

STEVEN KEITH PLATT
MARKET OUTLOOK

Recently I made a presentation at the POS Congress in Russia. My topic revolved around how a digital communications network can impact retail brand equity. During my visit, which included meetings with exhibitors at the trade show, as well as tours of various stores and malls, I discovered that while my new friends in Moscow may lag some other markets in terms of digital signage adoption, Russia is a robust market that any global player should strongly consider entering. Here's why.

At the end of 2006, the World Bank noted "a booming domestic market continues to drive strong economic growth in Russia." Stores were packed and its citizens spend with abandon. Moscow itself is a modern, bustling city, in which one can sense, again as the World Bank notes, that the "real incomes of the population, wages, and retail trade have been growing in double digits." This booming economy is fueling retail sales growth in excess of 12% annually.

In addition to visiting Red Square and the Kremlin, I also visited several malls. One of the more modern, the Europeyski mall, found many familiar American retailers including Hallmark, Claire's, Timberland, Nike, and Build-a-Bear. European retailers such as Zara, Puma, and Adidas were also present. Of the U.S. brands, only Timberland had a flat panel placement, with content that resembled repurposed commercials. Of the European brands, Adidas had several digital placements running music videos. It is noteworthy that three Russian retailers had superior digital signage deployments.

Perekriosok, a modern supermarket, had flat panels in most of the power aisles, as well as at each of the checkouts. The same content was running on all of the screens, which appeared to be reruns of television advertisements. Interestingly, the checkouts had the best placement of a digital screen that I have seen, which were hanging from above in front of the customer, rather than mounted at the front of the checkout like at most U.S. grocery stores. Tehnopark, an electronics store, had excellent placements along the walls and a rack of nine stacked panels in the back of the store, which looked great (the fact that the content was in English did not make much sense to me). Perhaps the best example of content was found in a store called Gentlemen Farmer. A single flat panel behind the cash wrap was showing 5-10 second spots displaying merchandise in a very appealing manner.

Prior to visiting Russia, I was not sure what to expect. I thought that Moscow would be an old, charming European city. What I found instead was a bustling metropolis populated by hard working capitalists that want nothing more than to make a lot of money. Upon noting the 50th anniversary of the successful launch of the Sputnik, I realized that one should never underestimate the drive of the Russian people. And as their economy continues to grow, and its people continue to spend, this land of 141 million people presents an interesting opportunity for a global-minded digital signage company.

For those of you interested in the field, I would also highly recommend attending the next POS Congress in Moscow.