



WHY DIGITAL SIGNAGE?

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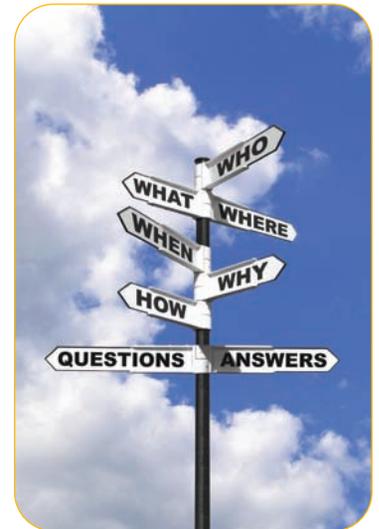
WHY DIGITAL SIGNAGE?

Many factors contribute to the skyrocketing popularity of digital signage in meeting a variety of communications goals.

Once seen as a novelty among competing media, digital signage has come into its own as a highly efficient and effective communications medium. Digital signage leverages demographic efficiency, viewer familiarity and even interactive control to communicate marketing, advertising, informational and promotional messages in a manner that is effective and growing in popularity.

Market research and forecasts released in 2010 by IMS Research attest to the stature of digital signage. The research reveals the digital signage market reached \$3.9 billion in 2009 and will grow at a 20 percent clip annually through the end of 2012. When large format LED displays, such as the type used in arena and stadium settings, are backed out of that forecast, the growth rate for digital signage is even higher, according to the Wellingborough, U.K.,-based research organization.

Another good measure of the popularity of digital signage as a communications medium is the amount of money marketers are willing to spend to communicate their message via digital signs. A recent media forecast from PQ Media reveals spending will grow at a compound annual rate of 9.4 percent in the United States through 2014 on out-of-home (OOH) media. The research organization defines OOH as including video advertising networks, digital billboards and alternative ambient ads.





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Drilling down a bit further in the PQ Media research reveals video advertising networks -such as those made possible by digital signage networks- will enjoy a return to accelerated growth of 5.7 percent this year after growing a modest 1.2 percent during the recessionary conditions of 2009. Prior to the economic downturn, video advertising networks were recording 17.2 percent compound annual growth from 2004 to 2009, according to the research organization.

Beyond the numbers, everyday life delivers countless reminders of the growing popularity of communicating via flat panel, out-of-the-home digital displays. In fact, it may be possible to encounter a dozen or more such displays in a single day...

Beyond the numbers, everyday life delivers countless reminders of the growing popularity of communicating via flat panel, out-of-the-home digital displays. In fact, it may be possible to encounter a dozen or more such displays in a single day, ranging from talking gas pumps with LCD screens, to signs conveying train and bus schedules at

depots, screens welcoming visitors to office lobbies, digital displays of lunch menus, digital signs in shops ranging from hip boutiques to grocery stores, flat panels in hotel lobbies and digital signs in arenas and stadiums.





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With so much growth, the obvious question is, Why? Why are digital signs enjoying such popularity? Why are more professional communicators, marketers and advertisers turning to this medium to deliver their important messages? This white paper seeks to answer these basic questions. To be sure, there are many answers, but those explored here address some of the most fundamental reasons for the dramatic growth of digital signage as a highly valued communications medium.

TAPPING INTO AMERICA'S LOVE AFFAIR WITH TV

Media consumption patterns among the public are changing dramatically. The latest figures for the Audit Bureau of Circulation, a leading, independent organization that measures and verifies the circulation of newspapers and magazines, show the steep drop off in newspaper circulation is continuing, with weekday circulation falling 8.7 percent in the six month period ending March, 31, 2010, compared to the same period in 2009. Sunday newspaper circulation declined 6.5 percent, the figures showed. These statistics are just the latest in a long string of bad circulation reports for the newspaper industry.

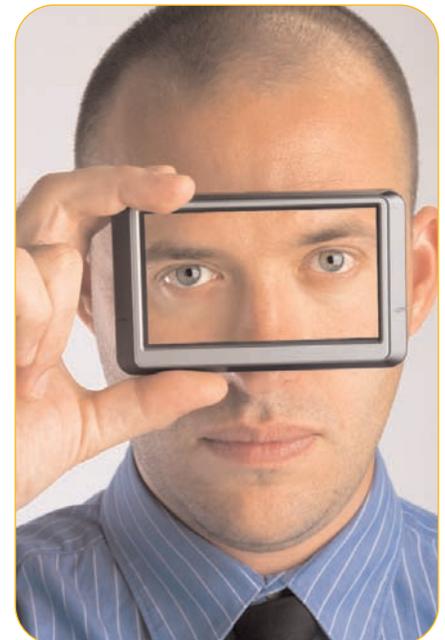
Book publishers, too, have experienced declines. A May 29, 2009, article by Motoko Rich of The New York Times reported book "publishers have continued to report double-digit sales declines." The same article quoted Borders Group reporting that in the first quarter of 2009 sales fell 12 percent.

However, while it appears interest in reading newspapers and books is declining, watching television is more popular than ever. Findings from a Nielsen report released in February reveal average Americans spent a record 151 hours of time watching television per month. That's up six hours from the same period the year before.



Marketers, corporate communicators, advertising agencies and other media professionals are aware of these changing media consumption patterns. While people still read, video – whether it's on a TV, a Web site, a mobile phone, a portable DVD player or some other device – is today the undisputed champion of media.

Digital signage offers a means for nearly any size of enterprise to tap into this lock video has on most Americans and begin communicating with people in a medium they find appealing and comfortable. Without question, there are numerous reasons professional communicators should select digital signage for their messaging, but none is stronger than this simple fact: People in the United States don't simply love TV; they can't get enough of it. Best of all, digital signage taps into this love affair without the expense and headaches of actually delivering "real" television.



Digital signage content can be every bit as powerful and persuasive as "real TV." It relies on the same graphics, animation, text and video that TV delivers with the added benefit that it -unlike TV- can be used to target specific messages to very specific groups of people.

NARROWCASTING - EFFICIENT, AFFORDABLE MESSAGING

Digital signage offers those with something to say a way to convey their messages in a targeted, effective manner that cuts through the noise of distraction and focuses the attention of a sought-after audience on a specific action, concept or mood.



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It is the ideal medium to narrowcast a specific message to a target audience – thereby sidestepping the expense of paying for a mass audience when only a small percentage of that audience is of any interest to a communicator.

Consider buying commercial time on a local television station. TV delivers the well-proven persuasiveness of video as a medium, but it also carries with it a rate structure based on the size of the market and the number of people who tune in. Cable TV and IPTV refine this equation a bit, since both can offer geographically targeted ad buys within the market they serve. But even that alternative delivers tens of thousands of viewers who never have had,

nor ever will have, any interest in the communicator's message.

Contrast that shotgun method with the rifle-like precision of communicating via digital signage. Digital signs aren't positioned willy-nilly. They hang in specific locations for an obvious reason: they are in close proximity to areas that

attract people. For instance, a grocery store's produce stand attracts shoppers interested in fruits and vegetables; a factory lunch room draws hungry company workers; the entry way of a university science building attracts science majors.

Couple this geo-relevancy with a digital sign's ability to play back video, graphics, text, animation and audio in a fashion that – if done properly – is indistinguishable from the quality of high definition television programming, and it should be clear that no other video-based medium offers the impact of TV to such a highly qualified audience for so little investment.



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If the use of digital signage is commercial, so much the better. What other video-based medium gives marketers the opportunity to influence, cajole and direct shoppers so close to the point of purchase? A well received digital signage message could mean the difference between a sale and no sale, selling one brand or another, or selling complementary items. Digital signage leverages a powerful, familiar form of communications to deliver persuasive or informative messaging to a select group of people who by their very proximity to the sign are likely to have an interest in the message being communicated.

TIMELINESS AND AVAILABILITY

Two other key advantages of digital signage are timeliness and availability. Digital signs, unlike printed signs, can be updated within minutes to take advantage of special opportunities or circumstances. Such timeliness is unapproachable by print.



The tendency to not want to change printed signs is understandable. Printing is expensive, both in terms of money and time. The process involves conceiving the message, creating the design, assembling the pieces and – depending upon the complexity of the project and the quality desired – handing off the project to a printer, who puts it in his queue of jobs

Once printed and displayed, the new sign has a brief life as a fresh communications tool. Soon, it's been seen by customers and prospects numerous times and it fades into the background – somewhere between the pictures on the wall and the paint. At that point, the cycle begins again.



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Contrast the effort, time and expense of creating static printed signs with the timeliness of digital signage. Adding scrolling text, animated clips, motion graphics, video and sound – all effective components of a well integrated digital signage message – can be fast and easy with the help of digital signage templates.

The ability to communicate timely messages is nowhere better illustrated than during emergency situations. Digital signage offers a means to target critical lifesaving information to specific areas threatened by severe weather or other emergency and can do so within seconds with the proper planning. In fact, emergency override of digital signs in a network by authorized personnel can mean the difference between safety and calamity.

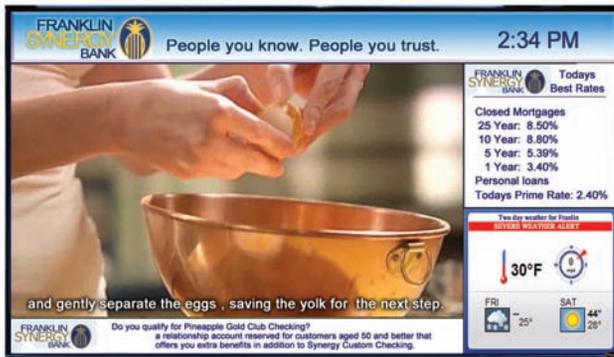


PHOTO CREDIT: SOLARA ADWORKS

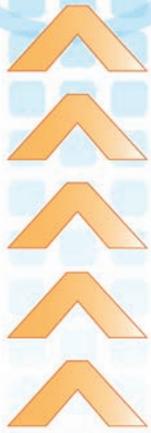
The dynamic, motion-filled messaging offered by digital signs also exploits the natural human reaction to motion. A printed sign is static; it does not move, nor does it change. Digital signs can attract and hold attention by communicating in a dynamic fashion. Text can scroll across the bottom of the screen. Weather graphics can be automatically modified in response

to changing conditions. Animated logos and graphics can fly across the screen, and video obviously is filled with motion. Each change and each movement naturally beckons the attention of passersby.

Another key advantage is having complete control over the strategic placement of individual signs as a means to reach desired audiences. In essence, controlling the availability of specific messages targeted at



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different audiences is accomplished through thoughtful placement of the sign. For example, imagine a lunchroom in a manufacturing plant, a break area in a mechanic's shop, an entry area in a restaurant or a place on the wall above a clothing rack. In each location, a known group of employees or customers is likely to be nearby.

DAYPARTING MAKES A BIG DIFFERENCE

Digital signage gives users complete control over messaging and scheduling – two powerful components in an effective communications campaign. Digital signage messaging can be created to appeal to the needs and desires of audiences as they change throughout the day.

Often referred to as “dayparting,” scheduling specific messages based on the time of day can boost sales, raise visibility and better serve audience needs and desires. Dayparting can be as simple as offering time-appropriate communications based on the changing desires of an audience as the day progresses, or it can be as complicated as identifying different demographic groups likely to see signs at different times of day and playing back messages targeted to those changing groups.



Consider a digital sign in a hotel lobby. In this example, the same group – specifically hotel guests – are likely to view the sign at different times throughout the day. Smart marketers could time their messages to the needs of guests as they change throughout the day. Thus, from 5 a.m. till 11 a.m. a message might promote the



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hotel's coffee shop as well the availability of tickets from the concierge desk to local tourist attractions. From 11 a.m. till 3 p.m., it could promote lunch specials, and transition to messages about fine dining on premise for dinner in the late afternoon and early evening. Finally, the same sign could promote the lounge and entertainment from 7 p.m. till midnight.

Unlike other alternatives, digital signage possesses an inherent ability to respond to changing audience demographics throughout the day and maximize the effectiveness of communications.

Compare that dayparting approach to one based on different demographic groups visiting a mall throughout the day. Early in the morning before the retail shops open, a mall restaurant uses the facility's digital signage network to promote an early bird breakfast to health-conscious mall walkers. Later in the morning when moms with young children dominate the mall traffic, messaging on the same signs transitions to promote a visit from a state agency charged with early childhood health screening. As the day progresses towards the end of the school day, the digital signage messages focus on a skateboard clinic being put on outside the mall's sporting goods store and a special makeup clinic being held outside a department store. During the late afternoon and early evening when those who have been at work all day begin arriving at the mall, messaging transitions to promote free cholesterol and blood pressure screening outside a mall pharmacy and a job fair in the central part of the facility.

While different, both examples illustrate the effectiveness of dayparting. Unlike other alternatives, digital signage possesses an inherent ability to respond to changing audience demographics throughout the day and maximize the effectiveness of communications.



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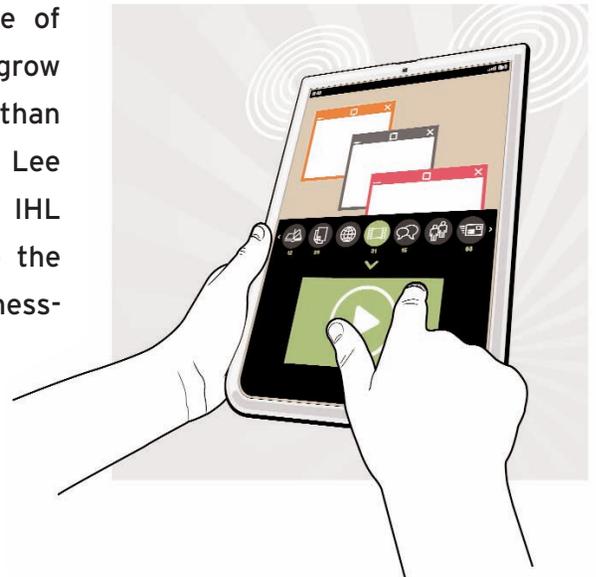
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INTERACTIVITY EXPANDS DIGITAL SIGNAGE UNIVERSE

Transactions completed by consumers in North America using self-service kiosks are projected to more than double over the next few years, according to a new research study from IHL Group.

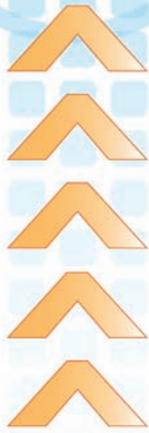
The report, "2009 North American Self-Service Kiosks," forecasts the value of self-service kiosk transactions will grow from \$775 billion in 2009 to more than \$1.6 trillion by 2013. According to Lee Holman, lead retail analyst of the IHL Group, the recession contributed to the growth of self-service kiosks as businesses and institutions turned to the technology to keep labor costs in check. Also helping to propel the growth has been consumer acceptance of self-service kiosks, which he termed "a way of life."



In particular, retailers, restaurants and transportation authorities can expect to see continued double-digit revenue growth from self-service kiosk transactions, said Holman. The report is outstanding news for the digital signage market. Pairing traditional linear digital signage with interactive capability in a hybrid application is powerful for anyone who has a message to deliver and a transaction to conduct.



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That's because such hybrid interactive digital signs can be used to promote events, merchandise and services as normal digital signs do, and with the touch of a finger be transformed into interactive mode supporting self-service transactions for the very items promoted in the normal, linear digital signage presentation.

All that's needed to turn a linear digital sign into an interactive self-service kiosk is the right software, someone to build, test and deliver the branching and transactional aspects of the interactive presentation and any one of several different technologies that recognizes a touch to the screen as an interactive input.



One particular hybrid interactive digital signage application in a suburb of Wichita, KS, takes interactivity to an even higher



level. The Walnut Valley Garden Center in Andover, KS, is using interactive digital signage to provide customers with self-service guidance on completing landscaping projects, recommending garden products based on their specific project and fulfilling orders on an expeditious basis. The application illustrates the fact that digital signage-based self-service can also enhance efficiencies in areas of



business, such as customer service, order processing, inventory control, marketing and personnel allocation.

THE DIGITAL SIGNAGE IMPERATIVE

Each of the reasons laid out in this white paper help to account for the growing popularity of digital signage. Most can be boiled down to two principles: effectiveness and efficiency.

Digital signage offers communicators an efficient alternative to competing video-based media that allows them to more precisely target the audience with their unique message at the most opportune moment. Strategic signage placement, reaching the right people, communicating timely messages, and doing so at the right time of the day contribute to the overall effectiveness of digital signage. So too does its close resemblance to America's favorite medium: television.

When used properly, digital signage can be a highly effective medium. Unlike other video-based media, digital signage can reach its audience at the point of decision, when an individual is choosing between competing brands on the shelf. It also can help audience members when employed in a hybrid, interactive application to offer assistance and guide users to desired information and transactions.

For these reasons, digital signage is becoming a significant player on the media stage and is likely to strengthen and become more popular as a growing number of communications professionals recognize its full potential.