

Ad-Funded Digital Signage: Is There A Future In It?

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Introduction

What has happened to ad-funded digital signage (aka Digital Out Of Home)? Just five years ago industry analysts were forecasting a nearly \$2 billion market by 2010. Back in '05, the future of this sector seemed so bright that tradeshow, press reports, articles, blogs, etc. were brimming with optimism. Today, the reality is much more sobering. Ad-funded digital signage has fallen significantly short of expectations, and according to some estimates, 2010 revenues will likely be less than a quarter of 2005's forecast. This failure to perform to expectations has been creating a sense of concern among many within the industry that DOOH's money making potential is just not there.

Recent blog traffic has been questioning whether the growing ranks of ad-funded digital provider/operator bankruptcies would suggest that the industry has too many players and whether the industry would be better served by consolidating. While this speculation does suggest that a smaller number of players would benefit from splitting a smaller pie, it does not address the fundamental issue: Why is the revenue pie so much smaller than originally forecast? An examination of a recent report by a leading digital signage network aggregator gives some insight into the problem.

In a report by Adcentricity, the authors painted a rosy picture for the industry by expounding on the unprecedented and continued growth of their digital signage network. While their report provided an impressive set of growth statistics -- none of which were revenue-oriented -- it did however slip in one caveat that could lead one to believe that the core revenue fundamentals may not be so good. The report said: "...digital agencies haven't yet adopted or fully understood its [digital signage's] capabilities. There is a digital divide when there should be a natural fit."



For an industry that depends on ad revenue, it would seem that the failure of digital agencies to embrace the technology would be a serious problem. There are however theories as to why this may be happening:

- 1) The inability to correlate DOOH metrics with traditional ad metrics,
- 2) The inability of agencies to afford the cost of DOOH campaigns,
- 3) The fiscal and operational instability of DOOH networks/operators,
- 4) The impact of a poor economy on the availability of ad dollars.

Perhaps the real reason is this: The fundamentals (e.g. ROI, value proposition, etc.) of ad-funded signage are simply poor.

While this statement may not sit well with many in the DOOH industry, company devaluations and sector bankruptcies are tending to reinforce the point. So is this statement suggesting that there is no role for ad-funded digital signage? No, but it is suggesting that social and technological change will further reduce agency participation; therefore the industry must learn to adapt or face extinction.

The remainder of this paper will examine the trends that are imposing change and then outline what DOOH providers can do to adapt.

"...digital agencies haven't yet adopted or fully understood its [digital signage's] capabilities. There is a digital divide when there should be a natural fit."

Adcentricity

The Economic Models of Digital Signage

The Digital Signage Industry is driven by three economic models: 1) Ad-funded Digital Signage, 2) Traditional Digital Signage, and 3) Ad-supported Digital Signage. These are described as follows:

In an Ad-funded digital signage deployment, a third party provides a digital signage system (e.g. a content management system, media player software/hardware, one or more screens plus system installation) to a venue at little or no cost to the venue owner. The third party then seeks to recoup the initial capital outlay plus on-going operational expenses by selling ads that will be subsequently shown on an unused portion of the venue's screen(s). This is a model that is typically used today by grocers, pharmacies, quick serve restaurants, convenience stores, small businesses, small retailers, etc.

In a Traditional digital signage deployment, the venue owner purchases the digital signage system to address a specific need (e.g. informing, persuading and/or entertaining their customers or employees). The venue owner then takes fiscal and operational responsibility for maintaining the system and the content shown thereon. This is a model used by corporations, hotels, casinos, universities, hospitals, banks, etc.

An Ad-supported system is a hybrid of the Ad-funded and Traditional models. In an Ad-supported model, the venue owner purchases the system, but then works to sell advertising to either off-set the cost of the system or to make money from the system. Ads are typically sold to companies that do business with the venue, e.g. product suppliers, and both the venue owner and advertiser typically benefit from the success of the ads. This is a model that is typically used by large retailers, mall operators, arenas, stadiums, etc.

A Baseline Perspective

Before one can understand the change affecting ad-funded digital signage, it is essential to have a baseline perspective on the relative significance of the problem that DOOH will increasingly face. The following are two scenarios that will provide this perspective. Both are a recounting of actual events:

Scenario #1

"Recently, my wife and I were at a digital signage-equipped restaurant having dinner. At the table to my right was a couple with a toddler. In the toddler's hands was an iPhone, which she alternately used to look at pictures and play a spelling game (yes, a spelling game). When I questioned her mother about it, she said, "It's my phone, but I can't get it out of her hands. She taught herself how to use it and just doesn't want to put it down." When I later stood to take a restroom break, I was taken-back by the following scene: In front of me was my wife using her iPhone to search for an after-dinner movie. At the table behind my wife was a couple with a pre-teen who was actively engaged with an iPhone – completely oblivious to her parents. To my left were three late teens/early twenty-something's each heavily engaged with their own iPhones. From the two year old, to the pre-teen, to the twenty-something's, to my wife, all were looking down at their phones and seemed generally unconcerned about anything in their surroundings. Did any of these individuals ever look at the digital signage? Not that I observed, but there was absolutely no question that they were immersed in their phones."



A two-year old engaged with her mom's iPhone.

Scenario #2

"I frequently eat at a local bagel restaurant that is equipped with ad-based digital signage. Because I am in the digital signage business, I watch the patrons to observe their viewing habits. Over the course of about eighteen months, I have

spent well over 100 hours watching audience engagement with the signage. What I have observed has been this: 1) Restaurant patrons do not engage with the signage. In fact, most do not look at it and of those that do the majority give it only a short glance. 2) Most patrons typically talk among themselves, read newspapers or engage with their



A candid photograph of patrons heavily engaged with their smartphones.

phones. 3) I have noticed a distinct increase in the time patrons spend looking at their phones. 4) For those who eat alone, a growing number – especially the young -- engage solely with their phones and seldom look up."

Given the preceding scenarios, two questions have to be asked:

1) Are these scenarios an anomaly or the norm? 2) If an advertiser was observing the preceding scenarios, where would they invest their ad dollars? Would they put their ads on the digital signage, on the phones or both?

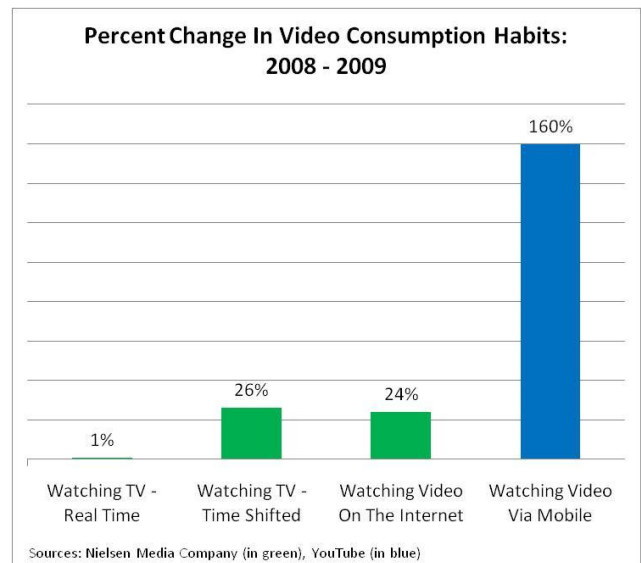
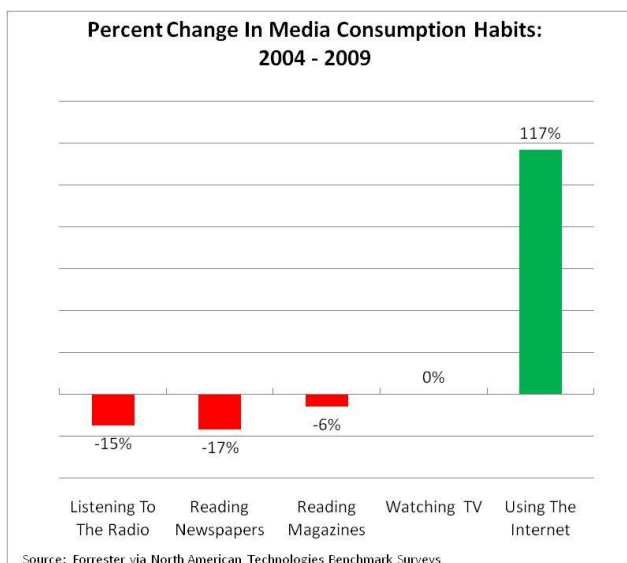
The five trends on the following pages will help to objectively answer these questions.

Trend #1: Increasing consumption of video content.

Recent studies indicate that traditional media consumption (e.g. radio, newspapers, magazines, etc.) has been falling at up to double digit rates, but a report by the Nielsen Company indicates that the consumption of digital content -- specifically video-oriented content -- is increasing at double digit rates. Although viewership of the traditional television networks was down, there was a 1% overall increase in television viewing. Time shifted viewing of television content via DVR's increased 26%, and the consumption of video content via the internet increased by 24%.

According to YouTube, viewership of video content via mobile devices increased 160 percent from 2008 to 2009.

Although the consumption of video via traditional means is increasing at up to double-digit rates, the consumption of video content via mobile technologies is increasing at triple-digit rates. According to YouTube, the leading source of mobile video content, mobile viewership increased 160% from 2008 to 2009. A YouTube spokesperson has been quoted as saying, "tens of millions of videos are watched every day via mobile devices." Trend #1 illustrates that while overall video consumption is growing quickly, video consumption via mobile is growing at an even faster rate.



Trend #2: Content consumed in non-traditional ways.

For centuries, consumers received their information from one source: the newspaper. Then along came radio, television, cable, the internet, blogs, etc, etc. Today, there are so many sources for information and content that consumers are drowning in it.

Overwhelmed by the sheer volume of content available, people are turning to their community of friends, mentors, advisors, affinity groups and trusted institutions to pre-screen, pre-qualify and sanction the information and content that they receive. This collaborative sharing and vetting of information among friends, acquaintances and the like has been dubbed "social networking."

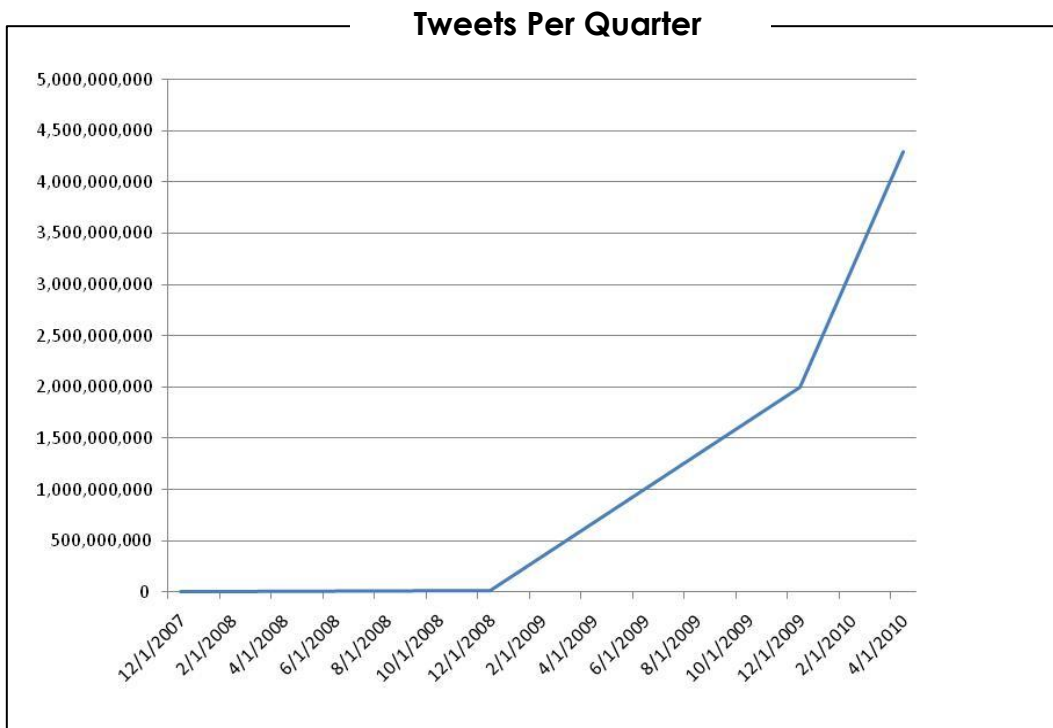
Information and Content via Social Networks

To understand the social networking phenomena, one need only look at Twitter. Twitter is a service that allows its members to broadcast text messages of up to 140 characters in length, called "Tweets", to other Twitter members via the Internet. In order to receive and read the Tweets of a sender, the receiver must be an approved member of the sender's community of "followers".

In the beginning, Twitter was simply an outlet for users to broadcast random messages over the internet to any "follower" willing to read them. But as tweeting matured, Twitter members began tweeting web links to news stories, blog posts, videos and other content. Through this link-sharing approach, an increasing number of Twitter members now get their news, information and other content from Twitter members that they respect and trust.

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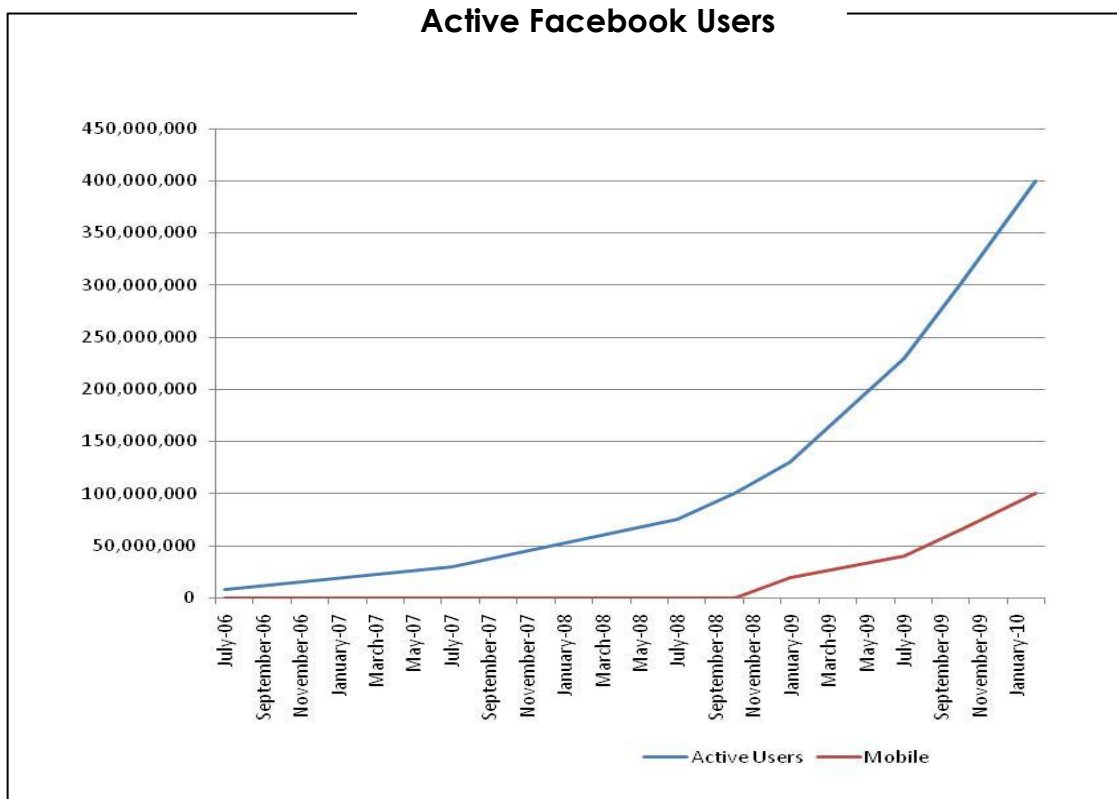
As Twitter users have begun tweeting information/content links to their community of followers, these followers have taken to "ReTweeting" (forwarding on) relevant tweets to their own community of followers. This "ReTweeting" process has served to further distill the massive volume of information and content down to that of greatest interest to a respective community. This new content sharing model has helped propel Twitter usage from approximately 600,000 Tweets a quarter in the fourth quarter of 2008 to nearly 4.5 billion in the first quarter of 2010.



Facebook has become a conduit for acquiring and sharing information. What originally started as a mechanism for college students to keep in touch with one another has now morphed into an information and content distribution platform for the masses. Again, as with Twitter, millions of people are getting their news channeled and filtered by their Facebook social network.

Leading content providers such as the New York Times, Wall Street Journal, NPR and others have recognized this growing trend of social networking and have built mechanisms to allow their electronic content (or links thereto) to be forwarded directly to a reader's Twitter and/or Facebook communities.

Mobile technologies are playing an increasingly larger role in the social networking model. It is interesting to note that while overall usage of social networks has been increasing rapidly, the number of mobile users of social networking has been increasing at an even faster rate. For example, the overall increase in Facebook usage in 2009 was 333% as compared to 2008, but Facebook usage via mobile devices increased by 500% over the same period.



Information and Content via Location-Centric Social Networks

Mobile social networking is not only growing rapidly, it is adding a dimension to social media that cannot be equaled by using non-mobile technologies. Location-centric, mobile social networking applications such as Yelp, Foursquare, Gowalla, Loopt, etc. are allowing people to not only share information with their social communities but do so in a way that is “local.” These location-centric applications are allowing users to share with their social networks their attendance at and thoughts about specific places or events -- in real time. In order to understand how these location-centric applications work, let's look at Foursquare, which is one of the fastest growing applications in this class:

The Foursquare process works as follows: A Foursquare user launches their mobile app to "check in" while at a specific venue or location. The "check in" process allows the Foursquare user to provide their Foursquare social network with a real-time notification of their current location. The "check in" process also allows the Foursquare user to provide their network with information and insight (e.g. reviews, tips, directions, etc.) about the place, venue or event that they are visiting. Members of the user's community can either monitor the user's experience or join them to participate in the experience.

In addition to being a feedback and location notification mechanism, many location-centric social media applications reward the user for "checking in" by giving the user points that can be redeemed for certain marketing premiums. Major brands are embracing location-centric, mobile social media applications like Foursquare and are forming partnerships designed to encourage users to use and promote their service or products. The Pepsi Loot



Foursquare is only one application in a large and growing class of location-centric mobile app's.

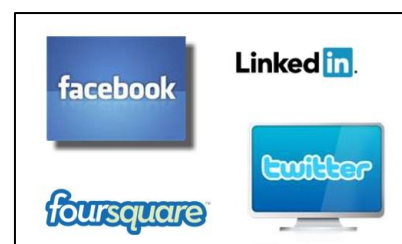
program is an example of this type of collaboration and it works as follows:

An iPhone, iPod touch or iPad user can download the Pepsi Loot application from the Apple iTunes app store. The user then authorizes the application to track their movements. When the user is in the vicinity of a participating Pepsi vendor, the application will provide them with an incentive to enter the venue and make a Pepsi purchase. Once in the venue, the user uses Foursquare to "check in" and each "check in" is rewarded with points that can be subsequently redeemed for marketing premiums like music downloads.

It is clear that social media applications -- particularly mobile applications -- are being used to filter and deliver information and other content between communities of users. It is also clear that an exponentially increasing number of people are getting their information via social media applications and are getting it with a location-centric relevance. As a result, Trend #2 illustrates that social networking is quickly growing in importance and that people are increasingly relying on their mobile phones to stay connected with their social networks and are doing so in a location-oriented, real-time and interactive fashion.



Pepsi Loot is an example of a location centric application to actively use a user's location to incent them to make a product purchase.



Social media and networking applications are becoming major sources of information and content.

Trend #3: Greater adoption of wireless technologies.

The cellular phone ushered in the age of personal wireless communications. Since the first cellular call in 1973, wireless and mobile communications has undergone three major revolutions.

- The first revolution, which lasted from 1973 through 1995, was known as the "Personal Communications" era. This era represented a period in which the general public could talk on a phone without the need for wires.
- The second revolution, which lasted from 1996 through 2006, has been referred to as the "Personal Productivity" era. This era marked a period in which cellular communications moved from analog network technologies to digital. Digital technologies enabled consumers to have data-oriented services such as text messaging, mobile web browsing, mobile email, mobile calendaring, and other productivity-related services. The first generation of smartphone was introduced in this era and became a small niche representing only about 7 percent of all mobile phones.
- The third and current revolution, which commenced 2007, has been referred to as the "Personal Impact" era. This era leverages wireless technologies and mobile applications to help people manage and improve their lifestyles.



The introduction of the Apple iPhone in 2007 marked the beginning of the third revolution in mobility – the Personal Impact Revolution.

The Personal Impact era was spawned by the invention of the Apple iPhone, a second generation, super sophisticated smartphone seamlessly integrated into a first-of-its-kind content, commerce, applications and network eco-system. The invention of the iPhone and its supporting ecosystem has allowed the mobile phone to become an applications-enabled platform for seamlessly conducting mobile commerce, managing personal wellness, enhancing personal convenience and facilitating personal entertainment.

Since the launch of the iPhone in June of 2007 and the subsequent launch of the iTunes App Store in June 2008, over 200,000 mobile iPhone applications have been developed and over 3 billion of these applications have been downloaded. That's nearly ten times the total number of applications that were downloaded for all smartphones and PDA's in the 9 years prior to the launch of the iPhone. Other companies have since recognized the market and revenue potential of the Personal Impact era and have begun launching their own sophisticated second generation smartphones and supporting ecosystems.

Google became a major player in the second generation smartphone market with their launch of the Android platform in late 2008. Android is an open operating system that is designed to be run on an array of relatively standardized second generation smartphones developed by a plethora of handset manufacturers. Google is also engaging in the Personal Impact era by supporting an Android-centric content, commerce and application ecosystem similar to that of Apple's iTunes eco-system. Microsoft, Research in Motion (RIM), Nokia and others are now preparing to enter the new sophisticated second generation smartphone market by creating a new generation of phones and integrating them into their own supporting ecosystems.



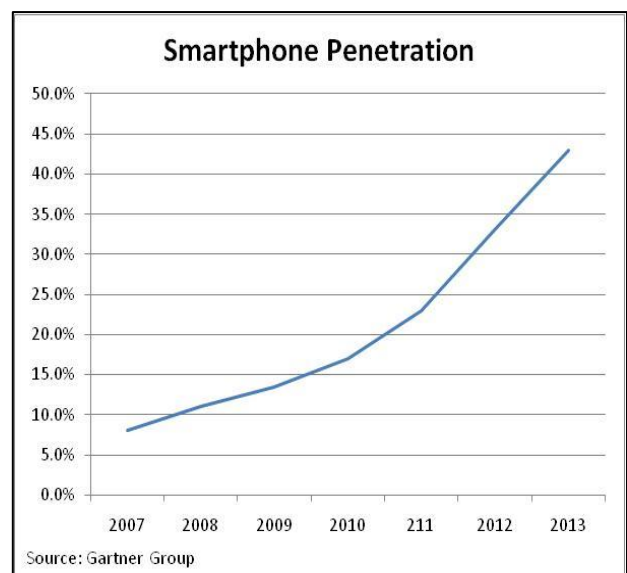
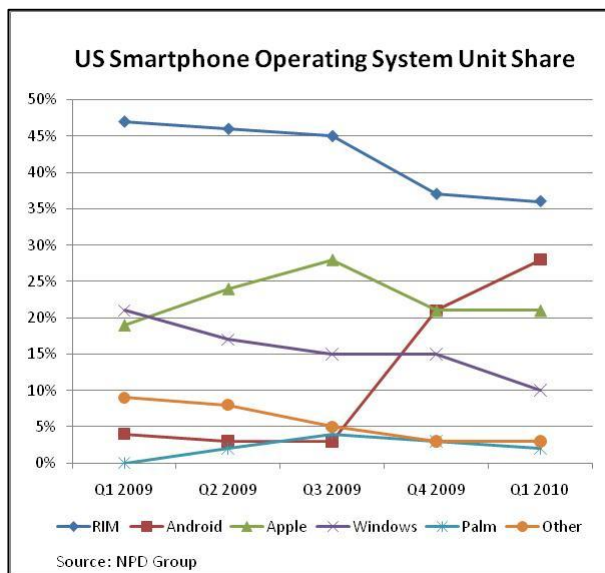
Google's first Google-branded Android phone, The Nexus One, is representative in form and function of the line of Android-based phones being developed by other manufactures

As phone manufacturers ready themselves for the Personal Impact era, recent sales and production data clearly show that consumers are rapidly embracing the benefits of these new second-generation smartphones. First quarter 2010 worldwide smartphone shipments grew 67% to 55.2 million units and 247 million smartphones are projected to be sold in 2010. It should be noted that shipments of the iPhone grew by 131.6% and Android-based shipments grew by 1,070%.

First quarter 2010 worldwide smartphone shipments grew 67% to 55.2 million units.

A recent report by IDC shows that the market share for second generation phones has been increasing while the market share for first generation phones has been decreasing. Because of this growth, it is forecast that by 2011 the number of smartphones in use worldwide will exceed the number of PC's in use, and nearly 50% of all phones in use by 2013 are predicted to be smartphones -- up from 7% in 2007. By 2013, there should be over 2 billion smartphones in use worldwide.

Trend #3 demonstrates that the new generation of smartphones and their supporting eco-systems provides a much different value proposition than previous generations of wireless technologies. Trend #3 also illustrates that these new value propositions have lead to greater adoption of the technology and supporting applications.



Trend #4: Greater utilization of wireless technologies

The first generation smartphone appeared on the market in 2001 with the introduction of the Handspring Treo 180. (NOTE: Nokia and Kyocera had been manufacturing the smartphones' predecessors since the late 90's, but the Treo was the first to usher in a smartphone recognizable by today's standards.) Between 2001 and 2007 many manufacturers introduced smartphones to compete with the Treo. As noted earlier, these first generation smartphones were used primarily to wirelessly manage calendars, access email, browse the web and send text messages. With the introduction of the second generation smartphone and their supporting ecosystems, consumers have begun to use their phones in very different ways.

The first generation smartphones were essentially a stand-alone piece of communications hardware (i.e. a PDA integrated into a phone). The second generation smartphones however have been designed to be just one component of a larger ecosystem that is composed of the phone, a content repository, a commerce engine, an application platform, a user feedback mechanism and a broadband wireless data network -- all of which are designed to work in concert.

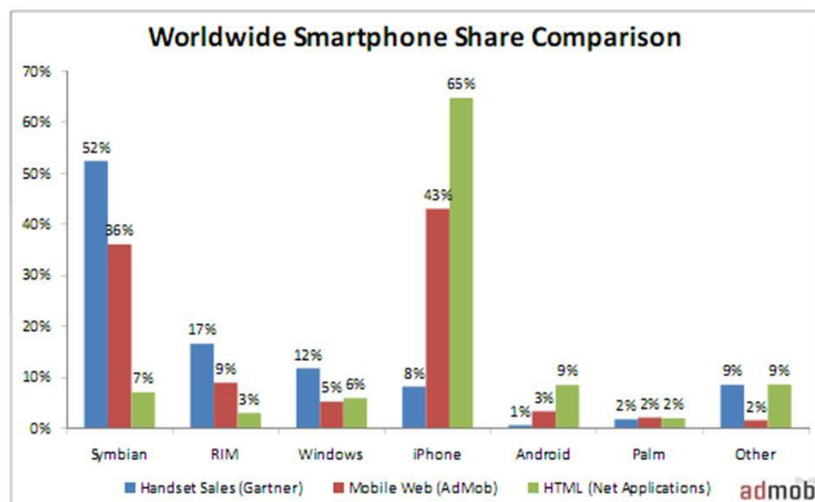
This new ecosystem-oriented approach to mobile communications has facilitated an unprecedented degree of innovation that has developers creating mobile applications that do things that were unthinkable prior to 2008. An interesting dynamic is that the majority of these applications have been designed to deliver a rich, highly interactive multimedia experience. In addition, because these second generation smartphones have geo-positioning and direction-finding capabilities, these applications are increasingly delivering interactive, multimedia content that is tailored to a user's location and specific needs.

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This location-oriented, interactive, multimedia content has led consumers to engage with their phones to a much greater degree than previously possible with the first generation smartphones. In fact, an AOL executive at a fairly recent wireless conference stated it this way: "We see users of these new generation smartphones engaging with content at a level that's 3 to 5 times greater than that of prior generation smartphones. This is resulting in an explosion in the consumption of mobile content."

The latest statistics on wireless data utilization prove that people who use second generation smartphones are consuming more, application-oriented content. A

comparison of wireless data utilization patterns of first generation smartphones to second generation smartphones clearly show that the second generation smartphones are consuming much more content. For example, first generation Symbian-based smartphones represent 52% of the total



smartphones on the market but only 7% of the non-browser oriented network traffic. The second generation iPhone and Android devices together represent 9% of the total smartphone market but 74% of the network traffic.

It is clear that the new generation of smartphones and their supporting ecosystems are prompting users to engage with their phones at a level that is greater than any time in history. While Trend #3 clearly demonstrated that people are increasingly embracing the technology, Trend #4 clearly demonstrates that they are using the technology at unprecedented levels.

Trend #5: Ad dollars are gravitating towards mobile.

Advertising on mobile devices is not new; however, not until recently has it captured the attention and interest of large advertisers and agencies. Despite the fact that over 95% of all adults in the U.S. had a cell phone in 2009, mobile advertising represented less than 1% of all advertising expenditures. The reasons for the slow up-take are as follows:

1. Mobile advertising has been hard to understand. The plethora of technologies (e.g. mobile devices, networks, operating systems, user interfaces, screen sizes, development environments, etc), the number of constituencies (e.g. carriers, resellers, manufacturers, aggregators, integrators, etc.) and number of revenue models (e.g. carrier driven, third party driven, revenue sharing, etc.) have made mobile advertising very complex. The majority of advertisers have seen no benefit in investing the time to navigate all of these complexities.
2. Mobile advertising has produced inconsistent user experiences. For example, In order to reach maximum penetration, it has been commonly thought that a mobile ad must be optimized to reach every possible mobile handset on the market. Since there are over 2,000 possible device-types in use – each with a different combination of screen sizes, screen resolutions, operating systems, user interfaces, etc., creating and delivering mobile ads to every device-type has been an administrative and logistical nightmare. Although leading mobile ad-placement firms have developed the technologies to automate the ad placement process, this automation has not always produced satisfying results, e.g. ad rendered to look good and perform well on one device-type may not look or work as well on another. This propensity to deliver an inconsistent user experience has further exacerbated the aversion to mobile.

3. Mobile advertising has produced a varying degree of results. Many mobile advertising techniques have been developed over the years, and each technique has been found to produce a varying degree of effectiveness, reach and engagement. This variability has dissuaded advertisers and their agencies from pursuing mobile en masse as they have been unsure which technique will produce the desired result. The more common mobile ad techniques are as follows:
 - a. SMS / Text Messaging Ads: Ad messages or web links sent via a text messages to be read or acted upon by the receivers of the text messages.
 - b. Proximity Ads: Messages in the form of text, videos, ring tones, applications etc. delivered via Bluetooth wireless to a mobile user's Bluetooth-enabled cell phone.
 - c. Mobile Banner Ads: Graphical messages placed within mobile web pages for the purpose of allowing the viewer to link to a supporting web page.
 - d. Text Ads: Text-based messages embedded within mobile web pages for the purpose of allowing viewers to link to a supporting web page.
 - e. Mobile Search Ads: Messages placed within search result screens of mobile web search transactions.
 - f. Embedded Ads: Messages in the form of one or more of the preceding techniques placed within mobile content (e.g. articles, news stories, etc.) or applications
 - g. External Ads: Messages placed in traditional media for the purpose of being captured by mobile devices, e.g. 2D barcodes, URL's, etc.

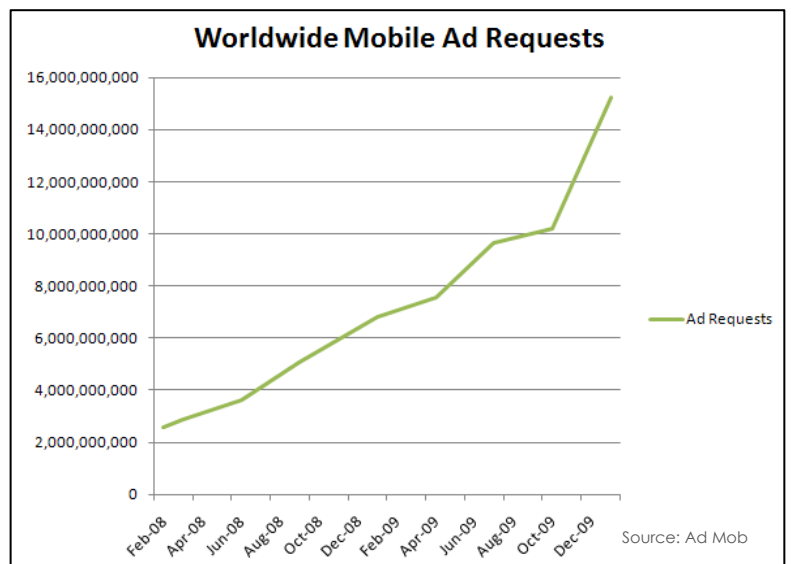
The Third Era of Mobility Offers a Simplified Ad-Model

The third era of mobility, the Personal Impact era, has introduced a new model that is eliminating much of the complexity and variability associated with pre-2008 mobile advertising. The Personal Impact era delivers what the prior eras could not: A more standardized. . . .

- User experience via a common mechanism for acquiring/buying content, goods and services, a common approach for users to interface with the phone via applications, a growing level of phone engagement via compelling interactive content.
- Mobile device feature-set composed of a large hi resolution screen, touch-based interactivity, geo-positioning, directional fixing, broadband connectivity and common operating system.
- Broadband network experience via WiFi, 3G wireless broadband, and the use of unlimited data plans.
- Developer experience composed of standards-based application development rules, common application submission protocols and revenue sharing models.

The third era of mobility, the Personal Impact era, has introduced a new model that is eliminating much of the complexity and variability associated with pre-2008 mobile advertising.

This more homogenous and standardized approach has been attracting more ad dollars and users are now launching more ad requests. It is also attracting the participation of bigger, more established players. In fact, 2010 marked the entry of two dominant brands into the mobile advertising arena.



Major Brands Change the Mobile Ad Landscape

In November 2009, Google initiated a purchase of a mobile advertising company called Admob; the closing of which was consummated in May of 2010. Prior to its purchase, Admob was a leading mobile advertising aggregator that handled much of the complexity of managing a mobile ad campaign. Advertisers and agencies would employ Admob to place their ads on mobile devices. Admob would in turn manage mobile ad space acquisition, ad placement, ad distribution and the subsequent ad revenue disbursement and reconciliation.

Not to be out done, Apple purchased mobile ad aggregator, Quattro Wireless, in January, 2010. Quattro, like Admob, had made a name for itself by handling the complexity of mobile ad campaigns. Both Apple and Google recognized that the growing homogeneity of mobile technologies and processes were going to make it much easier for advertisers and agencies to place their ads so they both bought companies that specialized in doing so.

Apple Comes Out Swinging

In April of 2010, Apple announced their iAd service. The iAd service was the culmination of Apple's work to integrate their Quattro acquisition, and it did not disappoint. During the iAd announcement, Steve Jobs introduced not only Apple's first ad placement service, but he introduced an entirely new way to deliver mobile ads.

Rather than offer an easy way to deliver text ads, proximity ads, banner ads, text ads, etc to an iPhone, Mr. Jobs rolled out a mechanism for delivering a new form of highly interactive, multimedia ad to the over 85 million iPhones and iPod Touches on the market. He introduced an ad that was essentially an app embedded within an app.

In April 2010, Apple announced the release of their new iAd service. iAd is a mechanism for delivering a new form of highly interactive, multimedia ad to the over 85 million iPhones and iPod Touches on the market.

Apple designed the iAd service to give advertisers maximum access to the mobile user base. Apple did this by enticing their app developers to integrate the iAd clients into their applications. Apple structured iAd so that developers would receive the majority of the advertising dollars generated from iAd placements. Thus far, the plan has seemed to work. In the first sixty days following the launch of the iAd service, Apple generated over \$60 million in mobile ad revenue.

Google Responds

A month after Apple's iAd launch, Google rolled out their new mobile ad platform called AdSense for Mobile Apps. While more traditional in its support for many traditional ad techniques, e.g. banner ads, text ads, search ads, the AdSense platform also included an iAd-like embedded ad. In addition to promoting their new ad delivery technologies, Google went a step further than Apple by extolling the virtues of their easy-to-use ad placement, distribution and reporting capabilities. While Apple promoted the glitz of their new ad service and primarily linked it to the iPhone/iPod Touch, Google promoted the tools to launch and manage mobile ad campaigns for essentially all phones – not just Android phones.

What was not said in either the Google or the Apple announcements was a reference to the truly new and radically different era that mobile advertising was entering. The capabilities of second generation smartphones coupled with their supporting ecosystems will ultimately allow ads to be targeted to the individual, to their location, to the time of day, to their past purchasing habits, to their preferences and on and on and on. The ability to measure ad viewership will be almost infinite. Consummation of ad-based calls to action will be nearly seamless.

In May 2010, Google announced the release of their new AdSense for Mobile Apps service. Like iAd, AdSense for Mobile Apps is a mechanism for delivering highly interactive, multimedia ads to the growing base of Android phones.

The key message of Trend #5 is that the new sophisticated smartphones along with their integrated ecosystems have created a simplified environment for supporting the management and delivery of mobile ads. The entry of major brands such as Google and Apple has provided a credible conduit for placing and delivering ads. These things, combined with the consumers' increased propensity to adopt and use these new mobile technologies, is giving advertisers and their agencies greater confidence and comfort to embrace mobile advertising. As noted earlier in this paper, nearly 50% of the nearly 5 billion phones in use worldwide by 2013 will be smartphones. This means that in just a few years advertisers will be able to have one-to-one, interactive access to over 2 billion consumers.

Conclusions

The preceding trends make it clear that there are both sociological and technological reasons for why people are increasingly embracing and engaging with their mobile phones. It is also clear why mobile phones are becoming an increasingly important part of peoples' lives.

As mobile technologies continue to mature, the masses will increasingly discover that the mobile device is their primary portal into the world around them. Personalization and localization will make mobile the exclusive source for information and content when the consumer is out of home. The face of advertising will change forever as advertisers and their agencies will be able to easily leverage mobile technologies to engage more deeply and more personally with their customers and prospects.

Summary

At the beginning of this paper, two scenarios were presented that illustrated how consumers of all ages are becoming hyper-engaged with their phones. In the paragraph that followed, it was asked whether those scenarios were an anomaly or a norm. The preceding trends strongly indicate that these scenarios, if not the norm already, will quickly become the norm.

As the new mobile model becomes more developed, advertisers and their agencies will gravitate to mobile at an ever increasing rate. As ad dollars gravitate to mobile, the use of other less measurable, less personal, less actionable and less broadly deployed advertising mediums will either be significantly reduced or abandoned altogether -- this includes ad-funded digital signage.

So what is a provider of ad-funded digital signage to do? Simply put, digital signage providers should recognize that:

- They are first and foremost purveyors of content management solutions. They should be prepared to deliver content to any end-point, which includes mobile phones.
- Some portion of the ad-dollars currently earmarked for digital signage will likely move to mobile. They should therefore devise a plan for participating in the mobile ad ecosystem.
- The measurable reach of mobile advertising will soon extend to billions of mobile devices. They should devise ways to help their customers reach these devices.
- Mobile does have its limitation, e.g. it cannot be easily used when walking or moving. They should be prepared to offer ad-funded solutions in places where people are not likely to use their mobile devices.

In closing, the new mobile world makes it incumbent on the digital signage provider to deploy a visual solution that has an inherent value proposition beyond that of just delivering an advertisement. They must be prepared to offer a value proposition that venue owners will be willing to pay to have. They should also be prepared to deliver a value proposition that facilitates a mobile experience. This of course will require the digital signage provider become familiar with mobility, mobile advertising and mobile/signage integration. A new day is certainly dawning for digital signage providers.

Epilogue

Many who have read this paper will ask how mobile will affect Traditional as well as Ad-supported digital signage. The answer is that each of these models when coupled with mobile will likely generate greater synergies. The reason for this is that each of these economic models typically carries an inherent value proposition that the venue owner is willing to pay for and use -- regardless of the technology's ability to support advertising. It is therefore likely that by adding a mobile component to the equation the value proposition of the respective install will be enhanced. It will however be up to the venue owners and/or their digital signage suppliers to understand how to integrate and use mobile technologies to the greatest advantage.

For more information on how digital signage and mobile technologies can and do work together, visit the author's blog on signage/mobile convergence, www.mobidooh.com.

About The Author

Steve Gurley is the Senior Vice President of Marketing and New Market Development for Symon Communications, Inc., an industry leading digital signage and visual communications solutions company. Prior to joining Symon, Steve spent eight years as the CEO of Pyrim Technologies, Inc., a mobility-focused business development firm that he founded in 2000.

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You can follow Steve's views on mobile trends as well as his observations on the convergence of mobile communications and digital signage by visiting his blog at www.steve-gurley.com. You can also follow him on Twitter at www.twitter.com/steve_gurley. If you would like to see the latest convergent innovation with which Steve has been associated, please visit www.symon.com/future.shtml.



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