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Digital Displays Pry Open Purses

Penelope Patsuris, 07.26.04, 9:45 AM ET

NEW YORK - Flat-screen displays bearing advertisements are no longer just flashy versions of print ads.

Now they're being networked, so that the in-store messages they bear can be changed from a central location to target various audiences and even different inventory levels.

That flexibility, along with the eye-catching nature of video content, makes for particularly effective advertising. As flat-screen prices continue to fall, business is picking up for outfits specializing in digital display networks. Among them are **AdSpace Networks**, based in Burlingame, Calif., **Convergent Media Systems**, based in Alpharetta, Ga., and Atlanta-based **Allure Fusion Media**.

Shopping center giant **Westfield America**, which has 120 properties worldwide, has taken advantage of networked displays with its in-mall digital advertisements. The company will be rolling out a national mall network in 22 locations on Aug. 1. During the pilot, Westfield's technology partner, AdSpace Networks, commissioned a study by **Arbitron** comparing the reactions of consumers exiting a mall with traditional ads, versus those exiting a mall with digital displays. People who saw a consumer electronics ad on a digital display had an 88% higher recollection of it than those who saw the ad in print. And their intent to purchase the item advertised was 111% higher than the control group, according to Arbitron. Westfield and AdSpace are sharing the ad revenues in an undisclosed split.

Wal-Mart actually pioneered this space in 1999 when it launched its in-store Wal-Mart Network, which it still airs via tube televisions. The retail giant broadcasts the same programming, complete with ads that it sells to its own suppliers, throughout all of its stores. The company wouldn't comment on the possibility of moving to flat screens that deliver more targeted promotions.

Creating the right content for this burgeoning ad medium is not just a matter of repurposing TV ads. "We typically restrict spots to 15 seconds," says Lou Giacalone, an AdSpace founder. "You want an ad to have motion to attract attention and then present a clear, actionable message. There's no room for storytelling." AdSpace has 2,000 screens in various locations including **Loews** movie theaters and Las Vegas casinos bearing ads for **Coke**, **Sony**, **Electronic Arts** videogames, **MGM** films and **BMW**.

"These ads get more attention, but they're also more effective because they're delivered in a retail environment where people are predisposed to buy," says Rick Hutcheson, a marketing executive at Convergent, which currently has a pilot in **Borders** book stores. "This gives the advertiser the chance to get to the consumer much closer to the purchasing decision."

For Westfield these digital displays represent a new revenue stream, but for retailers they're goosing sales.

When the **Federated Department Store** chain **Macy's** had AdSpace displays installed in some locations they saw an average sales increase of 10%. Macy's is now putting them in more stores.

IBM, which is the systems integrator on the Westfield malls project, is also helping a fast-food outlet move more fries. "One restaurant we worked with saw same store sales increase 8% after the displays went in," says IBM digital media marketing executive Keith Myer. Soft drink sales spiked 12% when sodas were featured on the displays.

Digital ads may have moving images and sometimes even sound, but the fact that they can be managed from a central office using a computer network is an equally important advantage. Networked electronic ads can be targeted according to the time of day, the region in which they appear and, perhaps most intriguing, even according to shifts in inventory.

This is particularly useful to grocery stores, "In the morning you may want to target older people," he says, "while in the evening you want things that are aimed at working mothers." And if there are too many tomatoes in the produce aisle or too many sweaters at **the Gap**, managers can simply punch up new ads to get them off the shelves.

Look for to flat-panel ad displays to proliferate. As the number of television viewers continues to dwindle and fragment thanks to the Internet, **Tivo** and niche cable channels, shopping malls and The Gap may be advertisers' best shot at reaching the mass market. Says Hutcheson: "Brand owners realize that the 30 second TV commercial is broken, and they need alternatives."