



In-Store Digital Advertising as a Lucrative Revenue Stream for Retailers

Strategic retailers have been using digital signage to deliver engaging customer experiences for years, not to mention helping boost sales. Far from just displaying promotions and sale items, digital signage content can engage, inform, and inspire customers.

Another lucrative but lesser-known revenue stream is to leverage digital signage as a medium for paid digital advertising. In this “retail as a medium,” many retailers either aren’t aware of (or are only taking partial advantage of) this opportunity. With this technique, the retailer uses digital signage to present advertising akin to those which consumers see online, on their mobile devices, or on billboards—all of which can generate significant incremental revenue.

Yet something has always held most retailers back from pursuing this type of revenue.

For one thing, they’re wary of cannibalizing the co-marketing revenues they receive from brands they work with—they don’t want to confuse them or ask for too much more. However, when you treat your digital signage as a *digital advertising medium*, rather than just a co-marketing medium, vendors and suppliers are willing participants in leveraging this medium along with the other advertising channels they include in their budgets. When brands see your store as a viable media channel, it’s easier for them to justify the expense. (Plus, a brand’s advertising budget is discrete and not bound by some of the limitations of just a traditional co-marketing budget, making using digital signage as an advertising medium a compelling new revenue opportunity.)





But another reason for the lack of activation for paid in-store media is that most retailers don't know how to value advertising on their media. How do you apply the industry practices of advertising at a store level, like you would for out-of-home signage, billboards, or television?

For retailers, the most obvious benefit of using digital signage for digital advertising is the additional revenue stream. In addition, most digital advertising in retail stores is endemic to the products they sell, so the retailer *and* the brand paying

for the advertising get a sales lift. Further, because the brands provide the ad content—telling their story in a way only they can—they gain additional brand recognition—and the retailer doesn't have to create the content themselves.

The customer benefits, too. The more is endemic and contextually relevant the ads are to their immediate needs, the better the customer experience. The ad content can inform and educate them about a product and its uses and make recommendations. Eventually, digital advertising can immerse customers in their favourite brands with interactive, personalized experiences. And isn't the true goal to seamlessly merge the in-store and online retail experiences, giving the customer exactly what they want?

It's a win-win-win situation for the retailer, the brands, and their customers.

Key considerations when launching a signage-based digital advertising push

Digital signage advertising can be an exciting new revenue stream for retailers, but there are many factors to consider before launching it. You'll need to have internal alignment on content policies, including best practices and what types of advertising are acceptable. You'll need clear guidelines on which brands you will (and won't) advertise, whether to stick to endemic brands or allow "outside" brands, and for identifying which screens will be made available as advertising inventory. And you'll want a rigorous review and approval process to ensure adherence to all these policies.

Above all, you must have a way to value it. You must determine the metrics by which you will determine pricing and determine its ultimate effectiveness. Digital advertising is a revenue stream for you and an expense cost for the brands that pay for it, so its valuation must be clear to both. You might base it on viewership, which will require estimating and reporting on audience traffic and characteristics. Or, since the advertising is so close to the point-of-purchase, you could negotiate additional compensation for conversions and sales lift for transactions of items promoted via digital media. Some brands also pay a premium for a certain level of exclusivity and “share of voice” on your digital signage. The crucial part is structuring the currency and audience metrics so that they can be compared to and valued like other media channels.

Managing content policies, activating the advertising, and measuring and monitoring the results can be complex. As with online advertising platforms focused on individual user and screen impressions, you’ll need to pace the advertising throughout a campaign, ensuring you’re not over- or underplaying it based on shoppers’ response. And you need to capture and report data to provide proof-of-play and proof-of-performance back to the brands. Needless to say, you’ll need to tap various technologies to facilitate and automate these functions.

Today’s retailers use digital advertising in mobile apps, social media, email, websites, and more, which can provide significant revenue from the brands and sales. But they have sophisticated digital channels in their stores—their digital signage networks. By recognizing they already have a coveted digital advertising medium at their fingertips, retailers can value it in a way brands understand and tap into bigger advertising budgets for a new revenue stream.

For more information on how A bespoke Gasolina advertising system could help your business to unlock fresh revenue opportunities get in touch for a free consultation.

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