

Signs of Change

Programmable digital signage integrates the retail message

What do AT&T Wireless, McDonald's, Macy's West, Nike and Best Buy all have in common? The answer is digital signage. As technology continues to move from the backroom to the sales floor, digital-media networks have been generating lots of buzz. But while lots of chains are experimenting with this new messaging technology, few have adapted it chainwide.

"It's amazing how many retailers are interested in and playing with digital signage. But it's equally amazing how many are unsure if it's worthwhile, at least right now," says retail consultant Steven Keith Platt, managing director, S.K. Platt & Co., Hinsdale, Ill.

Platt and Barton Weitz, executive director of the David F. Miller Center for Retail Education at the University of Florida in Gainesville, are conducting a study on the effectiveness of digital signage. Initial findings will be presented at the National Retail Federation's annual meeting in January.

Macy's West's approach to digital signage is typical of many retailers. The chain premiered the technology in June 2002, installing 12 displays at its store in San Mateo, Calif. Approximately 100 ads, consisting of sales promotions, and product and corporate messages, were played over the course of three months.

During that time, 80% of the products advertised on the digital network showed an incremental sales lift vs. control stores and major increases were experienced during specific sales promotions, such as Father's Day. More recent promotions have had similar positive results. Still, Macy's has installed the digital network in only one additional location, its San Francisco

Best Buys

While digital-media networks are still in the test stages at most chains, Best Buy is moving full speed ahead with the technology. The Minneapolis-based consumer-electronics retailer has rolled out an in-store digital-media network that combines highly targeted merchandising messages with music and movie clips. The system is part of Best Buy's updated store format and has been installed in several hundred locations to date.

The media content, developed and delivered by EDR MEDIA, is refreshed twice a week and



Best Buy promotes its products and services via an in-store digital network.

delivered on monitors that are located in the chain's computer departments. The mix includes information on the latest products, ongoing promotions and available computer services, trailers for videos (with the trailers airing on the day of release), and features on computer-related vendors. It is tied into the chain's Sunday supplement promotions, with the Sunday advertised specials added to the loop as soon as the sales begin.

The material is digitally distributed from EDR's headquarters in Cleveland. Its graphic style is in keeping with that used in-store by Best Buy, resulting in a presentation that fits with the overall store design.

flagship. Macy's is reportedly in discussions regarding additional installations.

Digital-media networks are also attracting the interest of mall developers. Westfield America will roll out plasma screens across its entire portfolio of 63 shopping centers, creating the first national mall-based digital-media network. The screens will be owned and operated by an independent company (by contrast, most retailers, including Macy's West, own their own hardware).

Flexible: What makes digital-media networks so attractive to retailers is the flexibility they provide. Messages can be delivered to specific locations, individual departments within stores, dayparts and/or customers, all in real time. The content can vary from pricing and promotional messages, and store and product information, to customer entertainment and employee communication.

As for the return on investment, different retailers have different criteria. For some, the "cool" factor of digital signage, or the fact that it can help a store stand out from the pack, justifies the investment in and of itself. Others, however, are still looking for something more substantial, which may be, Platt suggests, why some chains have not yet moved beyond the test stage.

"The ultimate value will come when digital-media networks are tied not just into marketing but also into point of sale, customer relationship management and even supply-chain information systems," he says. "That's when it will have the biggest opportunity to have a quantifiable impact on the customer experience to prove an acceptable ROI."