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DIGITAL SIGNAGE:

Your Next Sales Generator?



This ISV expects to **increase revenue by 100%** in 2008 by creating digital signage kiosks that incorporate touch technology.

Photos by Dan Bryant

AARON BENNETT, VP OF SALES AND MARKETING,
PREFERRED DIGITAL SIGNAGE

Lead The

Digital Signage

Revolution

This ISV (independent software vendor) expects 100% revenue growth in 2008 by creating digital signage kiosks that incorporate touch technology.

BY MIKE MONOCELLO

Over the past year, there's been a lot of talk in the POS (point of sale) industry about digital signage. While it's clear that digital signage implementations are popping up everywhere, most resellers I've talked to haven't been convinced that this burgeoning technology is an opportunity for POS VARs. However, after talking with the people at ISV Preferred Digital Signage (PDS), my opinion has changed. In short, the costs associated with digital signage are dropping, and the ways retailers do business is changing. If you don't sell digital signage solutions to your customers, someone else will. According to market research firm iSuppli/Stanford Resources, sales of indoor and outdoor retail dynamic displays are expected to reach \$1.5 billion in 2008, nearly a 300% increase from 2003. With such a huge opportunity to increase revenue, you may be looking for an inside track on how to best begin selling your own digital signage solutions. Luckily, Rick Stone (VP of business development at PDS) and Aaron Bennett (VP of sales and marketing at PDS) are willing to share what the ISV is doing to succeed in the digital signage space and achieve 100% revenue growth in 2008.

MoreInfo ▶ To see the complete hardware specs of Preferred Digital Signage's digital signage system, visit BSMinfo.com.

What's Your Definition Of Digital Signage?

Today, the term digital signage means different things to different people. Is playing an informational DVD on a television screen considered digital signage? How about looping a PowerPoint slide show on a customer-facing display? Some feel that digital signage is just text, while to others it includes full-motion video and surround sound. If you want to sell digital signage, you first need to know exactly what you're selling. To PDS, digital signage can include all of the above with the addition of one extra element — customer interaction via touch screen. While all of digital signage is a growth area, the incorporation of touch is something that can truly differentiate your offering.

So what, exactly, does PDS sell? The ISV's turnkey digital signage solution includes a 32-inch Elo TouchSystems display with Surface Acoustic Wave (SAW) touch technology. SAW uses ultrasonic waves that pass over the surface of the touch screen. When touched, the ultrasonic waves are interrupted and provide the location of the touch to the screen controller. The SAW technology is one of the most durable available to date.

Of course, a display is worthless if you don't have something driving content to it. "For the types of digital signage we're implementing, we need a powerful media player," says Stone. "We use a Dell ultrasmall form factor PC for playing full-motion media." In fact, PDS' solutions involve storing all media locally on the

PREFERRED DIGITAL SIGNAGE

2008 PROJECTED SALES GROWTH RATE: 100%

EMPLOYEES: 17

(214) 476-0588

WWW.PREFERRED-DS.COM

VERTICAL MARKETS: HOSPITALITY, SPECIALTY RETAIL (CELLULAR PHONE STORES, HEALTH CLUBS, TANNING SALONS)

VENDORS: DELL, ELO TOUCHSYSTEMS



“VARs can sell digital signage on the notion that retailers need to create an environment which is interactive, educational, and entertaining enough to keep people in the store until a sales rep can get to them.”

AARON BENNETT, PREFERRED DIGITAL SIGNAGE

PC, which is then mounted within the kiosks’ custom-built stand. To many, there’s a misperception that digital signage content is called forth like information on a Web site. While some information may stream from an Internet connection, running videos on demand can greatly tax a system. “If the content is delivered via the Internet, customers will wind up waiting for materials to load,” explains Stone. “The goal is for content to play instantly. If not, you may lose your audience.” To deliver media to the display, PDS uses its own

custom software solution. Of course, there are many software solutions available on the market. No matter what software you use, a typical solution should enable retailers to deliver custom content to multiple screens, can incorporate scheduling, and in the case of touch screens, can report on the history of viewing. The digital signage solution PDS installs is connected to a retailer’s network via a wireless network connection, allowing the units to be sent updates during off-peak hours. The only networking requirements are a wireless router and a minimum of DSL-grade Internet connectivity.

Touch Screens Integral To ISV’s Digital Signage Success

Aaron Bennett, VP of sales and marketing for ISV (independent software vendor) Preferred Digital Signage (PDS), believes digital signage can be sold to any organization looking to sell something. His pitch is simple: Digital signage can be used to turn uneducated sales staff into sales experts, and digital signage can give a business a competitive advantage.

One of PDS’ customers is a chain of four tanning salons. “In tanning salons, people usually wait their turn,” explains Bennett. “It’s a great opportunity to educate cus-

ing the young reps more information about lotions and how to use them. After installing the digital signage solution, the salon has become one of the top 100 salons in the nation.

By incorporating touch screen functionality into its digital signage kiosks, PDS has to ensure the displays can withstand the rigors of daily usage. “The Elo Touch-Systems displays we use incorporate Surface Acoustic Wave [SAW] touch technology, which uses a hard glass substrate,” says Bennett. “Aside from being durable, calibrating the touch screens for touch accuracy is something we only have to do once.” Bennett explains that with some competing touch screens, the ISV had to recalibrate the touch accuracy in as little as eight months. Also, because the touch screens are withstanding frequent use, the warranty is important to PDS. “It gives our customers peace of mind to know that with the Elo product we can get a 5- or 10-year warranty,” says Bennett.

There’s one other reason PDS uses Elo. “With Elo, we deal directly with one of their reps. That’s not always the case with competing product manufacturers. When we first got started selling digital signage, the Elo rep came out to our offices and talked to us about the different technologies. Today, even though we don’t buy directly from Elo, they still support us as if we were buying directly from them.”

Stone explains that digital signage software implementations similar to his often are set up under a subscription-based service model whereby resellers can earn about \$30 per signage kiosk per month on top of the initial sale of hardware. Because PDS uses its own software, the ISV stands to make a significant amount of services revenue on each sale (services fees start at \$100 per kiosk per month). Like most recurring POS revenue streams, it should be obvious to you now that digital signage is something you’re going to want to sell in large quantities. So, how does PDS successfully make its pitch?

Sell Digital Signage On Two Key Points

When selling its digital signage solutions, PDS makes sure to drive home two major selling points. First, digital signage can be used to increase sales expertise, no matter what business a retailer is in. PDS describes digital signage as a tool that can get sales reps out from behind the counter — out of a defensive posture — to where they’re going through the sales discovery process together with the customer. By combining digital signage and a live salesperson, the customer is not only going to hear the sales pitch, they’ll see it on the screen and interact. Bennett likens the value of digital signage as a selling tool to his own use of PowerPoint on sales calls. “I use a PowerPoint presentation because it explains my product perfectly,” he says. “It keeps me on target, it makes sense. It’s concise, to the point, and communicates all the information I want.” Digital signage can be used in the same way. It gives sales associates a standardized presentation. In addition, once the salespeople run through the digital signage presentation a few times, they start to memorize the presentation. Through this repetition, the sales reps transition into sales experts.

Second, Bennett explains that the retail market is becoming so saturated and competitive that retailers can’t afford to have an environment where someone walks into and out of a store without ever talking to a sales rep. “VARs can sell digital signage on the notion that retailers need to create an environment which is interactive, educational, and entertaining enough to keep people in the store until a sales rep can get to them,” he says.



ISV PREFERRED DIGITAL SIGNAGE USES ELO TOUCH SCREENS WITH SURFACE ACOUSTIC WAVE (SAW) TOUCH TECHNOLOGY.

tomers on the various tanning lotion products [which are usually held behind the counter] while they wait.” Bennett goes on to say that the often-young sales reps don’t spend time reading the bottles and aren’t formally trained on lotions and their impact on skin type. The digital signage kiosks increased sales at the salons by giv-

www.elotouch.com



AARON BENNETT, VP OF SALES AND MARKETING, PREFERRED DIGITAL SIGNAGE

Overcome Two Common Digital Signage Objections

When selling its digital signage solutions, PDS often encounters two primary objections. The biggest, and most difficult to overcome, is return on investment. Today, as the cost of displays drops due to widespread adoption, there are more markets embracing digital signage. Still, the predominant perception is that digital signage is too expensive. With this in mind, PDS goes into sales meetings armed with a 28-slide PowerPoint presentation loaded with facts, figures, and anecdotes on the value of digital signage. For instance, according to an Arbitron retail media study, digital signage receives ten times as much eye contact as a static sign. In addition, 33% of customers who see digital signage make an unplanned purchase. One of PDS' customers used digital signage at the point of purchase in two of its stores. In one month, sales of the product being pitched on the signage went from 37 units to 66, equating to a revenue increase of \$2,900.

"We looked at one of our customers, a cell phone store, and discovered that the average sale took over 30 minutes," says Stone. "By using digital signage as a sales tool, the salespeople were able to save 7 minutes per customer — averaging 70

minutes a day. This gave the four sales reps at the store an additional 93 hours of selling time a month. As in-store productivity increases, so, too, does revenue." This customer saw a 24% increase in revenue after the install of a digital signage solution. Of course, not only does the productivity of sales associates increase, customer satisfaction with the shopping experience also improves. Indeed, a study by Deloitte and Touche showed that one of the biggest customer complaints is the length of time it takes to complete a sales transaction.

Aside from a direct increase in sales, digital signage also can be used by retailers as a source of research to make smarter, better-informed marketing decisions. Specifically, the digital signage software records every customer interaction (i.e. touch) along with a date-and-time stamp, allowing store owners to access reports and see which products are receiving the most touches and visitor browsing patterns. The marketing benefits are far-reaching. Stone gives the following example to potential customers. "Assume at 3:30 p.m. every day a retailer is seeing a significant increase in people looking at product X," he says. "The retailer could then use that information to begin advertising product X accessories at the same time or run additional marketing campaigns using the data gathered by the digital signage."

Aside from return on investment, there is another common objection PDS faces. Stone explains that because PDS offers to put displays into market areas where touch screens traditionally haven't been before, common questions surround the life expectancy of the units and how customer interaction will affect them. "With our turnkey digital signage package, we purchase every extended warranty that we can," says Stone. "For instance, the Elo touch screens we use have a five-year warranty." In addition, the kiosk stand houses the display at such an angle that customers can't set anything on it. "In two years, I haven't had a single display come back from someone damaging it," concludes Stone.

By clearly demonstrating the validity of industry research, case studies, and potential marketing benefits, PDS is able to clearly demonstrate the value of digital signage. Now, maybe you can justify such an investment to your customers. One thing is for certain; if your customers aren't ready to make such an investment today, as hardware prices continue to plummet and the retail market becomes more competitive, digital signage is something your customers are going to need. The question then becomes, will you be the one to sell it? ●



Mike Monocello, a former VAR, is the editor of supply chain/point of sale technologies for Business Solutions magazine. He can be reached at mikem@corrypub.com. To read his online opinion column, go to www.BusinessSolutionsMag.com.