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article

“We're at a critical place in the industry, as the excitement of marketing at-retail and in-store technology continues to ramp up. As rosy as it looks, we still have some serious work to do.

For this month’s column, I decided to bite the bullet and explore a topic that not many care to dwell on: the big hurdles that the in-store digital media space still needs to work through. By doing this, I by no means aim to rain on the parade of all of the truly exciting developments that we’re currently appreciating (with a sigh of relief I might add). My goal is to shine a light on some of the sticky stuff that may keep us from continuing with the pace of progress that we’ve enjoyed over the past year or so. Also, rather than just sharing the challenges and bailing out with a heartfelt "good luck," I’ll be taking many of them on in future columns with the help of some of the top minds in the industry.

On that note, rather than just provide a bulleted list, we decided to do a round-up interview on this topic with a variety of industry insiders and offer you perspectives from various industry constituents. We hope you find the insights as provocative as we did.

JOHN GREENING, Sector Head, Advertising; Associate Professor, Northwestern University:

"There needs to be an in-store metric that’s based on influence rather than communications. Influence is about driving you closer to a deal, communication is about repetition. So, maybe we need to refer this stuff in relation to its ‘magnetism effect’ — this better gauges influence and effect. ‘Magnetism’ should also be broken out by two key things: the buyer and the shopper — and what separates them is the intent. A buyer is on a specific mission and the shopper is open to buying something that they had no original intent to purchase. Therefore, we should measure how many people came in and shopped vs. bought. Another point that’s bugging me is the industry’s attachment to acquisition. A retained customer is 75 percent more profitable than an acquired one — so this is backwards! We should focus promotions to drive more out of retained customers and provide better service with every touch in the store. This tactic will drive much more compelling profitability, but it can only happen by involving and interesting shoppers rather than selling them — and measuring accordingly."

DON FASICK, Director, New Business Development Commercial Products, LG Electronics:

"First and foremost, we're still challenged with who is going to finance the network. As we all know, network ROI is not easy to come up with and, naturally, many default into the advertising play. With this mindset, the only results people want to talk about are CPMs — but if the network has another purpose, how is the value determined? Also on the CPM subject, advertisers are resistant to buying on networks that can't deliver significant CPMs — yet there are still no true nationwide digital signage networks for companies to advertise on!

"Another key challenge comes with departments working together for the first time. There are still significant 'language' barriers between advertising, marketing, IT, and purchasing groups in any number of the companies that are involved in this business. Because of this, timing comes into play, with large projects taking upwards of 18-36 months to get out of 'pilot' mode to roll out. Then, once out of the gate, everyone wants to keep mum on their experiences since they think it's a competitive advantage if they have been successful. This is unfortunate for everyone."

LOU GIACALONE, SVP Digital, Worldwide, Titan Worldwide:

"I still think the creation of standards is one of the key things holding digital signage back — if not the thing. I am now in the position of being a large volume customer of digital signage products. I've come to some humbling realizations over the past several months, all culminating in the fact that I haven't found any product or group of products that can truly do what we need — and it's not like we need to do anything really unique! I don't believe any single company ever will do everything we need to do. This is almost always the case in any industry, but it's even truer in a tech one like digital signage and the only way to enable the needed solutions to be developed is through multi-vendor cooperation. The best, most practical way to do this is standards. After talking about this issue and related issues of standards for the better part of a decade, nothing much has come of it. So, my conclusion is that we need to move to 'Digital Signage 2.0' and create open, multi-vendor supported technical standards. We are all in this industry because we know the potential is enormous. We also know next year is 'the year of digital signage' and has been for many years now. One of my favorite sayings is, 'The definition of insanity is doing the same thing over and over again but expecting a different result.' We must collectively stop the insanity. We all win in the end if we figure this out vendors, customers and even consumers."

LYLE BUNN, Principal & Strategy Architect, BUNN Co.:

"The key issues for networks dependent on advertising is the need to simplify media planning and buying processes without commoditizing the medium. Ad-based networks suffer from a lack of standardized ad sizes, lengths, and formats, which makes trafficking ads to multiple networks less streamlined than more mature media (TV, radio, print). Also, all networks are still generally suffering from a low quality of content. Digital signage is a powerful, short-view media in which uncluttered messages produce the best results. The re-purposing of web, print, and TV spots requires further refinement to gain both the economies and the branding and merchandising performance of repurposed content. Multiple channels are proven to generate results that exceed the sum of the approaches, but not using content that best suits the medium used is to build in a lower return on investment (ROI)."

TOM NIX, VP and General Manager of Dynamax Technologies Ltd.:

"Although in-store technologies have made tremendous advances in recent years, the promise of a truly 'connected' retail environment in which all digital signage, kiosk, customer database, inventory tracking, and electronic pointof- sale (EPOS) systems communicate and relay real-time data to managers in a seamless, integrated fashion has failed to materialize. For example, in a connected setting, frequent shopper and item-level RFID tags, based on certain activities, can trigger specific content to be displayed via the store's digital signage network. Once the consumer buys this product, the EPOS system transmits relevant purchase data to the CRM database, which then can be mined to gain further insight into the store's customer base.

"Without question, this lack of connectivity is the single most significant obstacle currently thwarting the widespread deployment of these systems, to the detriment of retailers and consumers alike. That said, retail chains, marketers, and technology providers need to work more closely together to develop mutually beneficial solutions that can enhance the in-store shopping experience and allow retailers to more effectively interact with and engage their primary target audiences on multiple levels."

JEFF COLLARD, President, Omnivex:

"We are finally at a point where network operators and venues are starting to recognize the capabilities of this technology. This raises the bar on the content delivery system and people are now looking at higher value systems that provide customer relevant content as opposed to simple in-store TV models that pander to the lowest common denominator. At the same time, purchasers are trying to commoditize the content delivery systems to lower initial purchasing costs with little concern of total operating costs. As long as this conflict exists, there will be confusion in the market and growth will be impeded.

"Another issue is that, as we move closer to the adoption of high definition television in North America, consumer expectations of advertising media and bandwidth constraints to deliver it are going to collide. Last year, internet traffic increased 75 percent while capacity increased 47 percent according to TeleGeography. Digital displays and digital content are moving to high definition, effectively doubling bandwidth requirements at a time when other media is increasing the load on the infrastructure. We are heading toward cyberspace gridlock, and the systems that deliver content need to become more efficient if this industry is to grow."

JIM CURRIE, President, LevelVision:

"It is time that we recognize that we must be proactive in establishing a basis upon which to fairly assess and compare all media — and the true value of today's in-store digital signage in contrast to the traditional venues. To transition market thinking from yesterday's media solutions to today's expanded solutions requires the education of advertisers as to the strengths and weaknesses of all media solutions. This universal basis to compare all media will facilitate the acceptance of change and allow the market to reassess yesterday's assumptions and metrics that applied to TV, billboards, and more, but are no longer appropriate for today's expanded media solutions.

"While TiVo has destroyed the key assumption relating to TV advertising that consumers will watch the ads, at the same time the internet has allowed one-to-one advertising, and in-store digital signage has offered the potential of a higher level of consumer engagement leading to a call to action to purchase the digitally advertised product. Old assumptions, therefore, such as CPM and simple traffic counts, need to yield to new universal metrics such as ERM (Effective: quality of engagement, Relevant: quality of timing and location, and Marketing: quality of the message). ERM provides advertisers and brands with a way to fairly compare every form of media available today using the same basis and the same metrics. A comprehensive approach like this will eliminate in-store digital signs being graded on a 'sales lift' basis, while billboards are graded on traffic volume alone."

CHRIS HEAP, Director, The Imperative Group:

"In our quest for innovation and 'the next best thing,' please let's not forget that existing models/solutions and offerings require significant and concerted development and refinement. We must continue to innovate, but do so with the consumer rather than the vendor in mind. The creative process and consumer engagement are where the real-world value resides and should remain our priority.

"Also, we need to recognize that the propensity to watch a screen varies. Therefore, I believe that there should be two basic designs to screen-based digital media: one to service 'glancers' and one to service 'watchers.' But are watchers who provide multiple minutes' worth of attention more or less valuable than glancers? The rhetorical question is: Just how long or how often do you think you need someone to be exposed to your message before they 'get it'? The answer is usually 'less than you think.'

"Compliance is still a sticky wicket, too. We have some work to do to get to 90 percent-plus compliance across the board to buyers, and it's going to be critical to offer the buying market more transparent, consistent compliance levels if we are going to outcompete other forms of measurable out-of-home/retail media.

"Finally, we need to address both media management and privacy. As more brands and retailers integrate digital screens, kiosks, mobile phones, handhelds, etc., they aim to plug in with traditional media and create sophisticated internal media planning tools for the media buyers and brands alike. This 'cross media inventory management model' may one day be mandatory for digital plays, and it requires a high level of network compliance and back-channel data provision. Then, it must ensure that the right data is automatically pushed back into the media planning system. This 'one-touch' buying facility across what is currently a very fragmented media buying space will require the consolidation of multiple forms of media data and fewer data points for buying — an exciting concept, but it won't be easy.

"Regarding privacy: How we use this data will require a high degree of prudence, especially in relation to the extent of the viewer metrics captured (such as gender, age, and ethnicity) and how it is to be used. The marketing and media community prefer as much real-time data as possible, but consumers may have an entirely different view. Therefore, devices and systems that capture viewer data should offer either an opt-out or a clear explanation of benefits to participants to be accepted."

From my view of the world, I think these quotes are dead on. However, I'd like to add that I still encounter more IT struggles than I would like, primarily because they tend to focus on making something "work" from a functional versus a strategic perspective. I also find it frustrating that our organizations are so splintered and unable to work together to take on these somewhat daunting obstacles as a united front. Finally, there are too few asset management systems available to retailers and content developers to meet the needs of this industry. Will someone please create one that can meet everyone's needs in a streamlined, functional fashion?

Like any good therapy session, it's only by airing out our issues that we can begin finding solutions for them. We're looking forward to biting off the big ones in future issues and would love hearing from you with your opinions."

Laura is the yearly chair of the Digital Retailing Expo, an executive member of the POPAI Digital Signage Advocacy Committee, and a lecturer, workshop teacher, and published author in the marketing at-retail space. She has top 100 brand experience in multiple retail verticals, telecomm, consumer package goods, financial services and automotive.

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