



Enhancing Customer Engagement with Next-Generation Digital Signage

Today's retail enterprises are seeing both the necessity and the value of enhancing customer engagement, particularly in the store environment. Retailers need to provide a differentiated shopping experience in their brick-and-mortar locations – while at the same time integrating this in-store experience with all the other “stops” in customers’ omni-channel purchasing journeys.

A new generation of digital signage can play important roles in achieving both differentiation and integration in stores. Today's digital signage is a disruptive technology – but disruptive in a good way. While it's true that the retail store has been a technology-rich environment for several generations now, with a few exceptions (notably self-checkout solutions) store technology has been more or less invisible to customers. It has improved the shopping experience without substantially changing it.

For example, a customer might have been pleasantly surprised that she could return an item even though she didn't have the original receipt with her, but she wouldn't have been aware of, or interested in, the integrated POS/customer loyalty/returns management systems that made her no-receipt return a no-risk proposition for the retailer.

Now technology is quite visible in stores, but the most visible (and disruptive) is the technology being carried in by customers themselves. Consumers have leapfrogged ahead of retailers in technological sophistication and prowess, using smart devices that allow them to browse products, compare prices and make purchases via their own smart mobile “stores.”

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Fortunately for retailers, consumers' increasing acceptance of technology as a part of their everyday lives also means they are more likely to respond positively to it in a brick-and-mortar store – particularly if it provides them with the personalization, interactivity and rich content they routinely have access to in non-store channels.

Both the e-commerce revolution and the general acceptance of self-service technology, which began as long ago as the banking industry's introduction of ATMs, have eliminated almost all the lingering "technophobia" in the retail environment. In fact, the presence of advanced digital signage can be a positive brand differentiator for retailers, contributing to shoppers' perception of them as cutting-edge and prepared to meet the needs of tech-savvy consumers.

NEW DIGITAL SIGNAGE CAPABILITIES

Compared to previous incarnations of signage technology, next-generation digital signage incorporates kiosk-like interactive elements. Today's digital signage is more capable of accepting customer input, through touchscreens, card swipes or shoppers' own smart mobile devices. This change alone creates opportunities for interactivity and engagement that would have been impossible just a few years ago.

Signage displaying smart device-scannable QR (Quick Response) codes are capable of tracking interest and

interaction at the individual customer level, while offering shoppers rich content and personalized, location-specific promotions and messaging. Scanning these QR codes can take a customer's mobile device to a specific website where they can receive additional information or personalized offers. In addition, smart device users can scan QR codes (or traditional product barcodes) as part of promotional activities or location-based social network games, gathering points for themselves and increasing foot traffic and product awareness for retailers and brand manufacturers.

Advanced digital signage solutions also offer passive data-gathering capabilities, measuring traffic and customer "dwell times" to determine the appeal and effectiveness of different messages. Some solutions use facial recognition technology to determine whether those looking at the display are male or female, adults or children.

Next-generation signage can also become a part of associate-guided selling, displaying product comparisons and instructional videos for the sale of highly technical items. In fashion retailing, interactive digital signage solutions allow customers and/or store associates to customize products, such as a pair of basketball shoes emblazoned with a school team's colors. Users can also assemble an entire fashion "outfit" electronically, mixing and matching elements and accessories and displaying them on the signage's high-definition screens, some of which offer 3D display capabilities.

FIGURE 1: TOP CUSTOMER-FACING ENABLERS

	Currently Use	Plan to Use Next 12-24 months
Mobile retail application on consumer-owned mobile phone device for in-store use	10%	58%
Loyalty application for in-store programs	37%	42%
Digital signage application	23%	40%
Self-service kiosks for Web ordering and inventory lookup	16%	34%
Enterprise-server based POS platform for transactions, inventory look-up, CRM and multi-channel selling	30%	44%
Cross-channel order management application	19%	40%

SOURCE: Aberdeen Group, February 2011

Digital signage is already among the top three in-store customer-facing enablers, and it is also attracting strong future interest.

Managing digital signage has also been simplified with today's technology, which can be integrated into centralized systems as well as store-level servers and applications. More streamlined management means higher uptime levels as well as the ability to target content based on a number of variables, including time-limited promotions and store-specific events. Content can also be varied by day part and segmented by region or by store, giving retailers more granular control over the messages their digital signage is delivering.

FLEXIBILITY AND PERSONALIZATION ARE PARAMOUNT

The rapidly expanding application capabilities of digital signage offer significant benefits to retailers seeking to differentiate their store environments and personalize their interactions with customers – and that list is growing rapidly. “Retailers are encountering a customer transformation movement in the stores,” writes Sahir Anand in *The Customer Connected Store*, a March 2011 report from Aberdeen Group. “The constant change in the consumer’s store buying behavior is partly due to factors including: dynamic lifestyles, information economy spending peaks and troughs, and a different basket of choice for goods and services compared to even just two years ago.”

All these changes mean retailers must be able to shift their in-store offerings quickly and easily in order to meet customer demands. A February 2011 Aberdeen survey

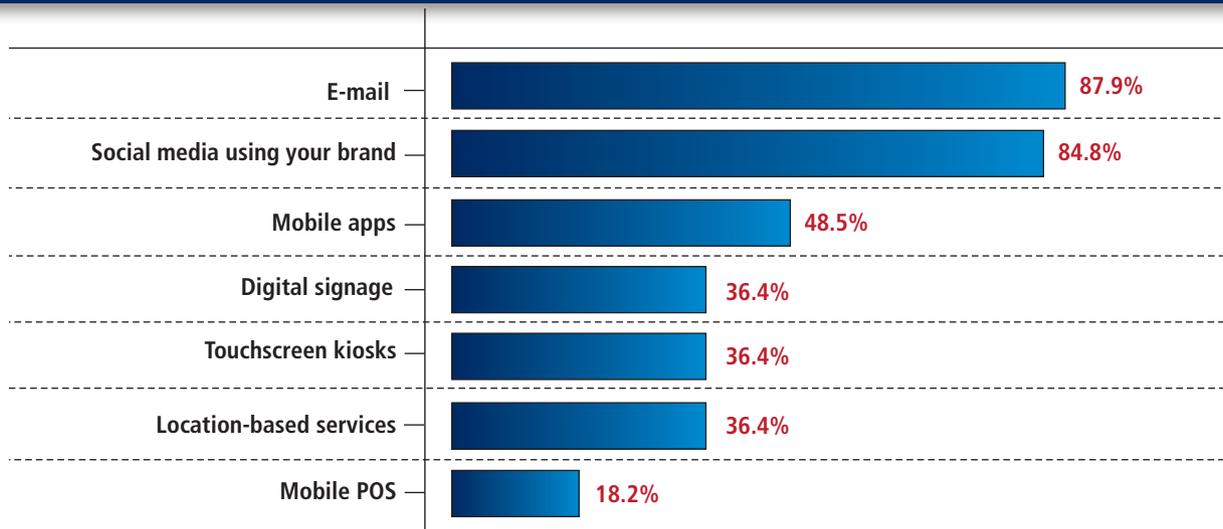
identifies digital signage as a top customer-facing enabler, currently used by 23% of retailer respondents, with 40% planning to use it within the next two years. (See Figure 1.)

Custom research conducted by *RIS News* also indicates that retailers are adding digital signage to their customer engagement arsenal. More than one-third (36.4%) of retailer respondents to the online survey, conducted in March and April 2011, identified digital signage and touchscreen kiosks as technologies for improving customer engagement. (See Figure 2.)

Results of this survey question indicate retailers are adopting new customer engagement methods fairly quickly. While the oldest technology, e-mail, drew the highest number of respondents (87.9%), the relatively young “branded social media” drew nearly as many respondents, 84.8%. An even “younger” technology, location-based services such as Foursquare and Facebook places, garnered 36.4% of respondents – perhaps because these draw on customers’ desire to more actively interact in the store environment.

Nearly one-quarter (24.2%) of respondents already have up-to-date digital signage technology in place, with 21.3% either in the process of updating or planning to do so by mid-2012. While 27.3% of respondents have no plans regarding digital signage, the same percentage are in an investigatory phase with the technology (see Figure 3).

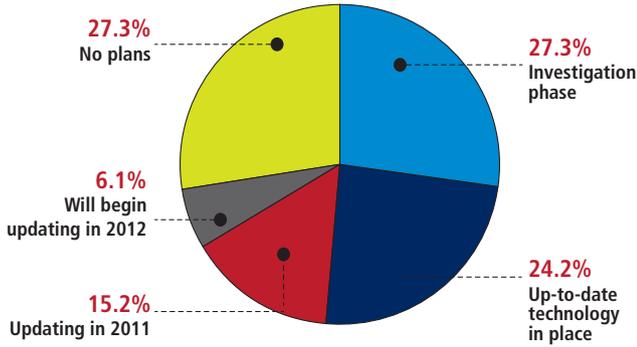
FIGURE 2: TECHNOLOGIES FOR IMPROVING CUSTOMER ENGAGEMENT



SOURCE: *RIS News*, April 2011

Retailers are using a variety of tools to enhance customer engagement, from older technologies such as e-mail to newer solutions like branded social media. Digital signage and touchscreen kiosks are significant parts of this mix.

FIGURE 3: DIGITAL SIGNAGE TECHNOLOGY STATUS



SOURCE: RIS News, April 2011

Nearly 40% of retailers either have up-to-date digital signage technology in place or are in the process of updating this year.

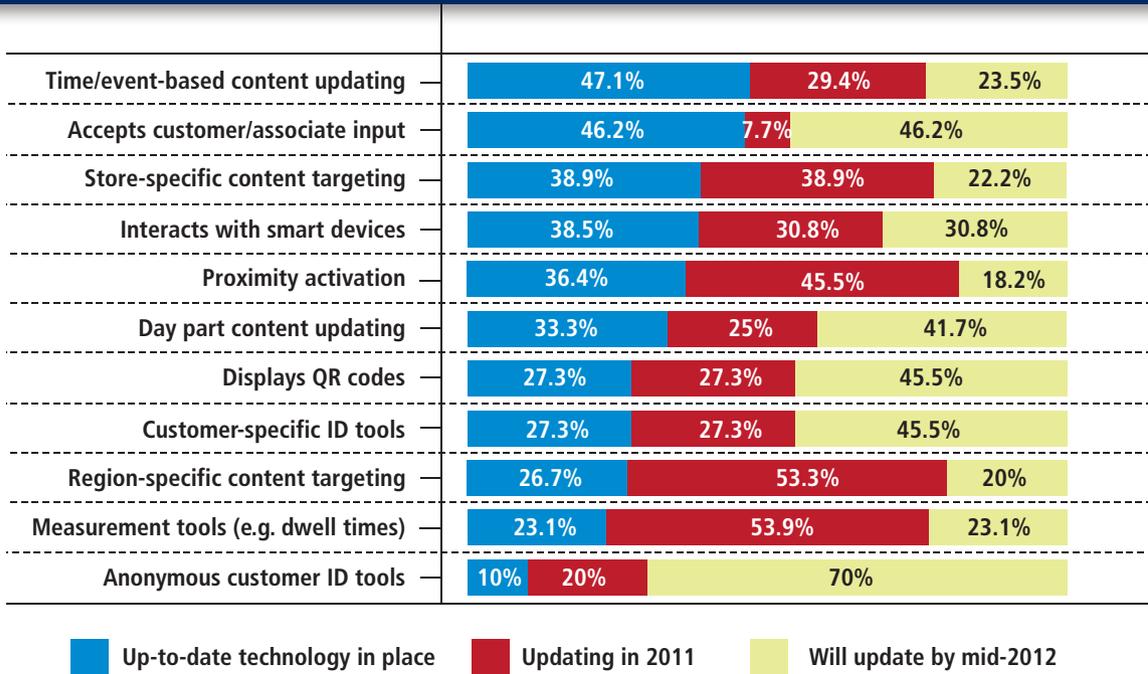
STRONG INTEREST IN INTERACTIVITY

As seen in Figure 4, interactivity is a key functionality for digital signage deployments: 46.2% of respondents' signage accepts customer or associate input, and an equal percentage plan to include this functionality by mid-2012; 38.5% of respondents' technology currently interacts with smart devices. More than one-quarter (27.3%) displays QR codes, and the same percentage are planning to add this functionality in 2011.

Where retailers currently lag is in their ability to measure the reach and effectiveness of digital signage. Less than one-quarter currently have up-to-date technology for measuring customer dwell times, and only a slightly higher percentage use customer-specific ID tools. However, respondents show strong future interest in these functionalities, which will help them build both business and financial cases to justify their digital signage deployments.

Figure 5 shows that among those retailers that are collecting data about these deployments, there's strong interest in customer traffic and customer interaction. Up-to-date

FIGURE 4: DIGITAL SIGNAGE FUNCTIONALITIES



SOURCE: RIS News, April 2011

Retailers have solid current capabilities and express strong future interest in interactive functionalities such as smart device interactions and displaying QR codes. Measurement capabilities currently lag, but future plans indicate this is likely to change soon.

technology for measuring customer traffic is second only to that tracking signage uptime, at 58.3%, and half of the respondents to this question measure customer click rates and estimate viewership. And as seen in Figure 4, there is strong future interest in building a solid business case for digital signage: while only 25% have up-to-date technology for measuring conversion rates, 58.3% of respondents plan to add this functionality by mid-2012.

SOFT AND HARD BENEFITS

Figure 6 identifies the top digital signage benefits among retail respondents. While “soft” benefits such as higher customer satisfaction levels top the list at 66.7%, an impressive 46.7% identify higher sales for items or categories promoted via digital signage. One-third of respondents note increased traffic in signage locations, and one-fifth of respondents identify higher sales there. Another “hard” benefit, the ability to deploy store labor more efficiently, was identified by 20% of retailers.

The focus on measuring benefits to establish ROI from digital signage is very much on retailers’ minds: it’s the top digital signage challenge, identified by nearly three-quarters of respondents (see Figure 7). Retailers need more precise measurement tools, and easier ways to collect and analyze the data these tools provide, in order to make a solid business case for digital signage as a true contributor to both the in-store experience and the company’s bottom line.

Other challenges are more technological than business-oriented. More than two-thirds (68.4%) of respondents say integrating signage software with centralized IT networks is a top challenge, and 42.1% call integration with store-level systems an issue. As digital signage becomes an increasingly useful part of retailers’ customer engagement strategies, they will need to solve these integration problems in order to get the most out of their digital signage investment.

FOR MORE INFORMATION

Digital Signage Today

www.digitalsignagetoday.com

Excellent source of interesting and useful white papers

Digital Screenmedia Association

www.digitalscreenmedia.org/

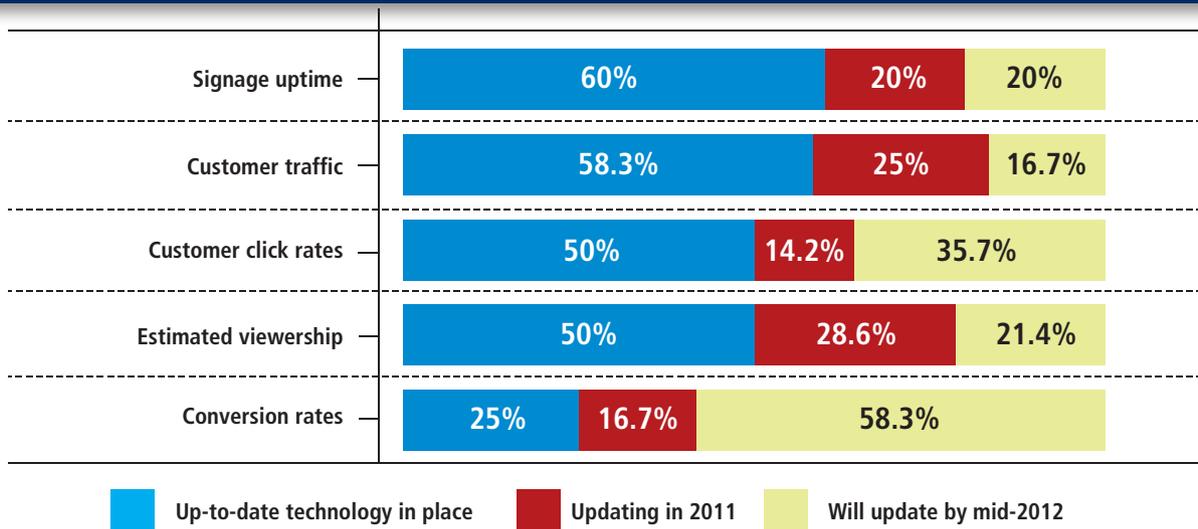
Industry group with great content and an ROI calculator

Digital Signage Universe

www.digitalsignageuniverse.com

Very comprehensive directory of product and service providers

FIGURE 5: DIGITAL SIGNAGE DATA COLLECTED



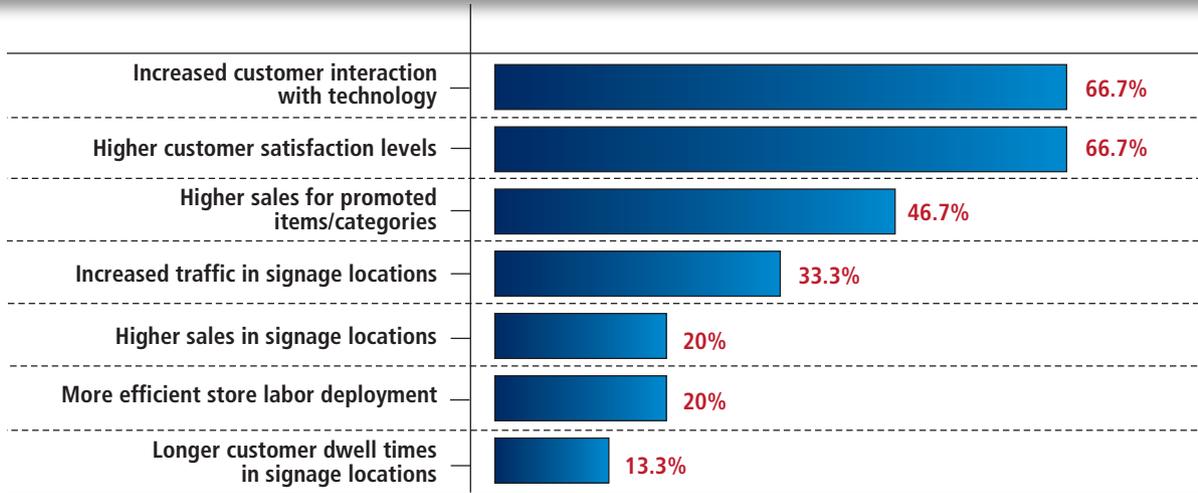
SOURCE: *RIS News*, April 2011

More than half of respondents’ technology can measure customer traffic, and future plans indicate retailers will be able to refine these measurements into conversion rates that could help build an ROI case for digital signage deployments.

Figure 8, showing which retail department has primary responsibility for digital signage, provides a clue about the integration challenges identified in Figure 7. Just over half (53.8%) of respondents say their marketing/advertising departments take primary responsibility for digital signage deployments, while IT takes the lead 34.6% of the time.

Both of these departments have important roles to play in a successful digital signage deployment. Marketing and advertising provide strategic direction, coordination with promotions and the all-important provision of fresh content (a key challenge identified by 68.4% of respondents).

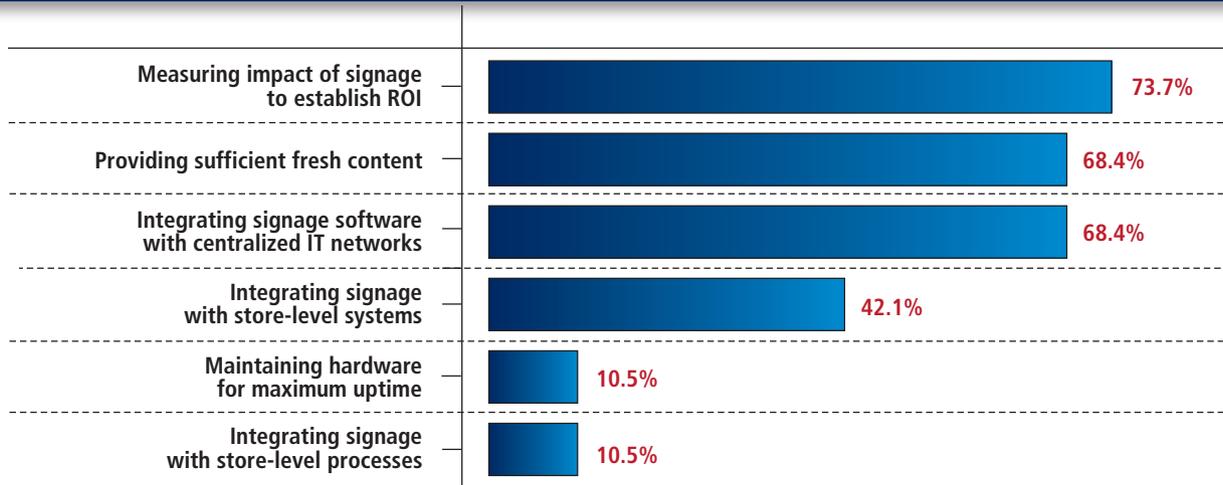
FIGURE 6: TOP DIGITAL SIGNAGE BENEFITS



SOURCE: RIS News, April 2011

Digital signage is delivering a mix of both hard and soft benefits: while two-thirds of respondents cite higher customer satisfaction levels as a top digital signage benefit, 46.7% attribute higher sales for promoted items/categories to their digital signage deployments.

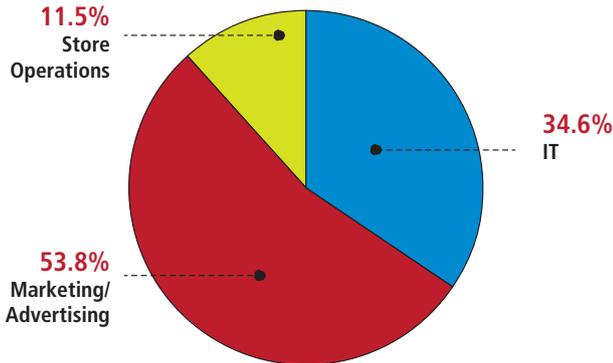
FIGURE 7: TOP DIGITAL SIGNAGE CHALLENGES



SOURCE: RIS News, April 2011

Many retailers are still struggling with accurately measuring the impact of digital signage, a key component of any ROI-based business case. Another key challenge is technological: integrating signage software with centralized IT networks as well as store-level systems.

FIGURE 8: DEPARTMENT WITH PRIMARY DIGITAL SIGNAGE RESPONSIBILITY



SOURCE: *RIS News*, April 2011

With marketing/advertising departments taking the lead in the majority of digital signage deployments, integrating signage with centralized IT networks and store-level systems is likely to remain a key challenge for retailers.

But marketing alone cannot make optimal use of digital signage unless it works more closely with IT. Information technology departments are best equipped to keep up with the fast-changing capabilities of next-generation digital signage, and to choose the devices and solutions that will meet the retailer’s current and future needs.

IT can also streamline the integration of digital signage into existing networks at both the store and enterprise levels. This is crucial to retailers’ ability to incorporate digital signage into larger campaigns, aligning the messaging that appears on the

METHODOLOGY

The *RIS News* custom research was conducted via an online survey in March and April 2011, with respondents limited to qualified retailers. A total of 33 respondents completed the survey, although not every respondent completed all the survey questions.

Following is the breakdown of respondents’ annual revenues:

Less than \$100 million.....	19.2%
\$100 million-\$500 million	15.4%
\$500 million-\$1 billion	3.8%
\$1 billion-\$2 billion	19.2%
More than \$2 billion.....	42.3%

signs with time-based promotions and efficiently executing on these campaigns at the chain, region and store level. IT’s role is also increasingly important as digital signage becomes a channel for gathering data, particularly as consumers’ smart devices become a primary communication tool in stores.

Retailers are already seeing the engagement-enhancing possibilities that next-generation digital signage offers, and if they can marshal their own strengths in all the areas digital signage touches, they will be able to turn those possibilities into realities. ●



ABOUT HP

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