

# **An Overview of the Digital Signage & Interactive Technologies Market**

## ***What is the Digital Signage & Interactive Technologies Market?***

Digital Signage & Interactive Technologies is the industry that has and is continuing to develop the innovative tools that turn retail and public spaces into state-of-the-art marketing platforms by facilitating relevant marketing of a brand or product through the digital delivery of dynamic customized content. In the place of traditional static signage or point-of-purchase materials, digital signage and interactive technologies give any direct-to-consumer business the opportunity to target their customers' needs, engage them electronically, and invite them to participate in the sales process. In short, it is a credible and powerful medium for brand marketing, advertising, information and entertainment that not only makes it easier for consumers to buy, but also offers a higher rate of return on investment when compared to traditional signage.

But not only is digital signage replacing static signage, it is also becoming a viable media alternative for advertisers who are trying to reach elusive consumers who are spending less time with traditional media such as television and newspapers. Out-of-home video advertising network spending in the US reached \$1.28 billion in 2007 and is projected to reach \$3.22 billion by 2011. According to OXT's (Online Testing Exchange) July '07 Study, digital signage catches the attention of more people than any other comparable advertising medium and was found to be more entertaining than any other except TV.

Digital signage applications include scrolling message boards, LCD or plasma display panels, electronic billboards, projection screens or other display types like Organic LED screens (OLEDs) that can be controlled electronically using a computer or other device, which allows the message to be changed and controlled remotely. Innovations in this area are quickly incorporating a variety of technologies such as touch screens with which consumers can interact to get additional product information, directions, or make purchases.

## ***How Big is the Market?***

According to Sanju Khatri, a principal analyst at iSuppli, the worldwide market for signage and professional displays was valued at \$2.7 Billion worldwide in 2007, with \$996 million in sales sourced to the US. iSuppli projects the market for digital signage displays to reach \$4.3 billion in 2011, while other analysts (source: Investor's Business Daily) are more bullish projecting \$5 billion in system sales by 2011, up from \$1 billion last year.

The flat panel display market alone reached \$100 billion in 2007. Hardware technologies that comprise the digital signage market and their respective performance benchmarks for Q1 '06 were defined as: front-projection technology (\$1.3B), plasma display (\$586M), direct-view LCD (\$261M), LED video (\$149M), rear-projection video wall (\$83M), LED text, graphics and animation (\$62M), and "other" (\$9M).

Not included in the above hardware technologies figures are the revenue numbers for components, software solutions or others allied to the industry. Digital Signage Quarterly estimates that there are a minimum of 70 software solutions companies worldwide excluding cottage industry entrepreneurs.

## ***Where is it used?***

Rapidly dropping prices for large plasma and LCD screens and wide availability of Internet connectivity have caused digital signage deployments to gain in popularity and displays can now be found in both public and private venues. According to iSuppli, the top three venues for digital signage use are retail, transportation and indoor venues. However many business such as quick-serve restaurants, hotels, conference centers and universities are also adopting the technology.

This application is expected to reach \$5B in 2011. Driven by installations within the hospitality, restaurant, leisure and other large venue installations, the indoor venues application displaced the conference room market as the revenue leader. With the continued innovation of these technologies for indoor venues, these lend themselves to both digital signage and interactive solutions applications and include any environment in which people may interact, such as:

- Retail Stores
- Museums
- Hotel Rooms & Lobbies
- Restaurants, Bars and Clubs
- Casinos
- Financial Institutions
- Supermarkets & Groceries
- Gas Stations & Convenience Stores
- Conference & Training Rooms
- Houses of Worship

- Colleges & Universities
- Shopping Malls
- Parks
- Large Board Rooms
- Indoor stadiums
- Auditoriums
- Movie Theaters
- Civic Centers
- Convention Centers
- Other environments include:
- Outdoor Events
- Transportation (i.e., Airports, railway, bus stations, fixed highway signs)
- Control Room Simulation
- Financial Exchange
- Rental/Staging (i.e., concerts, tradeshow)

### ***Documentable Effectiveness***

The majority of consumers are reacting positively to the introduction of new digital signage and interactive solutions technologies. As market acceptance has grown, the research has consistently quoted consumers who've said that digital signage improves their customer experience and results strongly indicate that sales increase when the technology is used to target consumers wherever they are having that experience.

- According to OXT's (Online Testing Exchange) July '07 Study, digital signage catches the attention of more people than any other comparable advertising medium and was found to be more entertaining than any other except TV.
- According to BTV+, market applications to date, "...have established the legitimacy of digital signage in generating sales lift, awareness, recall while reduced perceived wait times and improving the customer experience." BTV+ goes on to say that "Virtually every use of digital signage display generates an 8-30% sales lift, 60%+ ad recall and 40-60% reduction in perceived wait time."
- According to The Platt Retail Institute, "Digital Communications Networks (DCN) are rapidly being adopted by some of the largest retailers in the world. The rationale for implementing this emerging technology includes the impact upon the consumer shopping experience and the related financial implications for the retailer."
- According to Forrester Research, "Retailers will need to start including digital signage solutions in their marketing efforts in order to remain competitive." That report, which looked at HD technology at point-of-sale, cited resultant sales lifts ranging from "15-60%" and forecasted that "more sophisticated marketing" would "generate even greater revenues."
- However, even more important were two statements in that Forrester report:
  - 1) To realize this potential marketers have to realize that the landscape has undergone a few changes (due to the evolving technologies). Awareness and purchase can happen anywhere."
  - 2) Frequency of message does not determine success; rather it's how effective companies can time the message to find consumers at the point where they are ready to buy.
- According to Arbitron Research (9/04 Study)
  - 1) Nearly a third (29%) of retail-video viewers have made an unplanned purchase after seeing a product featured on the in-store video display.
  - 2) More than three-quarters (+75%) of retail video viewers find the screens helpful.
  - 3) More than half of retail-video viewers (52%) think more stores should install video displays.
  - 4) If given a choice, 42% of retail-video viewers would prefer to shop at a store that has video displays versus one without.
  - 5) Regarding content, 81% of all consumers, regardless of whether they have already experienced in-store video, are most interested in seeing video programming related to the store in which they are shopping.
- According to Nielsen Research (9/06 Supermarket/Grocery Consumer Behavior Study), "68% of those surveyed said in-store messages would help sway their product purchasing decisions. Further, 44% said they would switch a product they previously intended to buy for one (being featured)."