

# **GAINING THE ADVERTISING EDGE: WHY LED OUTDOOR DISPLAYS ARE BECOMING THE MARKETING MEDIUM OF CHOICE**

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## DIGITAL DISPLAYS: ROI YOU CAN'T IGNORE

Every business wants to see customers turning into the parking lot, not driving past their facility. That's why digital displays have moved from a retailer's list of "nice to have" to "must have" equipment. Without an LED sign out front, businesses lose money every day.

There has been a snowballing embrace from retailers, who are realizing digital signage's **ROI and customer engagement potential.**

- Alex Romanov, CEO, iSign Media

Digital expert Keith Kelsen comments, "With an estimated 155 million adults in the U.S. viewing out-of-home digital signs each month, this new medium is well on its way to becoming a core element in every professional communicator's media mix. "<sup>1</sup> One report states that "advertisers will continue demanding more ... digital displays ... as buyers remain entranced by the clarity of digital products and their ability to target specific demographics."<sup>2</sup>

Alex Romanov, CEO of a media solutions provider, has noticed that more and more retailers are buying digital displays, especially since installation costs are lower than ever before. "As a result, there has been a snowballing embrace from retailers, who are realizing digital signage's ROI and customer engagement potential," Romanov says."<sup>3</sup>

The following success story demonstrates why digital displays are the latest development in advertising technology evolution. The trade publication, *Signs of the Times*, recently ran a case study about a small town business. A Ford dealership in Excelsior Springs, Missouri, saw sales jump by 35% after installing an LED display. When the dealership promoted a tire sale on its display in a town of only 12,000, they came in fourth among Ford dealerships nationally in tire sales. Shortly after that, the Goodyear Tire store across the street also installed a digital display.<sup>4</sup>

## IMPULSE BUYING

But how does an LED sign encourage passersby to stop and buy? The technology provides several different capabilities that stimulate impulse buying. These include use of graphics, ease of programming, and audience-specific messaging—all features a static sign doesn't offer.

Retailers want to tap into the huge potential of unplanned purchases. According to U.S. statistics, impulse buying accounts for as much as 80% of total buying, depending on the product. Forty percent of all consumer spending is unplanned, with 90% of consumers buying on impulse at least occasionally.<sup>5</sup> Research indicates that just the sight of an item on sale stimulates customers to make an impulsive purchase.<sup>6</sup>

**80%** of total buying is a result of impulse.

- *One Cent at a Time*,  
March 2012

## ONE PICTURE IS WORTH ...

A digital display puts your products in shoppers' line of sight to stimulate unplanned buying. And with an LED sign, the message can also contain a graphic. Why is that important?

Research shows that viewers look at a picture before they read text. Reading demands more effort,<sup>7</sup> and people remember text better when displayed with a graphic.<sup>8</sup> This means that consumers will remember the graphic of an ice cream cone more easily than they will remember just the words, "ice cream cone." Static and even manually changeable copy boards just can't deliver the visual impact an LED sign can. Nothing cuts through advertising clutter like an effective graphic. In areas that allow it, animation adds even more power to your message.



## FLEXIBILITY MEANS MORE SALES

Copy boards can be changed, but not as quickly as a digital display. And updating the message can even be dangerous, depending on the weather or how close the copy board is to traffic. Because digital displays are safe and easy to program, people are using them in the following ways to increase sales.

First, the ease of programming a digital display allows you to reach several different target audiences. It is a personal medium; you can tailor messages to reach distinct demographic groups. For example, pharmacies promote children's vitamins during the times when parents are traveling to and from school, and promote the shingles vaccination when seniors are more likely to be driving by.

The right time of day adds huge impact to your messages.<sup>9</sup> The restaurant industry has long realized the power of promoting breakfast, lunch, and dinner items to stimulate sales. But creating messages relevant to the needs of the front-door audience should be something every retailer thinks about when planning display content. Different times of the day bring different customer groups with changing requirements.

Finally, an LED sign's flexibility empowers retailers to quickly respond to events and changing circumstances. Snowing? Run your snow shovel special. First warm day? Advertise the convertibles. Tournament in town? Welcome the out-of-town teams and wish the local teams good luck.

Digital expert Keith Kelsen maintains that content should fulfill two qualifications for owners to get the most out of their displays. The retailer's messages must connect with the target audience, and they have to be fresh.<sup>10</sup> Keeping content relevant and fresh is a lot easier to do with a digital display than a copy board.

## MARKETING DOLLARS MILEAGE

Savvy digital display owners realize that a display isn't just a sign, but an advertising medium that they completely own and control. And unlike other advertising media, a display doesn't waste your marketing dollars trying to reach consumers outside your trade area.

Determining the exact location of a display is a strategic choice—close to the point of sale. Broad-based advertising, such as radio, TV, and newspapers, reaches people when they can't buy. In contrast, people see an LED sign message right when they can turn into the parking lot.

MEDIA	CPM*
Television	\$7.01 to \$45.80 <sup>11</sup>
Newspaper	\$6.99 <sup>12</sup> to \$17.00 <sup>13</sup>
Radio	\$11.38 to \$16.10 <sup>14</sup>
On-premise digital display	\$0.05 to \$0.38 <sup>15</sup>
*Cost per thousand exposures	

Businesses are switching their budgets from traditional media advertising to digital media. Investing marketing dollars in a new display rather than in other advertising media is a better return on investment, as seen in the chart (right).

## DECLINING ADVERTISING PLATFORMS

In addition to the problems mentioned above, traditional media's effectiveness is declining. *Advertising Age* digital editor Michael Learmonth says, "We're still staring into an economic abyss that offers little hope that publications -- not to mention TV and radio -- will have time to manage decline while they figure out what's next."<sup>16</sup>

Television can no longer promise specific audience exposure as in the past, due to fragmentation (hundreds of channels) and the use of digital video recording devices. Advertisers must pay for three times as many prime-time commercials today to reach the same size audience 20 years ago.<sup>17</sup>

In addition to the medium's fragmentation, the use of digital video recording devices is reducing the effectiveness of TV commercials. One media report states that 44% of all homes will use a DVR by 2014. Eighty-four percent of participants in another study stated that they valued the ability to fast forward through the commercials as the second most important feature of a DVR, with recording programs for later viewing as number one. In a peer-reviewed report, 71% of respondents to a survey reported to "always" using their DVR to fast forward through commercials.<sup>18</sup>

As for print newspapers, advertising was down by \$2.1 billion in 2012.<sup>19</sup> In a recent poll, only 23% of Americans said they read a newspaper.<sup>20</sup> Craigslist has taken away 80% of newspapers' classifieds, their most important revenue stream.<sup>21</sup> A final nail in the coffin is the publishing costs that include a building, printing press, and several employees. Publishing a digital newspaper demands only 20% of print version costs.<sup>22</sup>

More and more listeners are using digital mobile devices than listening to live radio. Sirius XM Radio has 21.9 million subscribers and growing.<sup>23</sup> Thirty-eight percent of music lovers use them, and experts predict that number will double by 2015.<sup>24</sup>

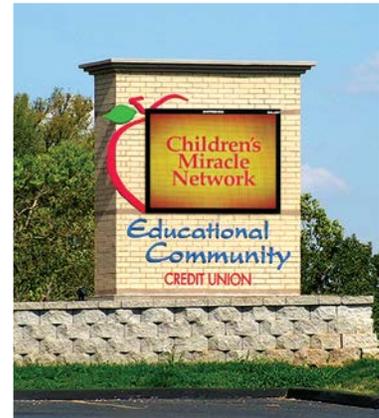
## BEYOND SELLING

A recent study revealed that 90% of Americans want to know what non-profit organizations businesses support and how they support them.<sup>23</sup> Lee Polevoi, a writer who specializes in U.S. small businesses issues, comments that:

Charitable giving is good for business — and we're not just talking about potential tax deductions. While the organization appreciates your donation (financial or otherwise), you can promote your charitable activities to build good will in the community, enhance customer loyalty, heighten brand awareness, and, yes, even increase sales.<sup>24</sup>

An LED sign is the ideal solution to promote your favorite charity, post public service announcements, and wish customers happy birthday, while drawing attention to your other messages.

Remember the Missouri Ford dealership that saw such a jump in sales when they started using a digital display? That dealership dedicates 30% of its content to public service announcements, such as tornado watch notices. The owner says, "It's not just about sales. It's goodwill and being a member of the community. The sign has a big impact on how we're perceived."<sup>25</sup>



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