

FRANK MAYER AND ASSOCIATES, INC.

# BUDGETING FOR YOUR INTERACTIVE PROJECT

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Ten  
Questions  
to Ask



*“How can we best meet the objectives and needs of this client within the framework of their budget?”*

**The in-store merchandising industry** has changed over the last decade. The initiation of a project is a more collaborative effort than it used to be. Projects may cut across merchandising, marketing, purchasing, information technology, operations and customer experience departments. Each of these functions brings a unique perspective on planning and execution. The purpose of this paper is to give all parties a framework to think about the important first step of establishing a budget.

Sometimes clients express the notion that to fully disclose a budget will place them at a disadvantage. This is a counterproductive mindset. In reality a good retail merchandising company approaches a project saying, *“How can we best meet the objectives and needs of this client within the framework of their budget?”* rather than *“How can we maximize the revenue from this project?”*

Defining objectives, requirements and a budget are important disciplines to exercise before launching an in-store interactive project. Reluctance to invest in these activities is like trying to build a house with a pile of wood, drywall, bricks and fixtures, but no specifications or drawings. You might end up with a livable house in the end, but you are likely to waste resources, take longer than you need and experience unnecessary frustration along the way.

Without a budget in mind, it is impossible to calculate the necessary ROI of a project. This can actually put the entire project in peril. Consider the following scenario:

**A client feels pressure** to get the ball rolling to meet a **4<sup>th</sup> quarter deadline** and starts an interactive project without a complete budget and ROI calculation. With software almost complete, he feels the need to evaluate different enclosure concepts and how they might fit into the retail landscape. There are just **15 weeks left** for engineering, prototype and production.

An in-store merchandising company designs the enclosure to meet all the criteria for functionality, branding and aesthetics, but the budget is yet to be determined. With **13.5 weeks left** on the deployment clock, refinements are requested to one of the designs. Revisions and new pricing are provided with **12.5 weeks remaining**.

At best there are **10 weeks** to complete engineering, production, integration and deployment to stores. A prototype is authorized for test of concept and fit of equipment, but engineering cannot begin until all the customer-provided electronic equipment arrives for computer modeling. With receipt of the equipment 1 week later, engineering begins to provide part drawings for 1.5 weeks of prototype build. With **8.5 weeks left** in the production schedule, ROI computations are finally completed.

In the end, it is determined that the results would be acceptable only if the price of the enclosure were 50% lower. Since this necessitates a redesign, evaluation of new materials and processes to meet the “new” budget, time quickly slips away and the crucial **4<sup>th</sup> quarter** holiday sales which the ROI figures depended on are now a pipe dream.



## Interactive Project Planning Checklist

The purpose of this paper is to help clients avoid scenarios like the one above by initiating a kiosk or interactive merchandising program with clearly defined goals that will lead to appropriate budget parameters. The following checklist and related considerations can be used for internal discussions to define the scope of a project. A conscientious and thorough in-store merchandising company should be willing to help a client work through any of these questions with the objective of arriving at a working number.

*One of the hallmarks of the digital era we're in is the rapid pace of change. The availability of tools for mobile connectivity and the adoption by consumers of a variety of mobile shopping behaviors has added an additional consideration into the display planning process.*

*Smartphone ownership has reached 56 percent of Americans and climbing. (Pew) The ubiquity of mobile devices and connectors like QR codes, text messaging and location-based technologies means that not only do interactive kiosks and merchandisers have the ability to bring the online experience in store; they also hold the promise of allowing connected consumers to continue that experience on their phones. The behavior of shoppers indicates they are primed to do just that.*

*Nielsen reports that smartphone shoppers are engaged in store in checking prices (50%), redeeming mobile coupons (34%), researching items (21%), and reading reviews (23%). Marketers should want to direct the attention of connected shoppers to their brand's own content.*

## 1 What are the primary objectives of your project?

- Key benefits for the brand
- Key benefits for the retailer
- What the consumer should be able to accomplish

## 2 Who is the target user of your solution?

- Physical characteristics or limitations that should be accounted for in the design
- What the expectations of connected consumers are

## 3 Where will the unit be placed?

- Environmental considerations that would affect the design and components
- The amount of traffic a unit will receive
- What peak traffic usage will look like

## 4 How many units will be deployed?

- In a test phase, if applicable
- In full rollout
- In one run or in split production runs

## 5 What are the size requirements?

- Parameters differ for floor-standing vs. counter units
- The necessary footprint must be defined

## 6 How long will the interactive solution be in the field?

- Impacts the length of the service agreement
- May impact planning for spare parts if a project has a long life

## 7 What key hardware features do the objectives of your project dictate? Some categories of hardware to consider are:

- CPU
- Monitor
- Printer
- Network connectivity
- Wireless devices
- Dispensers
- Input device
- Security features
- Currency acceptor
- Power protection



## 8 Has a software application been developed yet?

- The functions it needs to perform
- The kind of data that needs to be collected
- Possible links needed to existing websites
- External data communication technologies that may need to be supported
- Requirements for interface with the point of sale network
- Types of updates required

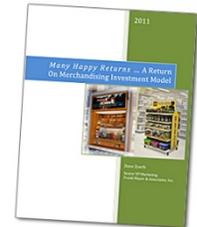
## 9 What look and feel do you want your solution to have?

- How the brand image should be incorporated into the design
- The kind of impression (whimsical, stylish, streamlined, etc.) the solution should convey

## 10 What are the installation, support and maintenance requirements of the unit?

- The necessity for simple plug-and-play or complete installation
- Training of store personnel may be a consideration
- The necessity for prescribed monitoring for peripheral management
- Need for a 24/7 response system

Once the answers to these questions lead to a budget number, a project's ROI can be calculated using the guide, [\*Many Happy Returns: a Return on Merchandising Investment Model\*](#).



### A Word about Sequence

An interactive unit consists of software, hardware and an enclosure. An in-store merchandising partner can serve as a single point of contact, integrating all of these phases of a project plus installation, service and maintenance.

The desired consumer interaction and the amount of information the retailer or brand wants to share or receive define the software phase of a project. Software must be at least in the initial stages of development in order for the appropriate hardware to be chosen. Software drives the hardware decision, and the hardware choices drive the design of the enclosure. In order to complete the design of an enclosure a list of components with all of their features and requirements is necessary.

Complete integration of a solution can include the following:

- Designing, engineering, prototyping, producing the enclosure
- Developing the software, including custom content
- Purchasing/integrating/configuring/testing the interactive components
- Installing in the field
- Warranty servicing and maintenance in the field

### The Value Proposition

A completed kiosk or interactive display is more than the sum of its components, the shape of its enclosure, or the user experience of its software application. The value of a well-designed kiosk encompasses a process, a product and performance.

A sound process leads to a viable product and the best chance of achieving the desired business outcome for the unit. A good in-store merchandising partner uses a proven approach that is creative, responsive at every point, and thorough in attention to detail.

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The management of an interactive project requires responsiveness that balances the objectives of the brand, desires of the location partner, and value to the end user. The integration of an interactive project requires coordination across suppliers and partners that takes into account the needs of these three parties.

The product is made up of the quality of its components and the message it carries about the brand or retailer. Kiosks and interactive merchandising do not stand alone; they are designed to be an integral part of a cohesive strategy and embody the look and feel of a larger marketing program. They are a vehicle for attracting and engaging the consumer, the end user. *“The branding message is a critical aspect of acceptance or failure of a solution,”* according to Ron Bowers, Senior Vice President Business Development for Frank Mayer and Associates, Inc. *“The design and promise of a solution is the initial attractant that is essential to trial and ultimately success.”*

Attention to detail can have a significant impact on the performance of an interactive unit in the field. Each kiosk or interactive display has a particular business outcome that can only be achieved if it continuously operates as planned. It has a lifetime purpose and a lifetime cost. Component selection and configuration do matter.

The price you pay today may not reflect the cost over the duration of a project. It is crucial to understand the quality of the components that an in-store merchandising company sources for your project. The savings perceived up-front can disappear quickly when a unit has a component with a high failure rate. The price of one service call can be two to three times the “savings” from the cheaper component.

The interactive solutions an in-store merchandising company produces should have an extremely high success rate. Ask for hard numbers that establish what kind of track record a company has once its solutions are in the field. Look at the strength of its portfolio. Inquire about the process it uses to design, engineer, test, produce and maintain a product that has integrity.

## Conclusion

A successful interactive display or kiosk has its genesis in a fully transparent consultative partnership between the client, the partners involved and the in-store merchandising company. Starting with defined parameters and a budget establishes a solid foundation for a project. It ensures that the resources of time and talent will be used efficiently to achieve the very best outcome. The interactive product is not just a checklist of considerations and components; it is the embodiment of a brand and its business objectives and the promise of utility for the retailer or location partner and the consumer over the lifetime of the project.

### **About Frank Mayer and Associates**

*Frank Mayer and Associates, Inc. is an in-store merchandising company with vast experience in designing and manufacturing branded permanent displays for virtually every retail format. Our clients are a wide range of Fortune 500 brands and retailers. We have been recognized by industry peers for creating and producing award-winning point of purchase displays, interactive merchandisers and kiosks. We offer promotional marketing capabilities that allow us to provide our customers with an unmatched depth of service.*