

A guide from DigitalSignageToday.com

Advertising with Digital Signage



INSIDE: More companies are turning to digital signage as a means to earn advertising revenue, but to be successful, deployers need to understand the process from start to finish.

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Digital Signage Advertising

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About the sponsors



NEC Display Solutions innovates, produces and delivers display products and complete digital signage solutions for a wide range of vertical businesses, specialists and lifestyle applications. The company is wholly owned by NEC Corporation, one of the world's leading providers of Internet, broadband-network and enterprise business solutions, employing more than 150,000 people.



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Introduction Monetizing digital signage

As digital signage and digital out-of-home solutions become a more powerful force in the modern business environment, companies continue to look for ways to justify the cost. In most cases, the advertising subsidy solution is proposed often and early.

The use of ad space to pay some or all of the cost of a given project is certainly nothing new; for as long as there have been restaurants, there have been entrepreneurs offering to print up free menus in exchange for a piece of real estate on the page in which to sell ads.

Sponsorship is now a way of life, from football stadiums to ATMs. So it is no surprise that when a business thinks about putting large, expensive LCD or plasma displays in its environment, it at least gives a cursory thought to the notion of subletting some of that precious screen space.

Advertising can do more than subsidize costs. It also can improve the look of the store, as well as entertain and inform customers. The more interesting and relevant the content, the more the

advertiser has a unique opportunity to develop loyalty surrounding its brand. Ultimately, it will end up in more sales.

In many cases, digital out-of-home advertising can save a company money, as well. Many companies, particularly in the retail and restaurant spaces, also are already in the business of putting up signage, and changing that signage regularly. Untold man-hours are spent every week, worldwide, swapping out POP display ads and placards. Much of the content on this static signage is advertising for products available in the store. Taking this signage to the digital platform brings two new benefits: it removes the manual work involved in swapping out content, and it allows the retailer to get strategic about how, where and when ad content is displayed.

This guide is designed to give you key information for increasing sales and saving money through the use of advertising on digital signage screens. We'd like to thank NEC Display Solutions for allowing us to provide this information to you free of charge.



*By Bill Yackey
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Digital signage brings two new benefits: it removes the manual work involved in swapping out content, and it allows the retailer to get strategic about how, where and when ad content is displayed.

Chapter 1 What is digital out-of-home advertising?

Digital out-of-home comes in many forms: digital signage, digital billboards, projection signage, elevator screens, screens in golf carts, mobile phone advertising ... the list could continue for a long time.

But even though each application may differ greatly from another, all of digital out-of-home faces the same challenge: how to get marketing dollars from advertisers. Currently, TV and newspaper sit at the top of many brand and agency marketing plans. As DOOH begins to prove itself as a viable medium for advertising, more and more decision makers will catch wind of its effectiveness. It is up to the industry to prove that effectiveness through success stories, accurate research and reliable metrics and standards.

DOOH as addressable advertising

The power of DOOH lies in its ability to be an addressable form of advertising. This means that unlike magazine or newspaper ads, screens can communicate messages directly tailored to the customer at the time and place where he or she makes a buying decision.

Adding digital signage to venues also enhances the appearance of the location, in addition to providing a means for making revenue by selling ads.

Most importantly, it's been proven that DOOH advertising works. According to InfoTrends, digital signage displays generate 32.8 percent more in-store traffic and increase the average purchase amount by 29.5 percent.



Digital signage can attract customers to a store, but for advertisers to truly embrace it, they need to know how it compares to traditional advertising models.

The challenge now is to position DOOH as a viable advertising vehicle when stacked up against traditional media like TV, radio and online.

ZenithOptimedia's chart of U.S. advertising expenditure by medium shows DOOH spending is dwarfed by that of TV and newspapers. However, the good news for agencies is that the transition from ad spend on TV to DOOH is an easy one, and in the future will likely have a huge impact.

“The U.S. out-of-home advertising spend is small compared to TV, but if you compare that advertising spend to the total amount of money in the digital signage market, it becomes quite a large piece of the puzzle,” said Ashley Flaska, vice president of marketing for NEC Display Solutions.

Digital signage displays generate 32.8 percent more in-store traffic and increase the average purchase amount by 29.5 percent.

— InfoTrends

There are several reasons that DOOH sits where it does on that chart.

Since DOOH is an evolving media, most agencies find it difficult to find comparable information to incorporate into their media planning. The industry is working furiously to provide more information for agencies on DOOH, but there is still far more research and information available on other mediums, which in turn makes the agencies feel more comfortable allocating their money elsewhere.

Most DOOH buys are completed in an “experimental” situation, as opposed to integrating into the overall communications mix. So instead of DOOH having its own line on a brand’s media budget, it may only be part of a specific campaign, usually in few locations.

DOOH also is perceived as complicated because until recently, there was no centralized ad sourcing for out-of-home networks. There are several players in the industry that aggregate screen space on networks and sell it off, but for the most part, there was no common platform that everyone operates on, until now.

Metrics and validation of impressions seem to be harder to identify than other media. It may not be fair, but DOOH is held to a higher standard than other forms of media.

Agencies are asking for verification of the number of people who looked at the screen and for how long. No other medium can provide this kind of data, and for the most part, audience measurement for other media is quite vague (consider, for example, Nielsen’s survey approach for TV viewer measurement).

Pricing models — DOOH vs. online

If we take a look at traditional media pricing models, CPM remains the standard buying model throughout all mediums, although they may be considered differently. Online, an impression is an ad that is loaded on the user’s screen. But in print, the definition of an impression is a subscriber that receives the publication. Outdoor calculates the number of people who drive or walk by. For DOOH, it’s a viewer that has been exposed to an ad.

Just as the definition of impressions changes for an ad, the rates do as well. Online agrees to a guaranteed impression by size and placement, where print agrees to a rate based on the target within that circulation. DOOH agrees on a rate based on audience eyeballs, similar to an outdoor situation.

All mediums have audience measurement

CHAPTER 1 What is digital out-of-home advertising?

services that validate the number of impressions. These companies include Nielsen, Comscore, Arbitron, MRI and Traffic Audit Bureau (TAB). For each form of audience measurement, validation that is accredited by a reliable source also is needed. The Media Rating Council has accredited many of the online ad serving tools, print has been accredited by BPA and Audit Bureau of Circulations. For DOOH, VUKUNET engaged in a pre-audit with the Media Rating Council (MRC) to obtain MRC accreditation.

TRADITIONAL MEDIA PRICING MODELS

Medium	Online	Television	Radio	Print	Outdoor	OOH
Buying Model	CPM	CPM	CPM	CPM	CPM	CPM
Definition	Cost per Thousand Ad Impressions	Cost per Thousand Audience Impressions	Cost per Thousand Audience Impressions	Cost per Thousand Persons	Cost per Thousand Persons	Cost per Thousand Persons
Explanation	Agree to rate on guaranteed impressions by size and placement	Agree to rate on guaranteed number of target audience impressions	Agree to rate on guaranteed number of target audience impressions	Agree on rate to pay based on target within magazine circulation	Agree on rate to pay based on audience eyeballs	Agree on rate to pay based on audience eyeballs
Impression Definition	Ad loaded on user's screen	Viewer exposed to ad	Listener exposed to ad	Subscriber receives publication	Drive by / Walk by traffic calculated	Viewer exposed to ad
Audience Measurement	 					Individual Audits
Audience Measurement Verification				 		Pending

Chapter 2 Current trends in digital signage advertising

Strong growth in retail

There is a reason why retail is one of the fastest growing sectors of digital signage: it's the most profitable. Despite troubles due to the economy, there is growth in this area, thanks mostly to growth in the retail sector in 2008. In that year, 38 percent of U.S. retailers experienced growth, and retailers began moving toward better methods of communicating and merchandising in the retail environment. Digital signage was one of those methods.

It also has been shown that in retail, digital signage advertising has the ability to affect sales in a positive way.

“Based on surveys from various companies, we are seeing sales lift up to 50 percent,” said Lyle Bunn, principal and strategy architect for BUNN Co., a digital signage consulting firm. “I am now commonly seeing 100 percent, and all the way up to 300 percent, sales lift on products. Third party advertising is in the \$30-\$40 CPM range, although in some cases that is increasing with the use of anonymous audience metrics to be able to better drive the data about who the viewers are.”

A movement to one screen per player

Recently, 20+-year-old Scala announced it had reached the 100,000 license mark for its digital signage software. According to Bunn, those software licenses were driving 300,000 displays. Now, there is more of a key change in the industry where it is getting closer to one channel or software player per display.



Digital signage advertising in a retail environment not only helps make a store more attractive, it also can increase sales.

The advantage here is that more players allow more channels to be played per location. Consider a store with three screens. Previously, one player might have been used, meaning that each screen ran the same content. By using one player per screen, that retailer is now able to show a more robust mix of ads and content, and portray different messages in different areas of the store.

“Relevance” is king

The jury is now in. It used to be that content, context or measurement was king; in fact, the major growth area in terms of best practices is in improving the quality of the content that is delivered to a targeted audience. In other words, relevance is now king.

“What every communicator, brand or ad agency wants is consumer engagement, dwell time, geographic targeting, screen

It used to be that content, context or measurement was king; in fact, the major growth area in terms of best practices is in improving the quality of the content that is delivered to a targeted audience. Relevance is now king.

views and importantly, they want granular demographics,” Bunn said. “The ability for digital signage to do that is in part what has been continuing to drive advertising revenues and internal communication funding for digital signage networks.”

More local input

As part of efforts to make content more relevant, digital signage users are finding that hyper-local content is highly effective for getting viewers. It is becoming a best practice to include a local input window into the screen layout, where managers and directors on the local level have the ability to update that area of the screen.

Pictures are our new language

As Paco Underhill said during his presentation at Digital Signage Expo 2009, pictures are our new language. Ad agencies looking to communicate and gain some ubiquity in messaging are understanding that the ability to communicate with pictures is becoming increasingly important to the advertising community.

Increased mobile display and projection

Another strong area of growth is the shift toward mobile digital signage. One key example is bus lines and elevators, where there is increased growth in mobile

deployments due to the situations that make wired content delivery challenging.

In April 2009, WRAL in Raleigh, N.C., announced that as part of a joint effort with Harris Corp., it would be broadcasting mobile digital content to screens in Capital Area Transit buses. In addition to providing passengers with news, weather, entertainment and local information, the mobile DTV initiative provides a medium for hyper-local advertising via the digital signage system and promotes restaurants, stores, shows and events along each bus route.

This also is an example of a shift on the part of the broadcast industry to deliver its broadcast surrounded by advertising in the out-of-home space.



Mobile digital signage, such as those seen in buses, are helping to shift the emphasis toward DOOH advertising.

Connecting all of the networks

DOOH media is never going to grow unless all of the networks are aggregated together to provide ad agencies with the reach they need for a sustainable media buy.

Companies like SeeSaw and Adcentricity have been successful in their attempts to aggregate multiple networks. These companies send the ads manually to the networks, then the networks insert the ads into the playlists of their content management systems.

The industry is evolving into more automated ways of aggregating networks with the ability to deliver ads directly to the screens without user intervention. RVue was one of the first companies to include this automated feature in its software; however, the ads only can play on the rVue system or networks that use BroadSign CMS. NEC just launched an ad distribution platform, VUKUNET, that can automatically send ads directly to the screen across any Microsoft Windows-based CMS system. VUKUNET is the universal DOOH platform that connects all advertisers with all networks. VUKUNET is the first of its kind and could be the very platform that will revolutionize the industry and grow the DOOH piece of the media pie.

“In order for DOOH to become a bigger player in the overall advertising media mix, there needs to be one centralized, universal ad serving and distribution platform that connects all networks,” Ashley Flaska, vice president of marketing for NEC Display Solutions, said. “This will provide advertisers with the quantity of

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— Ashley Flaska, vice president of marketing, NEC Display Solutions

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Digital signage fitting into the dynamic media platform

One key driver for digital signage is that it has found its place in the communications continuum.



photo courtesy of iStock

Integration with other media technologies, such as cellular and Internet communications, are helping digital signage find a place in the advertising world.

“Ad agencies and communicators that have already been investing and generating audience reach through TV and radio, and have been investing in cellular and Internet communications technologies, now see digital signage fitting nicely into the middle of that communications continuum, delivering engagement as well as large numbers of viewers,” Bunn said.

The other key development in digital signage is the migration away from digital signage traditionally going out as its own stand-alone application.

“We now see the integration of digital signage with safety and mass notification systems, particularly on college campuses and in large corporate environments,” Bunn said. “It’s also being integrated with kiosks used in training and video systems, even with technologies such as contactless cards.”

Moving forward

The fundamentals of how digital signage gets moved forward within a company seem to hinge on two major points of decision.

One, who will be the audience for the digital signage? Is it customer or staff facing?

And two, what is the principal objective of that network? Is it cost-reduction in terms of communications ability and reach? Or merchandising, where the company is selling products or branding?

“With a more diligent review of digital signage investment, we’ve seen more focus being placed on clarifying the audience and the communication objective prior to proceeding with the project,” Bunn said. “Subsequently, I think there is more continuous refining of the playloop, dayparting and message targeting in order to have it better serve as a communications tool.”

Three things ad buyers want from digital signage

Being an ad buyer is a tough job. Buyers are trusted by big brands to find the most effective forms of media to place messages on, and the buyers base these decisions on metrics and proof that ad vehicles are effective. It is up to the DOOH industry

Questions to ask when considering digital signage

- Who is the audience?
- Is the digital signage reaching customers and staff?
- What is the principal objective of the digital signage?
- What is the target message?

Media planners have to be able to demonstrate to the advertiser that their message is being sent to the right audience in the right place. They also have to make sure that there is enough of that audience to make a significant impact.

to make sure digital signage is well represented to these people. Here are three things that ad buyers are looking for from DOOH media.

Critical mass and targeted audiences.

Media planners have to be able to demonstrate to the advertiser that their message is being sent to the right audience in the right place. They also have to make sure that there is enough of that audience to make a significant impact.

Say an advertiser wants to reach the 18-24-year-old age group. A good place to start would be a college campus network. But that is only one place to reach the audience. To be effective, the advertiser needs to reach students when they are off campus as well, in places such as bookstores, retail locations, coffee shops, gas stations and restaurants.

The greater the number of screens, the more important targeting capabilities are. The greater the number of screens, the easier it is to create a national advertising campaign with impact. The greater the number of screens and the different types of screens within a single network, the more streamlined the buying process can be if provided by a single provider.

Ease of planning, buying, measuring and optimization. Now, it is up to networks and companies in the DOOH industry to make the cross-network buying process easier for the advertiser.

With the fragmentation that exists in the market today, media planners have more and more of a difficult time sorting through all of the options available to their clients.

There are more than 700 ad-supported digital signage networks, and it is cost-prohibitive for a media agency to be in contact with each network operator to plan national campaigns. In order for media agencies to cost-effectively adopt digital signage as a national media platform, there is absolutely the need for planning tools that make the process fast and easy. Of course, another critical piece of the puzzle is the need for a consistent set of metrics across an extensive inventory.

Engagement. Once the audience and location have been determined, ad buyers want to make sure the ad vehicles provide a good experience for that audience. This means that the media planner needs to be intimately familiar with the attributes of the network, the type of content, the placement of screens and other advertisers that might be running on the network.

Chapter 3 The importance of metrics

Measuring the effectiveness of DOOH

In the advertising world today, each medium has metrics that are accredited and validated. Agencies use those metrics to determine what kind of media they will incorporate into their plans.

This is one of the areas where DOOH, for the moment, is falling short of other media. As of today, there is no standard measurement for DOOH, and therefore, no way of consistently determining its effectiveness. The problem is, without accreditation, agencies and advertisers are going to have a hard time considering the medium.

In order to reach that point, we look to other media. Online advertising provides the most comprehensive metrics for advertisers since every action can be tracked. How long someone was on a Web page that showed an ad can be tracked, as well as how many times someone clicked on that ad. This is one reason online is the fastest growing advertising medium.

TV, print, radio and DOOH all have some ambiguity, since it is impossible to know for sure if someone is listening to an ad spot or reading a magazine. DOOH, more than any other medium, has the potential to be most like online and close the gap between the ROI and the ambiguity that exists in the market today.

OVAB Audience Metrics Guidelines

In October 2008, the Out-of-Home Video Advertising Bureau (OVAB) launched its



DOOH looks appealing, but it's important to be able to know who is seeing the ads and for how long. A kiosk in the middle of the mall could be seen by thousands of people, but the data needs to be provided to agencies.

Audience Metrics Guidelines, an 84-page document designed to help standardize the way digital out-of-home advertising is measured.

“The problem has been that media companies have been speaking in different languages to agencies,” said OVAB president Suzanne La Forgia. “These guidelines represent the first iteration of establishing the necessary data for the out-of-home video advertising industry to achieve ROI that effectively competes with more traditional media.”

“The problem has been that DOOH media companies have been speaking in different languages to agencies.”

— Suzanne La Forgia, president, OVAB

The guide was written with the assistance of OVAB's agency advisory board, which is made up of 32 executives from 25 major ad agencies. La Forgia said the group also worked with 17 third-party research companies in devising the standards.

Similar to an impression, OVAB's guidelines say that DOOH should be measured by Average Unit Audience (AUA). Average Unit Audience is described in the guidelines as the number and type of people exposed to the media vehicle (screen) with an opportunity to see a unit of time equal to a networks' typical advertising unit. The metric is based on three key dimensions of the networks, and the result is a number of Average Unit Impressions, which La Forgia says are comparable to C3 numbers (average commercial minute ratings, as opposed to program ratings) in television, click-thru and page views online and readership for print.

Thus far, the guidelines have resonated well with agencies and networks. Several research projects have been commissioned by agencies using the AUA as a measurement standard, although the measurement has not yet become a standard in the industry.

Closing the loop

At the end of the day, the only way that the effectiveness of DOOH media can be proven is through verification audits. In the industry, this is called "closing the

OVAB Metrics

1. Presence. People physically in the vehicle zone, where the screen is both visible and, if appropriate, audible.
2. Notice. Evidence that the screen has been noticed by those people.
3. Dwell time. Amount of time spent in the vehicle zone.

loop;" in other words, proving that the media delivered all it promised.

In TV and radio, these audits are generally performed by companies such as Arbitron and Nielsen, respectively. (As of right now, it is up to the network operators themselves to provide information on the effectiveness of those networks to advertisers.) Arbitron and Nielsen generally perform manual audits of their media. They find out what their audience is watching through surveys and set-top boxes that measure viewing activity in select households. While this has become the standard in the media world, it isn't a precise process.

Audience measurement

Digital signage provides the opportunity to be much more precise in the measurement of its audiences through the use of real-time audience measurement technology.

Retailers, banks, restaurants and any other business that deals with human beings

Traffic data from zones within a store featuring screens can be correlated with POS data and that POS data can also be analyzed alongside play logs, allowing operators to see which digital assets had the most effect on sales.

in person, at a physical location, always must be aware of traffic. Declining foot traffic is a harbinger of things to come — ShopperTrak, which provides technology tools for measuring footfalls, estimates that a steady decline in foot traffic over a given period will result in decreased sales in about 13 months. And being aware of decreases as they happen allows the business to move dynamically, enacting campaigns to bring more people into the space.

“The number of people who are actually looking at the screens and definite ROI for the network has always been a question mark when it comes to digital signage,” said Haroon Mirza, director of business development for CognoVision.

Laura Davis-Taylor, president of Retail Media Consulting, said there are three primary types of tools that do the actual measuring of customer activity:

- Simple traffic counters, such as laser beams across the entrance to a store.
- Video recognition systems such as camera-based technology that counts the number of people that walk by a certain space, if they stopped and for how long, etc.
- Traffic tracking tools, such as ceiling-based cameras that assign a unique numerical ID to each customer that enters the space, creating a log of that customer’s activity in the store (movement, dwell time, patterns). That information can be turned into “heat maps” that are accessible in real time.



Photo courtesy of iStock.

Real-time audience measurement technology can give advertisers precise data as to who is looking at the ads for and for how long, helping to measure ROI.

Audience measurement provides several solutions for digital out-of-home and those that advertise on the networks.

While the basic traffic counter is limited to some very rudimentary numbers, the other two options can be extended to provide data on the effectiveness of digital signage. Traffic data from zones within a store featuring screens can be correlated with POS data, to establish relationships. If the tool is sophisticated enough, it can track the effectiveness of individual campaigns on the screens — for instance, did that video promo for Oreos result in an increase in sales? That POS data also can be analyzed alongside play logs, allowing operators to see which digital assets had the most effect on sales.

Also, knowing who is looking at the screen in real time opens up the door for what Lyle Bunn, principal and strategy architect for Bunn Co., calls “dynamic ad provisioning.”

“Dynamic ad provisioning from facial recognition suggests an entirely new revenue model from better message targeting,” Bunn said. “In this revenue model, content is developed for locations where targeted viewers are expected. The content is placed in storage on the media player at that location for playout when triggered (rather than simply placing the ad into a playloop).”

TruMedia Technologies, a provider of audience measurement technology, often shows its iCapture system at tradeshows. The system is set up so that when a male approaches the screen, for example, an ad for Hugo Boss menswear plays. When a female stands in front of the screen, the system recognizes the gender change and she is shown a perfume ad. Myra Cohen Doukhan of TruMedia says the iCapture can detect gender with 90 percent accuracy.

The technology

If the concept of audience measurement sounds interesting, the technology and hardware behind it is even better. TruMedia, a company formerly specializing in security, provides a slim black camera that sits on top of the screen as part of its iCapture solution.

The video stream from the camera is sent to a computer with a face tracking engine that registers the number of viewers in front of the screen and can even determine whose eyes actually looked at it. As said earlier, new developments in TruMedia’s software also can determine the gender, age and ethnicity of the viewers to a certain degree. All of that information can

be compiled in several different ways to produce an audience report.

CognoVision’s audience measurement solution, AIM View, is a Web-enabled software program that reports the number of viewers, viewing time and anonymous demographics. Additionally, CognoVision’s AIM Traffic solution reports total population counts, direction of traffic flow and dwell-time data.

Mirza says that CognoVision uses third-party webcams instead of larger proprietary cameras to cut down on the cost of the system for customers.

The cost involved

Companies are relatively slow to adopt audience measurement along with their network deployments because of the cost involved.

“We face two major issues that stop us in our will to roll out [audience measurement systems],” said Christian Vaglio-Giors of Neo Advertising, Geneva, in an interview with DailyDOOH. “No one is willing to pay for it.”

Vaglio-Giors said the second problem



Photo courtesy of iStock.

Many companies are concerned about using audience-recognition technology because of privacy concerns, but the technology is legal and safe.

was with companies allowing the cameras because they believed it breached personal privacy. But audience measurement companies ensure that this technology is legal.

“Wherever there are cameras there will always be the concern that Big Brother is watching,” said Catherine Moore, director of international sales for TruMedia, in a Cleverdis Special Report. “But no images are ever recorded and no uniquely identifiable data is extracted.”

Proof of play: The result of measuring an audience

Another key metric for digital out-of-home is proof of play, which are stats created and managed by the software running the digital signage network. Nurlan Urazbaev, director of marketing for BroadSign International, called proof-of-play numbers “the basis for accountability in digital signage” and a crucial component of an in-store marketing program.

“In contrast to broadcast TV, a modern digital signage system should be able to record every instance of an ad displayed on each screen — the player level is not enough,” he said. “At the end of a campaign, a proof-of-play report compares the number of planned ‘ad plays’ — we call them ‘ad repetitions’ — with the achieved ones. Having these statistics, it is easy for the ad sales department to show what

exactly advertisers paid for, reconcile invoices, etc. Solid proof of play also facilitates creating rate cards and campaign planning and budgeting.”

“Providing proof of play is the price of entry,” said David Roscoe, president of ADFLOW Networks. “Every advertiser needs to know where their message ran, when and how often — and if there were variances according to plan. With the right content management solution, that information is easily accessible. Most agencies will ask to see reach and frequency estimates, often broken out by specific demographics, so you should be prepared to provide those as well.

The benefit to advertisers is that they have a clear picture of when and where their content was played. They can analyze the data to determine the effectiveness of the campaign and fine-tune the messaging, timing and location to ensure the right message is being delivered to the right audience at the right time.”

The level of specificity provided by a proof-of-play report (also referred to as play log, billing log or performance log) varies from one software package to another. Perhaps the most important distinction to note is whether or not the software measures proof of play at the player level or the screen level — in other words, if the message was sent to five screens, but one of them was not

“Every advertiser needs to know where their message ran, when and how often — and if there were variances according to plan. With the right content management solution, that information is easily accessible.”

— David Roscoe, president, ADFLOW Networks

functioning correctly, is that counted as five ad plays or four? Being able to measure proof of play at the screen level — knowing, in this example, that the screen was off, and only four ad plays should be recorded — is an attractive capability, and one that will be especially important if the screen deployer wants to court advertisers.

Chapter 4 Making money with DOOH

The ad-buying business is very different now than it was just a few years ago. While this obviously has much to do with new media, it is largely affected by one particular innovation by one particular company: Google’s search marketing.

“Media buyers have lately been under pressure from advertisers to buy media that provides more accountability and higher ROI than traditional media,” said Brian Dusho, president and chief strategy officer of BroadSign International. “When Google made their paid search marketing model transparent and accountable — you only pay for click-throughs to your ad, not for impressions — both media buyers and advertisers became excited and comfortable with it and started spending more money on it.”

“The number one thing is audience,” said Bill Gerba, president of WireSpring Technologies. “The ability to hit a certain target demographic, and more importantly, a large number of individuals in that demographic, is what media planning and buying is all about.”

To that end, screen deployers that want to court media buyers need to spend some time and money doing audience research, building a comprehensive profile of who

“Media buyers have lately been under pressure from advertisers to buy media that provides more accountability and higher ROI than traditional media.”

— Brian Dusho, president and chief strategy officer, BroadSign International

exactly will be seeing the screens. That information needs to be distilled into a compelling media kit, that describes the entire value proposition of the screens at a glance.

David Roscoe, president of ADFLOW Networks, recommends doing as much research up front as possible. “Media buyers have enough challenges in understanding this new media offering. What they need is enough information for them to make an intelligent media purchasing decision. Make it easy for them. Demographics, target audience, type of locations, traffic, etc. are all part of the value proposition media buyers use when making media purchasing decisions.”

Payment model

Particularly in retail, ad-based digital signage should strive to move from a cost-per-thousand model (CPM) to a cost-per-acquisition (CPA) model. CPM is how media is traditionally priced — advertisers

	CPM (Branding)	CPM (At point-of-purchase)	CPA (Integrated with POS)
Definition	Cost per thousand impressions	Cost per thousand impressions	Cost per acquisition or action
Explanation	Agree to rate on guaranteed impressions	Agree to rate on guaranteed impressions	Agree to rate on desired transaction (actual sale, download coupon, call phone #)

CHAPTER 4 Making money with DOOH

pay based on how many thousands of people have the potential to see the ad when it is shown.

Digital signage opens the door to a new paradigm where point-of-sale system data can be tied to the ads shown at a particular time. Therefore, retailers can measure how much a particular ad impacted the sale of the item. The advantage for network operators is that networks, screens or ads that create the biggest impact and the POS can now be priced at more of a premium based on their proven effectiveness.

Chapter 5 The right equipment

Commercial grade: What is it?

For digital signage experts, it may sound crazy to think that someone would consider walking into a Best Buy and purchasing a flatscreen for digital signage use. On the other hand, there are probably some readers asking, “Well, why not?”

Not all flatscreens are made the same. Aside from LCD and plasma, the biggest dichotomy of digital signage hardware is between consumer- and commercial-grade flatscreens. And the bottom line is, when it comes to DOOH advertising, the right equipment is needed to maximize the effectiveness of the network.

Commercial-grade screens are the standard for digital signage applications. The quality improvements between commercial- and consumer-grade screens start from the ground level in design. From the beginning, commercial-grade screens are designated for heavy-duty use and have tighter tolerances. They are built to handle different environmental situations, not just the living room.

“Advertisers today are smarter than they were years ago. Taking shortcuts in terms of equipment will ultimately affect your pocketbook.”

— Mike Zmuda, director of business development, NEC Display Solutions

Commercial-grade screens are designed for more continuous use than a screen that would be put in a home. Consumer-grade screens have fewer hours of life expectancy, usually in the tens of thousands. Generally, it is assumed by the manufacturer that consumer screens will only be on for several hours a day.

With many consumer-grade screens, the manufacturer’s warranty can be very limited or voided if the screens are used for a commercial application like digital signage.

Aside from lifespan and warranty considerations, commercial-grade screens can be oriented in portrait mode and landscape mode, where consumer-grade screens cannot. Connectivity was

Commercial vs. consumer flatscreens

Commercial

- Designed for continuous use
- Can be used in portrait or landscape mode
- Networking inputs (PC, serial ports, VGA)
- The right choice for digital signage deployments

Consumer

- Manufacturers warranty limited if used for digital signage applications
- Limited networking inputs
- Limited screen brightness, designed for home use

mentioned earlier, and commercial-grade screens provide hook-ups and inputs that consumer-grade screens don't have. Commercial-grade screens have PC inputs, serial ports and VGA inputs that are used for connecting them to networks and media players. Consumer-grade flatscreens are designed to connect with DVD players, video game systems and cable lines only.

Why is it important for the DOOH advertiser?

When advertisers pay a network owner to run ads, they want to see a high-quality ad. In this industry, fuzzy, flickering ads won't cut it, and a dark screen means lost business.

"Advertisers today are smarter than they were years ago," said Mike Zmuda, director of business development for NEC Display Solutions. "If you work in the print industry, you know that they will often send their marketing folks out to take a look at the print material, make sure the colors are correct, everything is crisp. We're starting to see that happening now in the digital signage industry. Advertisers are going to pay more when the displays and the networks are able to play high-quality, hi-def images on their displays. What you find is that all commercial-grade equipment has most of the things advertisers require. Taking shortcuts in terms of equipment will ultimately affect your pocketbook."

Chapter 6 The future

DOOH, although still a nascent industry, is showing strong signs of growth, even amidst the current recession.

Arbitron reports that approximately 155 million (67 percent of) U.S. residents aged 18 years or older have seen a DOOH video display in the past month. PQ Media expects the U.S. DOOH market to grow at a CAGR of 12.9 percent through 2012. DisplaySearch says that shipments of large-format commercial displays (26 inches+) is set to grow 44 percent in 2009, indicating that more screens are being used for digital signage applications.

Trends serving as indices of future growth

There are several key trends in the DOOH industry that will aid growth. For one, advertisers are beginning to discover the advantage of cross-interactive media, such as integrating digital signage with mobile phones. Mobile phone integration usually consists of content that features a “call to action,” such as sending a text to number or a short code. In many cases, this results in the customer receiving coupons or exclusive content via his cell phone. The advantage for retailers is that they are able to gather metrics on how effective the ad was based on how many people interacted using their phone.

There also is likely to be a serious industry consolidation in the next two years. This will be due mainly to strong players rising to the top and building strategic relationships, while smaller players either get bought up or fall by the wayside. The digital signage software sector will be among the first to begin this

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consolidation-then-shakeout process.

Trends in media and culture are playing out in the DOOH industry. User-generated content is becoming more of a practice when it comes to planning content for digital signage. Sites like LinkedIn, Twitter and Facebook are showing digital signage users that interesting content can be brought to their screens and doesn't always have to have a big price tag.

Green initiatives will be more of a driver in the future, as companies learn they can turn to digital to save money in the long run on shipping and printing costs of static signage. On the hardware side, energy consumption of screens and players will become more of an issue, forcing manufacturers to consider more ecological production methods and technology. As more screens are produced and therefore replaced, the importance of electronics recycling and disposal also will come into play.

As the recession turns around and the construction industry picks up, more digital signage will be installed and will be integrated into environments from the beginning, particularly in the retail segment. In the meantime, the increased use of small form-factor displays has screens being placed on store shelves, service counters, outside function rooms and other points of decision. With the overall customer experience in mind,

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marketers also are looking at ways to integrate digital signage with in-store music, self-service devices, loyalty programs, price-checking and point-of-sale messaging.