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The "WHY" of Digital Signage – Objectives Defined.

Defining the communications objectives to be achieved by the digital signage/Digital Out-of-Home network is fundamental to the direction, design operation and the success of the network.

As Dynamic Digital Display (DDD) Networks grow rapidly, there is a heightened realization that "*Content",* the media presented on these displays, is critical to achieving the objectives of advertisers, network operators and the locations in which displays are located.

Dynamic Digital Display is referred to by many terms including for example Digital Signage, Retail Media, Digital POP, Dynamic Display Engagement Media, Retail Media, Dynamic Communications Network, Place Based Media, Captive Audience TV, In-Store TV, Dynamic Out-of-Home, Narrowcasting, etc, etc.

The core value propositions of dynamic digital display are as follows:

- Marketing is a primary area of business operations where efficiencies can be achieved and when achieved, offers high business value.
- The inherent efficiencies of *digital* media creation, communications, management and display can be exploited along the complete communications supply chain.
- Audiences are often "captive" or waiting in line-ups in out-of-home locations such as line-ups, medical offices, elevators, transportation stations, salons, pharmacy, gas stations, show room or before events, such as a movie, check-out, or gaining customer service. All of these are areas of rapid, successful dynamic signage deployment.
- Media presented at a point at or near decision-making can have a strong influence on consumer behavior. Proctor and Gamble have coined the retail point-of-purchase as the "First Moment of Truth."
- Consumers are familiar with TV style displays offering useful, relevant information (news, weather, schedules, Public Service Announcements, safety alerts).
- Digital Signage is novel, often as the new fixture in a familiar environment.
- Visual motion is quickly noticed and can hold attention. Humans have a primal conditioning to notice movement since it may represent a threat or an opportunity.

Technology "push" now shifting to marketing "pull"

Dynamic displays, in networks controlled from a central location, are typically installed in very high-traffic, point-of-purchase, captive audience, and out-of-home environments such as retail, consumer service, work environments and transportation facilities. Traffic counts, viewing time, demographic profiles and

engagement measurements can be more easily achieved in these locations. While this makes dynamic signage an attractive alternative or extension of broadcast and print advertising, it also begs for "good" design of the play-loop, display layout, and above all, the "content spots" themselves.

The contribution of dynamic signage is to strongly affect the way that a consumer experiences and is stimulated by the identity of the product, service or information being displayed, and the environment in which it is being presented. While actual results vary by situation, the following are performance benchmarks representing measures of impact that have been achieved[1].

10%+ Sales lift on product / service
2-3% Increase in shopping basket
70%   Unaided recall
68%   Purchase intent
80%   Improved Shopping experience
40%   Reduce Perceived Wait Times

Dynamic signage gets noticed by consumers

Dina Howell, Director, First Moment of Truth at Procter & Gamble, said,[2] "P&G wants to connect with consumers when and where they are most receptive to information about P&G brands. We want to delight the consumer as well as simplify the shopping experience." She said, "Working with retailers is pivotal to P&G success'. Ms Howell added, "The store must be an extension of the brand and we must work in collaboration with retailers at that critical first moment of truth when a consumer makes the purchase decision".

This "first moment of truth" as coined by P&G acknowledges the decline in effectiveness of broadcast ad spending[3], the growing importance of retail media in the marketing mix, improved measurement capability and most importantly, the effectiveness of point-of-purchase and out-of-home ad display.

Content Messaging Must Deliver Communications Effect.

Content must deliver benefits to the advertiser, as well as the network operator and location provider. "Content" is the word used to describe the images, messages and media presented on dynamic digital displays and TV-type retail media. It is critical to achieving what this out-of-home and point-of-purchase communications medium can deliver.

Content is the visual manifestation of the advertiser's and the network's brand and their business objective or offering.

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[1] Representative examples of digital signage impact are illustrative of actual network audit results.

[2] Presented at the At-Retail Media (ARM) Expo September 29, 2005 in New York City during AdWeek 2005.

[3] Proctor & Gamble announced a 3% reduction in TV ad spending and a 25% reduction in cable ad spending during AdWeek 2005.

Content is charged with delivering the benefits that dynamic signage offers. Network owners, operators, advertisers and suppliers are increasingly aware that out-of-home, location-based or in-store dynamic signage is different than other communications devises, and merits content composition suited to its uniqueness.

Brand Building

Dynamic Display can do what no display medium has previously done. It can present a variety of controlled, dynamic digital images in service or shopping locations and at the point-of-purchase**.**

To "brand" is to gain a favored or desired position with consumers for a product, service, experience or organization. "Branding" is to create revenues that are sustainable with positioning for planned growth at contained costs.

In addition to increasing brand awareness, point-of-purchase display offers an immediate opportunity to motivate the sale, and to create a new customer.

Consumer research shows that a shopper purchase is motivated based on brand affinity, as well as Point-of-Purchase influence[4] such as special offers, pricing, promotions, etc. This illustration of research by Millward Brown[5] provides examples of the percentages of the propensity for selection based on "brand" influence versus POP activation.

Revenues build Brands

This new "on-location" alternative display medium presents a significant threat *and opportunity* to brand management because it is "outside-the-box". It changes display improves display location the entry level of investm consumer branding and s spending. It heralds an er change in marketing com a paradigm shift, or what the Harvard Business Review called Blue Ocean Strategy, in an October 2004 article.

De-branding occurs from repetitious, stale, irrelevant or poor quality content.

Avoiding De-branding

Advertising is not neutral. It is either a positive and building force, or it is negative and destructive. All advertising is intended to be positive and brand-building by improving a consumer's perception and alignment with a brand, and to grow a sustainable customer base, through revenue and margins. If not positive, then advertising is destructive.

Consumers can respond negatively even to ads that were previously positive, and "lazy", uninspiring ads drain resources that could have been applied to better brand—building.

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[4] "Recency" is the term used to describe the presentation of a "call to action" message at or in close time proximity to a purchase or branding event. A definition of digital signage terms is available at www.digitalsignageforum.com and www.aka.tv.
[5] Branded versus Activation Buying Propensity. Part of research finding presented at American Marketing Association, Toronto Chapter by Bill Ratcliffe, (while) President, Millward Brown Canada. September 2005.

Content must be kept at a level of relevance, usefulness, and be interesting, compelling and inspiring. In not doing so, everyone involved with the network including network owners, location providers, and advertisers run the great risk of alienating and angering consumers. The de-branding can be directed toward individual advertisers or the display capability at large, (which indirectly impacts all advertisers by association).

Poor Content Quality= Negative Impact	Uninspiring Content = Negative Impact	Quality Content = Brand-Building
De-branding, annoyance, disdain for the medium, negative impact	De-selection, disregard, wasted spending. Consumer complacency toward brand	Engaged consumers, brand building, display objectives achieved

When "the medium is the message", as is the case in a captive audience environment, ad messaging is naturally blended with the medium. As the display (and its audio) must earn consumer acceptance, so too must the content, at risk of both being disregarded or worse, seen as a negative part of the location experience.

Return on Objectives (ROO) - More than Return on Investment (ROI)

Return on Objectives (ROO)[6], is the goal of Dynamic Signage content and is being used to describe the role of dynamic signage and retail media by Alchemy, part of the St. Joseph Communications family, one of North America's largest producer of marketing communications materials. The ROO approach uses structures for goal setting, alignment, and focus that allow marketing goals to be achieved through dynamic digital display.

Business achieves Objectives beyond ROI

Dynamic signage has the potential to provide a higher Return on Objectives than any other marketing communications medium because of its location, display flexibility, "speed to display" and low cost of content production.

ROO addresses the range of Marketers' business objectives that "content" must deliver using the dynamic signage or In-store systems. These include Return on Investment (ROI), brand influence, merchandising, customer loyalty, perception and others.

Each objective can be articulated (quantitatively and qualitatively) with

Each area of Objective includes multiple goals.

measurement criteria attached, allowing content optimization to further escalate the value of the network.

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[6] "Digital Signage: ROI, or ROO". <u>Marketing At Retail</u> Inaugural Edition September/October 2006. Lyle Bunn and Lauren Moir.

Return on Investment accounts for such elements as sales lift, up-sell, cross-selling and conversion, as well as endemic, supplier, and third-party advertising and co-op dollars.

Brand influence impacts and is affected by better customer engagement, leveraging an entertainment icon, complex brand communications, regional targeting, live events, simulcasts, live two-way customer service and interactive connectivity.

Marketers want outcome measures so they can buy communications most effectively. By providing impact measures with cost-effective display, dynamic signage is positioned to gain the attention and funding that would have gone to other marketing communications approaches.

Financial Objectives

Tangible benefits such as direct revenue growth, revenue positioning or cost deferral/avoidance are available from dynamic display. Examples of these follow.

Revenue growth:

a) Ad Revenues: Payment from suppliers or third parties for ad display.
b) Location Revenues: Payment for providing the location in which the dynamic signage is installed.

Revenues and margins build brands

c) Sales Lift: Revenue from product or service sales, up-sell and cross-selling
d) Increased Margins: Sales of products prior to discounting or from sales early in the stock cycle.
e) Advance Orders: Achievement of sales prior to receiving a product shipment or in advance of service delivery needs. Advance orders improve cash flow and "scoop" sales that might go to competitors.
f) Staff Training: Better training on sales approaches, or product features and benefits can improve in-store staff productivity.
g) Sponsored Events: Live or near-live events can include demonstrations, promotional messages, advertorial, instruction or entertainment. Revenue streams include message sponsorship, admission at the display location or increased sales resulting from the event.
h) Loyalty member growth: Direct membership fees, increased sales and revenues derived from increased traffic or list rental.
i) Website traffic: Improving web traffic can increase online and in-store sales, and generate increased banner ad revenues, as well as gift and loyalty card sales. Gift registry offers additional engagement. By motivating engagement through a website, a more detailed explanation of the offering is possible.

Cost Deferral:

A holistic view suits benefit achievement best when using new tools

a) Poster printing, distribution, installation, removal, damage and discarding.
b) Reduce management travel costs to retail and customer service locations by reducing the frequency of travel for physical on-site visits, when the dynamic display network is used for staff communications for product knowledge, motivation, safety and compliance communications, merchandising plans, communicating corporate values and directions, etc.
c) Improved employee communications can reduce costs related to staff replacement and should result in improved customer service through a better-informed and skilled employee.
d) Reduced costs and accelerated cycle (increasing productivity) in retail display, training and internal communications

Engagement Objectives

Many positive impacts of dynamic signage are subjective and less easily quantified. They do however lead to the tangible measures of improved revenue and brand impression through improved visit experience, product/service awareness and propensity to buy. Some examples of engagement objectives are as follows.

Improve the experience in the environment

"An improved experience" has numerous elements

- Improving the relevance of an offering to environmental conditions, trends and fads.
- Improving the in-store experience by adding audio, visual and information.
- Making the retail environment more unique and interesting.
- Making shopping more fun.
- Aligning with community and demographic interests with relevant information.
- Inexpensively refreshing the visuals in the retail environment – in particular for frequent shoppers.
- Entertaining the co-shopper, (the companion who is less interested in shopping a store).
- Inform the shopper of product and service offerings that are new to the store or which they may not be aware are available.
- Providing changing, interesting, target market visuals relative to other retailers in the product vertical or mall "district".

Increase shopper attention

- Pulling traffic into retail-service space from public space, walkways, mall area.
- Increasing shopper dwell time.
- Deepening the "loop" of patrons to browse the store more fully.
- Increasing shopper visit frequency.

- Creating awareness of programs such as loyalty, on-location events or offerings, sponsorship, community involvement, etc.

Align with and fuel consumer aspirations

- Solidify user loyalty.
- Present multiple scenarios/aspirations for the patron (i.e. the "glow" of joyfulness, a fun/healthy lifestyle, good times, relationships achieved, etc.).
- Align products or services with movie trailers, music videos, destination clips to provide customers with a cultural touch-point to associate with the message.
- Correlate products and services with emotional moments that shoppers can relate to.
- Reinforce messages delivered using other marketing collaterals.
- Put the product in a lifestyle context (i.e. perfume in a romantic evening setting)

Clarify the offering

- Providing "gender clarity' of products.
- Presenting visually how a product will work, look and move when in use.
- Profiling features and benefits.
- Visually demonstrating how a product "goes with" another (i.e. scarf with jacket)

Present a "call to action"

- Propose a purchase or enquiry.
- Pre-sell incoming products
- Display in-store promotions
- Issue electronic coupons
- Present limited time, in-store offers

Offer ways for the customer to engage

- Promote loyalty programs, gift cards, gift registry and website
- Promote special events
- Provide the reason for a future visit.
- "Humanize" staff by profiling their attributes
- Motivate engagement through other approaches that improve discourse between the brand and the consumer (i.e. contests, text message voting, etc.)

Communicate "values"

- Present examples that illustrate the organization's goals, attitudes and values

- Motivate, inform and train employees (directly or through ambient display)
- Improve the sales-focused partnership with suppliers.

"Values" Messaging

Content spots communicate "values" in their message, as stand-alone spots and by association. "Values" messaging is integral to brand identity and a primary consideration in content creation and presentation location.

As a communications tool, dynamic signage offers the opportunity to have a high impact on reinforcing and building community values because of the display locations and since displays can handle large volumes of messages in play loop composition and segmenting the display area.

"Values" messaging is accepted[7]. Highway signage presents "Arrive alive – don't drink and drive", trash bins display "don't be a litter bug", and TV ads deliver family values messages. Radio stations contribute hundreds of hours of airtime and community involvement to improve civic life. Establishments want to reflect the values of the communities in which they participate, and dynamic signage is an impactful, efficient instrument for achieving this objective, while increasing network value.

Popular entertainment, including TV, movies and music often present examples of attitudes and behaviors that do not reflect a moral or civic standard. This presents a dilemma for advertisers who want to reach buyers but do not wish to align with the values that their sponsorship is supporting. By including "values" messages on dynamic signage, advertisers are advantaged by aligning with civic messages that support their brand building, or at the least minimize negative effects of association.

Adonis Hoffman, Senior Vice President of the American Association of Advertising Agencies (AAAA) included a comment on "values" messaging in the November 9, 2006 (USA) analysis of Election Day, as Democrats gaining control of Congress and leadership of key committee posts. Hoffman said "The notion that media drive more consumption of things that may not be good for consumers–from junk food to costly prescription drugs–is likely to find its way into the campaigns and debate".

Network operators, advertisers and location providers are well served in assuring that content reflects the current and aspirational "values" of viewers, and by including stand-alone spots that reflect the aspirations of brands being presented.

"Content" Quality a Critical Success Factor For Network Operators

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[7] A 2004 article entitled <u>"Values" Messaging on Electronic Signage</u> proposed the "tri-use" of displays for a) commerce b) public safety and c) "values" messaging, making reference to other public communications devises.

The advertising revenues from dynamic display spots (called "flights") can increase through good quality content.

Quality content can improve customer awareness, recall and engagement. Higher ad rates are merited with these improvements, while advertising orders are easier to obtain.

Better content means more network revenues. Additionally, when better content quality or the overall level of content in a play loop results in more viewers noticing the display, recalling ads and engaging, display inventory is sold more easily and the CPM (cost per thousand) rate increases.

When providing a sample loop to media buyers and planners, the overall quality of the loop strategy and its spots including sample ads, transitions, network and location branding, and other content, will affects the media buyer's opinion. By improving "typical" content, the network operator presents a more attractive offering during ad sales.

Better quality content can therefore reduce the cost of ad sales, increase ad revenues and accelerate growth of the network, therein enabling further revenue growth.

Poor content is a "Silent Killer" of networks Alternatively, poor quality or inadequate content, (as network owners and suppliers are increasingly realizing), could be "the silent killer". Networks can die or be stalled in their planned deployment due to the inadequacy of content quality, impact and quantity.

Success is not achieved through poor content. The need for "content" improvement is indicated when:

- Results from advertising or network operations are inadequate.
- Awareness of the displays or the perception of their value is in decline on the part of viewers, advertisers, location providers or network sponsors.
- Content is annoying or conflicts with the environment.
- The relevant of content is limited, not providing the viewer with solutions to their lifestyle needs and problems.
- Content is perceived by viewers as repetitious.
- Too much content is presented, eroding the expected impacts.
- The network is seen as the same as television simply being presented in an out-of-home environment, with little or no differentiation of home-based TV content.

Conclusion

"Content is King" goes the saying. But, this is with the recognition that what goes into "content" includes the determination of objectives, the development of visual elements in a way that achieves these objectives, and performance measurement,

which can fuel improvements.

This paper describes a framework to define objectives that Dynamic Digital Display is well suited to achieve.

The next step for advertisers and display operators is to develop Content strategy and individual spots that in fact *do* achieve defined objectives "Content elements are *applied to* objectives *in a* viewer's environment *with a* call to action *to achieve* response".

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