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in association with

THE SCREEN

www.thescreen.org

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www.samsung.com/uk/business/

imagine the future of UK retail

UK Retail Digital Signage Survey

An essential reference point for any retailer, brand, or manufacturer, using (or considering) in-store digital signage

Fifth edition: September 2006

Independent Research Document conducted and produced by Realisation Marketing Services Limited 2006

Contents

Management Summary

Overview

- The Samsung Screen Survey is now the most comprehensive measure of UK retail screen usage.
- Historically the survey focused only on retailers known to be using screens to communicate to consumers.
- The fifth edition now also polls retailers known not to be using screens (to gain an understanding of future trends).

Screen usage

- 83 networks currently in operation.
- 13,661 outlets using screens.
- Approximately 97,329 screens in situ.
- The average no. of screens per outlet is 3 (excluding electrical retailers) or 7 (including electrical retailers).
- The no. of networks (and screens) is growing, and this growth is expected to continue.
- There were an additional 1,256 screens installed since the last survey in January 2006 (an increase of 10%).
- In total an additional 39,590 screens have been installed since the first survey in November 2004 (an increase of 245%).

Hardware

- The majority of screens are 21-42".
- LCD/TFT/Plasma are now the most commonly used screens, replacing CRT (TV) screens.
- The majority of screens operate mute (without sound).
- The number of interactive screens is increasing (from 17% in phase 4 to 19.7% in phase 5).

Content

- 59% of retail screens are used for retailer branding or promotional messages, and 25% for supplier branding.
- Larger networks are more likely to be funded by suppliers or through media revenue generation.
- A number of smaller networks are self-funded by retailers.

Attitudes

- Many of the retailers currently using screens are extending their networks (and are installing more screens).
- Many of the retailers not currently using screens are 'considering using them' in the future.

About the sponsors

SAMSUNG

Samsung Electronics Co. Ltd

Samsung Electronics Co., Ltd. is a global leader in semiconductor, telecommunication, digital media and digital convergence technologies with 2004 parent company sales of US$55.2 billion and net income of US$10.3 billion. Employing approximately 113,600 people in over 90 offices in 48 countries, the company consists of five main business units: Digital Appliance Business, Digital Media Business, LCD Business, Semiconductor Business and Telecommunication Network Business. Recognised as one of the fastest growing global brands, Samsung Electronics is a leading producer of digital TVs, memory chips, mobile phones, and TFT-LCDs.

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Realisation

Realisation Marketing Services Ltd. is a London based agency specialising in the development, management, and deployment of Retail TV networks for clients across the UK and Europe. The company offers a wide range of solutions including channel development, content production, and programme scheduling (for both broadcast and interactive networks). Realisation has over 10 years experience in producing content, and has worked directly with companies such as Atari, Blockbuster, Curry's, Dixons, Fosters, Gamestation, Samsung, The Carphone Warehouse, Three Mobile, and Virgin Megastores. Realisation employ a dedicated creative team and in-house facilities and are a 'one stop shop' for any customer considering using digital signage within a retail environment.

For more information, please contact Nick Gale on 020 8878 3344, or visit www.realisation.co.uk

THE SCREEN

The Screen

The Screen is an independent UK based industry association, funded by membership subscriptions & sponsorship and dedicated to the digital screen-media (or digital signage networks) industry. Launched in January 2004, 'The Screen' holds regular events and maintains a number of working parties to encourage active member involvement. The nature of the digital screen media industry means that there is a broad stakeholder base however most members will come from companies directly interested in the provision of screen-media industry related products and services. For example existing members include; Consultancies and agencies, Media related businesses, Network owners and operators, Technology and infrastructure service providers, and Providers of finance to the industry.

For more information, please contact James Henry on 0870 046 3038, or visit www.thescreen.org

Methodology

Overview
Data for phase five of the survey was captured between 5th July and 8th August 2006. Four key methods were used-

1. Telephone survey.
2. Website survey.
3. Field visits.
4. Trade press articles.

Telephone survey
Where screens are currently used in-store, the person responsible for these was contacted directly. Where screen use was undetermined, the most likely key decision makers were interviewed. The job title of those spoken to included; Marketing Director, Marketing Manager, Communications Manager, Store Designer, and Brand Manager. A structured questionnaire was prepared and administered, and the results calculated.

Website survey
A new website questionnaire has been introduced for phase five of the research. It is structured identically to the telephone survey (asking the same questions, and offering the same choice of answers). The aim of the web survey is to capture data from those companies reluctant to share information over the phone. It also suits respondents for whom a telephone survey was inconvenient, and those simply looking to view a list of questions prior to making a response. A detailed privacy policy has been introduced to alleviate concerns regarding data usage. This reassures participants that sensitive information (such as company name) remains confidential. You can view a copy of the survey at:

https://secure.formassembly.com/forms/21203

Field visits
The following city centres were visited during July 2006; London, Birmingham, and Manchester. In each instance, a tour of the key city centre shopping areas (including malls) was conducted. Where screens were present numbers and type were noted. Focus was placed upon multiple retailers. The field visits cannot capture the same data as the telephone and website surveys however, and this has been taken into account when presenting the results.

Trade press articles
A number of trade press magazines were monitored over May, June, and July 2006. Where screen numbers and types were mentioned, this data was recorded (the survey assumes that article information is generally accurate, however if there are any inaccuracies, then these will be reflected in the survey).

Considerations
It is impossible to monitor every single screen in every UK retail outlet, and the survey results are likely to be lower than the actual number of screens in situ. The survey does however offer a useful 'snapshot' and an indication of how screen usage (and attitudes to screen usage) are changing. When viewing the data, the reader is asked to bear in mind a number of considerations:-

The primary source of information is the telephone survey. It is impractical to interview all UK retailers (especially smaller independents), so a selection of key 'high street names' was targeted. In the future, stricter qualification criteria will be implemented

The survey adheres to the 1998 Data Protection Act and data usage is subject to a strict privacy policy. The majority of network owners were happy to contribute fully to the survey given the guarantee of anonymity. A small number of respondents were unable or unwilling to participate in the survey (primarily due to company policy). In these instances no data was recorded. A number of participants were unwilling or unable to answer all questions posed. Where questions were not answered, this was taken into account when calculating response totals.

July can be a difficult month to conduct surveys. As well as finalising plans for the Christmas trading period, there is also the 'school holiday season' to contend with. The survey has been successful in contacting the vast majority of previous participants, but where a retailer has been unable to participate, their responses from phase 4 have been incorporated into the results. This is to ensure consistency, and is assumed to be fair given the permanent nature of the medium, and the long term strategy required when implementing it. Many retailers are still assessing the impact of screen communication (once in situ, few are removed). Where possible, if a participant was not contacted, their previous answers were checked during the field visits.

There is a risk that the number of screens recorded within electrical retailers could influence the survey results significantly (resulting in a misleading picture). For example, a display of TVs within an electrical store would generally not be included. If the screens were running advertisements for specific offers within the store however, there is an argument to suggest that these figures should be included (because they fit the previously outlined qualification criteria). To address this issue, these screens have been included in the survey, but the figures have been isolated where they are deemed to skew the results. This is clearly noted where applicable.

The aim of the survey is to offer a representative sample of the use of screens within the UK retail sector. As such, it does not focus solely on 'Samsung' products, and includes data (such as number of screens) from all screen manufacturers. To offer impartiality, the survey is conducted and produced independently and not by Samsung Electronics UK Ltd.

Perceived benefit of screens
'Store environment'

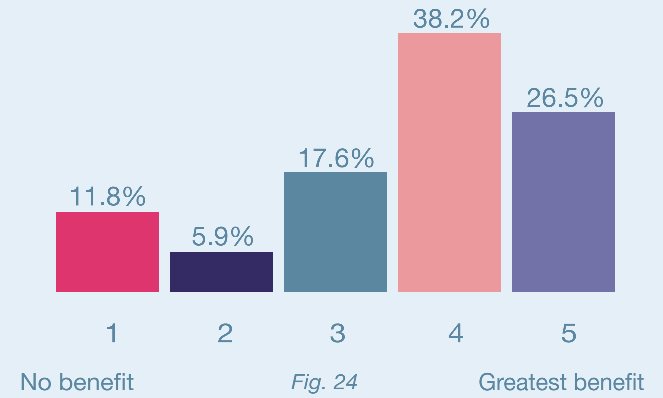


Fig. 24

Store environment is an important factor for screen use. For some network operators, this was cited as being of no benefit. Once again, this probably applies to those networks funded by advertising.

Perceived benefit of screens
'Product demonstrations'

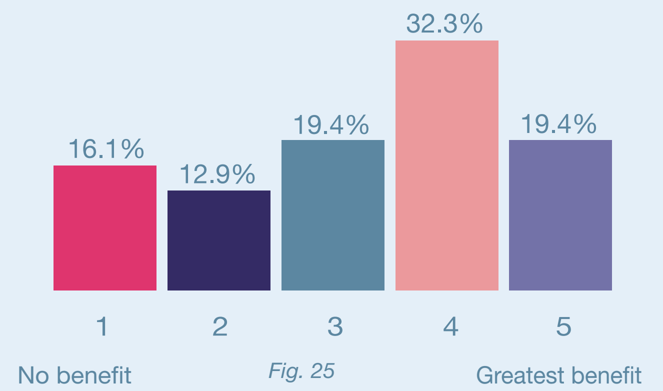


Fig. 25

The perceived benefit of product demonstrations is greatly influenced by the type of product on sale. Supermarkets may be more interested in communicating promotional offers than product demonstrations. The opposite may apply to electrical retailers looking to 'trade up' their customer to the next model.

Perceived benefit of screens
'Store compliance'

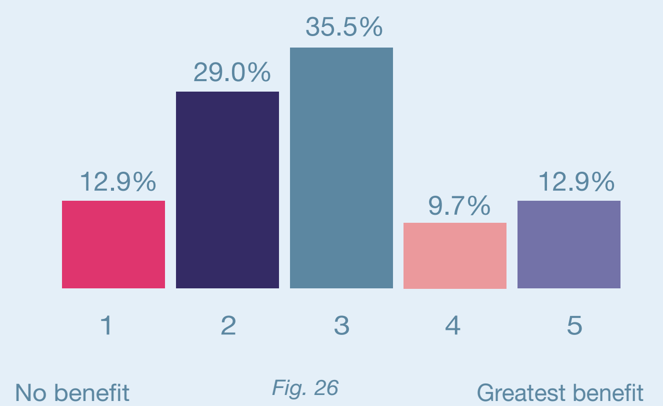


Fig. 26

Store compliance would not appear to be a primary motivator for using screens. Store compliance is more likely to appeal to retailers with a higher number of stores (and possibly high numbers of staff).

Who is responsible for your screen implementation strategy?

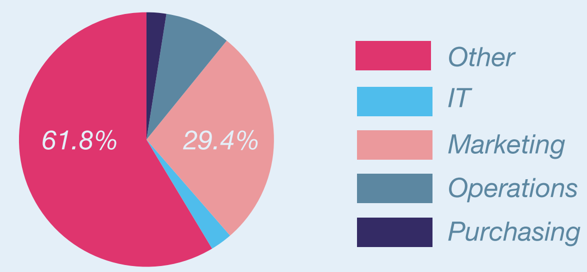


Fig. 27

This question attempts to segment the key screen decision makers within UK retail organisations. Whilst the Marketing department would appear to be one of the key decision makers. this varies widely across retailers. 'Innovations', 'Facilities', and 'Store services' were all cited as being responsible. The next survey will attempt to sub divide the 'Other' category for greater clarity.

Anecdotal comments
A number of anecdotal comments made by survey participants are listed below. These offer a good insight into the current views of retailers and marketeers. In accordance with the survey privacy policy, respondent and company names remain anonymous. In some instances, respondents requested complete anonymity.

"We don't yet have a network, but we are seriously considering a system for the future"
Fashion retailer

"We are interested in using screens to communicate to our customers, but would like to see a system proven elsewhere in the sector before we commit to this investment"
Convenience retailer

"Screens are working really well for us, we hope to put more in"
Mobile phone store operator

"We are thinking of running a trial"
Fashion retailer

"We are awaiting the results of a trial by our parent company overseas"
Anonymity requested

"We're some way off using screens, and need to improve our EPOS system first, we would like to use them in the future however"
Anonymity requested

No. screens per store

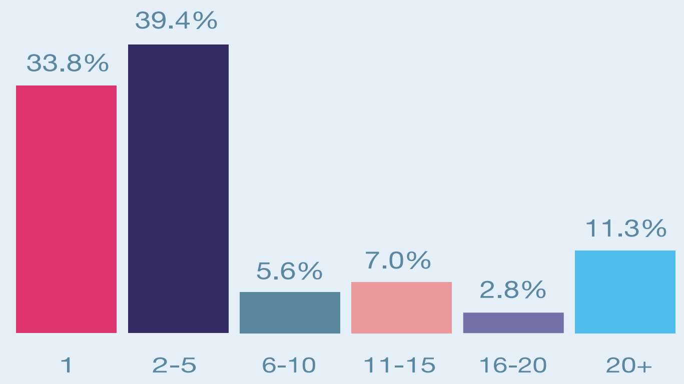


Fig. 6

Most stores operate between 1 and 5 screens. Those operating more than 10 screens tend to have a much larger floor space (such as supermarkets).

No. screens by sector (excluding electrical retailers)

41,094 screens in total

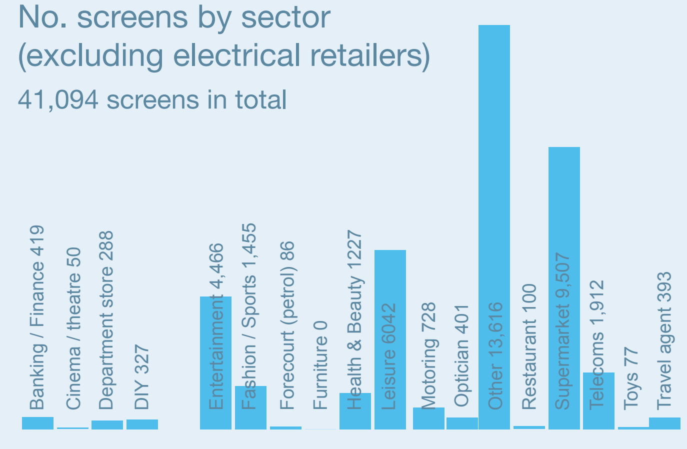


Fig. 9

Supermarkets, leisure and entertainment outlets, and telecoms stores have the highest total numbers of screens overall. Many of these stores will have multiple screens.

What size of screens do you use?

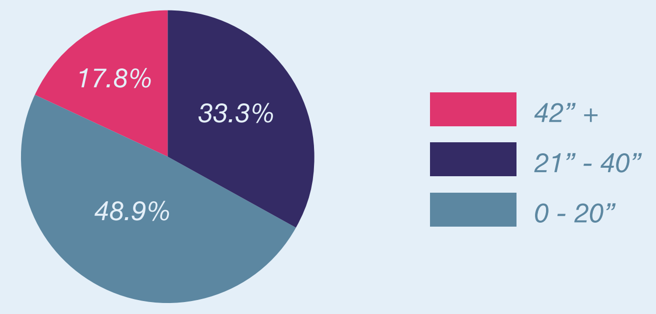


Fig. 12

The price of screens has generally fallen over the last 2-3 years, and this may explain a move to 42" screens by several retailers. A number of 7" 'shelf edge' screens have been introduced within the last 12 months.

How is the content delivered to screen?

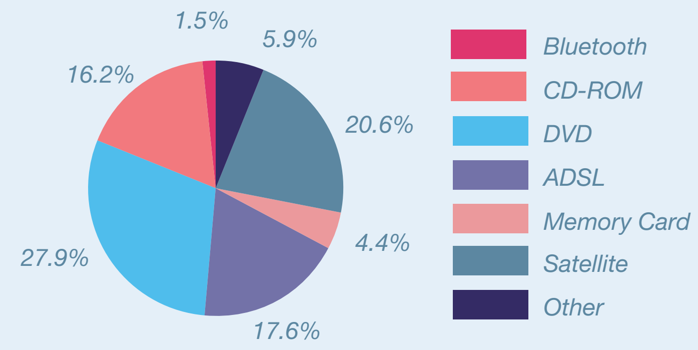


Fig. 15

The most popular method of content distribution is DVD, although many of the larger retailers use satellite. The use of new technology (such as 'solid state' PC based systems) is expected to grow.

Screen penetration by sector

97,309 screens in total

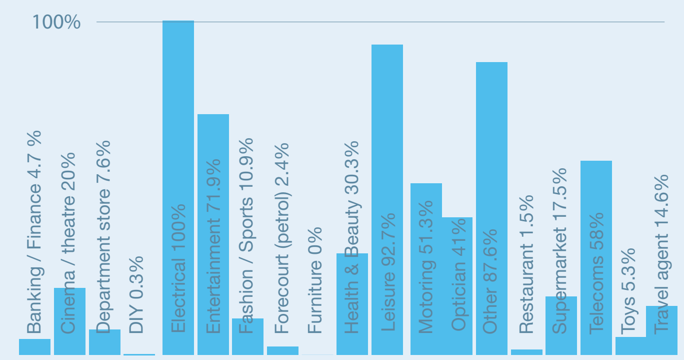


Fig. 7

The above chart shows the number of outlets using screens (as a percentage of total outlets in that sector). It is anticipated that Travel Agents will see rapid growth in the use of screens over the next 12 months.

Screen penetration comparison

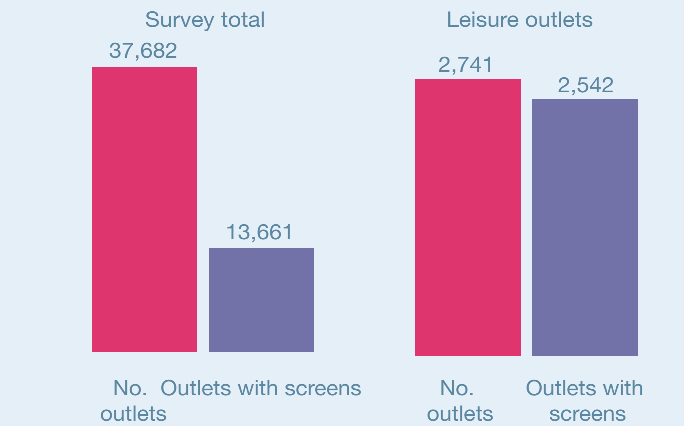


Fig. 10

The above chart shows the penetration of screen use by outlet for those retailers surveyed. Leisure outlets have by far the greatest penetration of screens. This is driven by pubs, bars, and clubs.

Do the screens use sound or audio?

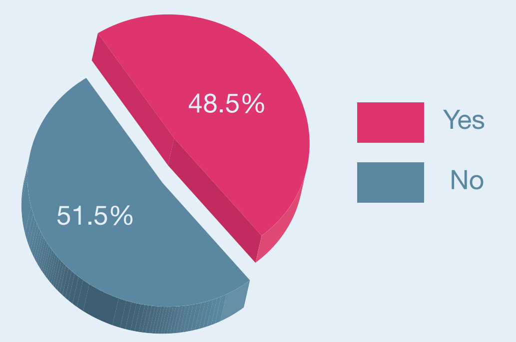


Fig. 13

Approximately half of all networks use sound. In some instances, the network might run in conjunction with an 'in-store radio' system.

Are the screens interactive?

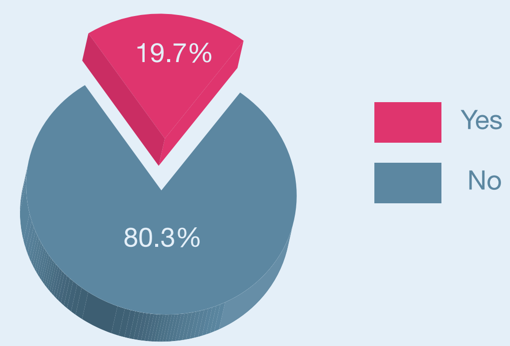


Fig. 16

Approximately 1 in 5 screens are interactive. This area is expected to see further growth, and future surveys may examine the subject of interactivity in more detail.

When were the screens first installed?

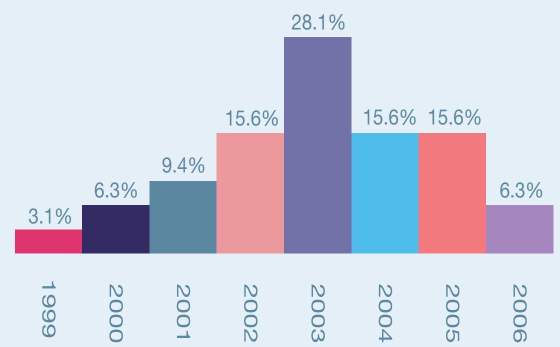


Fig. 8

Installations peaked in 2003. Whilst the number is currently lower for 2006, this represents only a half year figure. Many retailers with networks currently in place are increasing the number of screens they use.

What type of screen do you use?

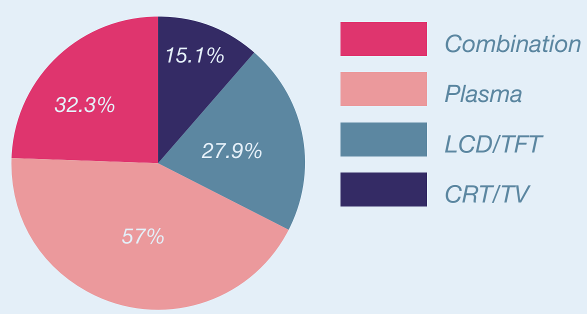


Fig. 11

Plasma screens are currently the most popular option amongst retailers. A number of retailers use a 'mixture' of screen types. Several retailers stated that they were in the process of upgrading TV/CRT style screens to LCD/TFT or plasma.

How many channels do you operate?

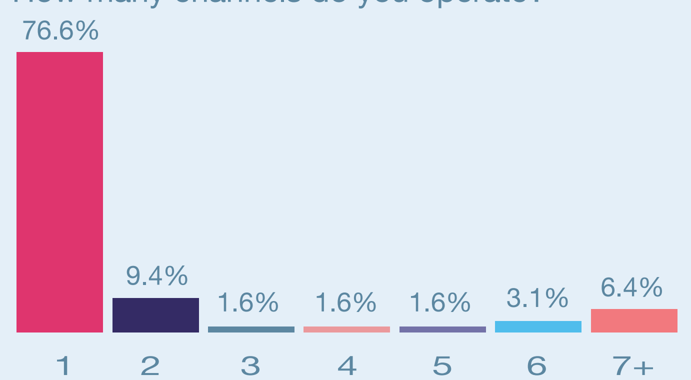


Fig. 14

The vast majority of retailers surveyed operate only 1 channel (where the same content appears on every screen). Supermarkets and Department stores tend to use a greater number of channels due to the diversity of products on offer.

How often do you update your screen content?

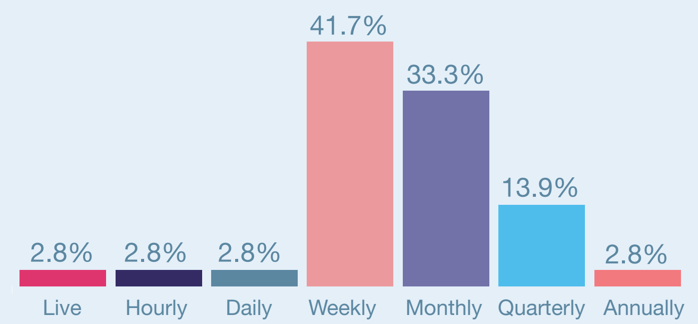


Fig. 17

Most content is updated weekly or monthly. This applies particularly to mobile phone and electrical retailers (who tend to change their promotional offers on a frequent basis). Retailers selling seasonal goods have less requirement for regular content updates.

How would you classify the content shown on screen?

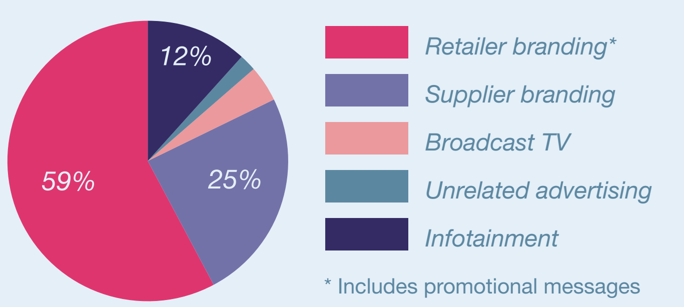


Fig. 18

Most retailers see screens as a tool to communicate promotional messages and retailer branding.

What is the main source of funding for your network?

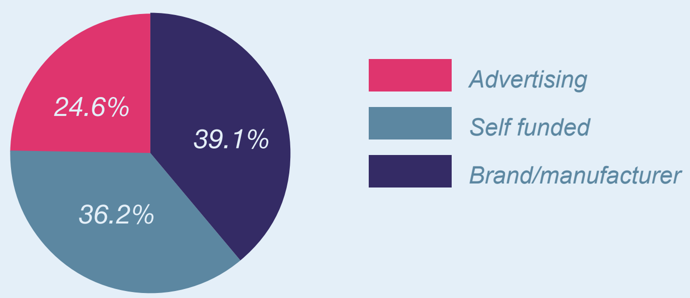


Fig. 19

A significant proportion of screen networks are funded by brands. In some instances these will form part of a branded display.

What would you consider to be a reasonable investment on screens (per store)?

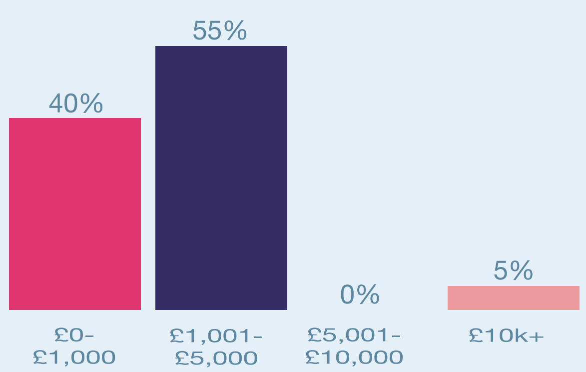


Fig. 20

Most retailers think that £1-£5k would be a reasonable investment per store. This will of course be highly influenced by the size and type of store, especially retail floor space.

Perceived benefit of screens ‘Sales uplift’

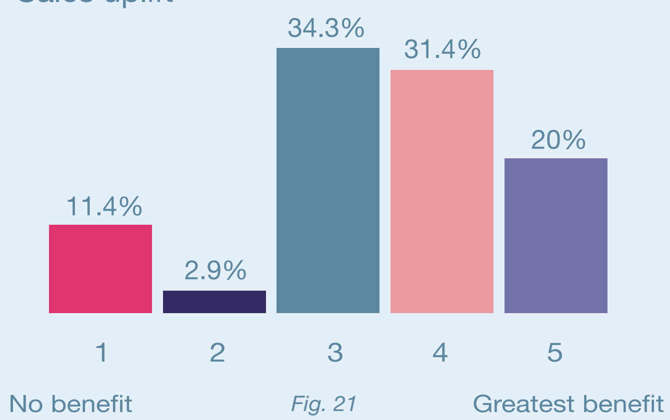


Fig. 21

Retailers consider sales uplift to be an important benefit of screen use. These figures (and those in the following charts) reflect all opinions (irrespective of whether the survey participant currently used screens).

Perceived benefit of screens ‘Brand messages’

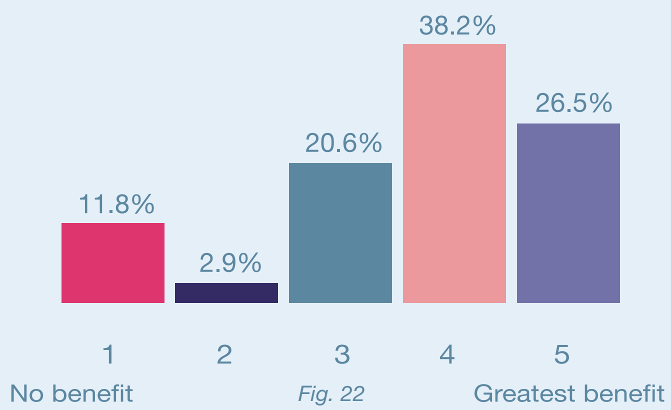


Fig. 22

Brand messaging seems to be a key reason for screen use. This ties in well with the classification of screen use. Brand messages would appear to be as important as sales uplift.

Perceived benefit of screens ‘Advertising revenue’

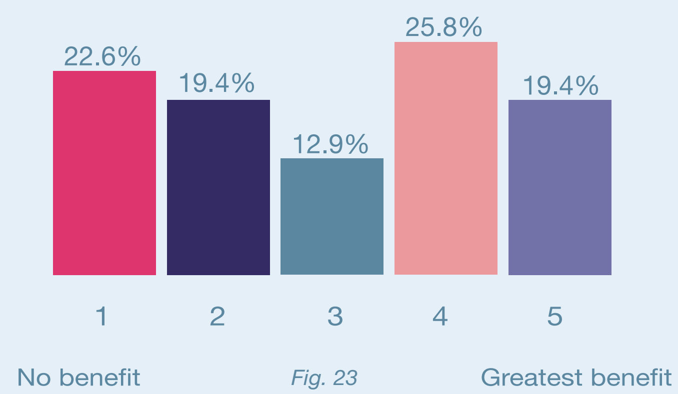


Fig. 23

The importance of advertising revenue will usually depend on the way in which the network is funded (which may explain the wide array of retailer opinion). A retailer with a self funded network might not be interested in advertising revenue for example.

Analysis

Phase four (the previous edition) of the survey only incorporated companies that were known to have screen networks in place. Whilst the survey still focuses on these operators, phase five (this edition) incorporates a wider cross selection of key UK retailers (irrespective of whether they are known to have networks or not). This is an attempt to predict forward trends, and understand current attitudes towards screen usage. In total, the survey sampled 151 retailers and network operators. It is hoped that the introduction of an ‘on-line’ version of the survey will help to boost participation levels further (bringing greater balance and offering a more comprehensive overview).

Which sector does your company operate in?

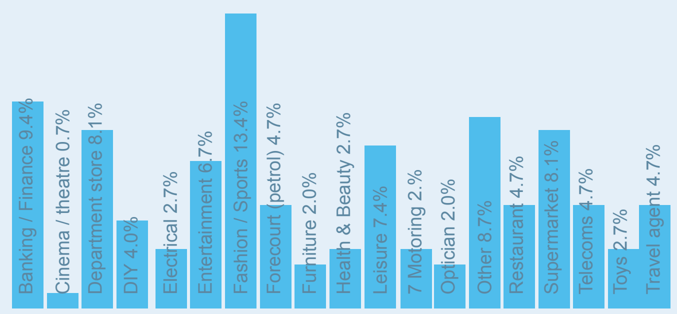


Fig. 1

The survey focuses on ‘household name’ retailers with a national presence and multiple branches. The results reflect a historical bias towards electrical retailers and mobile telecoms companies (the ‘early adopters’ of the medium). Future editions of the survey will include a more even spread of retail sectors and operators.

Do you currently use screens to communicate to customers in-store?

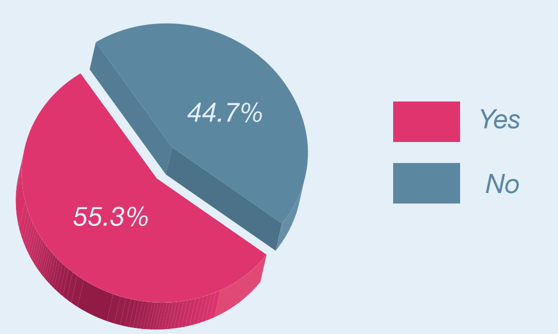


Fig. 2

The above chart represents only those retailers surveyed (and is not representative of the UK retail sector overall). The ‘Yes’ figure is artificially high (as the survey historically focused only on those retailers known to be using screens). The figures are likely to change in future phases of the survey as a greater number of retailers (including those without screens) are interviewed.

Participation

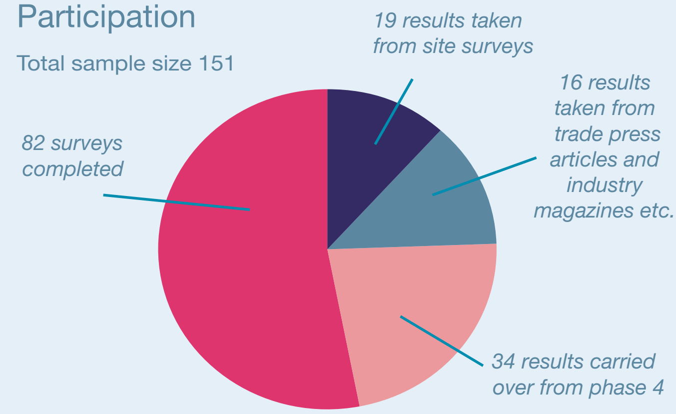


Fig. 3

How many stores does your company operate?

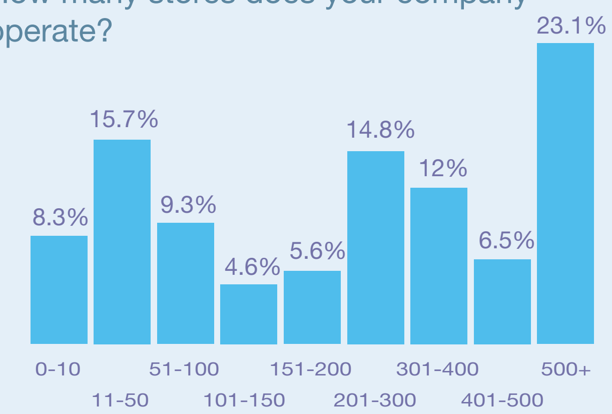


Fig. 4

The above chart shows the total number of stores operated by participants (regardless of whether they use screens or not). It demonstrates that a cross section of retailers were interviewed, and that the bulk of these operated over 500 stores.

How many of these stores operate screens?

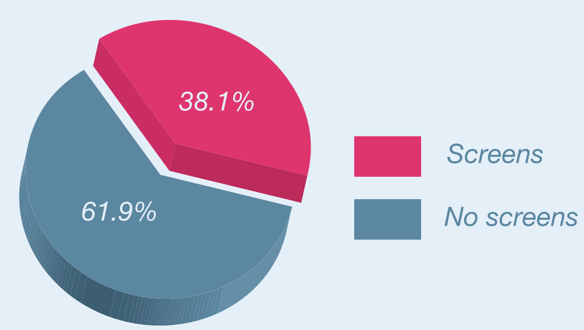
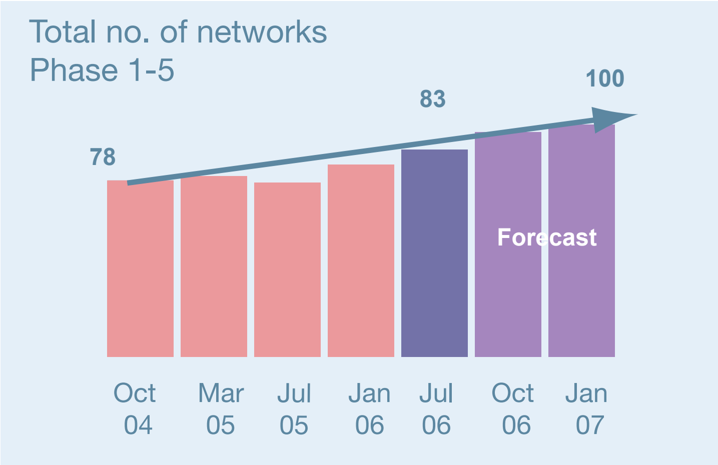
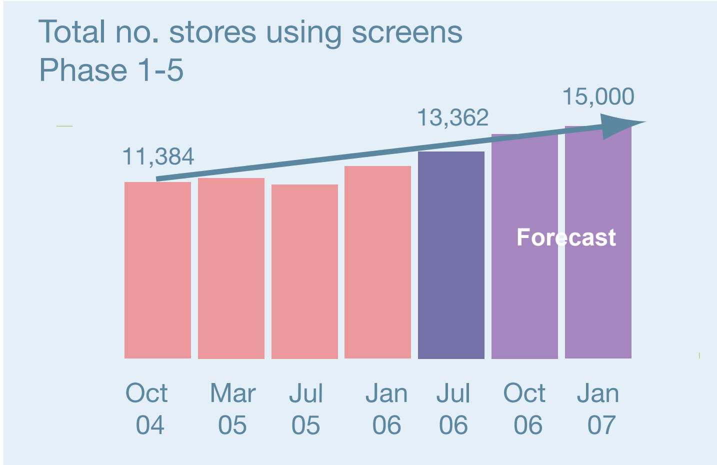


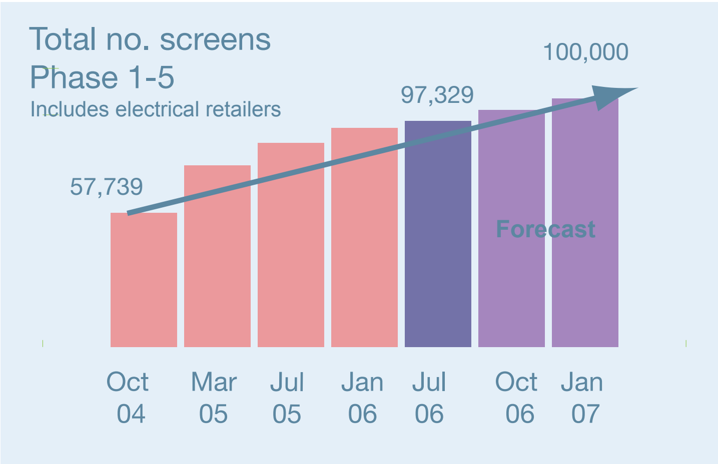
Fig. 5

The above chart only applies to those retailers using screens, and represents the number of stores with screens in situ as a % of total stores. Where screens are used, they are sited in approximately 4 out of 10 of stores.

Summary







Conclusions

Each phase of the Samsung Screen Survey produces an increasingly accurate impression of the number, type, and usage of screens in the UK retail sector. Since the first survey, the number of screens in use has increased significantly, and this growth is forecast to continue. Screen usage is likely to be driven by a number of factors:-

- Increasing awareness of screen technology and flexibility.
- Growing awareness and acceptance of screen usage amongst retailers and consumers.
- Increasing number of screen options (dimensions, types, and styles).
- Falling cost of hardware (especially TFT/LCD screens).
- The recent introduction of High Definition (HD) screens (offering clearer images).
- Increased availability of animated content (e.g. from websites).
- Increased availability of high speed ADSL (broadband) connections.
- New 'solid state' media players (content can be played directly from a memory card without the need for a PC or DVD player for example).

Future usage statements

48.8% likely to increase screen use
"We don't use screens but we plan to"
"We use screens and are planning more"

46.3% likely to stay the same
"We don't use screens and don't plan to"
"We use screens and are planning no more"

2.4% likely to decrease screen use
"We use screens and plan to use less"

2.4% are unsure
"We don't know"

Future surveys

The 'Samsung Screen Survey' is conducted quarterly, and the next edition is due for issue in January 2007. As a recipient of the survey, it is assumed that you will have some involvement in the usage of screens (or 'point of purchase') within your organisation. Retailer participation is essential to the integrity of the survey, and your views are considered extremely important.

You may be contacted and asked to participate in the next survey questionnaire. If so, your cooperation will be greatly appreciated.

All survey respondents are entitled to a free copy of the survey, and will be entered into a draw to win a 32" Samsung LCD TV!

Introduction

Overview

The 'Samsung Screen Survey' is now widely regarded as the most comprehensive and accurate measure of screen usage within the UK retail sector. Issued quarterly, and now in it's fifth edition, this summary report has a circulation of 500, and is available in both in paper and electronic (PDF) formats. The survey was first conducted in November 2004. At the time, the scale of screen usage was unclear (industry estimates placed the total number at 11,000). The survey identified an actual figure of 57,739 screens across 11,384 retail locations. The survey has since become increasingly detailed with each installment. It now includes data on screen usage (broken down by retail sector), a measure of interactivity, screen types, funding sources, content delivery, retailer attitude, and future plans for the technology. With each additional phase of the survey, contributing parties are becoming more familiar with its value, and are increasingly requesting copies for internal use. This demonstrates Samsung's commitment to supporting and promoting the growth (and understanding) of this rapidly emerging medium.

Who should read the survey?

This report is aimed at key decision makers within the UK Retail sector. The primary audience will have an interest in; Store Design, Store Marketing, Customer Communications, or Retail Operations. The report will also benefit those working for Manufacturers or Suppliers of UK retailers. Typically this will involve those responsible for POS or Merchandising. This might include; Brand Managers, Trade Marketing Managers, and Marketing Directors. Finally, the report will be of interest to anyone seeking to understand how UK retailers are using screens to complement (or as an alternative to) conventional POS.

Objectives

- *To establish the number of screens in operation within UK retailers.*
- *To identify why, where, when, and how retailers are using use screens.*
- *To ascertain how many systems are interactive.*
- *To investigate the use of audio with screens.*
- *To understand content update frequency and method.*
- *To examine the primary funding methods for networks and screens.*
- *To offer some predictions on the future use of screens.*

Qualification criteria

The survey monitors screen usage within the UK retail sector. In order to be included in the results, all of the following qualification criteria must be fulfilled. These criteria have been changed from previous phases of the survey (please see 'Methodology' and 'Analysis' sections for more information).

Store, branch, or outlet must be located within the UK.

The primary application for the screens is the promotion of products and/or services.

Screens are customer facing and positioned in-store (ideally within 5m of the promoted product).

The screens are installed on a permanent basis (a minimum of 1 year).

Definition

A 'screen' can be defined as any surface used to display a sequence of still or moving electronically generated images. This includes traditional (CRT) TV's and monitors, Plasma screens, TFT screens, LCD screens, LED (Light Emitting Diode) displays, and projection systems. A 'screen' may also have added interactivity such as 'touch sensitivity' or 'button driven' content. The 'UK retail sector' is defined as any outlet or business selling goods, merchandise, or services directly to the public for personal or domestic use, from premises within the United Kingdom.

Areas not covered.

A number of screens are not incorporated within the survey. Examples would include; screens used within a 'trade only' environment, 'information only' systems, or screens used primarily for entertainment. Generally speaking, if the screen message is not intended to initiate a sale of a product or service, then it will not be included in the survey (see examples listed below). This area is however, currently the subject of some debate amongst network operators. As such, the scope of future surveys may be extended to cover some of these applications.

Aeroplanes (individual passenger screens).
Arcade games.
Airports.
ATMs (indoor or outdoor).
Bookmakers (race odds and timetables).
Buses (advertising).
Casinos (gambling machines).
Juke boxes.
Lifts/elevators.
Outdoor signage (electronic billboards).
Shelf edge labels (monochrome EPOS price systems).
Public information systems (departure and arrival times).
Taxis.
Ticket machines (e.g. car parks).
Trade only 'Cash & Carry'.
Trains.
Wholesalers.