

**For Immediate Release
July 2008**

Digital Media Networks Can't Fail to Succeed this Time... Can They?

The technology is fit-for-purpose, the metrics are in development and the level of interest is once again high.

In this white paper, Chris McIntyre-Brown of Futuresource Consulting sets out to address some of the key questions surrounding out-of-home digital media networks and their future.

Background

Whilst still arguably in its infancy, the digital signage industry has been evolving at a rapid pace over the past few years. It is now almost impossible to keep up with the plethora of new digital signage conferences, exhibitions, press releases and research. So what is the real story? What have historically been the barriers and drivers and has the industry now crossed the chasm from innovator to early adopter? Futuresource takes a look.

In early 2007, DTC, now Futuresource Consulting, undertook a pioneering piece of research in order to understand some of these issues. This research was not meant to quantify the amount of screens sold or to assess the combined value of the digital signage industry, but rather to understand more of the intangible issues surrounding its development.

In 2007 the industry was still blighted by a legacy of project failures and negative press. It is then perhaps no surprise that **of almost 100** projects evaluated in depth by Futuresource during the research, **9 failed completely** to meet any of the objectives set and **10 were deemed to be only partial successes**. Add to that the fact that for a significant proportion it was too early to judge success, the risk of potential failure was high.

In discussing digital signage and media networks with the organisations adopting them, Futuresource discovered a wide range of reasons as to why they decided to use this technology, the nature and level of involvement of internal staff and external suppliers, the objectives they set (and frequently the lack of ways of measuring success), the nature and mix of the content and the extent to which initial plans were modified during operation to improve results. Listed below are some of the key barriers to the development of the industry which will ring true - and probably be of little surprise - to many in the industry.

- 1. A lack of clear ROI modelling**
Often large upfront costs to implement and maintain a network make such a signage network very risky and sound ROI models critically important. There is a need to prove that screen networks lead to sales uplift, and simply measuring footfall and dwell time is not enough. Proof is needed that screen networks deliver measurable and lasting uplift.
- 2. The lack of advertising proof points**
Whilst a number of companies are using technology to provide screen 'footfall' and 'dwell time' metrics, this has not provided a raft of proof points. Compared to TV, radio, posters and the internet, screen media networks still have a way to go in proving their value.
- 3. Too much network fragmentation and not enough scalability**
With so many independent networks in operation it is very difficult to tempt advertising and media agencies to spend on digital signage. 'Opportunity to see' statistics are not at all persuasive and it is almost impossible to run a coherent campaign in multiple locations.
- 4. Project complexity**
In some cases eight individual parties can be required to complete a project. This is simply too complex.
- 5. Little understanding of content requirements**
Issues such as the expense of refreshing content, the mix of content and what the content (particularly advertising) is supposed to achieve are frequently overlooked. However, this is the most important aspect of a network to get right.

Clearly two of these points are very much focused on the advertising-based model. Though other models are equally valid, and quite often the most interesting, it is the advertising model that will really drive the development of digital signage.

So where are we a year on?

For the most part, ROI modelling is still an area for contention. Strides have certainly been taken to develop these models with some notable success in **shopper tracking, visibility, recall** and the like, but an industry standard has yet to be agreed.

Advertising and media agencies have begun to take notice of digital signage, as the effectiveness of traditional communication forms become ever more diluted. Big brands are have woken up to the possibilities that signage can offer and put pressure on their agencies to at least experiment with this medium.

Efforts have been made to provide greater ease of use and flexibility in the content storage and distribution software. More display manufacturers are making software available, with varying degrees of sophistication, for use with their screens. The industry is now beginning to see more 'plug and play' solutions, which in turn have minimised the need for so many individual players in a project.

The industry has a clearer understanding of how content should look and what it aims to achieve. Gone are the days of reusing a TV commercial in its entirety, where only 10%, at best, has any kind of call to action. Furthermore, dedicated signage channels are currently in development to help smaller budget constrained networks overcome the problems of keeping content fresh and interesting. However, with an ever growing reliance on content feeds from broadcasters to 'fill in the gaps' it is a worry that the impact and effectiveness of signage may get lost in a homogenous mess of unoriginal content.

Regular channels research from Futuresource indicates a reseller community that is growing in awareness and now diversifying its current services and product portfolio to include digital signage. Although a large proportion of the signage business still tends to be undertaken directly by vendors or systems integrators, the channel feedback indicates a maturing market with the largely overlooked >15 display installs now beginning to be actively targeted. This development has also been aided by the plug and play solutions mentioned above.

New global companies have entered the market, coming at digital signage from the networking angle in particular, and leveraging existing relationships with senior IT managers. However, their foray into this market appears not to be backed by significant corporate funding but rather these embryonic activities have to develop into fully-fledged businesses under their own steam.

A checklist for success

Despite this myriad of essentially individual projects covering supermarkets, high street multiples, petrol stations, gyms, restaurant chains and many other locations across four countries, Futuresource was able to identify a number of common factors that tend to increase the chances of achieving a successful project or the absence of which will tip the balance the other way.

As a result, Futuresource has developed the 10+1 Checklist for Success which we hope will help interested industry stakeholders avoid and overcome the problems experienced by many in this market.

1. Engage Top Management but ensure key checks and balances are in place and key stakeholders are on board
2. Encourage Finance Department involvement
 - They provide a solid basis of checks and balances
3. Embrace the complex approval process
 - This maximises likelihood that the right questions/issues are addressed
4. Set objectives
 - Even if they are initially 'best guesses'
5. Set non-financial as well as financial objectives
 - Qualitative improvements may not always result in 'immediate' financials
6. Budget for the cost of measurement

- Build in processes and cost of measurement – e.g. 80% of customers more likely to come back, increased frequency of visits
 - Focuses attention on the objectives throughout the project
7. Build in content experimentation
 - Build in capacity for timing/measurement/staff resources
 8. Understand the full roll out cost implications
 - Trials with no possibility of full roll-out are unrealistic. Use the trial to test the full roll-out business case
 9. Commit resources to adding / developing internal understanding
 - The technology is not the key. Using it to influence customers / employees is.
 10. Recognise that advertising rates are related to value for the advertiser
 - Benchmark against other media. Proof points.
 11. Plan in detail and then plan again

Final Thoughts

The industry has undoubtedly made strides to overcome many of the barriers holding back the adoption of digital signage. Stable and flexible software platforms have been developed, traditional display vendors and global IT giants have entered the market and the distribution/reseller community are beginning to focus on this area.

However, extensive research at Futuresource demonstrates the comparatively high proportion of complete or partial project failures. Further development of measurement and proof point matrices are still clearly required to ensure this medium is viewed as a viable alternative to the traditional communication mix.

Above all else the industry must be able to appreciate that whilst digital signage offers fantastic growth opportunities, hurdles still need to be overcome and a more temperate approach to market potential would be beneficial to all.

NOTES:

Futuresource Consulting has been tracking and forecasting demand for large flat panel products and the competing digital signage display technologies such as video and data projectors for many years. Our close contact with suppliers indicates a potential boom for digital media networks.

Research Background

The research was conducted in France, The Netherlands, Portugal and the UK with senior decision-makers who have responsibility for signage and digital media networks.

The determination of success or failure was based on detailed discussion of objectives and achievement.

White Paper

Although 40 of the projects evaluated were considered successful, for a further 30 it was deemed too early to determine the level of success.

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