



Originally Published in Page of Enlitenment, July 2005

## **Dynamic Digital Signage in the Enterprise: Thoughts and Perspectives from Diversified Media Group**

Tom Percich  
Vice President  
Diversified Media Group

### **1. What is your perspective of the Dynamic Digital Signage (“DDS”) industry today?**

The industry has really started to take off in 2005. Two major factors will continue to accelerate industry growth over the next 24 months: 1) Advertisers are taking notice of “Out of Home” networks and 2) decreasing costs of display screens. We all know that Tivo and other DVR’s have fundamentally changed the way people watch television, particularly network television. American’s are watching fewer network ads, to say it simply. This fact has not been lost on major advertisers like Coca Cola and P&G. Both are using alternate means of reaching the standard network TV demographic. During the first half of 2005 we have seen a steady growth in these advertising sponsored “Out of Home” networks. Coinciding with the continuing drop in plasma and LCD prices the return on investment (ROI) for these networks is getting better and better.

For internal networks (employees as the target audience) video to the desktop will be in the future. Proven technology that allows IP Multicast video streaming, VOD and on-demand training with limited bandwidth are the key to driving higher usage. This market is really still in front of us. We will know it is here when it is no longer surprising for a member of the fortune 500 to run video across their LAN.

**2. Where will the industry gain the most traction over the next eighteen months?**

Out of Home – Both traditional and non-traditional retailers will continue to drive growth in Dynamic Digital Signage (DDS). These networks will be a combination of advertising networks (selling a direct product) and branding networks (selling the company or store).

Internal - Again, video to the desktop will grow dramatically from its somewhat small installed base of high-tech companies.

**3. What “Dynamic” content will viewers desire over these signage networks?**

Compelling content is the key to a successful DDS implementation. This content must inform, educate and motivate. (The content should be the first decision made, usually it’s not.)

One example of success for these networks is in reducing perceived “wait time”-- Studies have shown that DDS is effective in reducing perceived wait times by up to 50% in some cases. To achieve that type of goal the content should consist of well designed graphics and motion. Live television channels, news tickers, stock tickers, are also important types of dynamic media that help to create strong messaging.

**4. Will this content be Standard Definition or High Definition?**

Standard definition is clearly the choice for most DDS implementations. This is primarily due to the cost of producing or obtaining HD content, editing and encoding. We are anticipating lower HD production costs in the next 3 to 5 years and that should motivate a move to HD delivery.

Today, two major areas for HD content in DDS are in retail television sales and theaters/museum applications. For television sales the key is to show a comparison of SD and HD. For theaters/museums applications the enhanced definition is critical to viewers. We believe that the medical/pharmaceutical industry could be key drivers of HD DDS content in the future. That business sector has been a leader in high-end graphics for product sales and education. It could be another motivating factor in pushing to the HD standard.

**5. What are your thoughts on the delivery methods for this content? Will it be satellite or terrestrial based?**

Diversified Media Group (DMG) delivers DDS content three ways: satellite, terrestrial and wireless (cellular). The selection of which delivery option is best depends on the quantity of data being transmitted. Quantity of data has

two components: 1) File size and 2) Frequency of updates. Basically, satellite is best suited for large amounts of data, terrestrial – medium, wireless - small overnight delivery.

**6. How will new compression technologies, such as MPEG-4 and Windows Media 9, impact Dynamic Digital Signage?**

As the compression technologies improve the bandwidth or quantity of data will be greatly reduced. The ramifications will be to make broadband wireless a viable alternative for additional DDS applications. For example, mobile applications on buses or trains with real time information.

In addition, I believe that both MPEG 4 and Windows Media 9 will be standards in desktop delivery for corporate networks.

**7. What type of information is tracked and reported from viewing locations? Why is this important?**

Most if not all DDS software packages available have some reporting functionality. Tracking information usually consists of what played when and how often. In an advertising driven network the advertisers are expecting a detailed report of when the spot played--you must document when it played - to get paid.

**8. How does Diversified Media Group's "MSNBC Everywhere" service address industry needs today?**

I would refer back to an earlier comment regarding compelling content. DMG is working with NBC Universal Cable to deliver "MSNBC Everywhere" because their style of live journalism is compelling. We also feel their line-up of late afternoon and evening talk formats are well rounded hitting both the "Red" and the "Blue" demographics. "MSNBC Everywhere" is the same live news cable channel that you see in your home, with the exception that all commercials are being replaced at the individual location with specifically targeted ads. In marketing when you co-brand with a top brand you expect to get a "halo effect" from the association. Our clients who are using this product are in a very real way joining together with a global name. The value of this association will be felt as increased revenue and brand value. An equally important benefit of having compelling, up to the minute information, is the client gets these benefits without their competitors talking to their customers.

The worst examples of DDS are at locations that just install a plasma screen and play cable television. If I were the competition I would look to see what channel is playing and then buy targeted advertising into my competitor's location aimed at their customers.

Imagine standing in line at your bank, watching the plasma screen and finding out that the bank across the street has lower loan rates or higher CD's rates.

McDonald's has installed this service at its two new flagship locations and the response has been very positive and they don't have to worry about the national sandwich shop stealing their customer.

**9. Is there a market for enterprises using a service like “MSNBC Everywhere” in an internal employee environment?**

We believe there is. Any given hour of cable programming will have 12 to 16 minutes of commercials. With a minimum break time of 2 ½ minutes it allows for long format internal messages. We hope that companies will take advantage of this time to speak directly with their employees. It is one more option for communication. At the same time they are providing up to the minute information about events that are affecting their lives.

A good example of a long format piece is at the McDonald's 50<sup>th</sup> Anniversary location which includes a two minute video documenting the history of McDonald's put together by the in-house creative services group.

**10. How will the viewing environment differ between “retail” and internal enterprise deployments?**

In retail you have only a few seconds to grab the customer's attention. You need to stop them and redirect their thinking. If your message doesn't hook me in the time it takes for me to walk by it – you have lost the effectiveness. Once you have engaged the target the message can be much longer. In some instances motion detectors are used to restart the message when a new target has been detected. We could discuss various techniques for environmental design to coincide with effective signage for pages.

In some cases Internal environments face the same issue as retail – gain the attention, interrupt what the person was doing and redirect. In other cases like elevator or elevator lobbies you know the target person will be there for 30 seconds or more. In cafeterias, you have the viewer for many continuous minutes.

**11. How difficult is the audio integration for Dynamic Digital Signage in a retail environment?**

With any technology deployment all of the component parts need to be included in the design phase. It is not necessarily difficult to integrate audio into a DDS network, it does however; need to be designed into the space. I can think of a number of examples of horrible audio at DDS networks. In all

three cases I believe that audio was simply an afterthought. Just hanging a couple of speakers is rarely a good idea.

**12. What technological advances do you see impacting Dynamic Digital Signage over the next few years?**

Broadband wireless networks. These networks have DSL or better speeds and are very secure. DMG is working with both Verizon Wireless and Sprint to deploy wireless DDS networks. This self contained unit essentially eliminates all networking issues, just plug into an electrical outlet.

**13. Are there any other words of wisdom you would like to share with our readers?**

I hesitated to even answer your first question--“What is your perspective of the Dynamic Digital Signage (“DDS”) industry today?”

My hesitation is that depending on the definition of DDS the answer really changes. Listening to various speakers at a recent DDS conference I was struck by the fact that almost any message, internal or external on a plasma or LCD was considered Digital Signage.

One of the major issues facing all new industries is a common language. I hope that as a collective group the DDS industry can come together to create common definitions for the industry.