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Implications for Retail Adoption of **Digital Signage Systems**

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WHITE PAPER

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IMPLICATIONS FOR RETAIL ADOPTION OF DIGITAL SIGNAGE SYSTEMS

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INTRODUCTION

Digital signage systems are rapidly being adopted by some of the largest retailers in the world, including Tesco, Target, the United States Postal Service and the Bank of America. The rationale for implementing this emerging technology includes the impact upon the customer shopping experience and the related financial implications for a retailer. Yet little investigation has been conducted regarding the business underpinnings supporting such an investment.

In this White Paper, we explore the decision matrix supporting retailer adoption of digital signage systems, review the considerations required for an implementation, and advance a framework for assessing a retail digital signage (“RDS”) system. This is significant for the following reasons:

1. The cost associated with implementing an RDS system can be substantial.
2. The failure to adopt an RDS system may place a retailer at a competitive disadvantage.
3. The benefits to be derived from RDS can be considerable.

DISCUSSION

Retailers face a variety of complex business challenges, both internally and externally. These include limiting market growth potential, the blurring of traditional retail channels, brand, product and service differentiation challenges, changing U.S. demographics, and personnel issues, among others. Key determinants of a retailer's success or failure are delivering on its brand promise and the related quality of service. More than ever, consumers consider the retail shopping experience and the quality of service to be essential components in their purchase decisions. Consequently, retailers continue to seek ways to improve upon the in-store environment and the related shopping experience. Such improvements will, in turn, result in customers shopping longer, spending more and returning to the store more frequently. RDS offers a promising opportunity not only to make the shopping experience more exciting to the consumer, but also has important potential financial implications for a retailer, such as stimulating demand and reducing store operating costs.

While there is a plethora of articles describing the potential of these systems from technology vendors and consultants, there is a lack of a clear understanding of the business rationale supporting the adoption of digital signage systems by retailers, as well as the factors required for a successful RDS implementation. Based upon research from a study of firms that have either implemented digital signage in their retail operations or have helped retailers with such implementations, this White Paper describes the application of digital signage systems in retail environments. Specifically, it provides a framework for a systematic investigation of digital signage systems in the context of a retail operation.