

AUTOMOTIVE DIGITAL SIGNAGE ROI DRIVING VALUE TO YOUR BUSINESS

by Karolyn Hart



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AUTOMOTIVE DIGITAL SIGNAGE ROI: Driving Value to Your Business

by Karolyn Hart

The global financial crisis has hit the US economy hard, and the automotive industry even harder. As OEMs try to plan for the future, decision makers at all levels have been forced to re-evaluate various initiatives to determine their true value.

As a result, cost-cutting measures have become a necessity to help companies survive during the deep downturn in sales. Harsh marketing cuts have been implemented in television, print and radio budgets. Even online spending is down.

Yet, in the midst of all this, there is still a need to discover innovative ways to reach customers. Creatively transforming the dealership experience, increasing the impact of the brand, and ultimately driving sales has never been more important. Today's solutions must be relevant, measurable, and significant.

The advertising industry, like the automotive industry, has experienced significant challenges in this economy but one of its major segments, digital signage – is growing. The growth can largely be attributed to the advancement of this technology which has helped retailers, marketing and entertainment companies, along with many other organizations to 'narrowcast' dynamic video, graphical and editorial content on hundreds, or even thousands, of digital signage displays located virtually anywhere.¹ Automotive professionals have recognized the potential value that digital signage can bring to their organizations through cost-containment and potential sales lift, but are struggling with developing a solid return-on-investment model.

This guide's objective is to direct you through the process of developing a return-on-investment that is relevant, measurable, and significant.

Digital Signage ROI: The Traditional Approach

Numerous articles and whitepapers have been produced over the last several years on how to calculate digital signage ROI that includes everything from complex formulas, to directions on how quantifiable numbers can be attached to intangible

benefits. These resource materials largely attribute the success of a digital signage deployment in its ability to persuade consumers in purchasing the products and services it promotes and concludes with the statement that the bulk of digital signage benefits are largely intangible.

Fortunately, automotive digital signage is a far more robust system that equally offers tangible and intangible benefits.

THE AUTOMOTIVE INTEREST IN DIGITAL SIGNAGE

The automotive industry as a whole is highly interested in digital signage because of its ability to address their many unique challenges within one robust system including:

1. Today's Automotive Consumer

According to the Pied Piper PSI, 75% to 90% of prospects walk out the door without buying after visiting a dealership. In fact, the 2008 Pied Piper Prospect Satisfaction Index[®] for the U.S. Auto Industry, showed that a brand or dealership's efforts to improve the treatment of shoppers paralleled their retail sales success.² Those brands that have been able to grow sales also have dealers who are more likely to satisfy shoppers. Dealers who improved their average Pied Piper PSI scores by 10 points or more from 2007 to 2008 saw retail sales increase 9% during the same time period. On the other hand, dealers for whom PSI dropped by 10 points or more saw their retail sales drop 6%.³ According to Fran O'Hagan, President of Pied Piper Management Co., LLC, "Today's shoppers arrive at a dealership already armed with the facts and figures, but in the end the dealership and salesperson still play a critical role in helping shoppers turn that raw information into the best match for the shopper's needs and desires."

Automotive digital signage is a collaborative system that assists in addressing the issues that are discussed in both of the previously mentioned studies.



It improves the customer experience by providing a high impact educational experience which allows the consumer to understand the true value of the product. The real time knowledge offered by the system empowers sales staff with the ability to answer any question they are asked which increases their credibility and builds trust with the customer.



1 Research and Markets "Global Digital Signage Market, 2008 Edition
2 <http://www.piedpiper.com/pdf/documents/60.pdf>
3 http://www.piedpiperpsi.com/about_psi/

2. The Automotive Consumer of Tomorrow

As consumers have become more educated, the entire automotive industry has been forced to become more consumer driven. The IBM Automotive 2020 Study ⁴ confirms that as industry priorities are shifting to respond to consumer demand both OEMs and their dealers must be prepared to change their current approaches if they wish to survive. According to the study:

“Automotive consumers of 2020 will be highly informed, demanding, impatient and environmentally conscious. They will compel a new, radically different ownership experience. With information at their disposal, enhanced traceability and transparency throughout the value chain, consumers will have more comparative shopping power than ever before.”

Sound familiar? Most dealers would argue this is the consumer that enters their showroom floor today! The study indicates the automotive industry must transform its retail model understanding as consumers actively tune in or out messages based on their interest. This means finding new ways to connect and developing a new value proposition for dealerships to provide to the consumer is essential.



Automotive digital signage offers the opportunity for the customer to instantly obtain the information they require in a radically different way. As consumers interact with the system they receive only the information that is of interest to them. The system can provide favorable competitive comparisons for the brand of the dealership they are visiting which helps continue the sales process.

3. The Need to Simplify Complexity

The IBM Automotive 2020 Study identifies the general need to standardize and integrate in order to simplify the complex processes that are currently in place.

“Effective global execution requires harnessing the power of a workforce, throughout its geographically dispersed footprint, to bring innovation in products and services faster than ever before. Automotive companies that do this will improve both top and bottom lines, while effectively changing the image of the industry.”

NEW TO AUTOMOTIVE DIGITAL SIGNAGE?

Check out the 2009 Dealer's
Guide to Automotive Digital
Signage available at:
www.rc4auto.com

The sheer amount of information being distributed throughout organizations on a daily basis requires attention. As vehicles continue to advance in complexity, so does the amount of information and communication that surrounds the product. Discovering a solution that streamlines processes is key in the competitive world of today and tomorrow.

Automotive digital signage allows the opportunity to streamline communications from manufacturing all the way through sales in an effective way. The system both pushes and pulls information from the dealership that allows for unprecedented business intelligence. Identifying consumer trends prior to purchase means that product developers and marketers can instantly respond to market trends.



THE BENEFITS OF AUTOMOTIVE DIGITAL SIGNAGE

Automotive digital signage has the following benefits:

Quickly build trust with well-informed consumers by:

- Empowering sales staff to answer consumer questions without hesitation.
- Presenting favorable competitive comparisons of your product against the competition.
- Providing real-time instant knowledge that educates on the product's value.
- Transforming the “sales” person into a professional “automotive host” who is viewed as credible and helpful rather than pushy.

Creates a positive impact and transforms the retail experience by:

- Decreasing the length of the overall sales process.
- Allowing new-vehicle shoppers options on how they engage with your dealership.
- Customizing the sales experience with messaging and information that is meaningful to the individual customer.

Simplifies complexity by:

- Providing a leading, one-stop sales support system for all areas of the dealership that displays and captures key information for both customers and sales personnel alike.

- Monitoring the progress and interests of the would-be-buyer allowing both the OEM and dealer the ability to analyze the data and adjust sales processes and activities accordingly.
- Offering a communication management platform that provides dynamically driven content (ex. When raining outside special promotions on windshield wipers are automatically offered) along with control of key messages, including the promotion of upcoming events, specials, and pricing offers.
- Redeploying assets such as high-definition videos and 360 degree feature and benefit modules for both sales and training purposes.
- Allocating the control and distribution through multiple access levels that allow different users the ability to update the system.

AUTOMOTIVE DIGITAL SIGNAGE ROI MYTHS

Myth #1: Automotive digital signage ROI is only focused on marketing and advertising.

Digital signage has received significant attention because of its communication ability to provide “the right message, to the right consumer, at the right time.” Automotive digital signage differs from this model because it allows various types of messages to be communicated through the single software platform; with marketing and advertising representing just one of many possible communication types. Organizations are analyzing not only their customer facing messages but also their internal processes and communication strategies. They are discovering how automotive digital signage can play an integral role in aligning numerous processes. For example, training divisions are leveraging the system in new and innovative ways to bring a sales person up to speed on the extremely complicated features and benefits of a vehicle in record time.

Myth #2: You must be prepared to measure ROI mostly on intangible benefits.

Significant time has been spent on how to align measurable numbers to intangible benefits. This approach reduces the confidence of decision makers who are unable or unwilling to invest significantly in new technologies that promise future potential with no guarantees. A stronger tactic is to focus on two separate return-on-investment calculations. These are:

WHAT IS AUTOMOTIVE DIGITAL SIGNAGE?

A robust system used by both the OEM and the dealer for a variety of purposes including business intelligence, marketing, communications, sales, and training.

1) Guaranteed Savings

These numbers are “guaranteed” and can be realized immediately through the use of the system. An experienced automotive digital signage provider will be able to show the tangible benefits as they relate directly to replacing printed point-of-sale materials and training programs.

2) Potential Opportunity

These numbers include the “potential” of positive impact the system can make in areas such as lifting sales, enhancing the environment, increasing brand impact, and improving customer satisfaction.

Myth #3: Automotive digital signage is just like a kiosk and ROI should be based on that model.

Kiosks of the past were often nothing more than a sophisticated electronic product brochure with limited functionality. Today’s robust system allows OEMs, for the first time, to impact the retail environment of the dealership in a measurable way, while allowing dealers the ability to control the promotions that make sense for them.

This is possible as automotive digital signage allows various business owners to systematically control the purpose of the screens. This multi-dimensional platform allows a heightened level of flexibility and speed through its ability to bring modules and messages to the dealership as quickly as they can be created. For example, during the gas crisis the marketing department could instantly deploy messaging to tackle items such as the product’s gas mileage. However, the local dealer could also provide their own customized offers. It is no longer an either/or scenario but an opportunity to collaborate and strengthen the overall messaging.

For OEMs, this flexibility is extended further with the ability to manipulate the software platform to include important features. This can include tracking consumer behavior and interest, redeploying existing video and advertising assets, along with reconfiguring their training program based on the data captured through the system.

For dealers, the benefits of real-time inventory, dynamically driven content, and the ability to control their own personalized messaging is critical for maintaining their competitive advantage.

Essentially, the platform allows any division a means to both push and pull information from the dealership.

DEVELOPING AUTOMOTIVE DIGITAL SIGNAGE ROI

Step 1: Understand the OEM's Dealer Relationship

Every automotive brand is unique in how it handles the deployment of new systems into their dealer body. An essential part of determining the final return-on-investment depends upon whether the dealer enrollment program will be mandatory, voluntary, or a combination.

Once this is understood, further consideration must be given to the success and failure of programs and systems that have been implemented in the past. Additionally, the general attitudes of the dealer body towards adopting new technologies promoted by the OEM are all critical in creating a successful deployment. A digital signage company that is truly entrenched within automotive fully understands these various sensitivities and will be able to provide numerous ways to address each scenario.

Step 2: Identify All Possible Partnerships

A successful project of this scale typically has a single champion who drives the initiative across the organization. The champion will work alongside the digital signage company to identify all the primary stakeholders. In an automotive digital signage system, the list is extensive and includes agencies of record, data providers, various divisions (service, parts, training, sales), after-market partnerships, and local dealer affiliation programs. Each one of these stakeholders brings to the table a different business objective that will impact the final return-on-investment.

Step 3: Calculate the "Guaranteed" Savings

A company experienced in developing automotive digital signage return-on-investment models will be able to provide direction as to what departments will be positively impacted from the use of the system such as Marketing, Training and IT. It is essential that decision makers from the right areas be involved as it will impact the accuracy of determining the cost savings around hardware, software, and content development. Additionally, the company you are working with should have a high-level calculator to help reveal exactly where, when and how you will see results.

NOTE: Be wary of those companies that try to include a potential sales lift number into this part of the calculator. This portion of the calculator must only focus on guaranteed impact to numbers. Any potential numbers will be calculated in Step 4.

Step 4: Calculate the Potential Opportunity

Developing the ROI surrounding the potential opportunity is extremely important. The potential numbers should include:

Sales Lift (Overall and by Vehicle)

Sales Lift (Service and Parts)

Sales Lift (Maintenance and Repair)

Customer Satisfaction Index Improved Ratings

Increased Loyalty Ratings

Step 5: Measure Then Instantly Transform

The power of automotive digital signage is in its flexibility and ability to be easily transformed to address your business objectives. Gone are the days when a fixed solution is deployed and may only be altered on an annual basis. If the measurement and analysis indicates that one part of the system is extremely popular and another area is being underutilized the system can easily be altered to ensure the success ratio is achieved.

PAYMENT OPTIONS

A critical piece in determining your final return-on-investment is the method of payment. The partner you select to develop and deploy this system must be one that has considered the need for flexibility in payment options and should have several payment scenarios for both the OEM and the dealer. Be sure to ask about these options and inquire how they came up with their various scenarios. It will provide you with deep insight into their level of experience and allow you to select the option that works best for what you wish to accomplish.

RONINCAST® FOR AUTOMOTIVE

Build Trust. Create Impact. Drive Sales.

Today's highly informed automotive shoppers are demanding that dealers transform the sales experience. By the time they enter your dealership they are virtually "product experts." Even the most seasoned sales associate agrees it is difficult to respond to the consumers' detailed questions based on the research they've collected off the web. Failure to respond promptly with an adequate answer could halt the entire sales process.

RoninCast® for Automotive is a comprehensive digital signage solution designed specifically for the automotive industry based on our 20 years of automotive experience. Our full-service system provides you with the following:

- A leading, **one-stop sales support system** on a large multi-media touch screen for displaying and capturing key information for your customers, sales personnel and for you.
- A **tracking tool** that monitors the progress of prospective buyers and allows for the adjustment of sales processes and activities.
- A **training tool** with high-definition videos along with feature and benefit modules that promotes the numerous benefits, features and value of your vehicles.
- A **communication management platform** using the internet that allows you control of key messages including promoting national and local upcoming events, specials, and pricing offers on product and services.
- An **advertising tool** with the ability for cross-promotion in all areas of the dealership including the showroom, services and parts, and customer waiting areas.

WIRELESS RONIN TECHNOLOGIES

You already understand the importance of delivering the right message, to the right audience, at the right time – those are simply marketing fundamentals. When it comes to developing an innovative digital signage solution, you want the confidence of knowing you are working with the experts – not a company that is still talking about marketing basics.

For **over two decades** we have pioneered leading-edge automotive sales support solutions and completed large scale deployments for manufacturers and dealers. Beginning in the early 90s, we rolled out our interactive kiosk programs across North America into thousands of dealers and provided consumers their first look at interactive data driven solutions. Created by automotive experts, our digital signage platform has evolved over the years and has developed into one of the most advanced marketing and information tool used in the industry today.

Wireless Ronin Technologies, Inc. www.wirelessronin.com is the developer of RoninCast® digital signage, a complete software solution designed to address the evolving digital signage marketplace. RoninCast® digital signage provides clients with the ability to manage a digital signage network from one central location. The software suite allows for customized distribution with network management, playlist creation and scheduling, and database integration. An array of award-winning services are offered by Wireless Ronin to support the RoninCast® software including consulting, creative development, project management, installation, hosting and training. The Company's common stock is traded on the NASDAQ Global Market under the symbol "RNIN".

NEXT STEPS

This guide is only a start to developing your automotive digital signage return-on-investment. To find out how RoninCast® for Automotive can meet your automotive digital signage needs please contact:



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