

## Economic Upswing

By Lyle Bunn

*This article was published in the April 9, 2010 Wall Street Journal, East Coast Editions as part of a special supplement on Digital Signage / Digital Place-based Media published by MediaPlanet. Lyle Bunn served as principal writer and editor of this supplement, as he did with two previous supplements published in USA Today. He has published over 100 articles and regularly presents at media-related events.*

The Digital Signage industry has been picking up speed at a double digit compound annual rate of growth as displays continue to be installed at points of purchase, transit, waiting and gathering, at and near where people shop, work and study to inform, influence and improve the experience at a location.

Arbitron Inc. reported in 2009 that Out-of-Home video as a medium reaches 67% of Americans 18 years and older each month, and delivers a fairly representative cross-section of consumers. 76% of those seeing digital signage noticed displays in multiple venues.

Its economic value is as an industry itself and as an enabler of the success of other industries such as retail, consumer products and services, hospitality, entertainment, transportation, financial services, manufacturing, academic and governments.

The industry, which generates an estimated \$1.6 billion in new technology deployment revenues annually includes familiar names such as CBS, NBC, IBM, Synnex, Hughes and Harris as well as several thousand providers of technology and communications products and services. The production of content is estimated at \$3.5 billion annually drawing on 21,000 person years of creative effort annually. The industry is characterized as a long, low flat pyramid in which about a hundred organizations are dominant.

DisplaySearch reports that almost a million displays are operational in North America with a forecast 23% Compound Annual Growth Rate (CAGR). Over 200 ad-based networks exist with several hundred other networks deployed for internal, patron and staff communications.

Sanju Khatri, Principal Analyst, Digital Signage & Public Information Displays with iSuppli Corporation who has been monitoring the industry since 2001 says, “no structural impediments appear to exist which would deter anticipated growth at a measured pace. Ongoing efforts to establish the legitimacy of the medium and market forces related to the application of this enabling medium could be expected to deliver growth as we forecast.”

As an economic enabler, Digital Place-based media commonly delivers a 4-50% sales lift, 5-15% more service enquiries, 40+% improvement in branding /recall, a 40% reduction in perceived waiting time and an “improvement to a visit experience / environment” in the opinion of 80+% of location visitors. The medium can improve public and visitor

safety, improve the effectiveness of staff training and improve marketing and communications cost effectiveness.

Amid a sharp downturn in U.S. and global advertising spending in 2009, digital out-of-home media networks remained among the fastest growing media in the world and will continue on an upward track through 2014, according to *PQ Media's Global Digital Out-of-Home Media Forecast 2009-2014*. Advertising spending on U.S. digital out-of-home video networks increased 1.2% in 2009 to \$1.4 billion, as spending in four of the five venue categories tracked by PQ Media grew during the year. While growth decelerated from the previous year, due primarily to the worst economic recession in 70 years, digital out-of-home media networks outpaced every segment of traditional advertising media – print, broadcast and out-of-home – as well as U.S. and global economic growth.

And PQ Media expects the uptrend to continue at an accelerated rate from 2010 through 2014. Digital out-of-home video networks are expected to generate compound annual growth of 8.7% in the 2009-2014 period, reaching \$2.13 billion and adding more than \$700 million in advertising spending to this emerging industry. Digital out-of-home video advertising will again outperform each segment of traditional advertising in the period.

The approaches to Digital Signage network planning and deployment have been well-developed. Stuart Kirkpatrick, CEO of Digital Display & Communications, which is frequently recognized with industry awards says "For planning, implementing or operating a network, or creating content, the foundation rule is "thoroughly understand what effect you want to have on the audience and use common sense to get there. We are not reinventing the wheel here."

As the industry has been growing, network operators have been refining viewer research and operating approaches, while agencies have been making changes to take advantage of this new medium. The industry has been advanced by several associations.

“Our mission”, says Suzanne La Forgia, President of the Digital Place-based Advertising Association (DPAA), formerly the Out-of-Home Video Advertising Bureau (OVAB), “is to make it easier for advertisers and marketers to plan, buy, and evaluate the effectiveness of digital place-based advertising networks through the development of industry-wide standards, best practices and industry-wide research.

David Drain, Executive Director, Digital Signage Association (DSA) says “DSA is working to accelerate the growth and advance the excellence of those digital signage deployments.”

“Whether you are interested in promoting products in a retail environment, providing directions in public spaces or communicating with employees behind the scenes, audiovisual professionals can create smooth digital signage deployment strategies,” said Randal A. Lemke, Ph.D., Executive Director and CEO of InfoComm International, the trade association representing the commercial audiovisual industry. “InfoComm has over

5,000 member companies that along with 30,000 attendees will converge at InfoComm 2010 in Las Vegas in June.

One such integrator, Multi-Media Solutions Inc. has delivered digital signage systems for retailers, universities, hospitals, manufacturing facilities, churches, museums and provides ongoing support and content for the system.. “Digital Signage uses our inherent knowledge of technologies (AV and IT), integration and project planning and deployment to deliver the complete system” said Mike While, CEO of Multi-Media Solutions Inc.

The industry includes hundreds of technology and service providers which bring scalability and efficiencies.

“The DS/DOOH industry has seen tremendous growth in the past years and with it, the need to efficiently and economically move increasingly larger volumes of the right media to an increasing number of displays” says Jacqueline Weiss, CEO, National Datacast Inc., a nationwide digital media broadcast distribution network. She adds “National Datacast Inc. brings proven reliability, capability and scale-ability at low-cost for enterprise networks.”

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