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Retailers Adopt Digital Signage for Branding and Communications

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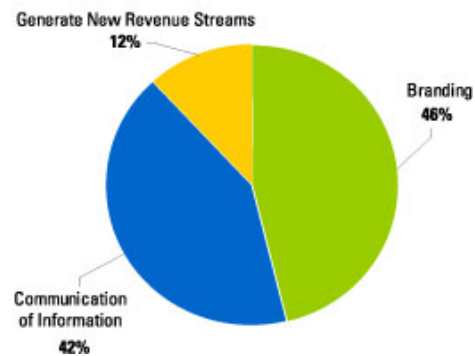
The results of a "Digital Signage Industry Survey" conducted this past fall among retailers reveal that the primary objective of their digital signage deployment is branding.

At WEGENER, we have seen an increase in demand for digital signage solutions as a result of growing confidence and interest in creating dynamic multimedia environments. Over the last two years, prospective buyers have shifted from requesting limited pilot programs to embarking on full deployments across all of their retail sites.

We've also seen a dramatic shift in the way our retail customers expect to use digital signage systems and how they intend to defray the capital costs. Two years ago, most retailers envisioned that their digital signage systems would be advertiser supported and that those ad dollars would defray their capital investments and provide them with a new revenue stream.

But today, we're finding that they now view digital signage as an effective means of strengthening their own branding throughout the retail environment, as well as presenting up-to-the minute news and information to their customers. The results of a "Digital Signage Industry Survey" that we conducted this past fall among retailers reveal that the primary objective of their digital signage deployment is branding for 46 percent of the respondents, communication of information for 42 percent, while generating new revenue streams for only 12 percent of the retailers.

What do Retailers wish to achieve by launching a digital signage system



With those goals in mind, it is not surprising that the survey found 76 percent of respondents expected to fund their capital investment in digital signage technology by absorbing it into their company overhead. Only 21 percent expected to procure advertiser support, while less than five percent expected that subscriptions or government sources would cover the costs.



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One of our recent sales serves as a good example of this shift toward retail branding and self promotion. Our customer is a prominent systems integrator that is deploying our digital signage technology at over 1,600 local branches of a major international bank.

According to Michael Smith, WEGENER's regional business development manager for the Americas, "These bank branches will display high-definition video that promotes the bank's services; informs customers about bank rates on loans and savings instruments; and offers recipes, community events information, and trivia to pass the time while waiting for a teller."

The bank doesn't plan to gain revenue from the sale of advertising to outside entities, and this initiative is being funded by the bank as part of its general operating budget.

Michael Smith explains further: "We won this business based upon our ability to solve their technical challenges and address their unique needs. Their primary requirement was that they wanted control over the content that would be presented at each of the individual branches. Our COMPEL™ control system, content management system and media players are unique in that they enable unprecedented levels of content management per site."

Also, while 70 percent of our survey respondents preferred to outsource the installation of their digital signage systems, we were surprised to find that over 75 percent indicated they wanted to manage their own day-to-day operations in-house. This means that user-friendliness and ease of use are critical factors for prospective buyers, since it will likely be non-technical employees controlling the digital signage deployments.

Respondents were evenly split as to whether they wanted to update their content on a monthly, weekly, or daily basis. With respect to the type of content they wanted to present and update, 91 percent wanted to change text; 76 percent wanted to update graphics; and 51 percent wanted to update video.

Retailers want control over their content so that it's always fresh, timely, and relevant to their customers, particularly with branding as a key objective for digital signage implementations. Also, while they are prepared to absorb the costs of digital signage as part of their company overhead; they are looking for ways to manage their

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installations and operations as cost-effectively and effortlessly as possible.

At WEGENER, we are seeing very strong sales in digital signage, and we consider digital signage for retail to be a dynamic and growing market sector.

By Kamy Merithew
Vice President of Marketing for Wegener Communications Inc., Duluth, GA

Kamy Merithew is Vice President of Marketing for WEGENER, a telecommunications equipment provider in Duluth, GA. She focuses on strategic product planning, involving everything from product placement and pricing to advertising and promotion. Prior to joining WEGENER, Merithew spent the previous nine years at Motorola in the Broadband Communications Division in San Diego (previously General Instrument Corporation). Her most recent role was as Product Line Marketing Manager for Motorola's line of satellite television receivers primarily for the cable programmer market. Merithew also held several engineering roles within the corporation, such as an embedded real-time software developer, system design engineer and applications engineer. Merithew earned her MBA from Goizueta Business School, Emory University, a Masters in Electrical Engineering from University of California, San Diego and a Bachelors in Engineering from Harvey Mudd College in Claremont, California.

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Written by Kamy Merithew, WEGENER*



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