



The Screen Test

Digital Signage Musings on What's Working, What isn't and What's Needed

BY STUART ARMSTRONG

Focus on Pillars of Success

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SO YOU WANT TO BE a Digital Signage Media Owner!

I receive several calls a week from start-up and established business owners who want to start a digital out-of-home media network business and are looking for a partner who will both supply the solution as well as navigate them around the potential pitfalls.

While some of the business ideas are well thought through and properly supported, others appear to be on a lark. The fact is that you generally know a bad or misguided idea when you hear it; I may be wrong, but I don't believe that digital signage on cemetery headstones is a good idea.

Instead, I'd like to focus on the success pillars that every business in this space needs to consider. Here's a checklist to separate the potential media mogul from the mongrel.

Management Expertise. First, look at the team members and their management expertise. Have they identified the senior roles? Do they have them in place or near-term plans to fill those roles? Digital out-of-home networks require a confluence of experience; paramount is experience with entrepreneurial ventures within emerging media technologies. Digital out-of-home is building on two burgeoning markets: 1) The movement from above-the-line mass media to alternative out-of-home and in-store media, and 2) The emergence of digital signage. This level of "shifting sands" requires a seasoned executive who can be in-tune with what the mission critical issues are and how to address them versus someone

that chases everything that moves.

Add to this a senior-level financial executive, with venue domain knowledge, media strategies/sales (if that is key to your business model) and technology expertise. Too many get caught up with the allure of added gizmos that raise their cost and risk but are not counter-balanced with increasing the potential value of the venture. You know that type: one who gets fixated on the technology—a gizmo geek. Be brutally critical of any of these so-called innovations. Keep it as simple and as true to your business model as possible.

Targeted Venues. Secondly, there are many viable business venues for this emerging new medium, from physician offices and health clubs to sporting and retail shopping environments. If it is a private media owner versus a retailer, look at their target venues and their venue contracts. Here are some questions you might consider asking:

- Are the venues desirable to both endemic and non-endemic advertisers?
- Are there substantial levels of footfall to get an advertisers attention?
- Are the demographics desirable to the intended advertisers?

Can you get endemic brands to advertise or will the retailer restrict you due to financial issues such as potential cannibalization of co-op/trade dollars or legal restrictions?

If the venues are ripe for a digital out-of-home network, then are the contracts between the media owner and the venue in place and secure?

Advertising Strategy. The last pillar is on the advertising strategy and sales side. It's critical to have someone on the executive team who understands the reality of ad sales and can construct, perhaps with outside expert help, a media strategy.

Unless you are blessed with substantial funding from day one, your strategy most likely needs to consist of two stages. The first phase occurs during early stage growth of your network. Questions such as: do we build concentration within Designated Market Area (DMAs) such as New York City and Chicago first or should I focus on a vertical specialty such as golf pro shops regardless of DMA?

Generally, the former allows you to pursue some near-term local and regional buys, thus getting cash in sooner. But I stress this is a generalization and every network is different. The second stage of the media strategy is how to structure your ad buys and who to speak with. Do you go after brand managers or the media buyers on the agency side?

Lastly, but very importantly, can you expand beyond just the digital sign to assemble an integrated marketing program at those locations that increase the value for the advertising brands, such as combining screen advertising with sampling and in-store merchandising promotions within a C-store digital signage network?

The team, the venue and the media strategy do not represent a complete list by any means, but they are telltale signs of which way the winds of fortune will be blowing. Add to that content strategy and production, capitalization, a strong sustainable technology partner and a foosball table, and you have it made.

Please feel free to engage me in discussion or send me your views at stuart.armstrong@enqii.com. 