Narrowcasting in Public Spaces — The Outlook For Digital Signage
Introduction - Narrowcasting In Public Spaces, Defined

In indoor and outdoor settings, networked digital/electronic signs are a dynamic new media solution to brand marketers’ need to target the right message to a specific audience. Digital signs take advantage of rapidly-developing technologies for networking, scheduling, content management and electronic displays. These technologies, when integrated effectively, can deliver advertising that can be sold in “day parts,” (like radio and television) or complement/displace traditional signs in stores, buildings, along highways or in other public places.

This special capacity of networked digital signage is what CAP Ventures has termed Narrowcasting in Public Spaces and what others sometimes call “dynamic visual messaging” or “the outernet.” Regardless of what you call it, Narrowcasting in Public Spaces allows advertising and other information to be delivered to narrow demographic groups at specific times in public venues.

Examples of narrowcasting in public spaces include delivering pricing and promotional messages to shoppers in department stores or supermarkets, beaming appropriate advertising and news to commuters at airports, train stations, on busses, or in elevators, or highlighting special offers to customers at retail settings. There are many other examples of digital signage. In fact, CAP Ventures has identified four segments within the narrowcasting space:

Point Of Purchase

Interactive

Narrowcasting in Public Spaces

Visual Merchandising

Out-Of-Home Advertising

Many brand managers and creative directors are intrigued by the possibilities of narrowcasting technology and services to improve their marketing programs. However, narrowcasting systems have trade-offs and new/unknown economics compared with traditional media and signage. Vendors and service providers need to understand the requirements and business metrics to accelerate demand for narrowcasting solutions in key markets.

Narrowcasting in Public Spaces is one of the most significant opportunities for many technology vendors, service providers and brand managers. How will this market grow in 2002 and beyond? Where will narrowcasting gain rapid acceptance? Where will it be constrained by cultural, monetary or technical considerations? What companies are implementing narrowcasting and why? Which technology and service models will succeed? CAP Ventures is conducting extensive research to answer these questions and many others.
Project Objectives

The overall objective of the study is to provide technology developers and service providers with critical information and insights for their product planning and business development efforts. Key project objectives include:

- To describe the structure of the narrowcasting/digital signage market
- To identify critical market segments for narrowcasting technology and services
- To size and forecast the demand for enabling technologies and services
- To identify the key business drivers for rapid adoption of narrowcast media
- To understand advertisers’ and brand marketers’ perceptions, expectations, requirements and plans for narrowcast systems
- To provide insights for the development of new products and services in this space
- To identify partners that can help provide create a complete solution

The results of this report will be especially helpful to key industry players including:

- Operators of out-of-home narrowcast networks
- Manufacturers of visual display systems and other hardware
- Developers of software for network management, billing, scheduling and content creation
- Media companies and bandwidth providers
- Venture capitalists and investment bankers
- Brand managers and advertising agencies

The report will help these players understand this new media, and show them how they can prepare themselves to take full advantage of these networks and their growth.

Critical Questions Answered As Part of This Study

CAP Ventures will analyze this emerging market by seeking answers to key questions about its status and prospects, including:

- What narrowcasting networks are in use, what services do they offer, and at what cost?
- What companies manage these networks, and what companies advertise on them?
- What is the reach of narrowcasting networks and how fast are they growing?
- What is the revenue potential for narrowcasting technologies and networks?

- What are the requirements for key narrowcasting technologies?
- What display technologies/devices need to be supported? (e.g. LED, LCD, gas plasma, CRT, re-usable ink/paper, OLEDs)
- Who are the critical players and alliance opportunities for providing a solution?
- What are the network interoperability and integration issues?
- What are key regulatory issues that the narrowcasting networks will face in various sectors?

- What is the awareness and perception of narrowcasting systems among brand managers and advertising agencies?
- What do brand marketers and advertising agencies see as the key strengths and weaknesses of traditional and narrowcast POP, VM and out-of-home advertising?
- How ready are brand marketers to utilize narrowcasting? What professional services can accelerate implementation?
- What are the creative challenges for brand marketers and how should narrowcasting vendors help?

- What size and market penetration must narrowcasting networks achieve to attract significant ad revenues and be profitable?
- What do ad agencies and brand marketers expect of narrowcasting networks in terms market reach, impact, price/performance, control, ease of use, content management, billing efficiencies and customer service?
- What are the key business metrics brand marketers evaluate when considering various media?
- What are the economic, technical, and implementation issues facing prospective advertisers for narrowcasting?
Market Size and Forecast by Market Segment

CAP Ventures will estimate and forecast the North American market (2001-2005) for key narrowcasting technologies and advertising spending by key market segments:

- Display systems
- Software and services
- Advertising spending (internal systems; external networks)

CAP Ventures will segment the forecast by key narrowcast markets, including:

- Point Of Purchase
- Visual Merchandising
- Out-Of-Home
- Interactive Narrowcasting

In some cases, CAP Ventures will forecast the size of various segments within those three main categories. The forecast will include an estimate of the dollar volume for advertising, as well as the number and value of networked narrowcasting screens that will be brought on-line in the main categories during the next four years.

Market Research

We will leverage our knowledge on the visual communications industry with extensive market research. Senior CAP Ventures Consultants will conduct a series of in-depth interviews with key industry players and customers to gain insights on the development, enablers and prospects for narrowcasting technology and services.

Secondary Research

Our secondary research will review the literature on the narrowcasting and networked digital signage industry as well as other critical data on key advertising and business metrics. CAP Ventures anticipates examining information from a variety of sources, including:

- Direct Marketing Association
- Outdoor Advertising Assn. Of America
- Point of Purchase Advertising International
- US Department of Commerce
- Vendor Web sites
- Financial reports
- Business and trade journals
- CAP Ventures data

In-Depth Interviews with Technology Vendors

CAP Ventures will discuss technology developments and projections with key display, system and software vendors. These interviews will be important to understand the state of key technologies, projections of future capabilities and economics, and shipment levels by key markets.

In-Depth Interviews with Service Providers

CAP Ventures will interview a variety of narrowcast network operators and service providers to understand their business models, service offerings, target markets, perceptions on market drivers, and views on industry direction.
In-Depth Interviews with Existing and Potential Users of Narrowcasting/Digital Signage

CAP Ventures will conduct site visits and interview 15 to 20 narrowcast venues to gather practical insights about current implementations, performance, limitations, economics, requirements, and plans. We will visit a variety of existing and potential users from industries that include:

- Advertising agencies
- Airports and train stations
- Banks/financial services companies
- Gas stations and convenience stores
- Hotel chains
- Shopping mall developers
- Major department stores
- Product and service merchandisers
- Real estate management companies
- Fast-food restaurant chains
- Specialty stores and chains
- Supermarket chains

Structured Telephone Survey with 150 Creative and Brand Managers

CAP Ventures will conduct a structured 15 to 20 minute telephone interview with approximately 150 creative, marketing and brand managers in key industries. The purpose of this survey is to develop quantitative insights on from the people that make decisions on advertising campaigns and spending. Key topics will include:

- Awareness of narrowcasting systems
- Perceptions on their application
- Critical requirements and concerns
- Current spending on out-of-home, VM, POP advertising
- Interest in alternative business models
- Important business metrics for migrating to narrowcasting
- Plans for using narrowcast media

Industry Profiles

CAP Ventures will identify, categorize and summarize the companies that are providing narrowcasting enabling technology, networks, and related services. This information will be vital for understanding competitive positioning as well as potential partners. CAP Ventures anticipates creating approximately 35 profiles. Key vendor categories will include:

- Vendors of display hardware
- Narrowcasting network operators
- Other technology and service providers that are selling products into this sector
Project Deliverables

Participants will receive a variety of deliverables as part of this project to help with their product planning, business development and marketing activities. All deliverables will be available in hard copy and electronic format. Key items will include:

- Executive summary that addresses key issues, findings and overall recommendations
- A detailed written report explaining key findings, market forecast, industry structure and segmentation, customer experiences, perceptions and plans, and overall conclusions
- Market forecast and summary estimating equipment placements and network advertising value in 2001 through 2005, and related metrics
- Profiles of key companies including narrowcasting network operators and equipment suppliers
- Data tabulations from the structured telephone survey
- A separate set of PowerPoint slides for internal communication of the research results by client companies
- Participation in a Webcast presentation of the research findings

Project Schedule

CAP Ventures intends to start the project in September 2001. Based on the following schedule, the project will be completed with material distributed by the end of December 2001. The following is a list of milestones based on a September 1 start date.

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<th>Milestone</th>
<th>Completion Week</th>
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<td>Secondary research</td>
<td>1-3</td>
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<tr>
<td>Interviews with technology vendors and network providers</td>
<td>3-8</td>
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<td>Personal interviews with agencies, narrowcasting users</td>
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<td>Structured telephone survey</td>
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<td>Market sizing, forecasting</td>
<td>10-12</td>
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<td>Analysis and report development</td>
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<td>Web presentation</td>
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Project Fees

For clients who sign up before September 15, 2001, the fee for this report is $12,000. After September 15, 2001, the participation fee will be $15,000. Companies that sign up as charter members will also have the opportunity to review the interview guides and help shape the final focus of the study. A personal presentation based on the report is also available for an additional fee of $2,500 plus direct travel expenses.
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Terms and Conditions

Liability for Advice

Although reasonable efforts will be made by CAP Ventures to ensure the completeness and accuracy of the information contained in written and oral reports in connection with the proposed study, no liability can be accepted by CAP Ventures for the results of any actions taken by the Client in connection with such information, opinions or advice.

Copyrights & Confidentiality

CAP Ventures retains all Copyrights. Reproduction of any material is not permitted without the written consent of CAP Ventures. CAP Ventures will use its best efforts to ensure that any confidential information obtained about the Client and its business during the course of the proposed study is not, unless agreed otherwise in advance, disclosed to any third party without the prior written permission of the Client. CAP Ventures retains the right to re-use any non-proprietary information as part of our ongoing analysis of the industry.

Timely Delivery

CAP Ventures will take all reasonable steps to ensure that the time scales called for by the proposed study are met in accordance with the agreed schedule, but no liability can be accepted for the consequences of delays, howsoever caused.

Project Pricing

- Prior to September 15, 2001 $12,000
- After September 15, 2001 $15,000

Authorization

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