



Specialty Retail Overview

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What is a Specialty Retailer?

TYPE	VARIETY	ASSORTMENT	SERVICE	PRICES	SIZE (1000 SQ. FT.)	SKUS (x1000)	LOCATION
Department Stores	Broad	Deep to average	Average to high	Average to high	100-200	100	Regional Malls
Traditional discount stores	Broad	Average to shallow	Low	Low	60-80	25-30	Stand-alone power strip centers
Traditional specialty stores	Narrow	Deep	High	High	4-12	5	Regional malls
Category specialists	Narrow	Very deep	Low	Low	50-120	25-40	Stand-alone power strip centers
Warehouse clubs	Average	Shallow	Low	Very Low	80-100	4-5	Stand-alone
Hypermarkets	Broad	Average	Low	Low	200	50	Stand-alone
Off-price stores	Average	Deep, but varying	Low	Low	25-40	100	Stand-alone power strip centers Outlet malls



They deliver value to their customers through...

- a Narrow variety, but deep assortment and (e.g. just women's apparel)
- a Narrow, but deep expertise to match
- a unique Customer environment (Store Aesthetics, Merchandising, etc.)
- Customer service



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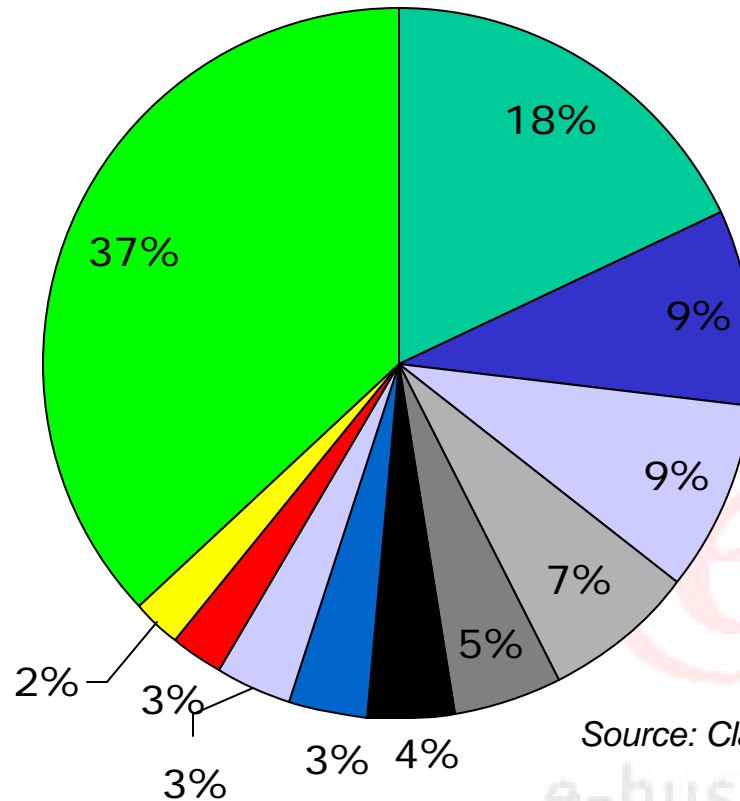
Specialty retailers don't call themselves "specialty" retailers

They call themselves...

- (Women's, Men's, Children's) Apparel Retailers
- Home Improvement Retailers
- Electronic Retailers
- Furniture Retailers
- Shoe Retailers
- Jewelry Retailers
- Sporting Goods Retailers
- Music/Video Retailers
- Auto Supply Retailers
- Toy Retailers
- Other Specialty Retailers



Worldwide Specialty POS Opportunity (2002-2004)



Source: Clarendon

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4 “buying types” of Specialty Retailers

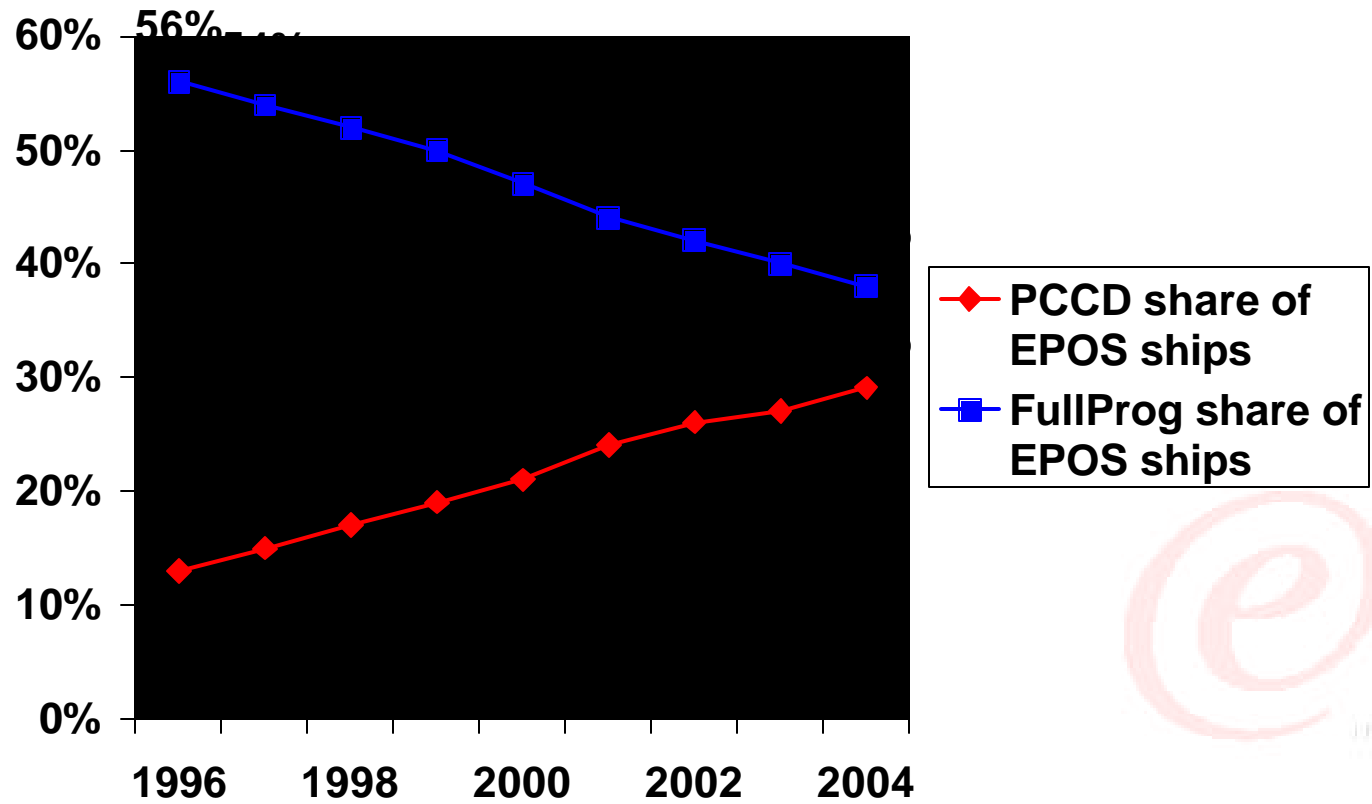
Subsegment of Specialty	Description	Examples
I/T Leaders	I/T Sophisticated retailer who integrates I/T into their business strategy. They understand what they want their POS to do and are willing to pay for the right solution.	Barnes & Noble
Traditional Specialty	Retailer who doesn't have terribly complex I/T needs, but still wants quality POS system that keeps pace with the industry's standard offerings	Limited Too
Entry Specialty	Retailer who views store I/T as an expense to be minimized, and therefore wants the barebones technology for a barebones price	1-2 store local chains
Category Killers	Retailer who has a fairly complex POS environment, but still seeks to minimize POS expense because the technology is used across several checkout lanes.	Bed, Bath & Beyond



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PC's with Cash Drawers (PCCD) are biggest "competitor"



Source: Clarendon

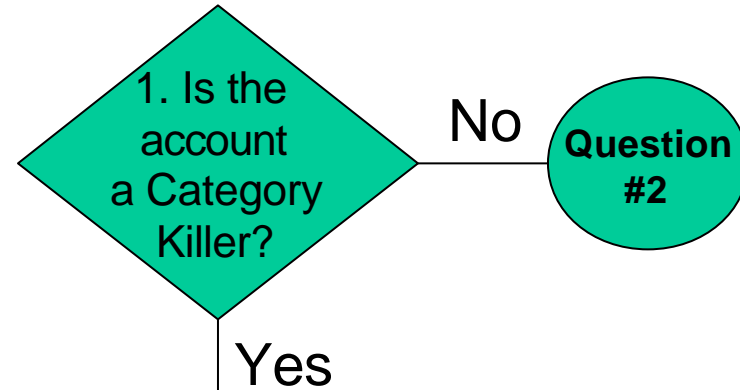


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Selling into Specialty: Category Killers

Question



Solution

- Lead with the SurePOS 300 (distributed system) or the SureOne (all-in-one)
- Check ISV SolutionLink for ISV
- May be candidate for Kiosk or Self-checkout

Rationale

- This account wants something reliable, but they generally want PC prices since they have to buy for several checklanes per store.
- Thin-client is also attractive to this customer.



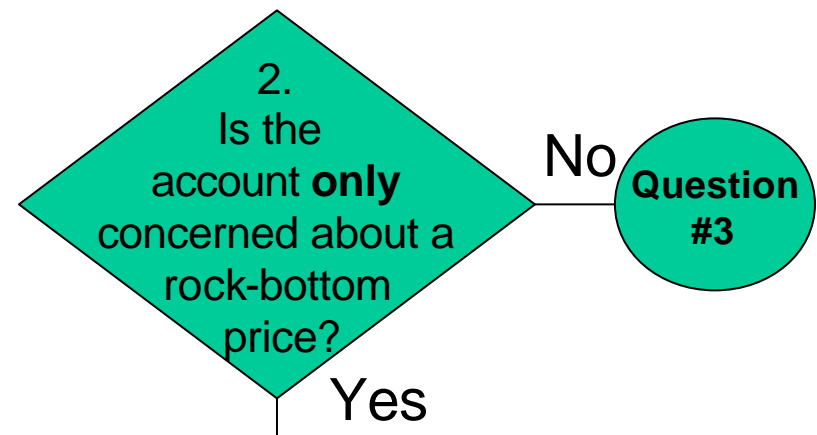
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Selling into Specialty: Entry Specialty

Question



Solution

- Lead with the SurePOS 300 (distributed system)
- or the SureOne (all-in-one)
- Look to include an IBM promotion or great financing
- Check ISV SolutionLink for ISV
- Share POS vs. PCCD collateral for accounts that are considering PC-Cash Drawers

Rationale

- They really do have limited funds (i.e. “buy merchandise or POS?)
- They are considering between a POS or a PC with a cash-drawer. They see the value of buying the POS that’s designed to withstand the rigors of retail, but the price is too steep
- Our entry specialty offerings have retail-hardening at PC prices.



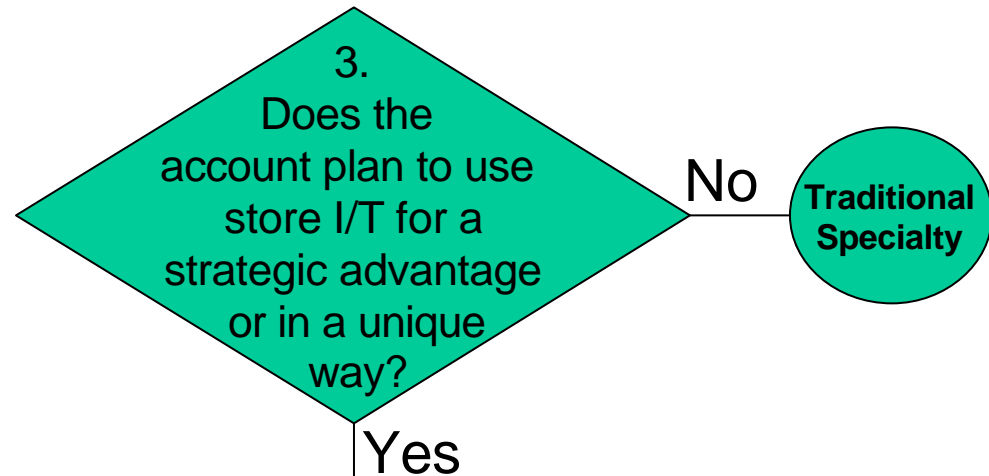
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Selling into Specialty: I/T Leader

Question



Solution

- Lead with the SurePOS 700--our most flexible configuration
- Or SurePOS 600, our award-winning and most attractive design for trendy store environments
- Share the DISU's Merchant Reach story for IMCR
- Check ISV SolutionLink for ISV

Rationale

- This retailer has a strategy for competing in the marketplace through better use of information or technology.
- They may be interested in getting more information about customers, or analyzing it in a different way, or building promotions around their learnings.
- They may be interested in a seamless brand image on the web, in the store, and through their catalog (integrated multi-channel retailing or IMCR)
- Kiosk may be an option for music, movies, and books retailers





Selling into Specialty: Traditional Specialty

The account is a traditional specialty retailer



Solution

- Lead with the SurePOS 600, our award-winning and most attractive design for trendy store environments
- Share POS vs. PCCD collateral for accounts that are considering PC-Cash Drawers
- Check ISV SolutionLink for ISV
- May be candidate for Kiosk

Rationale

- This retailer understands the value of a reliable system.
- IBM designs and supports it's systems to last for 7 years which means huge total cost of ownership savings over PC- cash drawer
- This retailer wants to keep pace with his competitors and store technology, so customer references are great to cite for these customers.
- Music, Movies, and Books retailers are Kiosk prospects

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Our Portfolio



IBM SurePOS™ 600 Series (I/T Leaders & Traditional Specialty)

- Specifically engineered for specialty retailers who want to create an attractive, ultramodern POS environment and run the latest e-business applications.
 - Sleek, integrated design creates clean, uncluttered POS
 - Fast, high-performance technology helps improve customer service
 - Retail-hardened construction gives maximum reliability and investment protection

IBM SurePOS 300 (Entry Specialty & Category Killers seeking thin-client)

- Surprising value, fast processing power and design flexibility, plus the reliability you expect from IBM.
 - Compact system unit fits in small places
 - Open platform and distributed design offer tremendous versatility
 - Thin-client or thick-client configurations meet your unique POS needs



IBM SureOne® (Entry Specialty all-in-one)

- An all-in-one POS system for budget-conscious specialty retailers and for stores where counterspace is limited.
 - Saves space and helps eliminate the need for complex integration
 - Familiar PC technology is easy to use
 - Retail-hardening helps lengthen equipment life



IBM Kiosk

- Convenient self-service in virtually any retail environment, the Web-enabled IBM Kiosk is optimized for integrated multichannel retailing (MerchantReach™).
 - Strengthen customer loyalty with personalized product information and services
 - Extend product offerings and help speed transaction handling without adding staff or stores
 - Sleek and elegant outside, yet retail-hardened throughout for longer-lasting service

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