

Networked Digital Signage Transforms In-Store Advertising

It's late afternoon, and a 30-something mother is running into the grocery store to pick up a couple of things for dinner. She isn't sure what she wants, but as she walks into the store and grabs a cart, something on a plasma screen overhead catches her attention.

She moves the cart forward, but stops and turns to watch the screen again. Two women are talking about picking something up for dinner, and they're laughing. The woman smiles and the image on the plasma screen dissolves into that day's special – family-style dinners in the deli department at 20 percent off. Now she knows what she is buying for dinner.

Welcome to the future of advertising – a future that, as Convergent Media Systems envisions it, will reinvigorate a medium beset by splintered audiences, too many messages and continually escalating costs. In Convergent's world, point-of-purchase advertising that uses state-of-the-art digital signage, like the plasma screen and the deli special, will allow retailers to reach their best customers when they're ready to buy, and allow them to do so at a fraction of the cost of other media and with almost 100 percent penetration. Who can argue with results like that?

Best yet, whether grocers, specialty retailers, quick-serve restaurants or book stores, they can use Convergent's system to generate cash, whether from specific vendors who pay for space or by sharing revenue with a third-party media company that sells the space.

"This isn't something different from what retailers are doing," says Rebecca Walt, director of retail operations for Alpharetta, Ga.-based Convergent. "It's an extension of what they're already doing – the same look, the same feel, and the same message. But it's so much more sophisticated and effective. It's not just another PowerPoint presentation."

Facts and figures

That the advertising audience is becoming more fragmented, more difficult to reach, and more savvy is not new. A host of new technologies and developments, from digital video recorders like TiVO to inexpensive satellite and digital cable, have made it possible to watch hundreds of channels or to use the television set as a game platform, and skip the advertising entirely.

One of the most recent examples of these changes - last fall's discovery that a significant number of 18- to 34-year-old men have apparently stopped watching television - dovetails with a recent survey from the Association of National Advertisers that its members increasingly find TV ad prices unfair given the declining audience, that more and more of them are unhappy with the way the networks measure their audience, and that many are

beginning to wonder if anyone is even watching TV commercials. Said one ad executive: "I want to know that what I'm paying for is what I'm getting."

Or, say Convergent executives, look at it this way: while rates for prime time TV ads climb, the number of viewers is eroding. Meanwhile, TV advertising is about a \$9 billion business, while out-of-the-home advertising, which includes in-store marketing such as digital signage is about \$1 billion. How lopsided is that 10-1 ratio, given the decline in the network audience.

That math means it's becoming more and more necessary for advertisers to find more effective ways to reach consumers. Hence, digital signage, and reaching audiences at the point of purchase with ads that are not just TV-quality, but more relevant... just like the woman buying dinner for her family.

Making it work

This all sounds well and good, say critics, but what makes Convergent's approach different from similar sorts of tactics that have been tried, and have failed, over the past decade?

The answer, says Ken Boyle, Convergent's managing director for digital signage content, is three-fold: smarter audiences who expect a smarter medium; better technology, which has lowered costs and improved quality; and the Convergent system, which includes everything from providing hardware to devising content. "It looks like TV, but it feels like the Web," says Boyle. "That means there's a familiar feel to it, but the pacing and movement and the message is like Web stuff."

How important is digital signage in the buying process? One consultancy estimates that two-thirds of purchasing decisions are made in-store. One specialty retailer, meanwhile, reported a 10 percent sales increase in the first few months after installing a test digital system, and a Nielsen Media Research study conducted on behalf of another retailer showed that in-store broadcast television builds brand equity, customer satisfaction and shopper loyalty. It also found that average ad recall for one retailer's in-store system was 57 percent, compared to an industry average of 24 percent for in-home television ads.

In fact, digital signage plays into the consumer's increased sophistication. "It's no coincidence," says Boyle, "that retailers, store designers, and consultants are focusing on enhancing the shopping experience, turning the retail space into an energetic, trendy, and vibrant environment. That's exactly what digital signage, using plasma screen technology, offers."

Second, the technology and the ability to use the technology has evolved far beyond TV sets and stale, tired commercials that loop continuously every 15 to 30 seconds. Messages can be changed constantly, tailored to specific dayparts, store situations, seasonal needs, or whatever the situation demands. Banks can adjust the message to reach retirees who tend to visit in the late morning, focusing on products best suited for seniors. Bookstores can advertise new releases, upcoming speakers, and specials in the café. Equally as important, digital signage can deliver better quality graphics, text and moving images than most consumers can get on their television sets at home. It's also crucial that the message is part and parcel of the retailer's overall message, so that the in-store piece has the same

look and feel as its TV or print messages. "It doesn't look cheaper or confusing," says Walt, "but delivers the branding to the customer seamlessly; making it another extension of the retailer's marketing."

The goal, she says, is to deliver exactly what the retailer wants, be it to aid a purchase or up sell, build awareness and loyalty, get the customer back in the store for another visit, or reinforce branding.

The Convergent difference

Yes, other companies offer this sort of service. But some just sell software and then disappear. Others might develop content, but not provide the hardware and software. None delivers what Convergent does: "We provide an end-to-end solution; from content aligned with your campaign goals, to network implementation and on-going support," says Rick Hutcheson, Convergent's vice president of marketing. "When an ad is supposed to play in designated zones, at designated times, it does. We're there to deliver results for you, and that's what we're going to do."

The Convergent approach includes content design and development; digital asset and learning management; broadcast-quality production services; multi-purpose platform engineering, installation and on-going support. Putting together a digital system is complicated, taking into account the hardware to send and receive the content, the software to run the system, and developing the content to distribute.

Convergent also works with customers to tailor the system to meet their needs. Content from other media can be adapted to work on an in-store system. And, the hardware and software platform that delivers digital signage can be used for other purposes, such as employee training and news, message delivery from retail executives to store personnel, in-store security and rapid transfer of large data files like catalogs.

That flexibility pays off for Convergent's clients in other ways. Envision a setup where Convergent is the service provider for a third-party media company that oversees programming and schedules, and where the retailer benefits not just from better sales and a better quality in-store message, but from its sharing revenue with the thirdparty media company.

"We know the challenges," says Walt. "We know that this is both an art and a science. But we also know what needs to be done to bring everyone involved to the table to make this work."

Just as digital signage helps that 30-something mother decide what to put on her table for dinner.