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RetailWire DISCUSSIONS

Hot Issue: In-Store Media

9/7/07

BrainTrust Query: Will the CBS Acquisition of SignStorey Transform In-store Media?

By [Laura Davis-Taylor](#), Founder & Principal, Retail Media Consulting

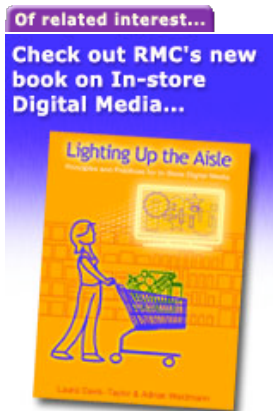
Yesterday, CBS Corp. announced a definitive agreement to acquire SignStorey Inc., an established digital signage network play that focuses on distributing video programming and advertising content to retail stores. Fetching a cash purchase price of \$71.5 million, SignStorey will be re-launched as "CBS Outernet."

SignStorey has contracts with many grocery stores, including SuperValu, Pathmark, ShopRite and Price Chopper. With more than 1,400 digital video displays across the country, it claims to reach over 72 million consumers each month.

"We are extremely pleased to join the CBS family and to continue to develop a more exciting shopping environment in local communities across the United States," said Virginia Cargill, president and CEO of SignStorey, in a statement. "Our state-of-the-art digital screens give consumers access to information where and when they want it; and the addition of CBS content, resources and contacts will make for an even richer experience for retailers, shoppers and advertisers alike."

George Schweitzer, president of the CBS Marketing Group, expanded, "Out-of-home digital media has become a crucial means by which we and advertisers can gain invaluable impressions in this crowded media landscape."

CBS noted that it already has significant experience in programming for out-of-home audiences. In addition to SignStorey, current partners include American Airlines/CBS Eye on American; Royal Caribbean/CBS Eye on Royal Caribbean; AutoNet TV/Rev It Up; Salon Network Channel; Starwood Hotels/SPG TV; Indoor Direct; Mall of America; On Spot Digital/Simon Malls and Ripple



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BUSINESS TIPS

TV/CBS Outdoor.

Leslie Moonves, CBS's president and CEO, feels that the acquisition is quite complementary to its various content and advertising sales relationships.

"As we've seen with CBS's outdoor business, the burgeoning use of digital advertising allows great flexibility in tailoring messaging to consumers, and can be efficiently controlled from a centralized location. At the same time, retail outlets will now have access to CBS's wide array of national and local entertainment, news and sports content from across the company."

Discussion Questions: What do you think of CBS's move to get into the in-store digital media business? Is television network involvement good or bad for in-store digital media?

[Author's commentary] This was a very surprising move for the out-of-home digital signage industry that most involved find both validating and exciting. Burgeoning digital media tools popping up in life outside of our homes can no longer be ignored as regarding their potential for media reach and frequency.

This said, as some of us have debated previously, out-of-home and in-store messages can have different strategic reasons for being, as the latter involves reaching people while actively shopping in a distracting store. The viewer's frame of mind is different, and based on this, so should be the strategic intent of the screens they encounter. What retail vertical, how people shop that vertical, where screens exist in the various areas of the store, and the overarching intent of each "store channel" are but a few factors that should drive messaging content. And, dependent on these things, the content can take many forms other than traditional one-way broadcast messages.

With this in mind, many of us closely tied into this industry are pondering how CBS will approach their network strategy moving forward. How will they sell it? Will they take it outside of the grocery vertical? If so, will other verticals that have content needs more complex than grocery (and a tighter trade marketing process) buy in? Will they embrace some of the real-time measurement tools that tie content played to engagement and sales effectiveness? And will they further develop "CBS Outernet" to having a presence on tools other than digital signage (i.e., mobile, new flavors of kiosks, handhelds, etc.)?

Time will tell and it will be intriguing to watch. Personally, I think the model makes great sense for some retailers within certain verticals, but little for others. And I'll have high hopes that they help move the industry beyond the limited mindset that in-store digital media and digital signage should exist as a de facto TV broadcast model.

- **CBS Corporation to Acquire SignStorey, a Leading Provider of In-store Programming and Advertising Content - CBS**

FINANCIALS:

[NYSE:CBS]

What are your thoughts on this subject?

Take the Poll - Results delayed by 15 minutes.



Is a network TV acquisition of in-store digital network company a positive development for in-store media and the retail industry?

Very positive (**45%**)

Somewhat positive (**19%**)

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Neither positive or negative (**10%**)

Somewhat negative (**10%**)

Very negative (**10%**)

Not sure/No opinion (**6%**)

Comments... [Send in Yours!](#)

As an agency practitioner who has worked in the in-store industry for 16 years, I support this move by CBS--it will help expand the visibility of the store as a viable media space and I hope it will expand the network to include more stores.

That said, I cannot stress the importance of integrating shopper testing of the actual "creative product" that the network delivers to shoppers. The medium is at risk of overall failure if the shoppers become annoyed and turned-off and move on to screen-free stores. The network needs to understand that short-term sales goals will NOT drive success. If we listen to and learn how to please shoppers and truly deliver content that "helps" them in the stores, we'll have a more appropriate, effective and measurable marketing tool in the long run.

[BrainTrust Profile](#) [Anne Howe, Sr. Vice President - Market Intelligence, MARS Advertising](#)

I am not sure that the benefit in this is necessarily for the retailer. It does not seem to me that a consumer will make a supermarket or any other retail store a destination because they can watch out-takes of 60 Minutes.

But for CBS and for consumers it continues to give access to sending out messages (what is on tonight that you may not know or have forgotten about) and for the consumer another venue to choose to be informed, assuming that they are already not listening to a download on their iPod or working on their Blackberry

Overall I think a great move for CBS.

[BrainTrust Profile](#) [Charlie Moro, President, CFS Consulting Group, LLC](#)

In 1992 Ted Turner started his TV network for airports (still successful today) and the Checkout Channel (for supermarkets). The Checkout Channel was soon scrapped, but the medium grew robustly. CNN supplies programming to Captivate, which has screens in 700 office buildings in 21 cities, largely in elevators. PRN takes programming from NBC and Fox, for Wal-Mart, Best Buy, and other chains. It's very common for cross-media ownership to thrive. CBS owns highway billboards and many local newspapers own TV and radio stations.

[BrainTrust Profile](#) [Mark Lilien, Consultant, Retail Technology](#)

Group

There is TV and digital media in-store? Seriously, and I shop regularly, no one watches or listens. And if they do, it is absent mindedly. The money here is made on manufacturers paying money to the in-store media salesperson who does the best job of selling this non-starter. Read all the stats on shopping behavior...time crunch, store choice, etc, etc and who is going to watch TV, let alone a commercial, in a store unless stuck in a line? And, didn't we all just discuss how line speed is picking up, and where it isn't, retailers like Whole Foods are getting a lot smarter about entertaining their customers, and it is not with a TV!

 [Richard Alleger, Vice President, Rodale, Inc.](#)

I thought it was a great move when Thomson acquired PRN--that match-up held a lot of synergies and made a lot of sense. CBS acquiring SignStorey, I'm not as sure. If we were talking about Cox or Comcast or someone like that--another distributor--that would make more sense to me. But I like the idea of someone with a lot of content with some skin in the game. As Laura says, I think the market for that content is somewhat limited beyond grocery, but the solution space definitely needs an enthusiastic injection of content and this deal could be the first step down that road.

Has CBS signed content deals with other network providers? Some of the gas station people, for example? I wonder how it will affect those deals....

 [Nikki Baird, Managing Partner, RSR Research](#)

I'm probably displaying my age and sounding like a grumpy old man, but I get absolutely nothing out of the TVs that are placed around our local stores. I can see TVs that show D-I-Y ideas in a Home Depot or Lowe's as adding value for consumers and other similar applications. The only value I have seen in my grocery shopping trips is the local weather forecast at the checkouts. Quick clips of shows, ads, etc are just noise or something to clutter your mind when you are in a hurry to complete a quick trip to the store. And wouldn't you love it if the person ahead of you in line takes longer to checkout because they are watching something on the TV that they just have to see? It is easy to see what CBS will get out of this, but much harder to see the benefit for the rest of us.

 [Art Williams, Retail Marketing Consultant/Analyst, Independent](#)

"Transform" may be an overstatement of the immediate impact of the CBS deal. "Accelerate" or "validate" may be more appropriate. This was certainly not a surprising deal, as the two companies had been working together for some time. Clearly CBS sees the SignStorey grocery network as a perfect entry into the space, and a natural outlet for their content. SignStorey was diligent in its channel focus, so as Nikki points out, the formula may have to change in if other channels are pursued.

All that being said, having yet another media behemoth enter the fray will only accelerate innovation, adoption and consolidation in all aspects of the emerging narrowcasting space. To the extent that more partnerships, more M&A activity and more investment are driven by CBS' entry, then in the long run "transformation" may turn out to be apt.

Ken Goldberg, CEO, Real Digital Media

Might be good for CBS. Maybe they can finally get someone to

watch Katie Couric if they're stuck in a checkout line.

[BrainTrust Profile](#) [Len Lewis, President, Lewis Communications, Inc.](#)

This is an extremely positive development for in-store media, although Richard Alleger's reservations are right on target. The fact is that there are billions of people, globally, visiting stores every week, and there is no reason to believe that they cannot be reached by "walk-by" media. The appropriateness of the content, whether for brand building or stimulating an immediate sale, is a vast, unresolved issue. Compounding the problem is the number of micro-environments that occur in each store--literally hundreds, if not thousands. This is the challenge for content and placement--what message, when and where. Think of it this way: did Burma Shave highway ads work? In-store TV will work--eventually.

[BrainTrust Profile](#) [Herb Sorensen, Ph.D., Global Scientific Director, Shopper Insights, TNS Sorensen](#)

Aside from helping similarly-built companies settle on a valuation and exit strategy, it seems unlikely that CBS's deal will have any significant effect on the business models or implementation strategies of other projects, especially those that don't rely on 3rd party advertising as their primary revenue source.

I look at the deal as a hedge by a company with a foot in both the broadcast and OOH media worlds. If the value of OOH continues to increase (or accelerate, as it has the past 3 years), the value of SignStorey's real estate (which CBS priced at about \$50K/store) will increase significantly. If it doesn't, they get to write off some or all of a \$71M investment, which isn't a huge amount of money for them anyway.

Bill Gerba, CEO, WireSpring Technologies, Inc.

This looks like a great boost for the retail medium. However, the content that CBS will be distributing takes our eye off the ball of in-store sales activation.

With the stated approach to content, theirs will be a place-based media play, rather than a tool for triggering purchase of products within reach of the screens.

Still, it signals new interest and much needed momentum.

[BrainTrust Profile](#) [Gwen Morrison, President, The Store](#)

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