



Join TwinCities.com Online: Register Sign in

Subscribe

/ Business

[home](#) [news](#) [sports](#) [business](#) [entertainment](#) [life & culture](#) [travel](#)

[classifieds](#) [jobs](#) [cars](#) [homes](#) [shopping](#)

[Technology](#) [People](#) [Working Q & A](#) [Finance](#)

Business



[Print](#) [Email](#)

Digital signs seen pointing to profits

3M wants in on the booming market for flat-screen video ads

Pioneer Press

Article Last Updated: 04/20/2007 08:07:21 PM CDT

BY JOHN WELBES PIONEER PRESS

The signs are everywhere. They're big, bright and flat, and if you haven't spotted them yet, you probably haven't been paying attention.

They are flat-panel digital video screens that are popping up on the walls of retail stores, grocery stores and even elevators. For consumers who have only glanced briefly at a flat screen in their favorite department store, or cast a quick glance at a huge, electronic billboard while driving down a highway, the trend may seem over the top.

To the world of advertisers and merchants, though, it's a crucial way to connect with potential buyers when they're outside their homes and armed with a wallet or purse. And consumer behavior is what's fueling the charge toward digital advertising.

"People aren't watching TV or reading newspapers as much, and that advertising money is going to go somewhere," said Bill Collins, a principal with DecisionPoint Media Insights, a research firm.

3M Co. is hoping to get a piece of that spending. The Maplewood-based manufacturer best known for its Scotch tape and Post-It notes has been selling digital signage software since 1989. But it hopes a recent acquisition will help it compete in a market that's beginning to take off.

"Everybody knows more decisions are being made in stores," said Kelly Canavan, a market development manager for 3M in its digital signage business.

3M bought Mercury Online Solutions Inc. in the summer of 2005. With just 30 employees,

Advertisement

the Seattle-area company was considered an industry pioneer, with software powering thousands of digital screens and kiosks globally. Though Mercury Online might seem small to 3M, which had sales of almost \$23 billion last year, the industry opportunity is big. Advertising revenue from digital signage networks totaled just \$102.5 million in 2004, according to Frost Sullivan, a market research firm. But based on current growth rates, that figure is expected to hit \$3.7 billion in 2011.

By the time of the Mercury acquisition, though, 3M already had been looking at getting more serious about the digital signage world for a year or two. The company sees opportunities for flat-panel placement far beyond the retail world, to include banks and corporate campuses.

The challenge for 3M is to convince business customers that its digital signage computer software, customer service and ability to measure the signs' real impact are all a step up from other providers.

And just how competitive is the digital signage business?

"I have clients who get 25 to 30 calls a week from digital signage vendors," said Laura Davis-Taylor, an Atlanta-based retail media consultant. And the vendors, she says, "are all starting to sound alike."

The crowded field of vendors adds to the confusion for customers, consultants say.

"The problem is these people don't know who to believe," said Davis-Taylor, who counts some big-box retailers among her clients. "They know everyone is under pressure to land a big fish."

Mercury offers some attractive features to 3M's potential customers, since Mercury was known for both interactive kiosks for consumers and digital signage. And its systems were known for their reliability, meaning they didn't crash very often, said Collins.

But even before the Mercury deal, 3M had a key advantage over many of its competitors, Collins said, with its established commercial graphics business, which generates ads that are placed everywhere from walls to wrap-around placements on buses. "They know the power of what they have to offer," he said.

3M is tapping its base of commercial graphics customers to see which ones might have an interest in the digital model.

The company's biggest signage customer, SunTrust Bank, is also a commercial graphics customer, Canavan said.

3M also can tout the company's expertise in touch-screen technology and its relationship with flat-panel manufacturers. But a decision 3M made 10 years ago may be leading to some second-guessing now, Collins said.

In 1997 3M sold its outdoor-advertising subsidiary in a \$1 billion deal. The business, called National Advertising Co., was a significant player in the national billboard industry. The buyer, Outdoor Systems, had to sell off 3M-owned billboards in many U.S. cities - including Denver, Detroit, Houston and Atlanta - to satisfy the antitrust division of the U.S. Justice Department.

While outdoor digital billboards are perhaps the most visible form of the new advertising medium, 3M isn't big into that part of the market yet. 3M's software works for billboards too, but its current efforts are focused on other locations, Canavan said.

The time it takes to make a sale is longer with digital signage, Canavan said, because "it's such a big decision."

Costs vary by the size of the contract and the provider, analysts say. But the complete package - the digital screens and other hardware, the software to create messages, the computer network that ties together all the flat-panel screens, and ongoing customer

MORE BUSINESS HEADLINES

[Battle of the flexes?](#)

[Digital signs seen pointing to profits](#)

[Dollar's fall a delight for some](#)

[MINING FOR WEB 2.0 GOLD IN LOWERTOWN](#)

[Northwest picks its new board](#)

[ATTENTION MIDWAY TARGET SHOPPERS](#)

[House OKs vote on CEO salaries](#)

service - can amount to a sizable investment.

Perhaps the biggest challenge for 3M and others in the digital signage business is that while retailers are getting better at placing the signs and loading them with content that consumers will respond to, measuring their impact is still a little murky.

"We don't have that case study that raises the bar and everybody wants to replicate," Davis-Taylor said.

That's the void that 3M is trying to fill for its customers now, Canavan said. 3M has a team of marketing and software engineers, and experts in vision science, all working to find the optimal spot to place signs and how to develop content that will make people want to watch.

The team has spent a lot of time finding a better way to measure digital signage's impact and its return on investment for customers, he said.

3M and others are betting that such "out-of-home" advertising will stay turned on for years to come.

John Welbes can be reached at jwelbes@pioneerpress.com or 651-228-2175.

[Return to Top](#)

Comments

The Pioneer Press is pleased to let readers post comments about an article at the end of the article. Please increase the credibility of your post by including your full name and city when commenting. Please note: It may take several minutes before your comment appears.

Recent Comments

Be the first to post a comment using the form below

Post Your Comment

Name:

Submit Your Comment

Most Popular

- Clearly, Wild have a long way to go
- Stormy weather ahead
- Big Vikings stadium plan comes with big cost
- Immigration raids, arrests trigger lawsuit
- Wild gone tame

MORE TODAY'S HEADLINES

- How much open space is enough?
- New ways of interviewing lessen trauma for children
- When creativity signals danger
- Cops probe Columbia Heights shooting, crash
- U.S. hopes wall will slow Baghdad bloodshed
- A GI walks again - and says thanks
- 11,000 cram onto rent aid wait list

THE CADILLAC CTS.

Life. Liberty. And the Pursuit.™

[Learn More >](#)




TwinCities.com
PIONEER PRESS

[Click here to visit our Classifieds](#)

PIONEER PRESS
YAHOO! hotjobs


Digital Signage Provider
Digital Signage, Flat Panel, Panel PC industrial display customization
www.epanelpro.com

Zstream Media Services
Digital Signage Easy To Use Visit Our Web Site ASAP
www.zstreammedia.com

Dynamic Merchandising
Turn-key provider of networked signage solutions for merchandising
www.impartmedia.com

Digital Signage Software
Easy to Use. Reliable. Flexible. Build. Deploy. Manage. WinXP Based
www.fourwindsinteractive.com

Sedao Digital Signage
Easy 2 use & affordable. Proven, easy, flexible, unique
www.sedao.co.uk



THE CADILLAC ESCALADE.
Life. Liberty. And the Pursuit.™

[Learn More >](#)