

# The North American Commercial Display Market for Networked Digital Signage

## Report Fast Facts

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## Introduction

Although commerce based on money as opposed to barter goes back several thousand years, the concept of retail stores with goods regularly stocked at a fixed location and available for immediate sale at pre-determined prices is actually a very modern concept in historical terms. Its origins are a little over 300 years ago, and most of its development has occurred during the past 150 years. At the beginning of the 20th Century, the retail system was characterized by small, modest, single-site stores. By the end of that same century, it embraced a bewildering variety of horizontal approaches (e.g., enclosed malls, Main Street stores, catalog mail order businesses) and vertical product segmentations (e.g., ten commonly recognized sub-categories such as Accessories or Athletic within the retail clothing business alone). The marketing process for the now-huge retail industry has grown apace in terms of sheer amount, number of channels and media, and sophistication.

At the level of actual retail sites, display and advertising signage has been a large and important business for many years. The U.S. retail industry is estimated to have spent over \$7 billion on such signage in 2006, and this figure does not even include shelf labels whose only purpose is to provide pricing information. Both primary (survey) and secondary research shows large retailers deploying hundreds of these signs at each location and spending millions of dollars annually to keep them up-to-date by printing new ones and changing them out. As our signage audit in 2004 proved (and more recent store visits verify), well over 90% of all the signage in out-of-home settings will continue to be analog throughout the forecast period and beyond.

Over the past fifteen years, an increasing volume of this signage has been either entirely digitally printed or has had variable imaging added to conventionally printed stock.

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This trend has been primarily driven by the constantly growing cost-effectiveness of digital processes for the short runs that are common in retail signage, a cost-effectiveness that is especially the case for multi-color or full-color signage. Faster turnaround times and less waste are also key advantages of digitally generated signage, whether grand format and narrow format. Lastly, it is easy to produce digitally printed signs at or close to the point of use, reducing the time, expense, and potential problems associated with traditional long-distance distribution from a central site.

As the rate of technology adaptation continues to accelerate, the past five years have witnessed the creation of yet another digital signage technology—electrically powered dynamic digital displays. The current state of development in this industry and its future prognosis is the subject of this report.

## Table of Contents

<b>Executive Summary</b> .....	<b>7</b>
History.....	7
Market Overview.....	7
Market Size and Forecast.....	7
Key Market Segments .....	8
Industry Structure .....	9
State of the Industry: Developments since 2004.....	9
Developments in the Display Market.....	10
Recommendations for Vendors.....	10
<b>Introduction</b> .....	<b>12</b>
<b>The Narrowcasting Industry</b> .....	<b>12</b>
Narrowcasting Defined .....	12
Other Purposes and Uses .....	13
Key Enablers .....	13
Components of a Narrowcasting System .....	13
Market Segmentation .....	14
<i>Segmentation by Vendors</i> .....	14
<i>Segmentation by Customers</i> .....	17
<i>Segmentation by Physical Site Attributes</i> .....	20
The Narrowcasting Advantage .....	20
Industry Development.....	22
The Current State of the Industry .....	23
<i>Business Models</i> .....	24
<i>Obstacles to Faster Deployments</i> .....	26
The Solutions.....	29
Narrowcasting and the Advertising Business .....	31
Requirements for Success .....	33
<b>Display Technology Findings</b> .....	<b>34</b>
The Rise of the LCD .....	34
The Demise of the CRT .....	36
Plasma and Projection.....	37
Display Technology Conclusions.....	37
<b>Survey Research Findings</b> .....	<b>38</b>
Methodology .....	38
Key Survey Findings.....	39

**The Market Forecast ..... 130**  
 Overview ..... 130  
 Forecast Methodology ..... 136  
     *Key Assumptions* ..... 136  
     *Market Size and Forecast Approach*..... 136  
 Narrowcasting Industry Revenue 2006 – 2011 ..... 142  
**Forecast Conclusions ..... 152**  
**Supporting Tables ..... 152**  
**Selected Vendor Profiles..... 157**

**List of Figures**

Figure 1: Narrowcasting Revenues, 2006 – 2011 ..... 8  
 Figure 3: Key Components of a Narrowcasting System ..... 14  
 Figure 3: Segmentation of the Narrowcasting Industry Vendors ..... 15  
 Figure 4: Narrowcasting Industry Structure ..... 16  
 Figure 5: Flow of Content in Narrowcasting System..... 16  
 Figure 6: Customer Segmentation by Number of Sites ..... 18  
 Figure 7: Sales Approach/Sales Cycle by Broad Customer Segment..... 18  
 Figure 8: Goals, Content Management, & Business Model by Customer Segment..... 19  
 Figure 9: Key Factors When Selecting a Narrowcasting Vendor..... 19  
 Figure 10: Examples of Known Current Deployments ..... 21  
 Figure 11: Network Operators that Have Closed their Doors since 2001 ..... 26  
 Figure 12: U.S. Advertising Spending by Medium, 2003 ..... 32  
 Figure 13: Display Technologies Rated by Attribute (1) ..... 35  
 Figure 14: Display Technologies Rated by Attribute (1) ..... 35  
 Figure 15: Cumulative Screens by Display Type, 2006-2011 ..... 36  
 Figure 16: Type of Business ..... 41  
 Figure 17: Type of Retail Company ..... 42  
 Figure 18: Operate Public Retail Locations for Customers..... 43  
 Figure 19: Primary Position..... 44  
 Figure 20: Primary Business Related to Digital Display System Equipment ..... 45  
 Figure 21: Number of Employees ..... 46  
 Figure 22: Number of Business Locations ..... 47  
 Figure 23: Size of Typical Business Location ..... 48  
 Figure 24: Number of Signs in a Typical Business Location ..... 49  
 Figure 25: Frequency in Changing Signs..... 50  
 Figure 26: Annual Spending on Printing and Distributing Signs to Store Locations..... 51  
 Figure 27: Security Surveillance at Retail Locations ..... 52  
 Figure 28: Number of Screens for Security Surveillance per Retail Locations..... 53  
 Figure 29: Percentage of Advertising Spending by Category – Mean..... 54  
 Figure 30: Annual Spending on All Advertising/Promotional Media ..... 55  
 Figure 31: How Use of Media Changed in 2007 from 2006..... 56  
 Figure 32: How Use of Media Changed in 2007 from 2006 – Mean ..... 57  
 Figure 33: Expect to Use Media in 2008 Not Currently Used in 2007 ..... 58  
 Figure 34: Expectation When Digital Display Networks will be Standard ..... 59  
 Figure 35: Annual Advertising Billings ..... 60  
 Figure 36: Expected Overall Annual Advertising Spending, Compared to 2006 ..... 61  
 Figure 37: Expected Increase in Advertising Spending in 2007 Compared to 2006 ..... 62  
 Figure 38: Expected Decrease in Advertising Spending in 2007 Compared to 2006..... 62  
 Figure 39: Level of Concern Regarding Issues that Restrict Use of Advertising Media (1) ..... 63  
 Figure 40: Level of Concern Regarding Issues that Restrict Use of Advertising Media (2) ..... 64

Figure 41: Level of Concern Regarding Issues that Restrict Use of Advertising Media – Mean (1) ..... 65

Figure 42: Level of Concern Regarding Issues that Restrict Use of Advertising Media – Mean (2) ..... 65

Figure 43: Advantage of Purchasing Digital Display Networks from Individual Networks ..... 66

Figure 44: Whether Working with One or Two Aggregators Would Increase Use of Digital Advertising ... 67

Figure 45: Level of Experience with Types of Advertising Media ..... 68

Figure 46: Future Company Plans for Advertising Media ..... 69

Figure 47: Plans to Continue Using Advertising Media ..... 69

Figure 48: Expect Usage of Media to Increase or Decrease over Next Three Years..... 70

Figure 49: Year Company Started Using Technology for Advertising Purposes..... 71

Figure 50: Revenue Model Preferred for Primary Source of Revenue ..... 72

Figure 51: Business Model Preferred for Setting up a Narrowcasting Network in Retail Stores..... 73

Figure 52: Level of Interest in Types of Digital Display and In-Store TV Content Formats ..... 74

Figure 53: Level of Interest in Types of Digital Display and In-Store TV Content Formats – Mean ..... 75

Figure 54: Display Technologies Currently in Use for In-store/Out-of-home Advertising ..... 76

Figure 55: Display Technologies Plans for Next Two Years..... 77

Figure 56: Likelihood of Using Display Technology in Next Two Years ..... 78

Figure 57: Likelihood of Using Display Technology in Next Two Years – Mean ..... 78

Figure 58: Importance of Various Criteria When Choosing a Display Technology (1) ..... 79

Figure 59: Importance of Various Criteria When Choosing a Display Technology (2) ..... 80

Figure 60: Importance of Various Criteria When Choosing a Display Technology – Mean (1) ..... 80

Figure 61: Importance of Various Criteria When Choosing a Display Technology – Mean (2) ..... 81

Figure 62: Technology Believed to Be Best for Each Factor (1)..... 82

Figure 63: Technology Believed to be Best for Each Factor (2) ..... 82

Figure 64: Level of Interest in Types of Out-of-Home Network Displays (1) ..... 83

Figure 65: Level of Interest in Types of Out-of-Home Network Displays (2) ..... 83

Figure 66: Level of Interest in Types of Out-of-Home Network Displays – Mean (1) ..... 84

Figure 67: Level of Interest in Types of Out-of-Home Network Displays – Mean (2) ..... 84

Figure 68: Level of Importance in Types of Retail Locations for Reaching Target Markets ..... 85

Figure 69: Level of Importance in Types of Retail Locations for Reaching Target Markets – Mean ..... 85

Figure 70: Rate of Effectiveness in Types of Content for Out-of-Home Networked Displays/  
In-Store TV ..... 86

Figure 71: Level of Effectiveness in Types of Content for Out-of-Home Networked Displays/  
In-store TV – Mean ..... 87

Figure 72: Level of Effectiveness in Types of Content for Out-of-Home Networked Displays/  
In-store TV ..... 88

Figure 73: Level of Effectiveness in Types of Content for Out-of-Home Networked Displays/  
In-store TV – Mean ..... 89

Figure 74: Level of Importance of Types of Capabilities when Considering a Networked  
System/Service ..... 89

Figure 75: Level of Importance of Types of Capabilities, When Considering a Networked  
System/Service – Mean ..... 90

Figure 76: Factors Used to Gauge Effectiveness of Marketing/ Promotional Programs ..... 91

Figure 77: Level of Change in Factors since Using a Network Display System..... 92

Figure 78: Level of Change in Factors since Using a Network Display System – Mean..... 92

Figure 79: Effectiveness of Networked Digital Display/In-store TV System ..... 93

Figure 80: Description of Company or Major Clients (1)..... 94

Figure 81: Description of Company or Major Clients (2)..... 95

Figure 82: Description of Company or Major Clients – Mean (1)..... 95

Figure 83: Description of Company or Major Clients – Mean (2)..... 96

Figure 84: Rating of Factors Inhibiting Company to Utilize Networked Digital Displays/In-Store TV  
as New Medium (1) ..... 97

Figure 85: Rating of Factors Inhibiting Company to Utilize Networked Digital Displays/In-store TV  
as New Medium (2) ..... 98

Figure 86: Rating of Factors Inhibiting Company to Utilize Networked Digital Displays/In-store TV  
as New Medium – Mean (1) ..... 98

Figure 87: Rate Factors Inhibiting Company to Utilize Networked Digital Displays/In-store TV as New Medium – Mean (2)..... 99

Figure 88: Agreement with Statements in Terms of Physical/IT Infrastructure ..... 100

Figure 89: Agreement with Statements in Terms of Physical/IT Infrastructure – Mean ..... 101

Figure 90: Role Each Person Plays when Buying/Considering an In-Store TV/Digital Display Network ..... 102

Figure 91: Brand Preference for Display Technology (1) ..... 103

Figure 92: Brand Preference for Display Technology (2) ..... 103

Figure 93: Level of Involvement in Technical Planning for Implementing Technology..... 104

Figure 94: Level of Involvement in Implementing and Systems Integration of Technology ..... 105

Figure 95: Type of Vendor Most Likely Used for this Type of Implementation ..... 106

Figure 96: Likely Mix of Off-the-Shelf Software vs. Custom Software When Implementing Technology..... 107

Figure 97: Level of Awareness of Software Vendors..... 108

Figure 98: Portion of Company's Total Revenues by Segment ..... 109

Figure 99: How Shares of Revenue will Change Over Next Two Years ..... 110

Figure 100: Portion of Company's Revenues by Non-consumer Businesses – Mean ..... 111

Figure 101: Anticipated Change in Shares over Next Two Years ..... 112

Figure 102: Percentage of Company's Yearly Revenues by Segment – Mean ..... 113

Figure 103: Percentage of Company's Non-consumer Revenues by Category – Mean..... 114

Figure 104: Person Responsible for Daily Operation of Systems ..... 115

Figure 105: Company's Plans Regarding Each Business Segment..... 116

Figure 106: Have Provided Different Environments with Digital Signage Products/Services ..... 117

Figure 107: Importance of Sources of Information on Networked Digital Signage..... 118

Figure 108: Importance of Sources of Information on Networked Digital Signage – Mean..... 119

Figure 109: Importance of Client's Goals Using Digital Signage/AV Systems ..... 120

Figure 110: Importance of Client's Goals Using Digital Signage/AV Systems – Mean ..... 120

Figure 111: Degree of Experience with Display Technologies ..... 121

Figure 112: Expected Change in Usage over Next Two Years ..... 121

Figure 113: How Often Clients Change/Update Content on Displays ..... 122

Figure 114: Software That Company Uses/Re-sells/Recommends for A/V Systems Content Delivery and Control ..... 123

Figure 115: Length of Typical Sales/Decision Cycle for Networked Digital Display Sales..... 124

Figure 116: Position or Title of Respondent..... 125

Figure 117: Respondent's Department – Network Operator/AV Systems Vendor ..... 126

Figure 118: Number of Displays Installed in Past 12 Months ..... 127

Figure 119: Annual Revenue – Network Operator/AV Systems Vendor ..... 128

Figure 120: Employees – Network Operator/AV Systems Vendor ..... 129

Figure 121: North American Narrowcasting Industry Revenue, 2006-2011 ..... 131

Figure 122: Total Segmented North American Narrowcasting-Generated Revenues, 2006 – 2011 ..... 132

Figure 123: Cumulative Number of North American Narrowcasting Sites and Installed Base of Display Screens, 2006 – 2011 ..... 133

Figure 125: Cumulative Number of North American Narrowcasting Sites Segmented by Category, 2006 – 2011 ..... 134

Figure 126: Total Number of Potential U.S. Sites Segmented by Category, 2006 – 2011 ..... 135

Figure 127: U.S. Retail Firms by Number of Sites ..... 138

Figure 128: US Hospitality and Services Firms by Number of Sites ..... 139

Figure 129: U.S. Retail Sites by Category, 2006 – 2011 ..... 140

Figure 130: U.S. Hospitality and Entertainment Sites by Category, 2006 – 2011 ..... 140

Figure 131: Selected U.S. Service Industry Sites by Category, 2006 – 2011 ..... 141

Figure 132: Selected U.S. Public Sector Sites, 2004 ..... 141

Figure 133: U.S. Firms by Major Market Sector..... 142

Figure 134: U.S. Sites by Major Market Sector..... 142

Figure 135: U.S. Narrowcasting Industry Revenue, 2006 – 2011, Segmented by Source, U.S. \$M ..... 143

Figure 136: Installed Screen Base by Purpose, 2006 ..... 144

Figure 137: Installed Screen Base by Purpose, 2011 .....	145
Figure 138: Total Number of Ad-Based Screens, 2006-2011.....	146
Figure 139: Installed Base of North American Narrowcasting Displays Segmented by Type of Display, 2006 – 2011 .....	147
Figure 140: Annual Net New Placements of North American Narrowcasting Displays Segmented by Type of Display, 2007 – 2011 .....	148
Figure 141: North American Narrowcasting Display Screen Revenues Segmented by Type of Display, 2007 – 2011 .....	149
Figure 142: Display Screens: Revenue from New Placements versus Replacements and Upgrades, 2007 – 2011 .....	149
Figure 143: Average Number of Screens per North American Narrowcasting Site, 2006 – 2011 .....	150
Figure 144: Net New North American Sites Adding Narrowcasting, 2007 – 2011 .....	151

## List of Tables

Table 1: North American Narrowcasting Industry Revenues, 2002 - 2011, Segmented by Source.....	152
Table 2: Cumulative Number of U.S. Narrowcasting Sites Segmented by Category .....	153
Table 3: Cumulative Number of North American Narrowcasting Sites: Major Category .....	153
Table 4: Net New North American Sites by Category Adding Narrowcasting per Year .....	153
Table 5: Net New North American Sites by Major Category Adding Narrowcasting per Year .....	153
Table 6: Cumulative Number of Screens by Category .....	154
Table 7: Cumulative Number of Screens by Major Category .....	154
Table 8: Cumulative Number of Screens by Purpose & Category.....	154
Table 9: Cumulative Number of Screens by Purpose & Major Category .....	154
Table 10: Net New Screens per Year by Category.....	155
Table 11: New Screens per Year by Major Category .....	155
Table 12: Net New Screens per Year by Type .....	155
Table 13: Cost per Screen .....	155
Table 14: Screen Revenue by Type .....	155
Table 15: Cumulative Ad-Based Screens and Revenue per Screen.....	156
Table 16: Average Screens per Site .....	156