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The digital signage industry: Scattering our way?

by [Ken Goldberg](#) * • 29 Jul 2009

Our industry has been showing some serious signs of maturity lately. Breathless press releases touting 20 location deals have been supplanted by news of [consolidations](#) on the network side, [thinning of the ranks](#) on the [vendor](#) side, and even initial attacks from [privacy advocates](#) that signal acceptance of the technology just as much as fear of its reach. Business activity during a deep global recession has been surprisingly brisk. If there is one missing piece from the puzzle that would transform the industry in a permanent and significant way, it would be the meaningful acceptance of digital signage by media planners and buyers.



To be sure, there have been signs of movement and nice tests from very big brands, perhaps most notably [Schering-Plough](#). And make no mistake, some networks are consistently selling advertising, although there is no doubt each would benefit from higher CPMs that increased demand might lead to for them. But one does not get the sense (yet) that digital signage as a media is a part of the plan for most media buyers and brands. Anyone who navigates through the web will intuitively know that the major automobile companies have internet advertising as a budgeted part of their media plan. There are certain sites that are more or less permanent parts of their Internet buy, probably signaling measurable ROI. And it is clear that buyers will test new and ostensibly attractive sites in hope of finding a winner. In any case, there is little doubt that Chevrolet, for example, has a certain number of millions earmarked for web-based advertising. That same clear evidence of an earmarked budget for digital signage has just not become obvious. It is fair to say that certain networks have developed relationships with some brands that are mutually beneficial, but there is a long way to go. When we get there, the better networks will realize higher rates, and the developing networks will get more chances to prove their value.

There are many signs that it is not just wishful thinking to imagine digital signage having a visible slice of the pie chart at the quarterly budget meetings. Inside our industry, more and more ad-selling businesses are popping up to compete with the leading DS aggregators, Adcentricity and [SeeSaw](#). While their models and value propositions may differ, the emergence of offerings like rVue and Entourage certainly indicate that investors and entrepreneurs see opportunity, and there will be others. Alliances of networks in related businesses have also cropped up, in an effort to cross sell advertising and to gain expanded reach. These will work, where the quality of the networks working together is uniformly high. We have already seen alliances of the nearly dead that will not fool anyone.

Externally, there also appear to be signs that there is more than hope. In an [excellent, must-read blog post](#), MediaPost editor-at-large Diane Mermigas examines the apparent movement from traditional TV upfront buying to a strategy of "scatter" buying. Indeed TV ad buying seems to be moving to a just-in-time mentality, even if spot costs in the scatter market are higher than upfront costs. The logic would appear to be that buying the right spots as needed (with the luxury of determining need dynamically) is worth a premium. The fragmentation of TV audiences, universally referenced in digital signage pitches, is finally resonating as well. Mermigas observes:

"The ever-dwindling ratings and audience shares continue to be a drag on advertiser enthusiasm. More advertisers are feeling comfortable with more targeted, quantifiable ad placement online and a collective multimedia strategy that includes TV."

Hmmmm. That sure is music to my ears, coming from someone who lives in traditional media. Ms. Mermigas quotes OMD's CEO Alan Cohen from an [interview in AdAge](#) this week, *"This situation has made us look at some alternatives that will give clients the ability to reach broad audiences in a different way."* Somebody buy that man a drink! This is a tidal movement. While digital signage may be hidden behind words like "alternatives" and "multimedia," we appear to be on the radar where it matters.

TV advertising has absorbed billions of dollars annually for decades. That industry is clearly undergoing fundamental changes, driven by advertisers' desire and ability to target ever more efficiently. You can bet the TV networks will respond with better deals upfront, and probably punitive rates for high demand scatter spots. But the die seems to be cast, and advertisers and their media buyers are looking our way. Mermigas ends her post by saying, *"...advertisers, agencies and media companies are embracing alternatives that will hold long after the recovery is underway."*

As digital signage networks position themselves to receive that embrace with quality offerings, standard metrics and tangible results, the last piece of the maturity puzzle will fall into place. When it does, things just won't be the same, in a very good way.

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