

Digital Signage ROI

In a down economy, digital signage is a welcome growth technology in the AV market. Northern Sky Research has estimated that out-of-home digital display networks will generate \$2.7 billion in advertising revenue by 2013. Impressive numbers and good news for anyone who has invested in or spent money on advertising-centric digital signage, but the majority of digital signage systems are installed in non-retail environments like corporations, educational facilities, government offices, hospitals, hotels or convention centers.



These non-retail facilities have less of a focus on moving merchandise and more of a focus on providing information. However, the long-running discussion of digital signage networks and return on investment (ROI) has become even more important as clients across all verticals are reviewing capital expenditures with a closer eye. The true sticking point is calculating ROI for non-retail clients.

"If there is a direct trade-off, then ROI is quite simple to compute. In reality, one-to-one comparisons are not always possible," says Bill Gerba, CEO and co-founder of digital signage software provider WireSpring Technologies, Inc. "There isn't necessarily a link between ROI and digital signage. A lot of the reason people think that there is always a link is the industry's own doing. We are so focused on ROI for advertising and merchandising networks that everyone automatically assumes an equally straightforward ROI for every system. It has become an expectation."

What's more, there is no industry standard measurement to calculate ROI or standard value to serve as a benchmark. "In regards to ROI in a non-retail environment, there is no simple answer," explains Sean Matthews, president of software developer Visix, Inc. "There's long been a perception that digital signage is glitzy and appealing because the endpoints (i.e., plasma or LCD displays) were so expensive five years ago. Now, the prices have dropped dramatically and, therefore, the investment risk is much lower."

Matthews says that digital signage is still on the growth side of the adoption curve. Almost half of Visix customers are in higher education, with the business and corporate market occupying nearly 30% of their customer base. In contrast, retail represents less than 1% of their business.

Gerba, whose company was founded in 2000, says that digital signage networks were originally skewed towards large retailers or large corporations. "Over the past couple of years, there's been more growth with smaller networks; these tend to be driven by the AV installers. The sweet spot right now is smaller customers who need 20 screens in five venues," he says. "In reality, large retail networks are just the tip of the iceberg."



LCD manufacturer Westinghouse Digital Electronics recently unveiled an ROI calculator for small-to-medium businesses. Their calculator addresses ROI via cost avoidance for expenses like printing menus, flyers, or brochures. A small business can enter in their average monthly profit, monthly cost avoidance, and projected percentage increase to get the ROI for their Westinghouse digital signage solution software. "We understand that many small businesses have some kind of entertainment-based displays," says Rey Roque, Vice President of Marketing for Westinghouse Digital Electronics. "We help them take the next step by making their displays more functional as digital signage too."

According to Roque, their ROI calculator's limited parameters make it as horizontal as possible. "It's useful for any facility that uses printed materials or has a waiting area," he says. "ROI is an easy conversation tool with clients and one that is pushed from the sales channel and vendors. The focus on ROI and digital signage is because it's a new medium and it's easier to determine ROI with older

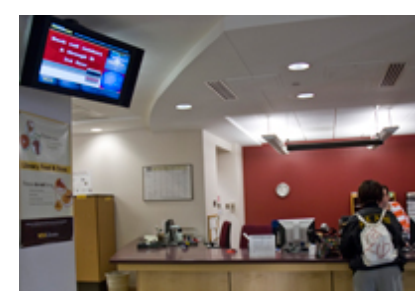
media like TV or radio.”

Also as nod to smaller networks, WireSpring recently launched its FireCast Digital Signage EasyStart, a software program specifically designed for small projects or standalone displays. The goal is for a client to create their digital signage in five steps. “In contrast, our enterprise product assumes worst case scenario for every network permutation, the needs to aggregate from various content sources, and so on,” says Gerba. “The FireCast EasyStart is easier to use by making as many guesses on the back end as possible. An AV integrator can use it if he or she has less IT experience with networking and data transfer.”

Objective for signage

Usually a client’s next question after cost is the question of need. “Companies have tried to improve communication via email and other electronic forms but are still faced with the problem in trying to reach different audiences,” says Matthews. “For example, a school is trying to communicate with parents, alumni, students, and faculty. They must provide some sort of decentralized democratized system to disseminate information.”

Gerba notes, “There should always be an objective for your signage but it can be hard to put a price or calculate a ‘hard’ ROI on getting timely information.”



He likens digital signage packages to the experience of buying a car. “There are basic or luxury choices. At some level, there is a practical effect and that is the baseline goal to achieve. Everything on top of that is of some additional value. It’s either quantifiable or emotional.”

Matthews says that creating content with an objective in mind is a means to affect human behavior by effective communications. “It could be that you want more employees participating in 401(k) or that you want to spread a message about energy consumption,” he adds, saying that ROI can also be measured by actions rather than dollars.

“The biggest opportunity for digital signage products is for room signs. No matter what the vertical market, everyone is striving for real estate efficiency,” Matthews continues. His company’s MeetingMinders room sign software integrates with popular email applications to display existing room reservations on a digital sign. In the hospitality market, for example, an event schedule can be tied to database and updated in real time.

Looking ahead

There is no doubt that as the digital signage market matures and evolves, new technologies and product applications will expand its possibilities. Gerba says that the downward state of the economy has helped the ROI argument “because digital signage is more effective than traditional media,” he says. “It has driven a shift of marketing dollars to new media, but credit markets are still tight. There will be continued growth in non-retail and small networks because you can do them out-of-pocket due to price drops in connectivity, LCDs and PCs.”

Gerba also says that interactivity is the next big wave in digital signage. “There are several categories; exotic like the Microsoft Surface computing platform, kiosk applications like self-service check-in at hotels and airports, and mobile interactivity like getting additional information from signage via your mobile phone.”

“The evolving definition of digital signage will include phones, desktop monitors, and other screens that companies have already invested in,” concludes Matthews. “Companies have already spent money on signage even though it’s not being used as such. There will be more content delivery to these endpoints to maximize that investment.”

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