

Enhancing Information Flow with

DIGITAL SIGNAGE



BY GREG BERLOCHER

Before heading home after work, Ronnie Smith swings by the ATM, runs into the grocery store for a few items and then stops at the gas station. All three venues feature something in common: Flat-panel video screens beaming highly focused marketing messages at customers as they fill their wallets, grocery bags and gas tanks.

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Throughout the last few years, digital signage has seen widespread adoption by a number of different industries. It is hard to go anywhere without seeing shiny new video displays. The digital signage market is expected to grow significantly due to the number of services it can provide.

"First, companies want to inform. You may want to provide specific information to a prospective customer or send company-related information to employees," says Claude Rousseau, senior analyst with NSR. "Second, companies want to drive sales and retain customers. It is important to remember that digital signage isn't just about advertising. The medium is very powerful. Many companies are deploying systems to keep their employees informed and up to date. Companies can leverage their existing expertise in business television and training to create good messaging. Digital signage isn't a one shot deal. It should be built on the existing pillars of the business."

Mike Tippetts, president of Helius, agrees "Don't pigeonhole digital signage as a retail tool or you will miss a lot of opportunities. Screens can be used to attract, inform, and influence people in any industry," he says.

Sorting out exactly what is and what is not digital signage is difficult, as the moniker is a large tent covering a wide variety of video applications, including point-of-sale advertising, branding, disseminating information and training as well as pure signage. "A digital signage system consists of video screens, an audio system, transport technology, and content," says Randy Palubiak, president of Enliten Management Group, a Marietta, Ga.-based consultancy. "Transport technology encompasses a lot more things than bandwidth. It's hard to define all the pieces involved because it changes depending on the customer's infrastructure. All the pieces must be brought together and work harmoniously, or else the system will fail to live up to its expectations."

The question is what role will satellite play in the evolution of the medium.

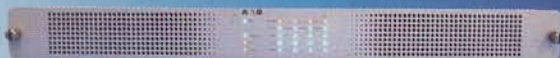
Show And Tell

Corporations with multiple locations are faced with the task of keeping their work force informed and disseminating company information by video is growing in popularity. Digital signage in lobbies, reception areas, and lunch rooms is increasingly common.

Banks and financial institutions have discovered that digital signage is a great way to educate their customers. As clients queue waiting to conduct a transaction, video screens in lobbies and vestibules inform customers of all the financial services available to them. Industry studies have shown that

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↑ There has been a heavy uptake in digital signage in various vertical markets around the world, in particular in the gasoline retail market as stores want to entice customers buying gas to go inside and purchase other products.

engaging content on video screens holds the attention of customers and minimizes their perceived waiting time.

Retailers are always seeking ways to increase sales and major retail chains deployed some of the first digital signage networks. "Big box retailers use digital signage for two major reasons: for increasing awareness and to drive uplift," says David Myers, senior vice president of marketing and corporate development at Spacenet. "One sign may greet you as you enter the store while additional signs in other parts of the store promote specific products. This allows the store to provide product information with their particular spin on it. A message can also have a call to action integrated into it — such as a special price on soft drinks — which

often spurs sales."

Myers notes that advertising is driving some of the growth of digital media in the retail sector. "Some networks are being deployed because they generate advertising revenue in addition to increasing direct customer sales," he says. "A good example is Fuelcast International, which puts video displays on fuel pumps. They transmit news, weather, and sports information to the LCD displays which holds the consumers attention. Fuelcast sells advertising space and inserts short ads between the other programming as well as creates promotions that encourage additional point-of-sale purchases."

The entertainment market — casinos and sports venues — is the number one vertical market for Scala, a manufacturer of digital signage software, says Dick Trask, the company's director of public relations. "We see a heavy uptake in digital signage in a dozen different vertical markets around the world. Retail is the second largest vertical we serve," he says. "We see a lot of growth in the gasoline retail market. C-stores want to entice someone buying gas to go inside and purchase something to eat or drink. Roughly 70 percent of buying decisions in the retail environment are made at the point of sale, basically as the customer is walking down the aisle. Retailers want their ad messages as close to the buying decision as they can get them. That is the real power of digital signage."

Market Dynamics

Market research from several firms suggests hockey stick growth curves for the signage market. The Washington-based Digital Signage Forum estimates that revenues for the entire industry will top \$3 billion by 2009 and satellite installations will grow by 18 percent. There are several underlying reasons why digital signage is exploding. "Generation X and Y embrace video and live in a video-centric culture," says Palubiak. "Older generations are content to look at PowerPoint-like presentations, but younger

generations expect and react to rich video content."

The cost of hardware required to deploy a digital signage network also has dropped significantly, thereby shortening the return on investment of new networks. "Just a few years ago a 40-inch display cost \$7,000," says Trask. "You can get the same one now for \$1,000.

TiVo has dramatically affected the way people watch television. They can now blast through commercials they were forced to watch in the past. Advertisers still need to get their message out and digital signage is an attractive alternative to television advertising," he says.

But digital signage remains a very fragmented market, and potential cus-

tomers must sort through a number of different vendors who each contribute a portion to the overall solution. Some of the hardware options include video monitors, sound systems, video players, content management software and multicast engines. So far, the leading VSAT service providers have taken different paths providing digital signage solutions. Hughes Network Systems recently acquired Helius, a leading manufacturer of digital signage software which now operates as a wholly owned subsidiary and works closely with HNS' base of retail customers.

Spacenet, on the other hand, is remaining vendor agnostic, opting to work with a number of different suppliers. "The digital signage market is still in development," says Myers. "The technology is increasingly more cost effective and the business models for content management providers are maturing. But for the most part, there are no clear leaders across all vertical markets, so our strategy is to be an open source platform to enable delivery of streaming, store and forward, or two-way video from a variety of digital media providers. This flexibility allows us to custom tailor the right solution for our clients and to take advantage of the latest capabilities in a rapidly emerging market."

A Natural Fit?

Satellite technology seems to be the logical choice for distributing content, and while the number of VSAT installations is certainly growing, the uptake by the signage market could be much higher. Ottawa-based Ram Telecom is in the early phase of deploying a satellite-based digital signage network for a large retailer in Canada, says Greg Patterson, the company's vice president of business development. "In this market, content is king and some potential customers don't care how it is delivered. Satellite has a huge advantage if the content contains time sensitive information."

Helius' Tippets sees "some bias against satellite in many IT departments, especially smaller chains. They believe satellite is old technology and expensive," he says. "Some compa-

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— Palubiak, Enliten Management Group

nies we call on have large terrestrial networks deployed and initially insist on running all the content through the ground. They say, 'We have all the bandwidth you could possibly ever need.' Then I ask them if they can send a five-minute HD video clip to a thousand stores. The response: 'Not on our network.' If the client intends on delivering news items or time-sensitive information they will need a fat pipe.

"Satellite technology is beneficial because it allows companies to use high quality video in their digital signage networks," says Tippets. "Our software allows customers to easily integrate both terrestrial and satellite delivery of video."

Tippets also notes an interesting trend: "We are seeing the digital signage networks used for advertising and branding being owned or con-

trolled by marketing departments, while those networks used for corporate communications are controlled by human resources or IT departments. When these groups look at the overall business case they realize that the same screen can deliver multiple messages. If we can get the two groups together we can bundle two different budgets together and develop a better overall solution."

A Look To The Future

Rousseau sees satellite playing a key role in the growth of the digital signage market. "One of the reasons satellite delivery of digital signage content will grow is because satellite integrates better now with [local area networks] and [wide area networks]," he says. "It is now getting some recognition as a transport technology and is becoming more mainstream. In addition, the satellite industry has roots in business television. They already have a base to grow on. Plus, satellite allows for a far more complex delivery solution than narrowcasting. Companies can respond quickly and easily with different content aimed at different geographic or ethnic markets.

Patterson noted that radio-frequency identification technology also is poised to affect the overall landscape of retail networks in the future. "In the near future, products will be equipped with [radio frequency] tags and consumers can get additional information simply by placing the tag in front of a tag reader," he says. "There is going to be a tremendous amount of information going out to stores to support these systems. Imagine the size of a video file for every product in a store. Then imagine the chore of sending it 500 times over land lines. Multicasting it just once to every store is much more efficient."





Rousseau says, "Like all emerging markets, digital signage is very fragmented. There will be a lot of growth in the future but expect some changes along the way." ▽


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