A Sign of the Times

Exploring the Rapid Growth in Digital Signage Deployments

Imagine walking up to a storefront window display. You see a large digital aquarium full of swimming fish. The seaweed moves as you walk by. Then you dial a number, press a few buttons and presto – you've customized a digital fish and are guiding it through the aquarium.

While a giant digital aquarium may sound far-fetched, it was all part of a summer marketing campaign for Carnival® Cruise Lines. It's just one of many uses companies and organizations around the globe are discovering for the rapidly-growing trend of digital signage.

Digital Signage 101

Just what is digital signage? In general, it's any type of digital display – typically an LCD, LED, or plasma screen – connected to a computer or playback device. Most of today's digital signs can be updated remotely and display a variety of media ranging from static images to video, audio, emergency messages and live video feeds.

The term "digital signage" is not without controversy. Many argue the phrase implies the simple replacement of static signs with digital devices – glossing over the many benefits digital signs have over their ink-and-paper counterparts. Other names used to describe digital signs include dynamic signage, electronic signage, narrowcasting and digital out-of-home advertising.

No matter what you call them, digital signs are catching on quickly. Technology

market analyst firm ABI Research predicts the overall market for digital signage in the United States will grow from nearly $1.3 billion in 2010 to almost $4.5 billion in 2016.

The Economist goes farther, predicting that digital signage spending will increase to $5.2 billion by 2016. Companies like Intel project 22 million digital signs populating the media landscape by the year 2015 – a revised figure that is six million signs greater than the company's original estimate.

Digital Signs Drive Growth

The advantages of digital signs can be harnessed across a wide variety of industries including retail, hospitality, entertainment, health care, education and banking. The principal advantage of digital signs is the ability to quickly change content in order to deliver targeted messages. For example, a restaurant owner might know families visit more often on Monday, groups of women stop in on Thursday, and couples dine out on the weekends. The restaurant can then target those specific groups with customized messages on the right day at the right time.

"The ability to update digital signs quickly is a big benefit," says Senior Manager of Strategic Alliances for Samsung Electronics - Russell Young. "It lets you respond to market conditions faster and change a price instantly. Smart digital sign systems can even detect what items

are slow movers so we can promote those products at the point of sale."

Other benefits of digital signs include displaying emergency messages, directional assistance, schedules and agendas. When used correctly, digital signs can drive sales, improve the customer experience and provide a competitive advantage – which translates into return on investment.

"A well-designed system with good content can provide a return on your investment within 18 months," remarks Norman McLeod, Director of Market Research at technology research and consulting firm InfoTrends.

Growth Drivers

A 2011 survey by DigitalSignageToday.com reveals some interesting trends when comparing 2009 to 2011 include:

- 24% of 2009 respondents expected to deploy new or additional screens in the 0-3 month period, whereas 49% of 2011 respondents expect to deploy or add displays.
- In 2009, 60% of displays had no third party advertising. In 2011, only 37% have no third party advertising.
- Respondents expecting to use digital signage primarily for internal communications doubled in the period 2009 to 2011.
- 57% of displays are now networked versus just 35% in 2009.

Why Invest in Digital Signage?

According to the DigitalSignageToday.com survey, "customer experience" is the primary reason companies plan to invest in digital signage in the coming years (59.2 percent), with "branding" coming in a close second (52.9 percent), and "ad revenue" coming in third (43.3 percent).

The retail industry may be considered a good bellwether of the real business impact of digital signage. A recent InfoTrends study reported that digital displays …
…Provide 47.7% effectiveness increase on brand awareness

... Actually increase the average purchase amount by 29.5%

...Generate a 32.8% growth in repeat buyers

...Generate not only a 32.8% more in-store traffic but customers spend 30% more time in the store

Can ROI be Measured?

While many analysts are pointing to >20% growth in most areas of the industry, can digital signage really result in a good payback period and return on investment?

Perry Goldstein, a veteran of the electronics industry, and sales & marketing manager with Marshall Electronics, comments that finance departments get out the microscope for close examination, as they should, especially when considering capital improvements. However, if a digital signage deployment is judged strictly on a "revenue out versus revenue in" approach, then the picture may be incomplete. There are simply too many variables and unknowns to judge the project only by a mathematical formula.

Some questions to consider: What period of time will it take for the hardware to be amortized? What would estimated sales be with and without the digital signs? What is the intrinsic value of modernizing? How much savings in printing and manpower costs? Can space be sold on the signs to recoup some of the cost?

As you can see, the formula can become complicated, and there are many soft or immeasurable costs to consider to accurately judge the real ROI.

Today, there are many methods, existing and emerging, to gauge traffic, time spent in front of the signs, and usage of the content. As these tools become more sophisticated, and more sign systems are deployed, the data will be compiled and an accurate snapshot of the effectiveness of the systems will emerge, in both institutional and commercial applications.

It is vital that companies do not shy away from employing digital signs because of some notion of a calculated ROI. The technology is proven to be effective, even necessary, and it's time has come. Yet it is prudent to be deliberate and get informed, but don't judge the project strictly on a mathematical formula (which is a work in progress). If you get

left behind the competition, you may never catch up.

Successes

Despite the difficulty in calculating ROI for digital signage projects, organizations across the industry spectrum are realizing great success. Here are some examples of how three different organizations are creating ROI with digital signage:

➡ The Tampa Bay Performing Arts Center (TBPAC) uses highly-targeted content as its digital signage goal. Before each event, visitors see and hear customized messages on the center's digital signs and speakers. "We don't make our messages overtly commercial," says TBPAC Vice President of Marketing Michael Kilgore. "Our goal is to entertain and educate ... we really want it to be about the experience. The content must be targeted, relevant and interesting. If it's not, people will tune it out." Response has been overwhelmingly positive – one little girl exclaimed, "Mom, listen, the building is singing!"

➡ The Southern Alberta Institute of Technology (SAIT) uses digital signs as a high-level communications initiative aimed at students, staff, faculty and campus visitors. "We use our digital signage to make everyone on campus aware of SAIT programming and activities, share success stories and build a sense of community," says SAIT Digital Sign Coordinator Jorge Palafox. "We also make it a tool people can use by welcoming content submissions from students, faculty and staff." Just two months after installation, a SAIT survey revealed 7 in 10 students watched the signs at some point in their day, and nearly 70% thought it was "the best" or "one of the best" sources of information about SAIT resources, services and activities.

➡ A Chicago luxury hotel uses digital signs to help visitors and meeting attendees navigate its massive 228,000 square foot building. The signs are equipped with radio frequency identification (RFID) technology. A RFID sensor can be placed in a conference attendee's nametag, and when the wearer approaches a sign, they'll view highly-customized content (e.g. their name, their meeting schedule, and directions to the next session). "The navigation component is a huge advantage," says the hotel's digital signage provider Bob Tomko of Hospitality Partners. "The hotel has 2,000 rooms, and the digital signage demonstrates to the meeting planners that while the hotel is large, it is still friendly and easy to navigate."

Looking to the Future

What is driving the explosive growth in digital signage, and where are things headed? Alex Romanov, CEO of iSIGN Media, lists the dramatically lower costs now associated with digital signage technology, plus the potential for media campaigns to engage potential customers with video, sound, and even three-dimensional images as some of the primary reasons.

Others point to the increased emphasis on mobile technology and its ramifications for the industry. According to the DigitalSignageToday.com survey, interaction with mobile devices is the runaway leader for the technology expected to have the greatest impact on digital signage in 2012-13. Other technologies noted as significantly impacting the growth in digital signage include audience recognition/measurement and social networking. And the convergence of these and other technologies is becoming a reality.

One example: Subway users in London

were encouraged to submit haiku-style poems using their mobile phones, and the poems were displayed in real time on the subway station's digital display.

Other trends to consider when navigating the digital signage landscape include new content approaches (such as synchronized multi-zone content), increased interactivity, facial recognition technology, and portability. All these trends underscore the increasing adoption of digital signage based on consumer demand.

Taking the Next Step

When planning a digital signage network, it's important to begin with the end in mind. Without targeted, relevant content digital signage is simply not effective. It pays to outline your content goals first, and then work backwards from there.

"Digital signs can actually become worse than no signs at all if they are sitting there with no image on them," says McLeod. "Tired content is also a problem. If people are seeing the same stuff everytime they come in, you're degrading the future effectiveness of your system."

In addition to establishing goals and content objectives for your digital signage system, it's important to begin deployment planning very early in the project process.

"Many companies get so wrapped up in selecting a technology they forget to plan for the deployment of that technology," says Bill Roberts, President of Network Services at Datatrend, a national technology solutions firm. "When you are investing in cutting-edge technology, it's absolutely critical that you get it out the door quickly with a rapid rollout. Any delay means wasted opportunity and puts your timeline and budget at risk."

When it comes to deployment, Roberts adds that it doesn't make sense to cut corners.

"Deployment is such a small part of the budget, but it can really make or break a project," says Roberts. "You wouldn't buy high-end carpet and hire an amateur to install it. In the same way, it makes sense to have your digital signage deployment run by expert project managers."

Targeted content, a clear goal and a well-managed deployment: when the three ingredients for an effective digital signage solution come together, your organization benefits. Like the customized digital fish in its storefront aquarium, you'll be hooking customers with an enhanced experience – and swimming away with greater customer satisfaction and increased revenues as a result.

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> - Norman McLeod

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