buy, Tweeters, Circuit City and other CE retailers have all added in-store media networks—particularly in departments that feature flat panel and HD televisions. Over the past two years, CompUSA, one of the leading CE retailers with 250 stores, has been experimenting with a centrally controlled in-store media network.

CompUSA’s goals were to avoid the fragmentation that is occurring in mass media, enhance the customer experience in their stores, and provide their custom-

ers with current and relevant information about some of their 80,000 products. At the end of the day, it was also about gaining sales lifts on featured products.

The content featured on the CompUSA in-store system is a mix of information about generic products like CPUs or security software; CompUSA brand-building; and short ads by companies like AMD and Symantec. The concept is to inform and

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to sell. All of the content on the system is presented in a High-Definition format.

The results of a test conducted in 2005 were striking. The test stores that had the CompUSA in-store media network coupled with FSIs enjoyed a 24-percent sales uplift on the products featured on the system, while those without the FSI saw an 11 percent increase. This test data was generated directly from the point-of-sales systems and compared stores without the product ads, but which had the media systems.

The data from CompUSA also suggests that when an in-store media network is

integrated into the media mix, with FSIs for example, that even bigger gains can be achieved.

The CompUSA system was designed and is managed by Play Network, a Seattle-based company that uses music and video to enhance the shopper experience and to drive sales.

In turn, In-Store Media Networks of Dallas, Texas, is responsible for selling all third-party ads on the system.

Diana Gundelfinger, the CEO of IMN, said that AMD has experienced a 38 percent increase in the sale of the products it advertises on the system. Symantec has done even better, she reports, with a 107 percent increase. Gundelfinger admits that “most of the spending is coming from merchandising dollars now” but she predicts that “in the next 18 to 24 months... ad dollars will start to move to in-store media as the larger agencies and their clients start to see these types of results.”

For its part, CompUSA has since extended its investment in its video network into a front-of-store application called “What’s Hot,” featuring new products on display and 42” video displays for specific prominent programming—all of it different from the programming airing in other areas of the store.

The key issue for in-store media networks is whether or not ad dollars will start to move to it as money is now moving towards on-line, outdoor and other so called “non-traditional” media. Stay tuned! ■

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