

9 experts forecast the year in digital signage

IN 2007, BIG PLAYERS WILL MAKE BIG MOVES, AND SMALL NETWORKS WILL NEED TO EITHER FIND THEIR FEET OR A FRIENDLY ACQUIRER.

2006 was a big year for the digital signage industry, with some major new entrants in a field that was packed already. Two very big stories broke in December: Cisco's announcement of a pair of turnkey digital signage products, and a patent application — "Allocating advertising space in a network of displays" — filed by a little company called Google.

By James Bickers,
editor,
DigitalSignageToday.com

The coming year promises more of the same, according to most of the experts we surveyed: Big players will make big moves, and small networks will need to find either their feet or a friendly acquirer. We also will begin to see more dynamic, LED billboards during our commute — that is, if regulatory issues don't get in the way. Stay tuned to DigitalSignageToday.com for the latest on these and many other breaking developments.

REFINING THE PLAYERS' MARKET



Mike Abbott
Vice President,
ADFLOW Networks

More and more, digital signage and other in-store media will be included as an integral part of new store designs. This will help ensure that in-store signage is unobtrusive and enhances the customer's shopping experience while delivering clear benefits to retailers and brands.

"UNDER-CAPITALIZED PLAYERS WILL BEGIN TO FALL BY THE WAYSIDE AS THE DIGITAL SIGNAGE MARKET KICKS INTO A HIGHER-GROWTH GEAR."

— Mike Abbot, vice president, ADFLOW Networks

Under-capitalized players — those lacking a clear value proposition and those unable to scale their growth to meet customer

expectations and market demand — will begin to fall by the wayside as the digital signage market kicks into a higher-growth gear. Market leaders will continue to separate themselves from the ma-and-pa organizations, and customers will become more knowledgeable about their digital signage and in-store media requirements. More large players from outside/peripheral industries will be attracted to the digital signage and out-of-home media space, sparking further mergers and acquisitions.

GROWTH IN CUSTOMER-DRIVEN SIGNAGE



Brian Ardinger

Vice President of Business Development,
Nanonation

There are a lot of players in the marketplace, and we probably will see some consolidation. And we'll see some differentiation, with a lot more applications moving toward what we're calling customer-driven signage. Rather than waiting for the right loop to come around at the right time

for the right person, the message will be driven by some type of trigger that allows the customer to initiate the experience.

Obviously, with the prices coming down on displays, we'll see more deployments. I think we'll probably see a shakedown and more discussions about the whole ad-based model. From our perspective, there's some merit to it, but not nearly the merit that it seems to have attained.

OUTDOOR ADVERTISING WILL TAKE AN EARLY LEAD OVER RETAIL APPLICATIONS



Bill Collins

Principal,
DecisionPoint Media Insights

As was the case in 2006, the growth of out-of-home digital media networks will vary greatly from sector to sector. The fastest-growing sectors will continue to be outdoor advertising, with the greater-than-expected growth in networked LED billboard deployments; cinema

advertising, with National CineMedia preparing for an IPO; out-of-home screen networks in medical settings such as The Patient Channel, the Newborn Channel, AccentHealth, Healthy Advice Networks and PHSN; and retail banks, especially in the USA, and less so in Canada, which are building private screen-media networks into branch banks as new branches are built and older branches are remodeled.

The big question mark is whether digital signage ultimately will be successful as a one-way communication medium in North American retail. The way I see it, North American consumers rarely will embrace digital signage at retail if they perceive it as just another intrusion by national advertisers, similar to direct mail, telemarketing, TV ads and e-mail spam. Looking at 2007 and beyond, I see a new model for digital media developing at retail. It looks nothing like traditional broadcast television, but more like the most consumer-friendly applications consumers embrace online.

“THE DRIBBLES OF REQUESTS THAT (TIER-ONE COMPANIES’) COMMERCIAL SALES PEOPLE WERE GETTING IN THE FIRST HALF OF THE DECADE FOR DIGITAL SIGNAGE JOBS ARE NOW STEADY, AND THE NUMBERS ARE ENOUGH TO RAISE THEIR EYEBROWS.”

— DAVE HAYNES, DIRECTOR OF
BUSINESS DEVELOPMENT,
DIGITAL VIEW

METRICS MATTER: EMPHASIS WILL GROW ON HOW TO MEASURE IN-STORE MEDIA

Bill Gerba

President,
WireSpring Technologies

I'm looking forward to two major developments in '07:

First, Clear Channel Outdoor has been deploying LED billboards to U.S. cities, and recently met their objectives of covering six markets by the end of '06. If we see further growth from them, I think that could be a strong indicator for the viability of electronic billboards in general. In addition, if they succeed with their goal of signing more national advertisers — Coke, Burger King, etc. — that will serve to validate the business model of electronic road-side billboards as a national advertising network. That's something we really haven't seen with static billboards, which have traditionally been better suited to advertising local products and services.

Second, I think the metrics folks are going to continue to argue over how to measure in-store media consumption, and the discussion will come to a crescendo if and when the P.R.I.S.M. effort ("Pioneering Research for an In-Store Metric," a model for measuring in-store marketing) releases the results of its initial study. I expect POPAI (Point-Of-Purchase Advertising International) to commence with, and perhaps even finish, a similar study, which could give us two viable sources of retail media consumption information before the year is out.

AD-SUPPORTED NETWORK MUST SCALE FOR DIGITAL SIGNAGE



Brad Gleeson

Vice President, Business Development,
Planar Systems

The ad-supported model in itself is not new, and I would be the last person to suggest that it is somehow getting easier. But one thing that has gotten my attention in 2006 is the progress that has been made and the commitment shown to developing the metrics and standards necessary to turning this into a viable medium. The creation of the Out-of-home Video Advertiser's Bureau (OVAB) and the P.R.I.S.M. initiative come to mind as recent examples. Add to that the development of business models such as the one represented by SeeSaw Networks, and the financial implications of a secondary offering by Focus Media, and we begin to see what the future may look like for successful players in this market space. One thing is for sure, the ad-supported network business model needs to mature and scale for digital signage "the application" to become as solidly entrenched as digital signage "the industry" and "the medium." If 2007 progresses as 2006 did in this area, I am confident that will happen.

INDUSTRY GROWTH WILL ATTRACT TIER-ONE COMPANIES



Dave Haynes

Director of Business Development,
Digital View

More tier-one companies will wade into the space with their own offer, particularly display and PC manufacturers. The dribbles of requests for digital signage jobs that their

commercial sales people were getting in the first half of the decade are now steady, and the numbers are enough to raise their eyebrows. Couple this with the thin margins that display and PC guys are making on their products and you can imagine strategic planning sessions in which execs are looking for new revenue streams and thinking about digital signage.

A few companies like Sony have had signage players in the field for years, but they carried big price tags and had a somewhat orphaned status within their companies. There were plenty of indications at the recent Consumer Electronics Show that signage was graduating from curious sideline status within those big companies to mainstream offers. Most of the big guys had designated areas showing public information screens, and a few of them like Samsung were showing their own bundled hardware and software solutions.

Expect one or two of the better-known and -regarded signage software companies to be acquired by display or PC companies, as vague partnerships turn into fully bundled, marketed solutions. Dell must get enough calls now to assign resources to this sector.

DIGITAL SIGNAGE BECOMES ANOTHER ARROW IN THE QUIVER OF MARKETING AND MERCHANDISING



Doug Peter
President,
St. Clair Interactive

The big story will be “digital signage as one of many devices,” rather than as its own network. St. Clair sees the same need that we saw with kiosks — that is, integrate digital signage with store and enterprise systems and merchandising rather than using them as free-standing islands.

CELL PHONE AS A DIGITAL SIGN?



Alex Richardson
Managing Director,
Selling Machine Partners

I have four predictions for the year. Another mega e-commerce or media company will enter the digital signage market in a big way — could be Google, Yahoo, Microsoft, News Corp. or Viacom. The mobile phone will be the next retail digital-signage platform that progressive retailers attack at the storefront. Retail store windows will be transformed into interactive product showcases. Digital signage will become more interactive — areas for branding and areas for consumer interaction — based on the time of day.

ON THE MERGE: DIGITAL SIGNAGE COMBINES WITH PERSONAL COMPUTER SYSTEMS



Mike Strand
Founder and CEO,
StrandVision

From the Consumer Electronics Show (just wrapped up) in Las Vegas, the big story is the convergence of the Internet and home entertainment systems. There are going to be a lot of choices and advanced technologies for merging displays with computer systems. This also will fundamentally change digital signs, making them simpler and easier to implement.

An indirect advantage is that everyone will be more open to digital signage; they will be aware of the technologies and will intuitively

understand that a television is no longer just a TV — it is a portal (almost in the Harry Potter sense) into a world of information. They will expect that virtually any information source can be fed through a digital display. If you're an installer, this eliminates the first step of the sales process — selling the concept. If you're a business manager, you'll be able to start by exploring the possibilities rather than wondering if it is technically feasible to present the information your employees and customers want.