

WHITE PAPER

A Beginner's Guide to Digital Signage



INSIDE: Digital signage is changing the way businesses communicate. If you haven't thought about using this medium to enhance your messaging, you may already be behind. Learn from experts how to take advantage of digital signage's unique features.

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In a landmark Supreme Court case from 1964 (Jacobellis v. Ohio, for you trivia buffs), Justice Potter Stewart remarked that although he couldn't provide an iron-clad definition of obscenity as it applies to the cinema, "I know it when I see it."

Providing an iron-clad definition of digital signage proves to be less of a challenge, but, once again, seeing is believing. Semantics can be argued and hairs can be split about what, exactly, constitutes digital signage; but on the whole, it can be expressed in simple terms that are intuitively understandable:

Digital signage is any form of business communication where a dynamic messaging device is used to take the place of, or supplement, other forms of messaging.

Until very recently, this simply wasn't viable or cost-effective. Screens were too expensive, too big and wore out too quickly. The return wasn't strong enough.

But the LCD/plasma revolution changed, and is changing, all of that. Screens now are so affordable they can rival the printing costs of static posters over the course of time; they are thin and can hang on a wall (no more CRT units suspended from frightening-looking ceiling mounts); they can communicate with computer networks and fetch new content, eliminating the "sneakernet" days of employees trotting from screen to screen with armloads of VCR tapes.

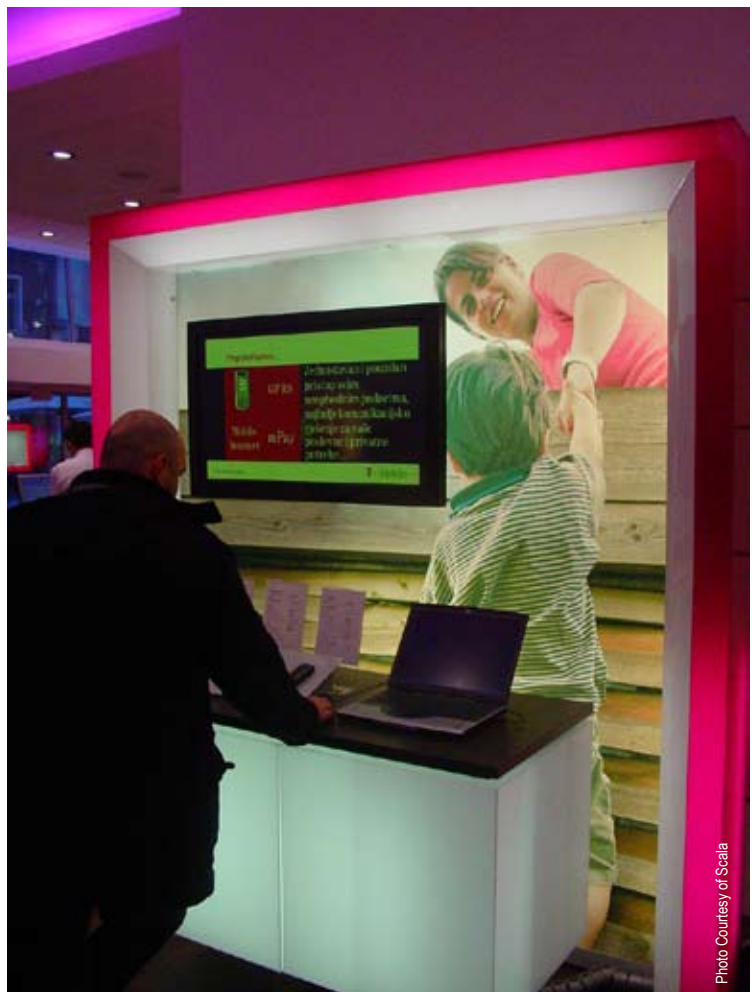
Some of the ways digital signage is used today include:

- In retail, communicating with customers about in-store specials, directing customers to other parts of the store, managing traffic and hotspots, and conveying brand messages
- In banks, displaying interest rates and product information, as well as lifestyle messages and branding
- In airports and bus stations, keeping



By Bill Yackey, editor,
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Mobile phone outlets have been a sector of the retail market that has benefited greatly from digital signage.



travelers updated on arrival and departure times while providing an advertising vehicle for shops and restaurants

- In casinos and entertainment venues, creating a customer experience that is consistent with the ambiance and atmosphere of excitement
- In doctors' offices and waiting rooms, providing entertainment to bored patients while giving an advertising vehicle to pharmaceutical companies and other providers
- In schools and on corporate campuses, facilitating a level of communication between parties that would have been unthinkable just a few years ago

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The unique features of digital signage networks

Place is known. Because the location of any display will be known, this information can be used to make the content more appropriate to the place. If a display is near one particular product, the content on the display can be crafted strategically with this in mind. For example, the content could promote that product or its benefits, create an appropriate mind set (ambiance, reminder) or promote a complementary product or service available elsewhere. Another aspect of "place" that is quite relevant is the fact that often a display is near the point of purchase. A great deal of research has shown that advertisements near the point of purchase are far more effective. Although the size of this effect and the explanation for why it happens are both controversial, it is clear that point-of-purchase information has a massive impact on behavior.

Time is known. Because a digital signage network is controlled by a networked content manager, content is "served" as a function of time of day. For example, content aimed at business travelers might be shown at an airport on Monday mornings and family-aimed content might be shown Friday afternoons.

Events are known. Information related to the fusion of time and place also can be known. For example, current weather conditions can be known. The traffic

flow can be known. The specifics of an event can be known (concert, sale, flight delay). Such information — and its use — is limited only by the creativity of the digital signage network designers.

Audience is known. Because time and place are known, audience demographic and psychographic information can be well specified. This allows for highly relevant "narrowcasting" that should speak directly to the audience at that moment.

Content is dynamic. Dynamic digital content has numerous advantages over other forms of advertising. Compared to print, the content creation/distribution process is more rapid and less costly. Also, the content can be customized and tailored "on the fly" to each display device separately. Finally, the medium allows for animation and, in the case of kiosks, interactive opportunities.

(Excerpted from "Digital Signage Networks: Theory, Psychology and Strategy" by Pixel Inspiration Ltd., reprinted with kind permission.)

And the list goes on. Virtually any place that has printed signage — bus shelters and payphone booths, shopping malls, the tops of gas pumps — has the potential to improve its worth with an upgrade to digital, dynamic messaging.

Despite all the progress that has been made, digital signage still is a very complex proposition for the company installing it. Mike White, president of systems integration firm Multi-Media Solutions, called digital signage “one of the toughest A/V installs in the world.”

Why is it so challenging?

On the surface, our definition might make digital signage seem like simplicity itself. After all, most everyone has a television set in his home, and, in most cases, that set was installed by the person who bought it. Take it home, plug it in, turn it on — that’s all there is to it, right?

In the case of televisions and homes, yes, that usually is all there is to it, although even this is changing as the evolving nature of home theater becomes more and more complex. But dynamic signage in the business environment is exponentially more complicated for a number of reasons:

- The content strategy usually needs to be tackled from scratch. Digital signage content has a completely new set of requirements; existing media assets often provide a good starting point, but few of them can be reused outright.
- Content needs vary across the enterprise. In all but the simplest digital signage deployments, multiple screen sizes and orientations are used — and a 42-inch screen in landscape mode calls for very different content than a 32-inch screen in portrait mode. The greater the number of screens in the network, the greater the organizational challenge for content.
- Multiple networks might be involved. The most beneficial digital signage products touch one or more networks. In retail, for instance, the signage network might be designed to communicate with the POS network in order to gauge content effectiveness versus sales. But getting any two (or more) networks to communicate is an

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Content is still king – in order to engage audiences, it needs to be relevant to the people watching it.



Photo Courtesy of Scala

IT challenge, and it increases with the number of networks and nodes involved.

- Very different business disciplines are at work. Digital signage appears on the surface to be an IT project. And yet, it also seems to be a marketing initiative. The rub? It's both, and it calls for some real teamwork and sharing of duties.

Business models and business cases for digital signage

Whatever digital signage is and however you choose to think about it, it is important to remember that it does not exist in a vacuum — it is a business process that will become a daily part of operations the moment the screens are turned on.

Companies thinking about implementing digital signage need to carefully lay the groundwork, and this chiefly consists of asking the big-picture questions: Why do we want to do this? What do we want the screens to accomplish? How will we judge whether they are working?

Most digital signage installations fall into one of four broad categories:

- 1. Sales uplift:** These screen networks take specific aim at increasing sales using digital messaging. Examples include “sale on aisle four”-type messages, countdown discounts (i.e., sales that will expire in a certain number of minutes), cross-sell messages located in strategic parts of the store and direct calls to action. While this type of display network is of primary interest to retailers, it is used in other verticals such as banking and foodservice.
- 2. Brand messaging:** These networks concern themselves with extending the business brand and enhancing the customer's opinion and experience of that brand. Examples include the in-store network at Target, for instance, which continually beams lifestyle messages (animations of happy people using and buying Target products). In the case of large retailers like Target, those messages usually are planned to work in tandem with other advertising, chiefly television.
- 3. Third-party advertising:** This business model probably has received more attention than any other because it speaks directly to ROI. Under this model, businesses that own or host the screens sell some or all of the screen real estate to third parties. Convenience stores may allow candy makers and beer companies to buy ad space on a rotator or a crawl; screens in public areas often are subsidized by ads for local restaurants and attractions.

MEDIA BUYERS TODAY ARE IN A TOUGH SPOT. PRESSURE FROM ADVERTISERS TO RESEARCH AND BUY NEW MEDIA MEANS MORE TIME AND EFFORT THAN IN THE PAST, WHEN THEY WENT STRAIGHT TO TV, RADIO AND PRINT.

4. Entertainment/customer engagement: Customers hate waiting in lines, and retailers long have known that if you give those customers something interesting to look at, they'll feel as if the wait is shorter than it actually is (this is why tabloids are positioned near checkout lines in grocery stores). Digital signage can be used to accomplish this “wait-warping,” providing entertainment and lifestyle content to catch the customer’s eye and improve his mood.

For No. 3, measurability is easy. The advertising model provides a built-in set of metrics that allow a deployer to determine how well the signage initiative is working: advertising sales.

For the other three, though, the business case is a bit tougher. Brand messaging and entertainment/customer engagement are long-term endeavors that are not as easily measured; both work on a psychological level with the customer, and the results might not be noticeable for some time, if ever. Deployers using digital screens for either or both of these purposes need to incorporate the signage budget and workflow into the overall business plan and not expect it to “prove itself” as a silo.

Sales uplift proves even trickier because another layer of measurement is required. So you’re running promotional spots for a certain type of candy bar — how will you know whether those spots were effective?

The data exists in the POS system, but it will need to be stacked up against the playlist of the digital signage network to see what, if any, relationship exists.

Measurement and analysis: Ad-based messaging

Selling ad space on a digital sign is not for everyone. Many retailers will find that they are better off sticking to retail, rather than trying to branch out into ad sales; others blanch at the thought of content from other sources appearing alongside their carefully developed brand. But in many cases, the model is a good fit.

The growth of in-store media comes at a time when ad buyers are at a crossroads. Brands are experimenting with new media of every sort, looking for ways to staunch the bleeding caused by personal video recorders, or PVRs, ad blockers and a general consumer “tuning out” of traditional advertising.

Stores can benefit from digital signage by using it for brand enhancement as well as selling ads on the network for products in the store.



Photo Courtesy of Scala

Media buyers today are in a tough spot. Pressure from advertisers to research and buy new media means more time and effort than in the past, when they went straight to TV, radio and print.

One common concern is the possibility of cannibalizing existing co-op funds — in other words, will convincing brands to advertise on digital screens just cause them to reduce the money they spend elsewhere in the store?

According to June Eva Peoples, vice president of business development for measurement software company DS-IQ, the answer is no.

“Most of the CPG advertisers we work with bring new dollars to the medium, often from a separate bucket dedicated to experimentation with new media offerings,” she said. “P&G, Unilever, Hershey and others have said publicly that they intend to expand the promotional money they spend in-store, reducing general broadcast dollars. We expect that manufacturers will bring a more rigorous cost-benefit analysis to many areas of marketing, including media spend. This should benefit in-store networks, which are measurable and have very attractive rate cards.”

Scott Templeton, senior vice president of business development for LevelVision, said retailers need to totally change their thinking when it comes to co-op money.

“Retailers need a frontal lobotomy to fix how they look at this,” he said. “They are paranoid that a digital signage application may cannibalize their co-op money, yet they don’t know how much they are really getting and what percentage of their channel co-op dollars they are getting. If digital signage has proven to be more effective than most other forms of advertising, why wouldn’t you want to shift some of your existing co-op money over to it and sell more product? Selling more product with the co-op dollars you get is what gets you more co-op money next quarter or next year.”

Templeton, whose company sells ad space on floor-mounted displays, said digital signage is attractive to brands looking to spend their co-op money.

“The fact of the matter is, a digital signage network makes better use of existing co-op dollars, helps attract more dollars from existing pools and allows retailers to tap other pools of money that brands and product companies have. I have attracted brand and new product introduction money from Coke and Pepsi because I had a digital network and a proven track record, and this was incremental money the retailer would not have received without the network.”

“THINK ABOUT HOW TO INCLUDE MEASUREMENT SERVICES THAT DEVELOP ONGOING INSIGHT ABOUT HOW YOUR CUSTOMERS RESPOND TO THE NETWORK AND SPECIFIC KINDS OF CAMPAIGNS, SO THAT ADVERTISERS ARE BUYING MORE THAN EYEBALLS — THEY ARE GETTING INTELLIGENT, BEHAVIOR-BASED TARGETING.”

*— JUNE EVA PEOPLES,
VICE PRESIDENT OF BUSINESS DEVELOPMENT FOR
DS-IQ*

Dealing with media buyers

The ad-buying business is very different now than it was just a few years ago. While this obviously has much to do with new media, it is largely affected by one particular innovation by one particular company: Google's search marketing. Through the use of keywords, Google allows advertisers to hit certain demographics, which is what media planning and buying is all about.

To that end, screen deployers that want to court media buyers need to spend some time and money doing audience research, building a comprehensive profile of who exactly will be seeing the screens. That information needs to be distilled into a compelling media kit that describes the entire value proposition of the screens at a glance.

For retailers, the potential client list is obvious: brands that are already sold in the store. However, this can create an interesting dynamic when the retailer sells competing products — for instance, a grocery store with its own private label foods.

For instance, if a given chain sells Nabisco cookies for a net margin of five cents but sells an equivalent house-brand cookie with net margins of 25 cents, it is in the chain's best interest to emphasize the house brand. On the surface, this would seem to imply that courting Nabisco as an advertiser would be a bad idea.

Not so, however. Promoting Nabisco in this case adds brand authority to the store and also allows the store to cross-sell other products that could go along with the Nabisco ones.

"Think about how you communicate the total value delivered to advertisers when they place content on your network," Peoples said. "The audience, who are they? What is relevant to them? How does your audience

Use in-store signage to motivate people to try new products. The key is to increase the in-store conversion numbers.



reflect demographics and behavior that might be valuable to specific advertisers? Think about how to include measurement services that develop ongoing insight about how your customers respond to the network and specific kinds of campaigns, so that advertisers are buying more than eyeballs — they are getting intelligent, behavior-based targeting.”

Measurement and analysis: Brand, entertainment and promotional messaging

Companies often will use digital signage to enhance their customer's experience, deliver branding messages and communicate with employees — with no advertisements to be found.

Even though there is no ad buyer to report to with such a network, good measurement numbers are just as necessary. And it is wise to begin with some of the same strategies that apply to ad-driven networks — chief among them, the mandate to know your audience.

“People shopping stores are the same ones zapping out TiVo and blocking banners online,” said Laura Davis-Taylor of Retail Media Consulting. In other words, if you want to effectively communicate with the people in your space, do so in a way that will not intuitively feel like an advertisement.

“The shopper is in a store,” she said. “Motivate them to buy, to engage, to explore a new product or simply make them happy. There's a lot of powerful things that can be done to add value to the shopping experience.”

All of the actual methods of measuring customer activity that work for ad-supported networks also work for brand-driven ones, but the data is interpreted differently. On an ad-driven network, a manager might look at the sales data for a specific product at various times of the day and compare that to the playlist to see when ads for that product ran.

For branding messages, that manager would look at specific business aspects emphasized in the digital content. For instance, suppose a sporting goods store loops a promotional spot for its free loyalty program. This playlist could be correlated with POS data on how many new sign-ups were generated.

Some other examples of how data from an informational network can be read:

- A bank uses digital signage to loop through promotional spots for home equity lines, certificates of deposit or safety deposit boxes. After a month of running this particular playlist — long enough to

establish benchmark data — one or more of the spots are switched out, and end-of-day sales results are compared.

- A quick-service restaurant shows combo meal specials on screens above the counter — and includes some sort of customer trigger (“Mention discount code XYZ to get a dollar off this meal!”). Not only is the “coupon” data captured, but the customer is trained to look at the screen from now on.
- An automobile dealer uses digital signage to convey branding messages, emphasizing new vehicles and additional features. End-of-month sales figures can easily be correlated with the cars and features that were looped.

In addition to matters that are directly related to sales, measurement numbers can help companies refine and improve their physical space and its setup. Traffic data can be visually mapped to show “hot spots,” giving instant visual confirmation of where people are most likely to linger within the store.

If the store’s signage content is compelling, red spots on the map (indicating long dwell times) will align with locations of screens, enabling store planners to push the flow of traffic to desired areas by repositioning the screens or adding new ones. On the other hand, if those red spots are not aligning with the screens, that could be a sign that the content is not resonating with customers.

About the sponsor: Driving more than 200,000 screens worldwide, Scala is a leading global provider of digital signage and advertising management solutions. Scala is the world’s first connected signage company, offering the leading platform for content creation, management and distribution in digital signage networks and the first unified platform for advertising management of both traditional and digital signage networks. The company’s digital signage customers include Rabobank, IKEA, Burger King, T-Mobile, Virgin MegaStore, Warner Brothers, The Life Channel, Rikstoto, Repsol, NorgesGruppen and thousands more. Advertising management customers include CBS Outdoor, Clear Channel Outdoor and Magic Media, among others. Scala has satisfied the previous customers and more as a result of a 22-year successful history in the digital signage business. Scala is headquartered near Philadelphia, USA, and has subsidiaries in Canada, Netherlands, Germany, France, Norway and Japan, as well as more than 450 partners in more than 60 countries. More information is available at www.scala.com.