

# The Return on Investment for Digital Signage



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# Introduction

Digital displays are everywhere: mall kiosks, hotel lobbies, airports, clinics, self-checkouts, and 'fast food' drive-thrus. High-traffic industry locations such as **Retail Centres, Restaurants, Clinics, Education Campuses, Health Clubs, Convention Halls, Travel Hubs** and **Corporate workplaces** use *Digital Signage* to promote sales and events, present menus and navigation, entertain, inform, and educate. The applications are limitless, flexible, and impactful.

The uses and benefits of *Digital Signage* are easy to cite, but for many newcomers the concern is cost. Capital and operating expenditures can be difficult to compare or estimate, especially if the area of digital marketing is new to you. When considering a transition from print signage to *Digital Signage*, there is one significant question:

## **Does *Digital Signage* have a return on investment?**

The short answer is 'Yes.' The initial costs and maintenance of *Digital Signage* are detailed in this paper to give you full understanding of the investment required, but it is shown that *Digital Signage* can achieve an ROI in as little as the first year.

The variations in displays, player devices, and software for *Digital Signage* are many. Your industry, number of stores, and customer demographics will yield different results, but across the board, *Digital Signage* data reflects a positive effect for most businesses.

This white paper will explain the benefits of *Digital Signage*, how its use can generate new revenue while reducing traditional advertising and support costs. It will cover the internal company-facing applications of *Digital Signage*, creating better work and communication structures for enterprise environments, as well as the uplifting influence on guests and patients, the reduction in perceived wait times, and the savings advantages resulting from *Digital Signage* deployment.

It will also detail the ease of installation for digital displays, creating a nominal barrier to entry for those preparing to switch from print to explore the boundless and beneficial world of modern Digital Signage.

## Mystery Marketing Dollars

Marketing covers a wide spectrum of options, from billboards to social media posts, and even a Facebook ad can cost you hundreds if you're not careful. Without the proper data around those marketing efforts or real-world traffic resulting from each campaign, it is easy to perceive advertising as a waste of time and money.

## The Inflexibility of Paper

The impact of on-location advertising is often more transparent (e.g. the product your poster is promoting is selling more than usual), but the flexibility in physical signage is limited and expensive.

With a lack of flexibility, it is difficult to promote specific items, quickly update pricing, or change sale dates. You're also constrained in altering your branding, selling ad space, keeping up with trends, and appealing to varying demographics.

Traditional printed signage like posters, PoP (Point of Purchase) displays, and banners will cost you hundreds of dollars to manufacture and install, and yet their staying power and impact are too low for a significant return on investment.

*Digital Signage* also has upfront costs, but it is an investment which sees quicker payoff and offers highly variable options with instant gratification. Where one static poster can advertise a 'Spring Sale' with generic messaging, *Digital Signage* can advertise multiple sales across multiple markets for dozens of products, all without additional cost of printing and setup.

## Catching the Consumer Eye

Most consumers have trained their brains to ignore bland advertising. It takes flashy colors, movement, and the right imagery to divert their attention. They may pass by a hanging poster or even a point of purchase display if the material doesn't catch their eye.

Research shows digital displays capture 400% more views than static displays. <sup>[1]</sup> Additionally, *Digital Signage* has a recall rate of 83%. <sup>[1]</sup> That means consumers will see your message *and* remember it later, creating a better chance for return customers.



**...goods must stand out and be presented as individually as possible. Urban or rural, highlighted or reduced, playful or clean. Flexible, easy-to-configure shopfitting systems enable retailers to customize visual merchandising. <sup>[2]</sup>**

# The High Costs of Poor Communication

Employees require as much attention and transparency as customers and clients, but many state they don't even know their company's core values. Effective communication is a key factor for employee engagement, satisfaction, retention, productivity and safety.

Disengaged employees are 12 times more likely to leave their job within the current year,<sup>[1]</sup> while employees who feel appreciated are 60% more inspired to work harder. Successful internal communication through *Digital Signage* can raise employee productivity by 25%.<sup>[1]</sup>



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## Measuring Marketing Performance

When marketing to a wide audience, especially across multiple platforms, measuring the success or failure of your efforts can be a struggle. Before beginning a new campaign, clear definitions should be made for your goals and how you will measure them.

**Set Clear and Attainable Goals:** You might be looking to boost sales of a specific product (Goal: *'Increase number sold 25% by end of month'*), but you might also want to improve brand awareness or customer loyalty. Brand awareness and customer loyalty numbers are harder to gauge. Directing customers to the website for additional coupons or creating a loyalty program establish ways to record valuable data.

**Use the Right Tools:** If you're making a push for customers to visit the website or your social media platforms, there are various analytics tools which make usage trends evident. Often they are built into the platform itself. Email marketing and surveys can also give you data which reflects on the success of your marketing in general. Whatever your goals are, make sure you have the right tools to indicate if you've reached them.

**Track the Metrics:** Tools measure the data and whether you met your goals, but metrics show more. A *'Cost Per Lead'* tells you how much it costs for each new lead. Factor in your various marketing costs divided by how many leads were generated during the time of the campaign. The *'Conversion Rate'* is how many people out of the total targets completed the desired action (i.e. signed up for the email list). A *'Customer Lifetime Value'* is what return a particular customer has brought to the company (i.e. money spent). Their average purchase amount multiplied by frequency of visits multiplied by how long they've been customers determines their value.

# Calculating an ROI

Comparing print to digital costs and usage are the best way to determine *Digital Signage* ROI.

To determine a return on investment for transitioning from print to digital displays, we need to detail both the Capital Expenditures (the equipment, accessories, and installation costs) and the Operating Expenditures (monthly software subscription, electricity, employee time spent configuring new content).

For this scenario, we'll use a retailer with 5 on-location displays, calculating figures for 'Low-End' and 'High-End' investment.

*\*Costs will vary significantly depending on complexity of designs and quality of display (materials and construction for print, screen quality for digital). Other considerations are how many unique promotions you might do per month and how many locations where those promotions would be deployed.*

For print displays the CapEx of Low- and High-level spending are as follows:

PRINT CAPEX		
	LOW	HIGH
Banner	\$100	\$500
Poster x4	\$160	\$1,200
Mounting	\$0	\$15
Installation	\$15	\$100
Totals	\$275	\$1,815

For digital displays, the CapEx of Low- and High-level spending are as follows:

DIGITAL CAPEX		
	LOW	HIGH
55" Displays x5	\$2,750	\$4,500
Players x5	\$150	\$500
Mounting x5	\$250	\$1,000
Installation x5	\$250	\$1,000
Totals	\$3,400	\$7,000



Digital displays come with an OpEx spending as well. They are shown here:

DIGITAL OPEX		
	LOW	HIGH
Electricity	\$9.60	\$19.15
Software	\$0	\$60
Personnel	\$150	\$500
Totals	\$159.60	\$579.15

*\*We've capped both monthly software and personnel costs based on price settings across various vendors and design/implementation/maintenance expectations, respectively.*

As you can see, print displays have no operational expenditures, which already sounds appealing, but there are other factors to consider. Let's take a look at how the use of these displays would play out over the course of two years at the same location. For this scenario we will have 1 unique promotion per month. For print, that means a new banner and 4 posters will be installed each month. The digital displays will simply have their content changed using the management software.

YEAR 1 TOTALS	
PRINT	
LOW	HIGH
\$3,300	\$21,780
DIGITAL	
LOW	HIGH
\$5,320	\$13,960
YEAR 2 TOTALS	
PRINT	
LOW	HIGH
\$1,650	\$10,890
DIGITAL	
LOW	HIGH
\$1,920	\$6,960

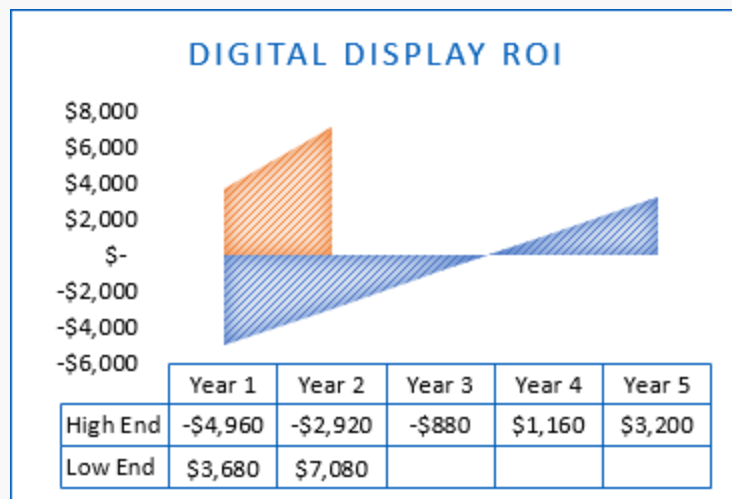
In year 2, the CapEx for digital is \$0. No more displays or accessories were needed, leaving only operational costs.

Though unique promotions may be as plentiful in year 2, we've reduced the print displays by half to assume reuse of generic banners and posters. As a result, print CapEx was also lower than year 1, while OpEx costs between low-end print and digital in year 2 are almost at par. Even with the reduction of displays, high-end print is more expensive to maintain.

Previous research shows on-location marketing drives sales, but sales are shown to be higher with *Digital Signage*. One figure says digital displays show a 31.8% increase in sales volume when using digital displays. <sup>[1]</sup> A conservative estimate for digital menu boards states sales increase by 3%. <sup>[3]</sup>

The SMB retailer in this ROI scenario has an approximate annual revenue of \$300k. Using the conservative 3% sales increase, they would gain in annual revenue by \$9k.

The table below shows when this increase in revenue will ultimately show return on the retailer's digital display investment. As you can see, the '**High-End**' spending **pays off after year 3**, where the '**Low-End**' spending is **paid out in its first year**.



## Other Measures of Return

Sales revenues are not the only measurement of ROI. Everyone's goals are different. Perhaps you want to increase attendance at religious services, or improve customer engagement at your hotel chain, or increase interactions on your social media platforms. Maybe you'd like quicker awareness and adoption of new HR guidelines and new safety measures. *Digital Signage* provides potential improvement for key concerns and goals across a wide spectrum of industries.

## Benefits and Stats by Industry

### Restaurants

Modern quick service restaurants use digital menu boards for several reasons. Not only do they more effectively communicate the menu items and pricing, but they are easily alterable, making time-of-day and promotional updates easy and instantaneous. Beyond that, their ability to overlay and alternate imagery of promoted items has a greater effect on direct sales.

8 out of 10 viewers made an unplanned purchase for an item promoted via digital menu boards, 30% of customers stating the digital menu influenced them on which products to purchase.

### Corporate

Corporate environment communications span everything from meeting-room bookings to break-room reminders for the company picnic. Digital signs can more efficiently and cost-effectively do both of these jobs and more.

They can display recent profit earnings or employees-of-the-month to boost morale. They can give weather and traffic updates, share social media feedback from customers, highlight the daily specials at the company café, or be used for multi-branch presentations.

**“ Companies that communicate effectively are 4x more likely to report high levels of employee engagement. <sup>[1]</sup> ”**

### Education

A majority of colleges have installed digital displays on campus. 87% of educational institutions, including K-12, use Digital Signage systems for streamlining communication, lesson plans, institutional news, announcements, classroom scheduling, emergency notifications, wayfinding, and as menu boards in their dining facilities. <sup>[1]</sup>

Students are already accustomed to viewing the world through digital windows, and these displays are complementary elements to their modern lifestyle. 97% of them prefer receiving information via digital channels, and 96% of students say video increased their learning experience. <sup>[1]</sup>

In addition, this application of technology in learning environments is shown to reduce student stress, improve confidence, efficiency, and help them better prepare for class. <sup>[1]</sup>



## Digital Menu Boards by the Numbers

A Forrester Consulting study commissioned by Samsung surveyed 150 restaurant professionals and two existing Samsung customers to produce a composite organization which experienced these ROI benefits:

- ROI: 196%
- Payback: 11 months
- Net Present Value: \$1,651,307
- Increase in Average Order Value: 2.5%
- Annual Per-Store Printing Savings: \$30,000 <sup>[4]</sup>

The study also stated the quick-service restaurants interviewed conservatively spent \$2,500 per month on printing expenses and 2 hours making print menu-board changes. By switching to digital menu boards, the reduction in labor, administration, and printing expenses over 5 years was over \$1.3M. <sup>[4]</sup>

*Digital Signage* also improved order accuracy, reducing food waste costs by 5% each year, saving the composite company saved \$16,000 in food waste. Drive-thru wait times decreased by 5.75%, increasing drive-thru traffic volume by 9.1%. The conversion rate on promotional items increased by 2% and the average order value rose by 2.5%. <sup>[4]</sup>

## Retail

Retail has been highlighted in this paper for its measurable ties to Digital Signage integration, servicing shopping malls, grocery stores, and even nail salons or health clubs, but the rising sales figures are not the only benefit.

84% of retailers think Digital Signage increases brand awareness. 57% say it has improved customer service, and increased customer satisfaction by 46%. Research also shows that 59% of digital content viewers want to learn more about the product or topic. 30% spend more time browsing in stores with Digital Signage, influencing their decision to make a purchase. <sup>[1]</sup>

71% of consumers feel advertising via Digital Signage is more eye-catching than online ads. 46% say it is more prominent than television ads, and due to effective signage, 76% of US consumers have entered stores they had not previously visited. <sup>[1]</sup>

## Healthcare

Many patients look to digital health solutions and, with 70% of hospitals now providing digital communication systems, they often find health information via Digital Signage. 75% of patients and caregivers who viewed health information through these systems said the content enhanced their hospital experience. <sup>[1]</sup>

Even without health information, the content of *Digital Signage* aids in reducing patient perception of wait times as well as levels of pain. It lowers anxiety and stress, all of which elevates the mood of the waiting room and queues, which means improved engagement with the staff. Clinics who use these displays even see an increase in business, between 15% and 150%. <sup>[1]</sup>

## Manufacturing

**“ Workplace injuries, illnesses, and deaths cost the US \$170 billion annually. <sup>[1]</sup>”**

Health communication through *Digital Signage* can reduce injury and illness rates by 20%, and research says every dollar invested in safety solutions returns \$4 to \$6 in benefits. That's why 9 out of 10 manufacturers use *Digital Signage* to reinforce employee training. Aside from improved safety, digital messaging increases productivity and leads to 41% fewer quality defects. <sup>[1]</sup>

## Banking

Queue and appointment management is an important part of banking atmosphere, but financial institutions also need to raise awareness for products and services and convey vital information. *Digital Signage* is a sleek, unobtrusive, and effective means to keep customers informed and lines moving.

While most banks are part of a larger entity, the products and services they promote may differ from branch to branch. The customizable control of *Digital Signage* allows overlap of broad-scope material with the ability to display unique content per branch.

## Worship

Churches can spend up to \$6,500 each year in print costs. *Digital Signage* reduces that cost by 76%. <sup>[1]</sup> Technology has been commonly integrated into worship services over the past two decades. 7 out of 10 Christian millennials read scripture on a screen. 52.9% of congregations use visual projection during worship. <sup>[1]</sup>

*Digital Signage* in the entrance and halls of worship centers can display group meeting schedules, events and community information, prayer requests and scripture, as well as video of ongoing or recent services. For those centers with daycares or cafés, the displays can serve more specific needs and customization.

# Summary

Communication creates an efficient workforce and satisfied clientele. *Digital Signage* conveys vital, timely information with minimal cost and few resource requirements, keeping staff and customers informed across virtually every industry.

With digital signs, retailers can seamlessly create new promotions with instant storewide application. In customer and guest services, *Digital Signage* improves queue management and customer engagement. Financial institutions, hotels, and clinics inform their visitors with answers to common questions and up-to-date information. Manufacturing and corporation industries see employee retention and satisfaction, providing safer, more efficient workplaces. Restaurants increase overall sales with digital menu boards, better serving hungry customers and raising financial bottom lines.

*Digital Signage* is an investment that shows its return in money, time, employee and customer satisfaction, all on a beautiful, electric display.

## Works Cited

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# About CloudShow

CloudShow Digital Signage management software serves universities, hospitals, manufacturers, medical offices, hotels, retailers, and restaurants, helping create eye-catching displays for guests and customers.

To learn more about CloudShow, visit: <https://cloud.show>

# About Binary Fortress Software

Binary Fortress has spent 17 years in pursuit of one goal: create software to make life easier. Our software ranges from display management and system enhancement utilities to monitoring tools and digital signage. IT administrators, professional gamers, coffee-shop owners, and MSPs all rely on Binary Fortress to make their days better, and their lives easier.

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