The 2010 Digital Signage Pricing Report

Research Findings from WireSpring's Digital Signage Insider Blog



Introduction

While digital signage systems have been broadly adopted across a wide array of vertical markets, many companies still have difficulty budgeting for the upfront and ongoing expenses that these systems require.

Additionally, though many companies cite "cost" as a major factor in determining whether to implement a digital signage network, there has been very little research into how much digital signage actually costs, not to mention how much companies feel it *should* cost.

This report aims to address the pricing confusion in the market by providing a comprehensive estimate of the costs of implementing and managing a digital signage network. The estimates have been assembled using data collected from network owners and operators, service providers, and component vendors. They are further broken down based on network size (small, medium and large).

The cost of a 100-node network

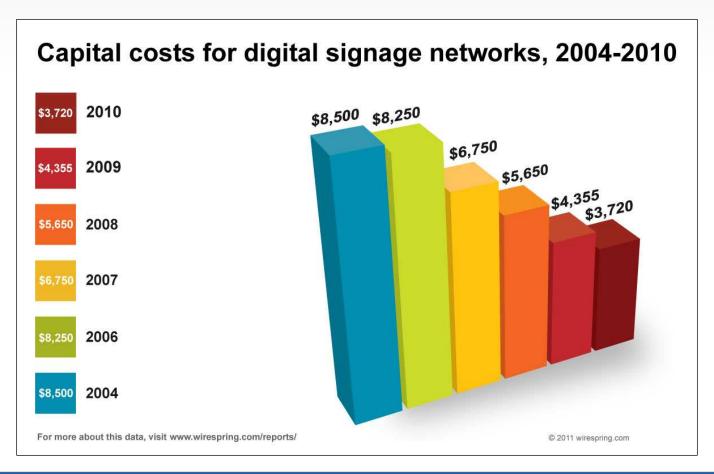
Our study indicates that the cost of installing a 100-node digital signage network and operating it for three years (excluding content and personnel costs) is approximately \$372,000, or \$3,720 per node (\$103/node/month). In this case, a node is a single screen powered by a single digital signage media player.

Table 1 shows the breakdown of costs by component.

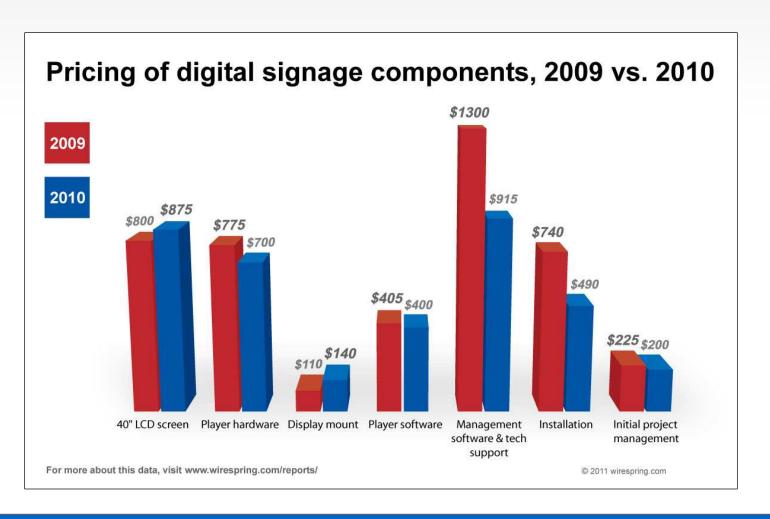
Table 1: Cost of a digital sign for 3 years	
40" LCD screen	\$875
Player hardware	\$700
Display mount	\$140
Player software	\$400
Management software & tech support	\$915
Installation	\$490
Initial project management	\$200
Total	\$3,720

Has the cost changed much over time?

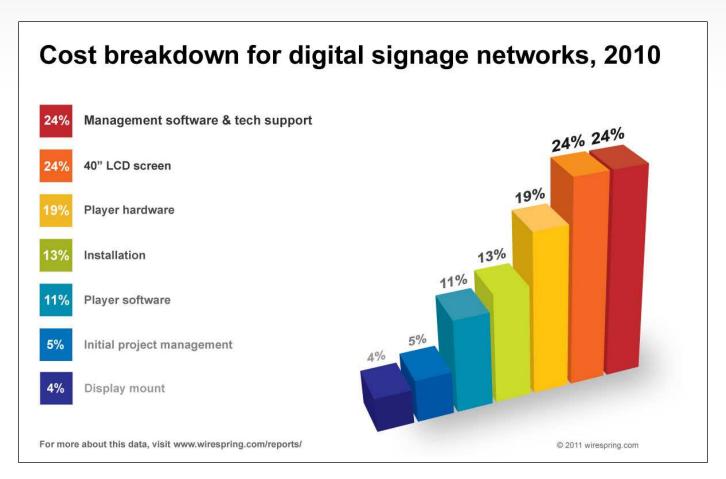
Yes, considerably. When WireSpring first began tracking the market in 2004, the cost of installing a 100-node network was more than twice as costly, at \$8,500 per node. Costs have fallen steadily since then.



Between 2009 and 2010, the cost of implementing a 100-node network decreased 14%, mostly due to falling software and service prices. Hardware actually rebounded slightly from 2009 levels, reflecting improved world economic health in 2010.



While digital signage networks continue to require significant upfront capital investments, commoditization of commercial monitor and player hardware and increased competition in the digital signage software market since 2004 have shifted the cost equation. Today, about half of the cost of a network goes towards software and services.



Pricing differences based on experience

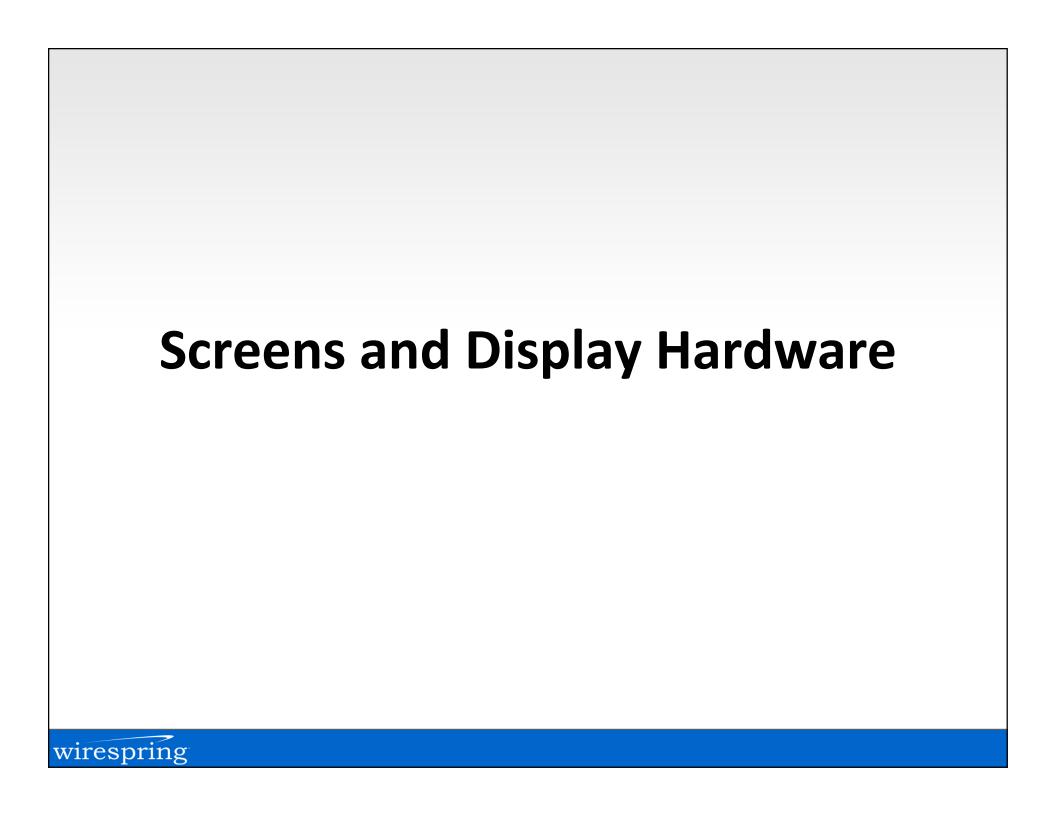
Not surprisingly, individuals who have different amounts of experience with digital signage tended to answer pricing-related questions differently. Thus, in order to accurately assess pricing expectations for the components featured in our analysis, it was necessary to sort the responses we received based on the experience level. Respondents were placed into one of four categories:

- No experience (has not yet completed a digital signage project)
- Small network experience only (has only worked on digital signage projects with fewer than 100 screens/nodes)
- Large network experience only (has only worked on digital signage projects with 100 screens/nodes or more)
- Mixed experience (has worked on both large and small network projects, as defined above)

Experience levels and average prices

The average prices presented earlier in this report are based on the responses from the "Large network experience only" and "Mixed experience" categories, since those are the people who have actually worked on projects involving 100 nodes or more.

However, the averages that appear in the rest of this report take all four of the experience levels into account. As a result, these prices may be different than the average prices shown earlier.



What should a 40" commercial LCD cost?

Highlights:

- Prices of commercial screens bottomed out in 2009, due to the poor state of the global economy and significant pressure from consumer-grade models.
- Regardless of experience, all respondents indicated the "sweet spot" for a 40 inch commercial display to be between \$750 and \$1,000.

(Among those with no project experience)



\$750 - \$1,000

20%

Less than \$750



\$1,000 - \$1,200

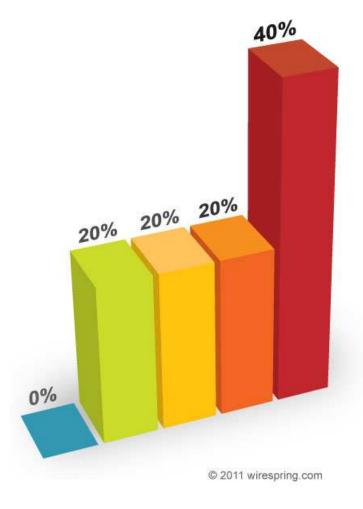


\$1,200 - \$1,500



\$1,500 or more





(Among those with small project experience only)

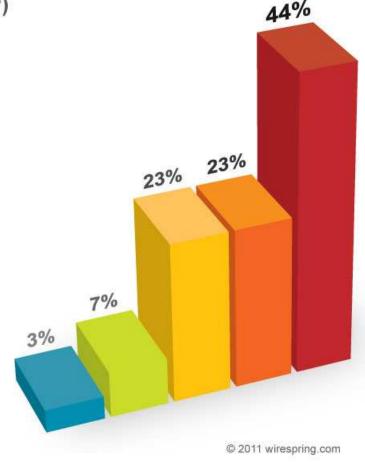














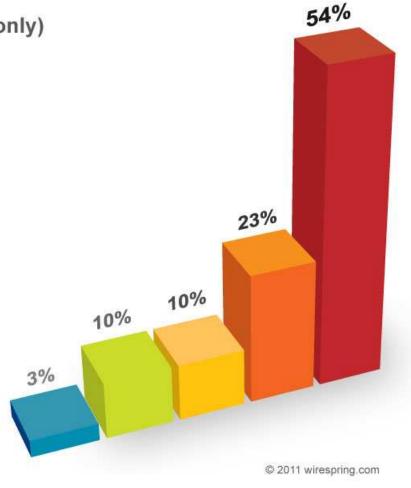












(Among those with mixed project experience)

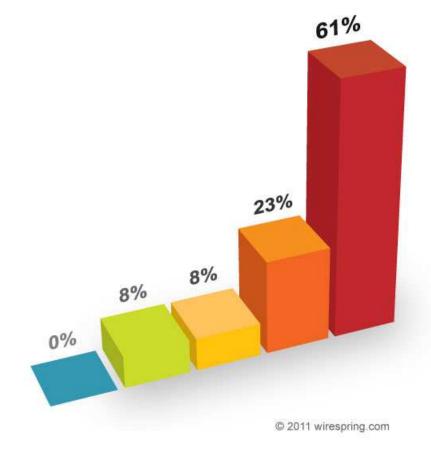










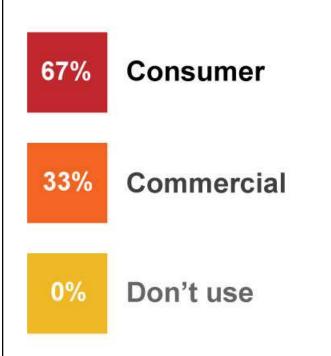


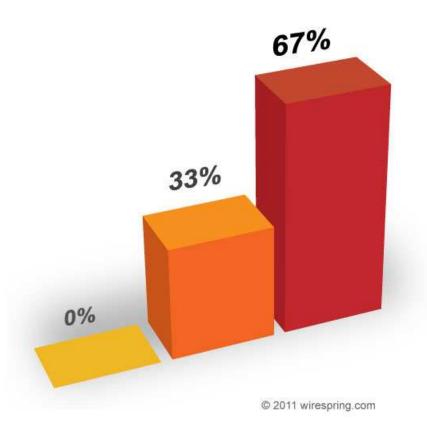
LCD Screens: Commercial or Consumer?

Highlights:

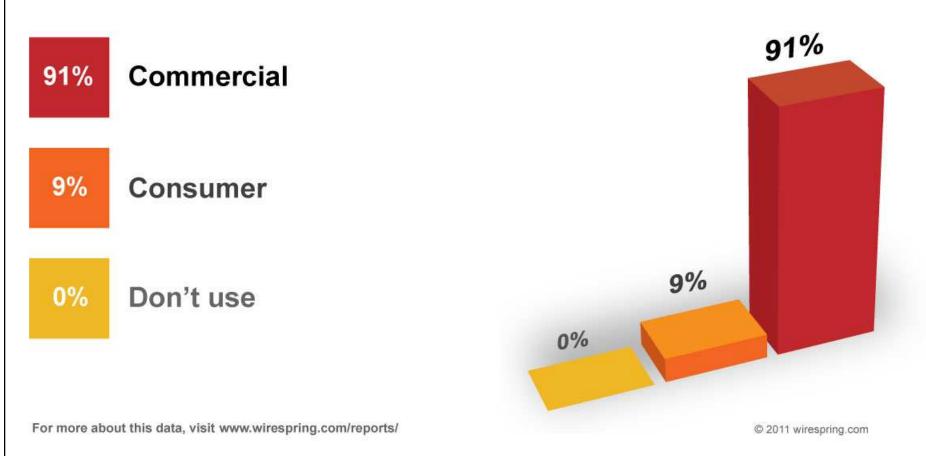
- Commercial displays are still overwhelmingly selected over their consumer-grade counterparts.
- Virtually all large networks rely exclusively on commercial-grade screens.

(Among those with no project experience)

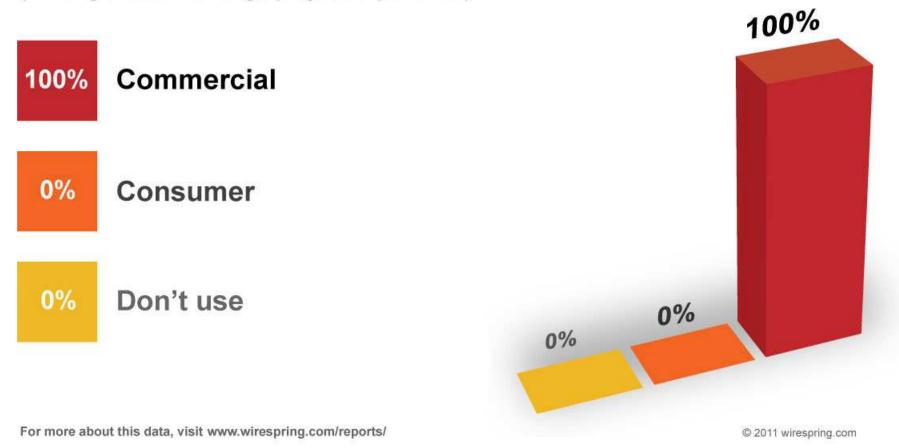




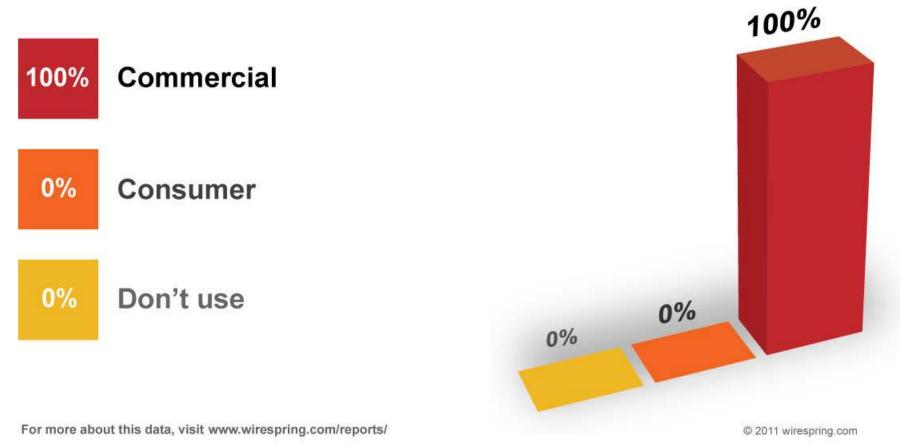
(Among those with small project experience)



(Among those with large project experience)



(Among those with mixed project experience)

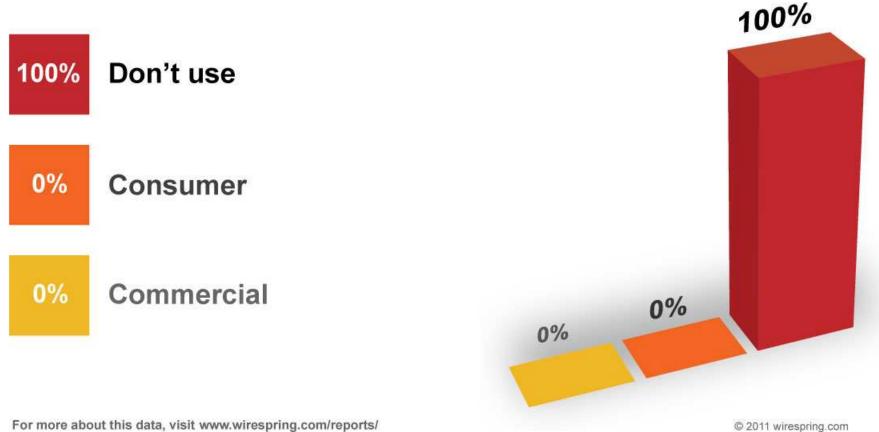


Projectors: Commercial or Consumer?

Highlights:

- Projectors are the second most commonly-used display device in digital signage deployments.
- Despite the often large differences between consumer/prosumer projectors and commercial units, the latter group is heavily favored by those using them in digital signage deployments.

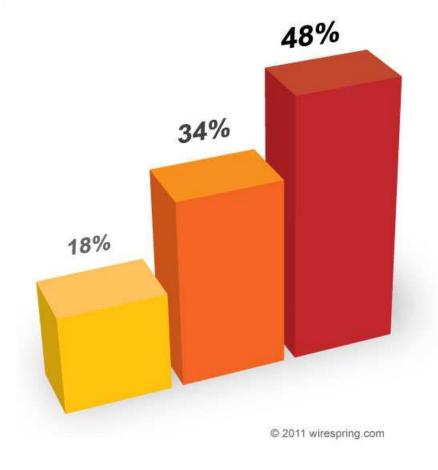
(Among those with no project experience)



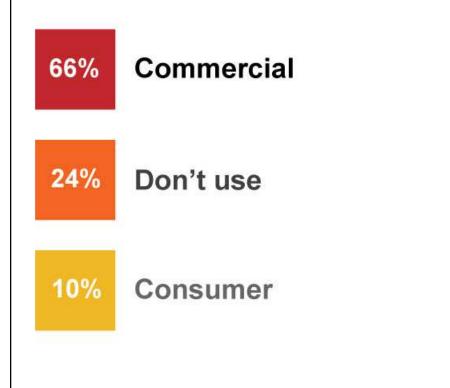
(Among those with small project experience)



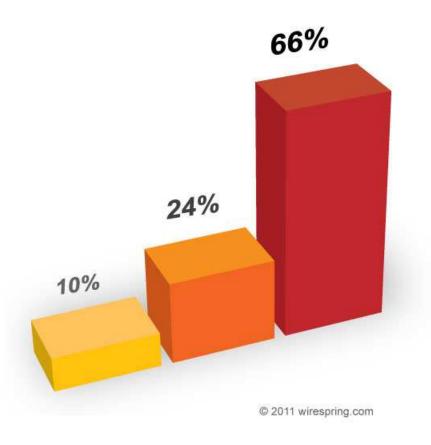




(Among those with large project experience)



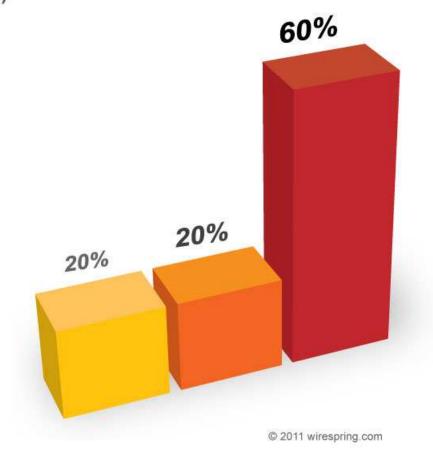




(Among those with mixed project experience)







Which screen sizes are most common?

Highlights:

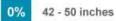
- Screens in the traditional 30-50 inch range still drive the majority of networks.
- Many large projects are using smaller screens in addition to (or instead of) large screens, with the current sweet spot being in the 7-12 inch range.

What size screens are most commonly used in digital signage projects?

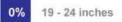
(Among those with no project experience)

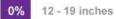


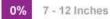




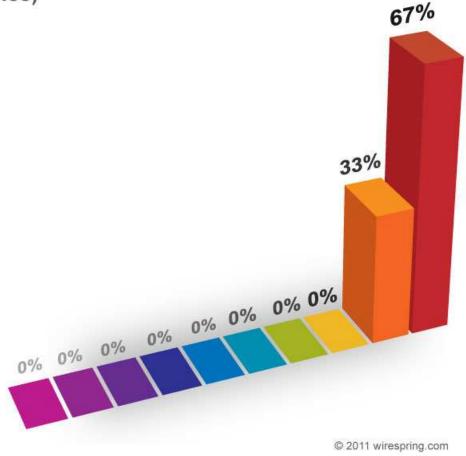






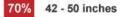




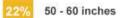


What size screens are most commonly used in digital signage projects?

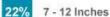
(Among those with small project experience)

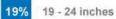




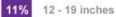






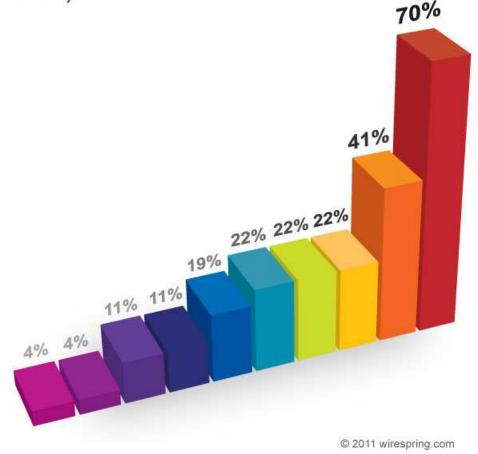






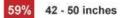


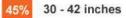




What size screens are most commonly used in digital signage projects?

(Among those with large project experience)





7 - 12 Inches

Larger than 60 inches

50 - 60 inches

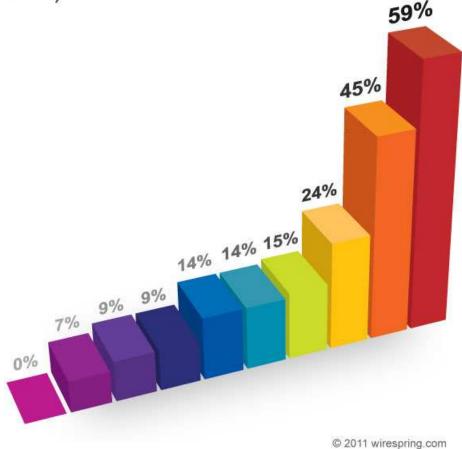
19 - 24 inches

Projector

12 - 19 inches

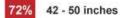
24 - 30 inches

Less than 7 inches

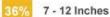


What size screens are most commonly used in digital signage projects?

(Among those with mixed project experience)



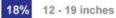








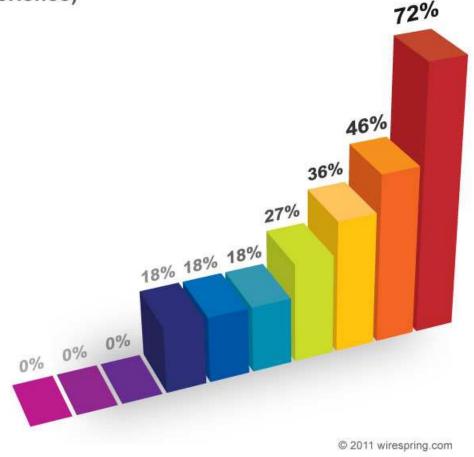














What should a digital signage media player cost?

Highlights:

 The average price for a media player was \$760, which is a decrease of 14.6% from the 2009 average of \$890.

 While there is still strong niche market demand for high-end players costing more than \$1,500, the bulk of sales are being driven by lower cost devices.

What do people expect to pay for a digital signage media player (just the hardware)?

(Among those with no project experience)

40% Less than \$500

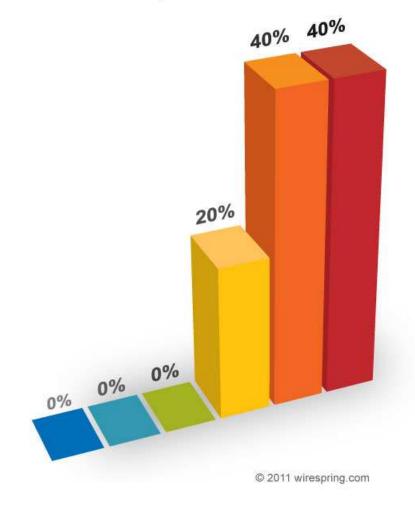
40% \$750 - \$1,000

20% \$1,500 or more

0% \$500 - \$750

0% \$1,000 - \$1,200

0% \$1,200 - \$1,500



What do people expect to pay for a digital signage media player (just the hardware)?

(Among those with small project experience only)



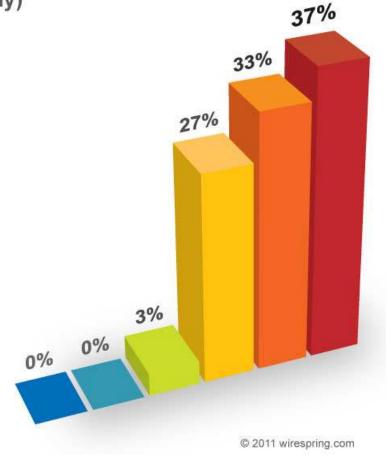








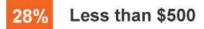




What do people expect to pay for a digital signage media player (just the hardware)?

(Among those with large project experience only)



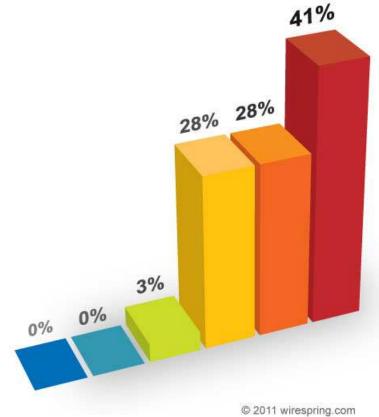












What do people expect to pay for a digital signage media player (just the hardware)?

(Among those with mixed project experience)



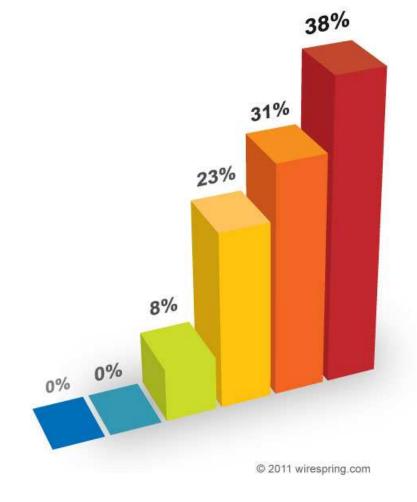












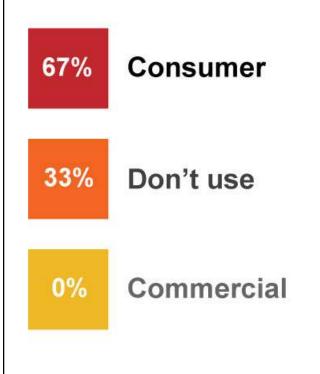
Media Players: Commercial or Consumer?

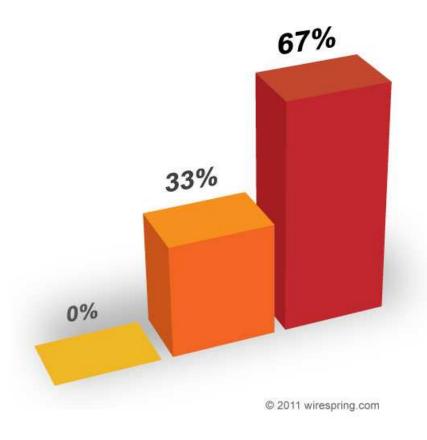
Highlights:

 Somewhat surprisingly, commercial media players dominate the digital signage landscape in both small and large deployments.

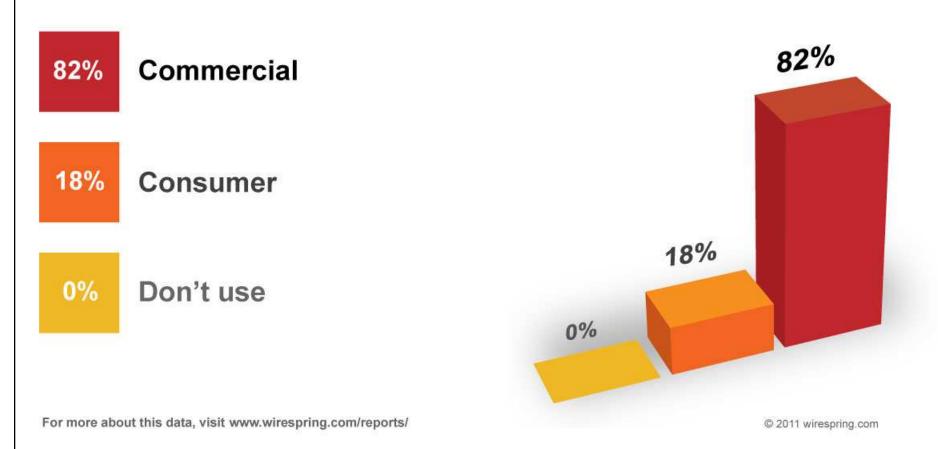
 Only those with no project experience were more likely to choose a consumer-grade player.

(Among those with no project experience)

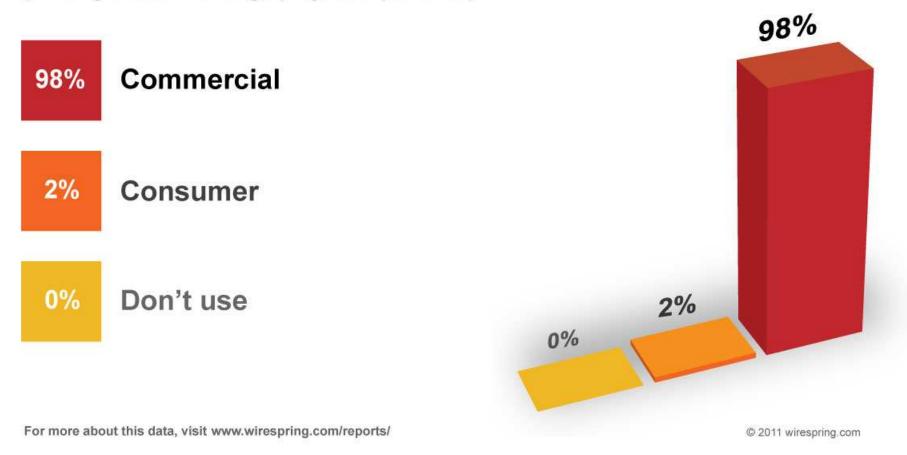




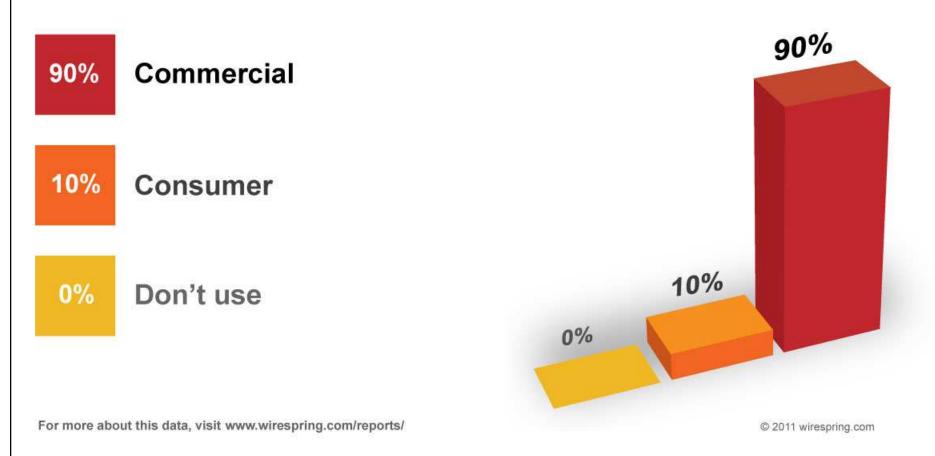
(Among those with small project experience)

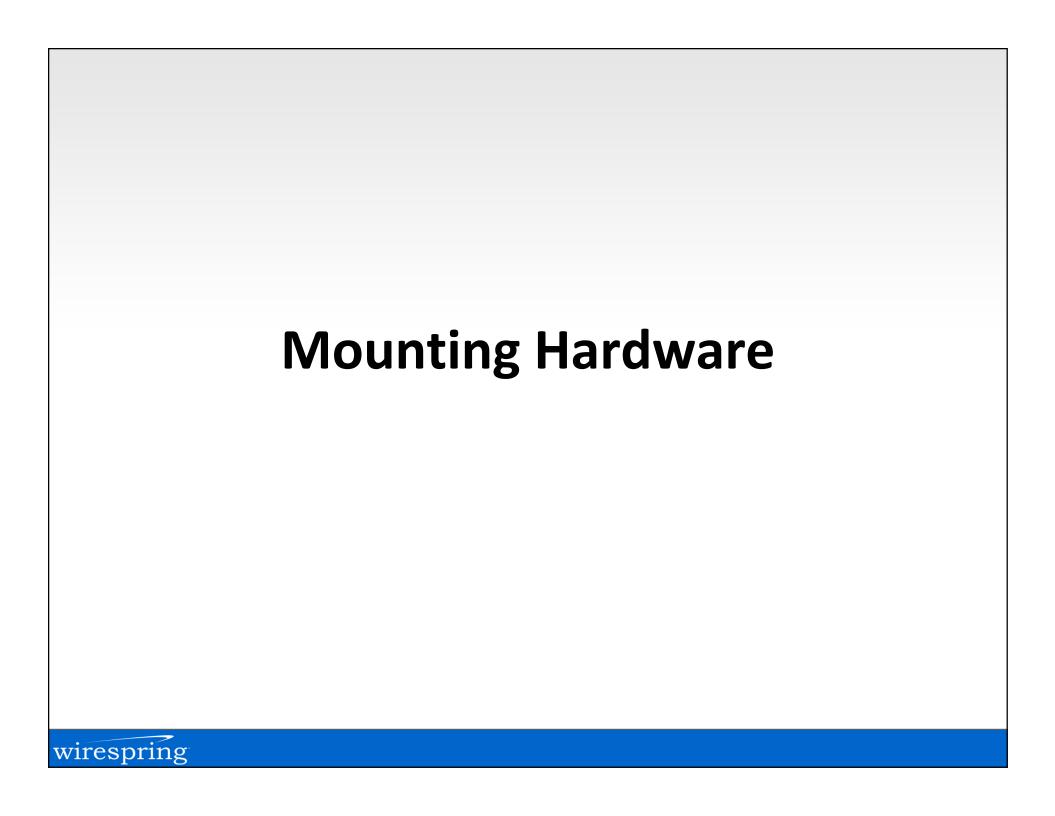


(Among those with large project experience)



(Among those with mixed project experience)





What should a tilting wall mount cost?

Highlights:

- Wall mounts continued to feel the effects of commoditization, with the average price falling over 20% from last year.
- Unsurprisingly, those with large project experience expect to pay less (no doubt due to volume discount expectations), but the overall size of discounts may be shrinking.

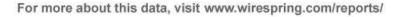
(Among those with no project experience)

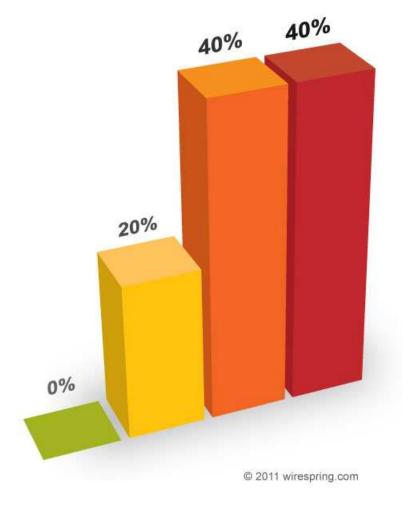












(Among those with small project experience only)



\$100 - \$200



Less than \$100



\$200 - \$300



\$300 or more





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10%

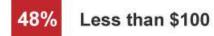
0%

40%

50%



(Among those with large project experience only)

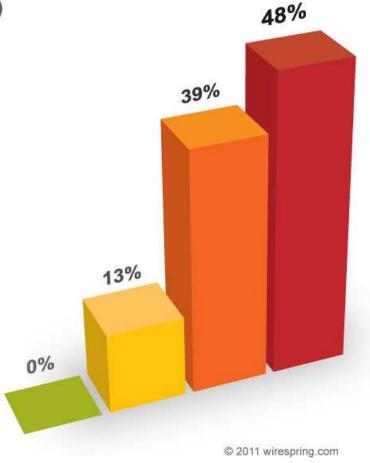












(Among those with mixed project experience)



\$100 - \$200



Less than \$100

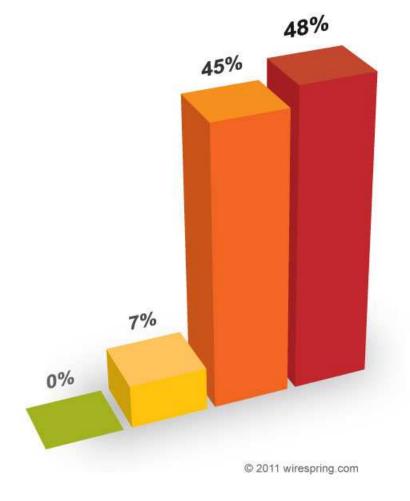


\$200 - \$300



\$300 or more



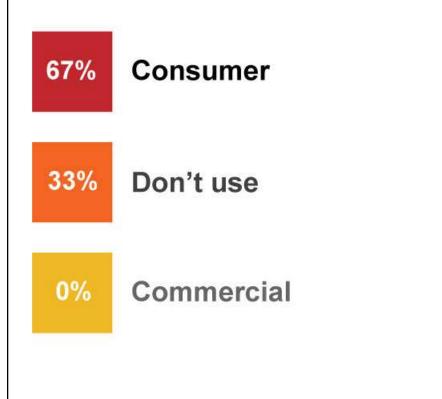


Wall Mounts: Commercial or Consumer?

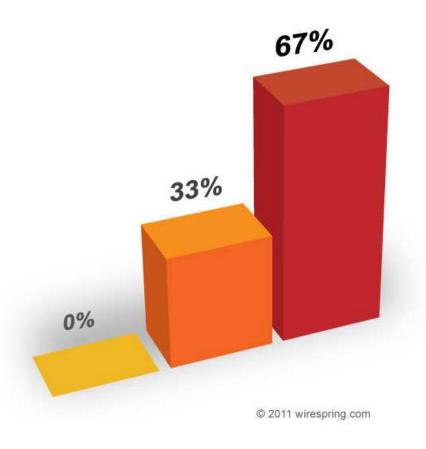
Highlights:

- Despite the widespread availability of low-cost consumer wall mounts, respondents experienced with digital signage projects overwhelmingly indicated a preference for commercial offerings.
- Those without experience indicated a strong preference toward consumer mounts, likely due to lack of understanding of the benefits offered by many professional units.

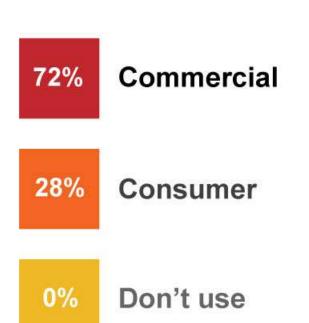
(Among those with no project experience)

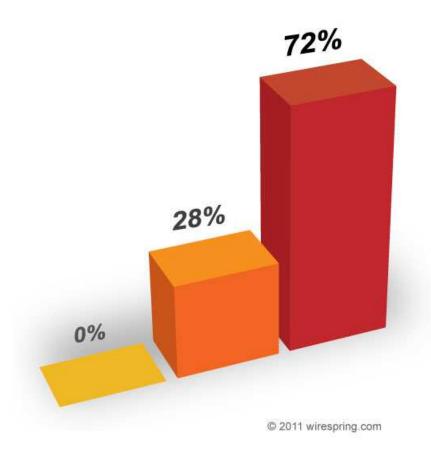




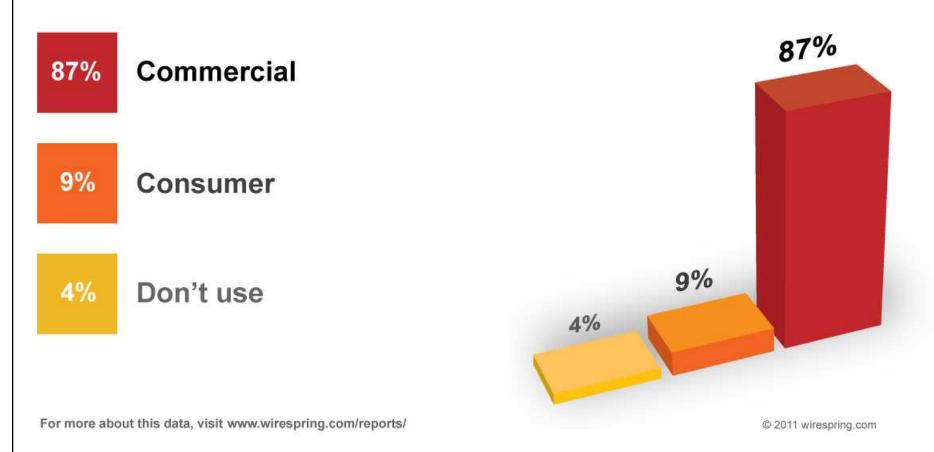


(Among those with small project experience)

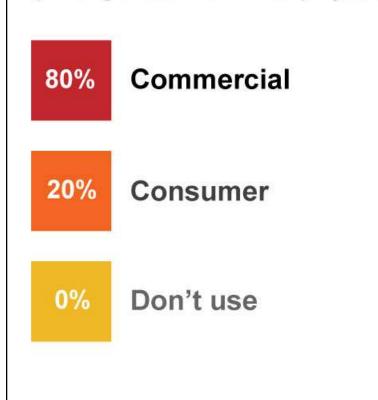


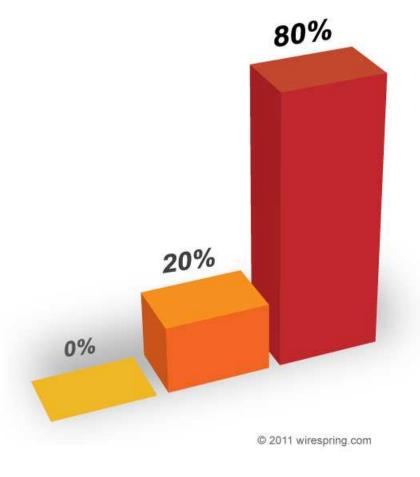


(Among those with large project experience)



(Among those with mixed project experience)





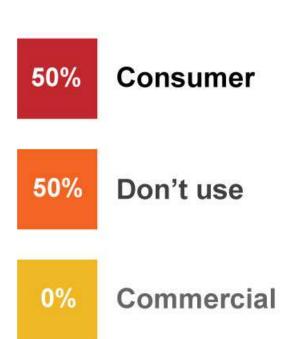
Ceiling Mounts: Commercial or Consumer?

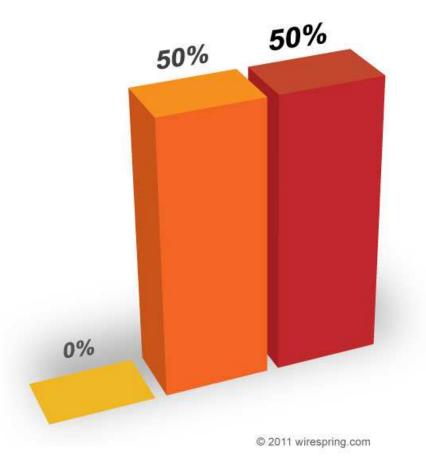
Highlights:

 Again, respondents with digital signage project experience expressed a strong preference toward commercial mounts.

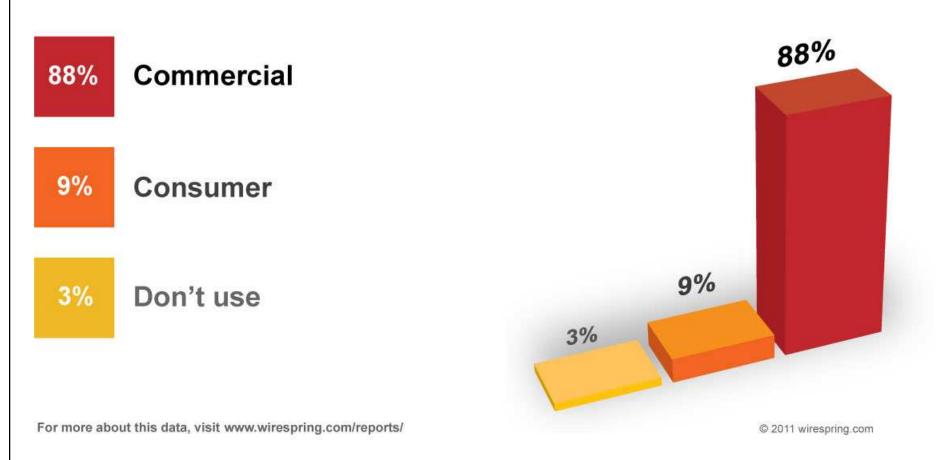
 A lack of consumer-grade ceiling mounts may also account for part of this trend.

(Among those with no project experience)

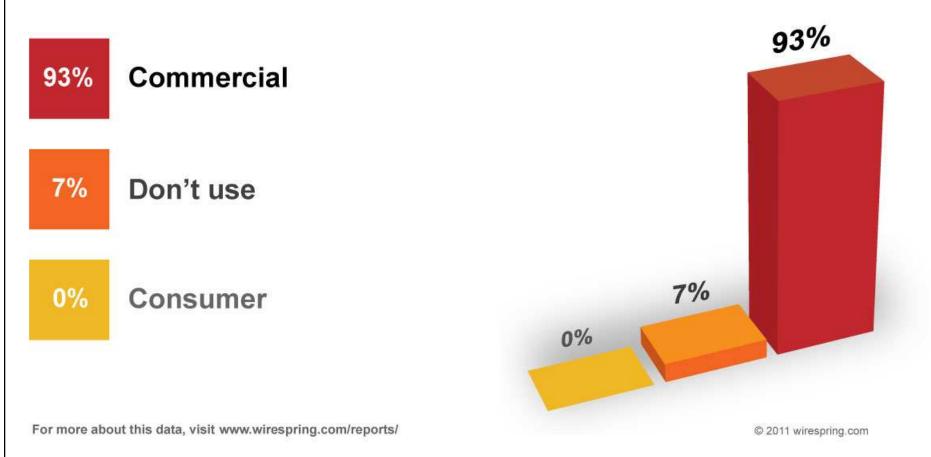




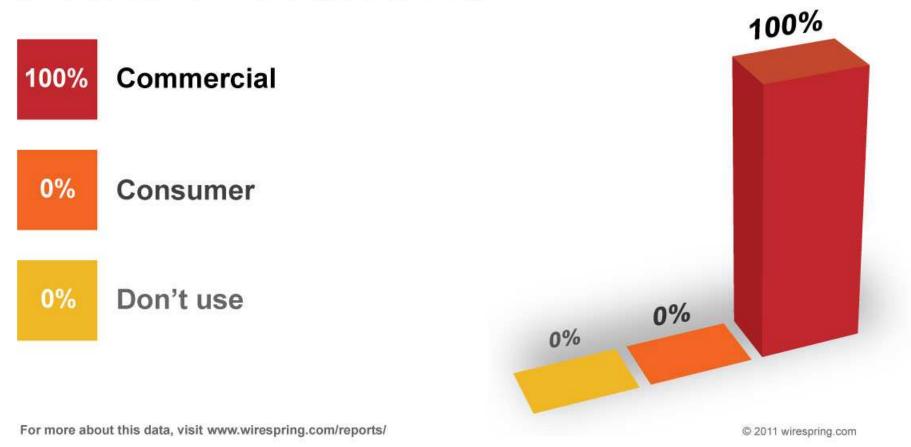
(Among those with small project experience)



(Among those with large project experience)



(Among those with mixed project experience)

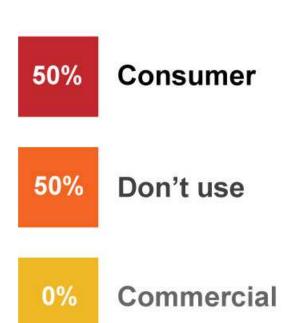


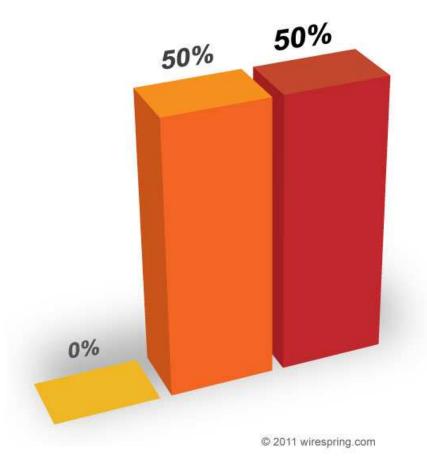
Shelf Mounts: Commercial or Consumer?

Highlights:

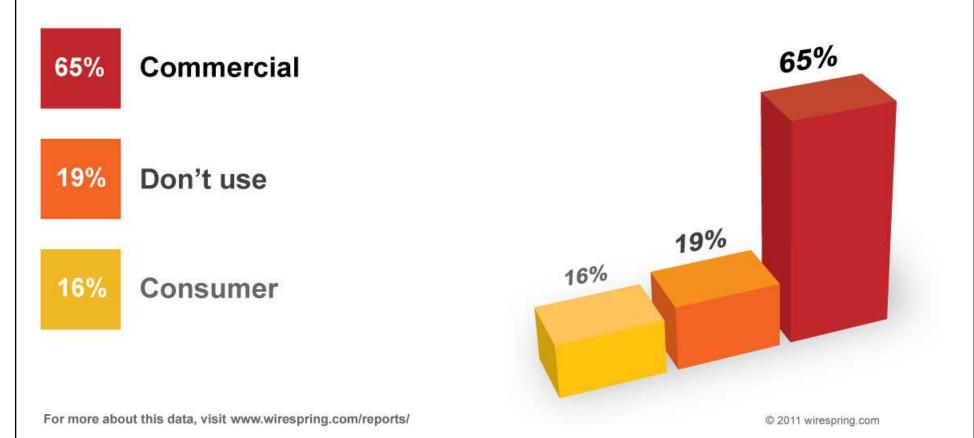
 The preference for commercial-grade shelf mounts, while still strong, was less pronounced than for wall or ceiling mounts, even among those with project experience.

(Among those with no project experience)

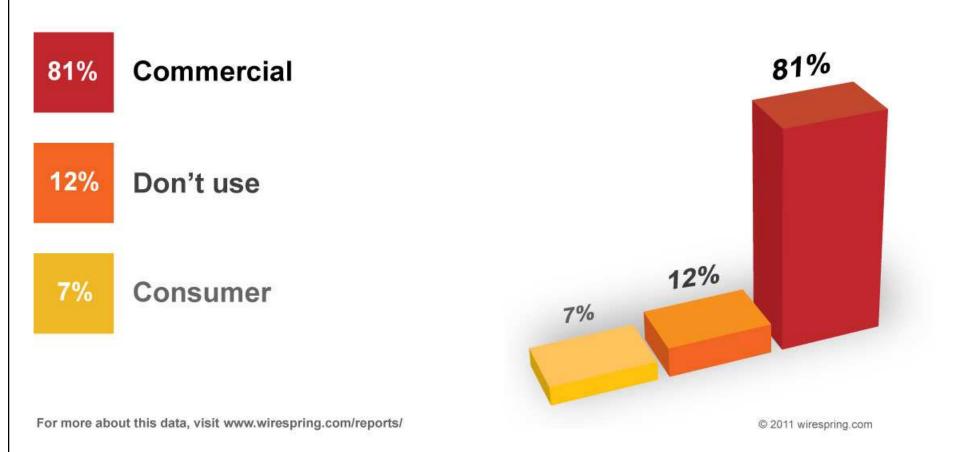




(Among those with small project experience)

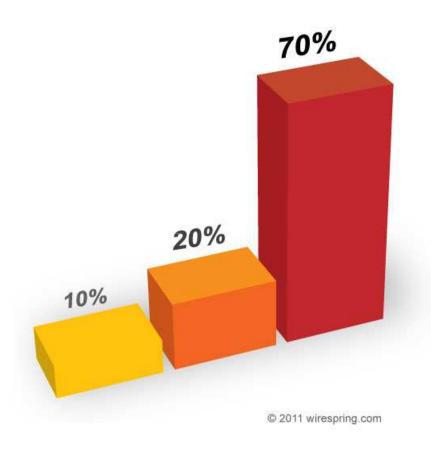


(Among those with large project experience)



(Among those with mixed project experience)



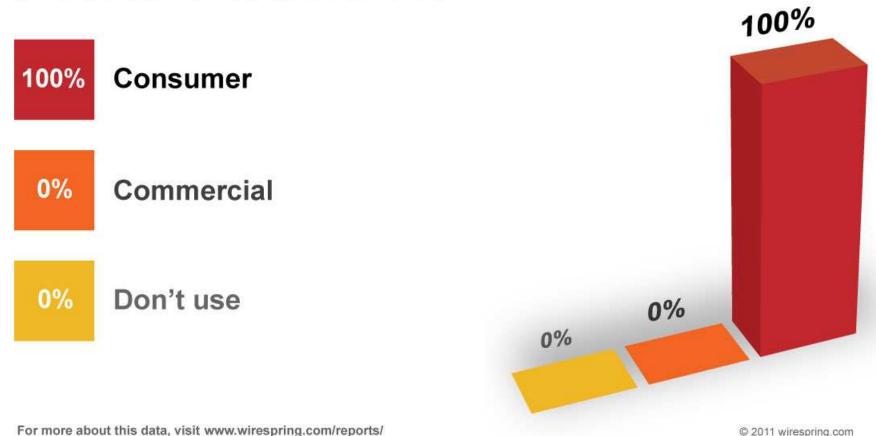


Cables: Commercial or Consumer?

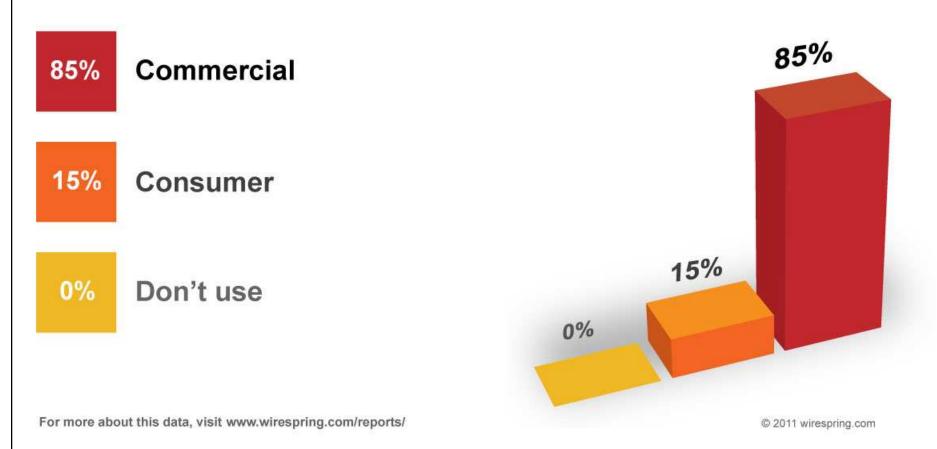
Highlights:

 Though we did not attempt to quantify the prices of commercial or consumer grade cables and extenders, respondents continued to indicate a strong preference toward professional kit.

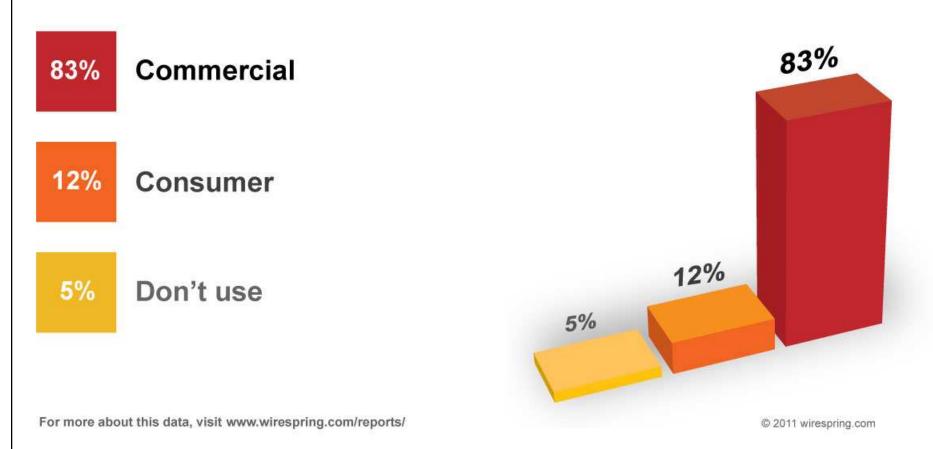
(Among those with no project experience)



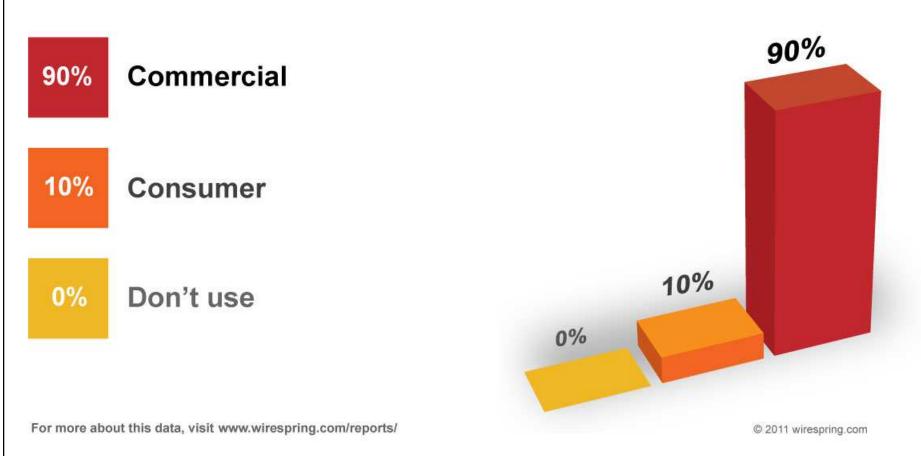
(Among those with small project experience)

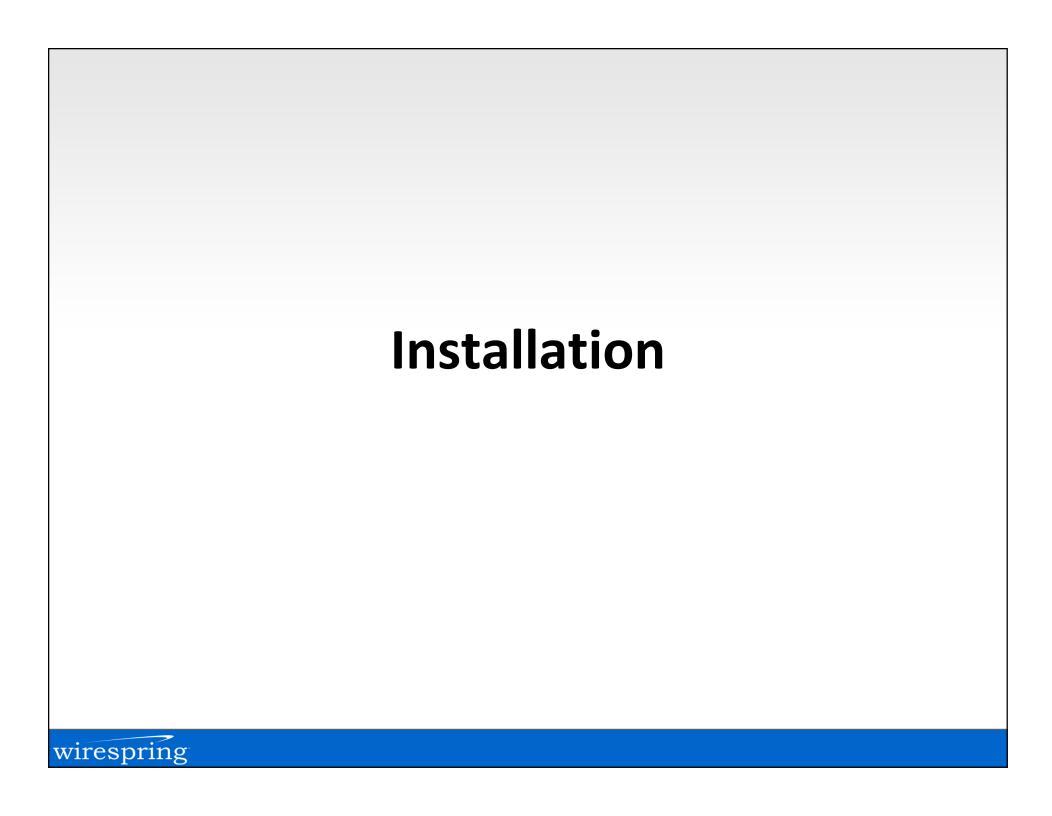


(Among those with large project experience)



(Among those with mixed project experience)





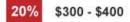
How much should installation cost?

Highlights:

- The average price for digital signage installation indicated by respondents was approximately \$530, representing a 15% decline from 2009.
- "Installation" was taken to mean a two-man installation of a single 40" LCD screen and media player with cabling at ordinary height. Differences in union/non-union labor were not taken into account.

What do people expect to pay for screen and media player installation?

(Among those with no project experience)







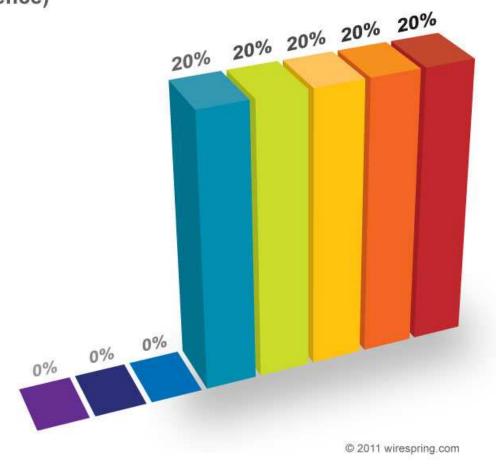










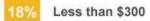


What do people expect to pay for screen and media player installation?

(Among those with small project experience only)







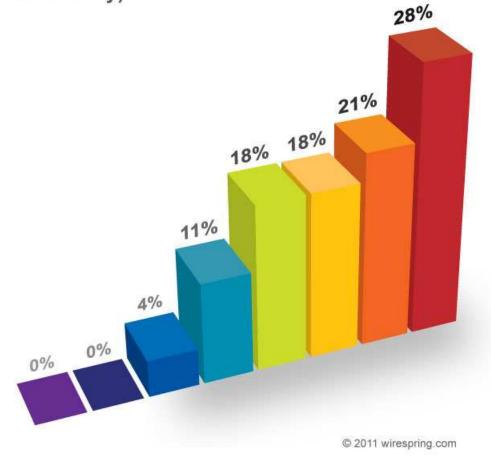




4% Other

0% \$600 - \$750

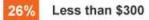
0% \$750 - \$1,000



What do people expect to pay for screen and media player installation?

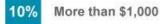
(Among those with large project experience only)







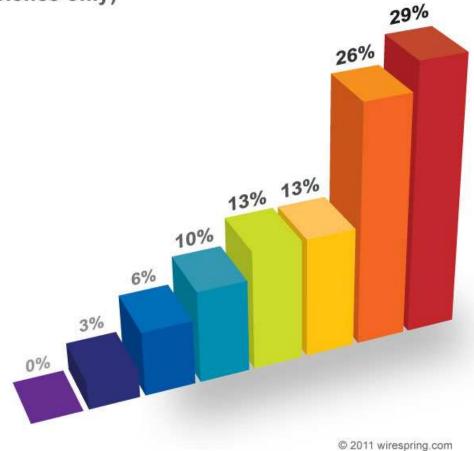








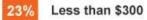




What do people expect to pay for screen and media player installation?

(Among those with mixed project experience)

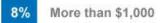






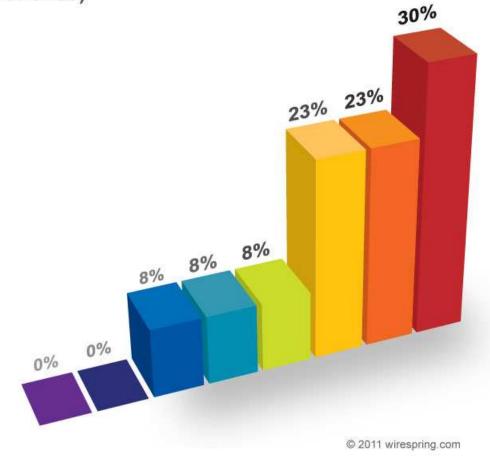


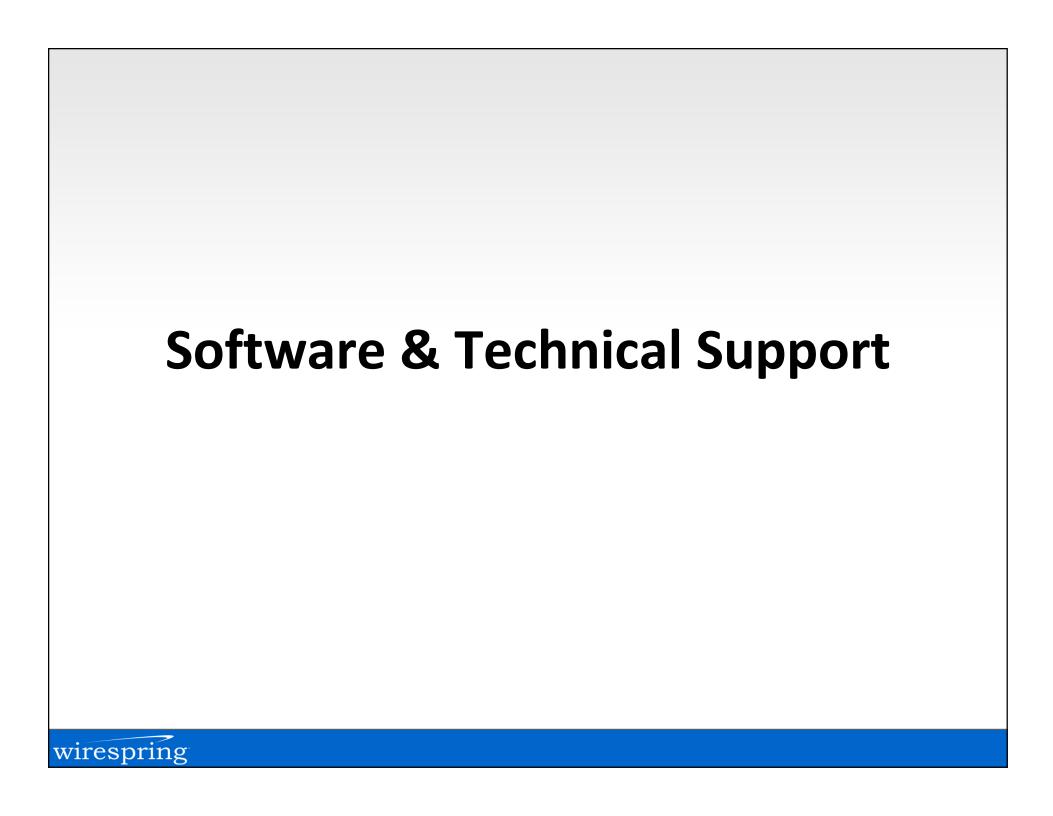












How much should digital signage player software cost?

Highlights:

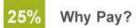
- The use of free and/or open source software packages rose 1% for small projects, but declined 3% for large projects since 2009.
- The average price cited across all experience levels was \$496,
 representing a 31% decline from last year's average of \$725.
- Last year's average for all experience levels was nearly 60% above the composite price listed for our 100-node network, likely because respondents entered what they have paid for software in the past, versus what they would pay for it today. This year's average price was only 24% above the composite price, offering a better fit to typical volume discount curves.

(Among those with no project experience)





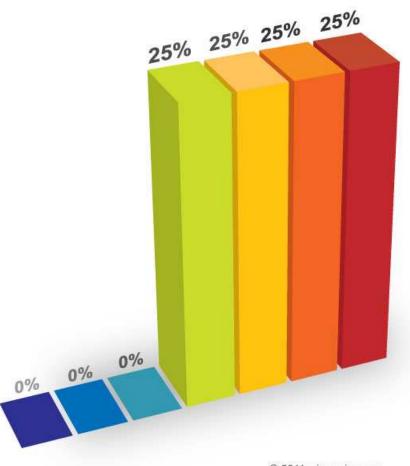










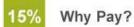


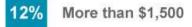
(Among those with small project experience)





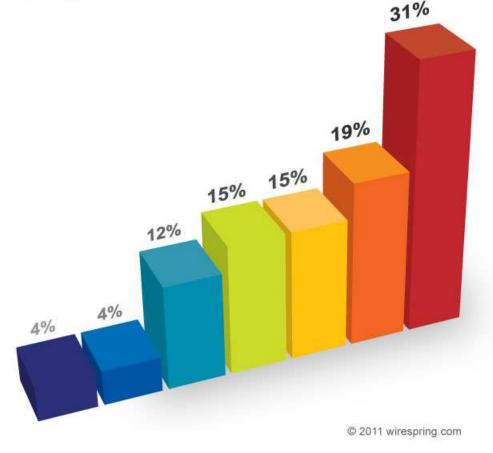












(Among those with large project experience)





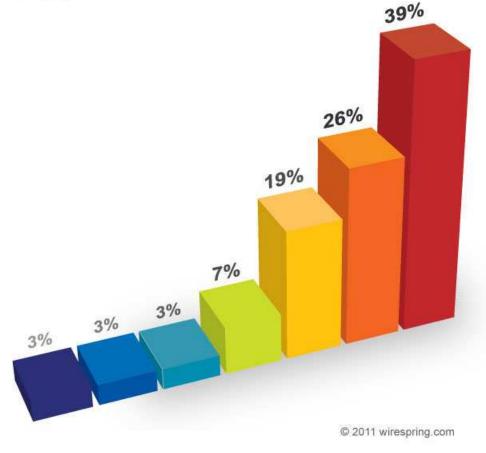








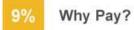




(Among those with mixed project experience)





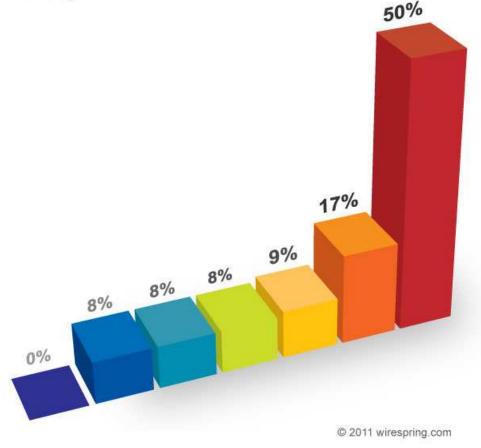








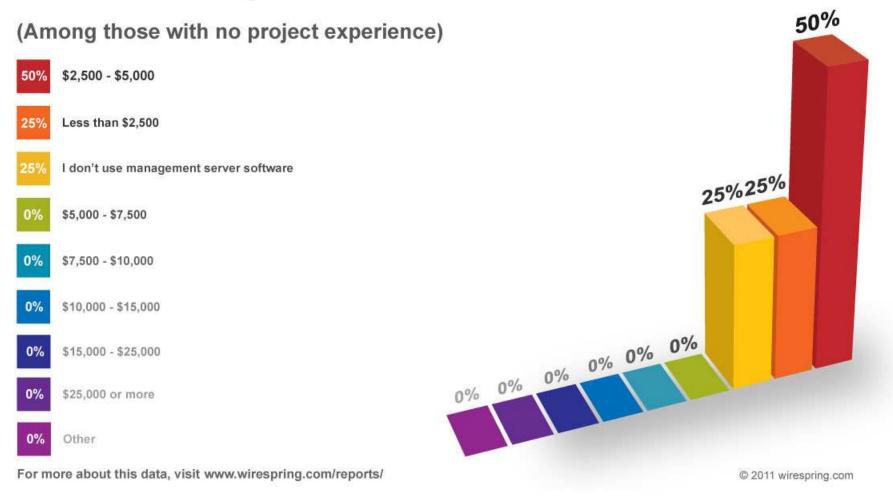


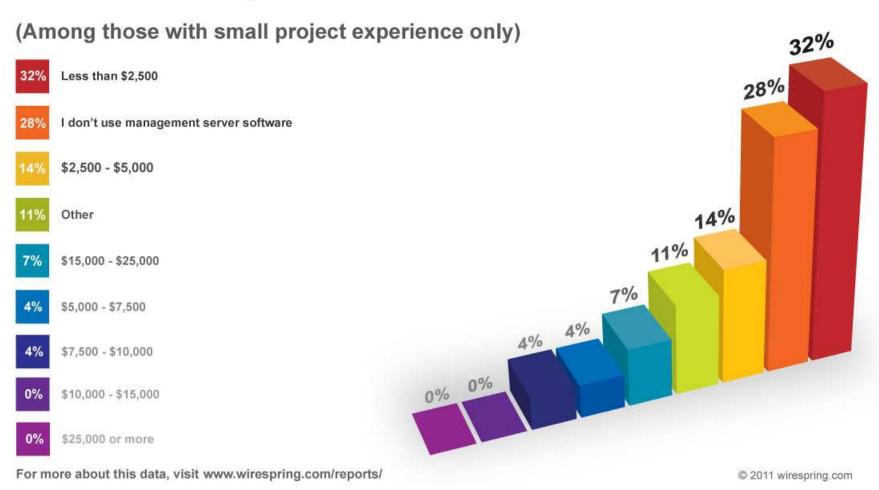


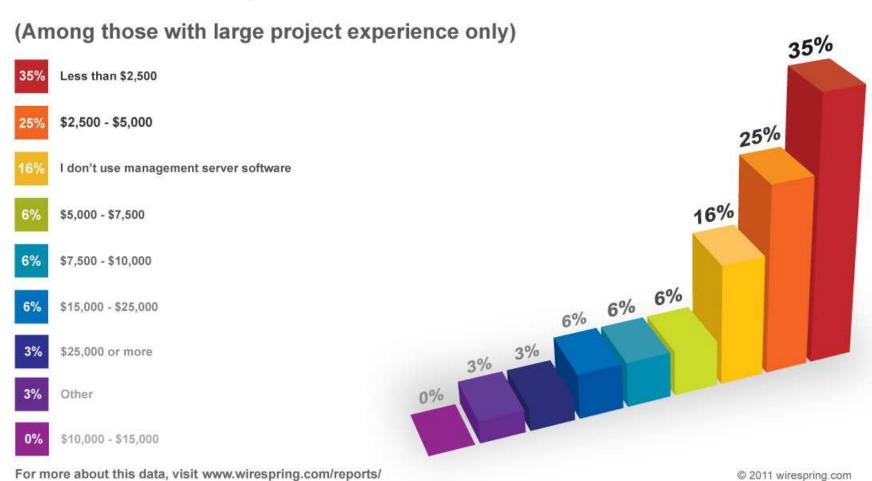
What should self-hosted remote management software cost?

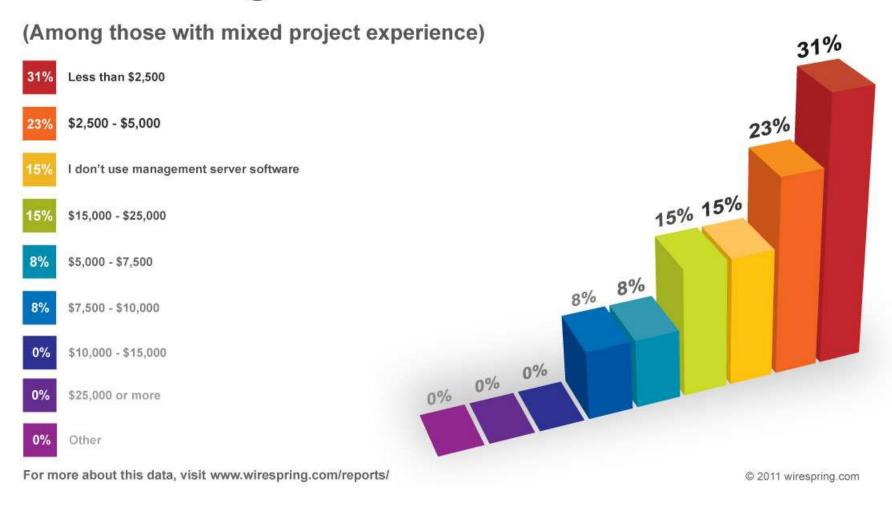
Highlights:

- A majority of respondents, regardless of experience level, now feel that management software should cost \$5,000 or less.
- The percentage of those focused on small digital signage projects who don't use self-hosted management software stayed approximately the same (28% versus 2009's 32%).





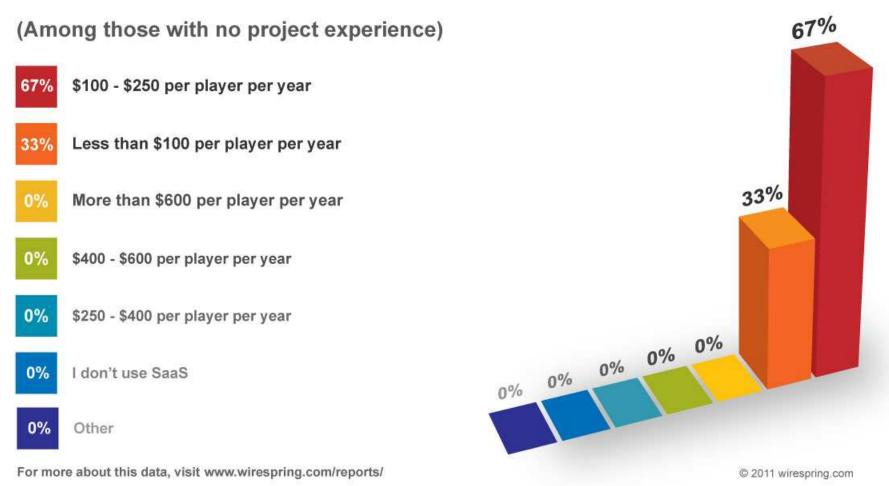




What should remote management software-asa-service (SaaS) cost?

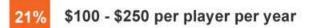
Highlights:

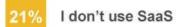
- While 21% of those who focus on small projects have never used SaaS-based management, only about 3% of those with large project experience have not used it.
- Price expectations for small and large networks are much closer this year than in years past, likely indicating the effect that free or very low-cost offerings (which traditionally attract small, low-end projects) have had.
- Given the very wide range of prices, it is likely that some of these SaaS plans include products and services that are not included with others.



(Among those with small project experience only)





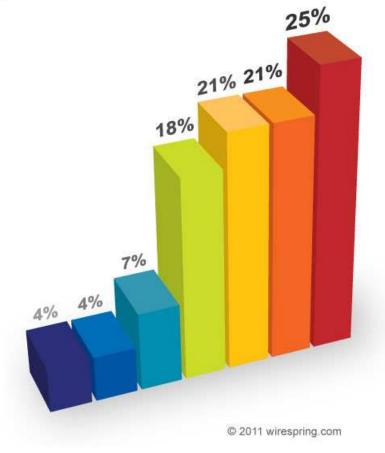












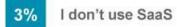
(Among those with large project experience only)





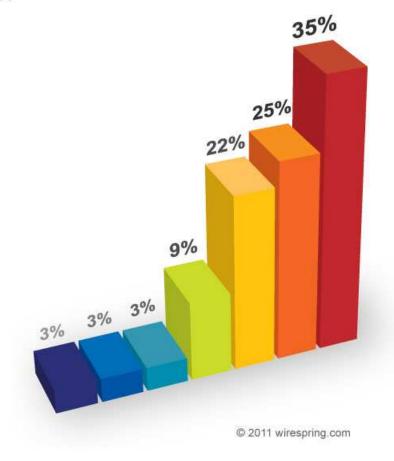












(Among those with mixed project experience)

39% \$250 - \$400 per player per year

31% \$100 - \$250 per player per year

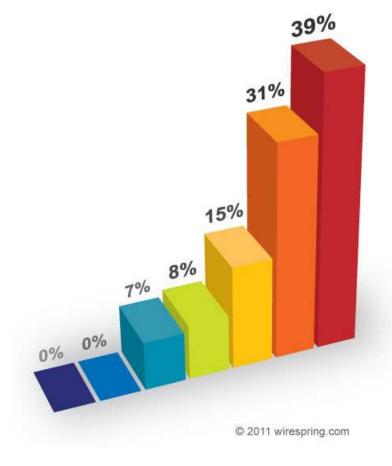
15% \$400 - \$600 per player per year

8% I don't use SaaS

7% Less than \$100 per player per year

0% More than \$600 per player per year

0% Other

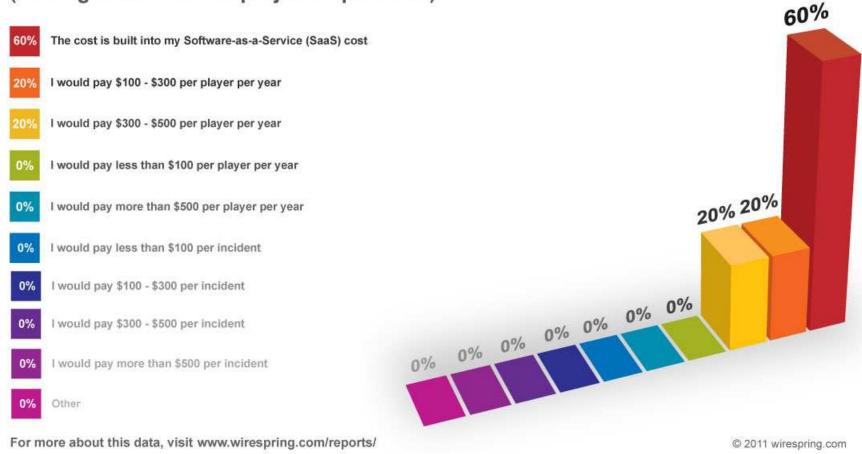


What should technical support cost?

Highlights:

 Excluding those people who get support as part of their SaaS purchase, project managers are more likely to prepay for support annually on a pernode basis than pay per-incident, regardless of network size – a marked change from last year's results.

(Among those with no project experience)



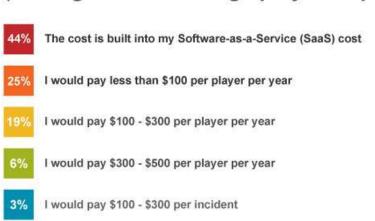
(Among those with small project experience only)

For more about this data, visit www.wirespring.com/reports/

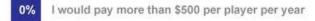


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(Among those with large project experience only)



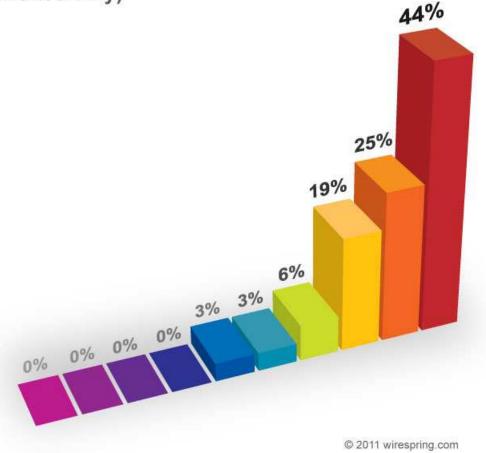




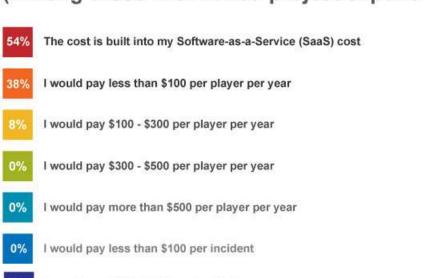








(Among those with mixed project experience)

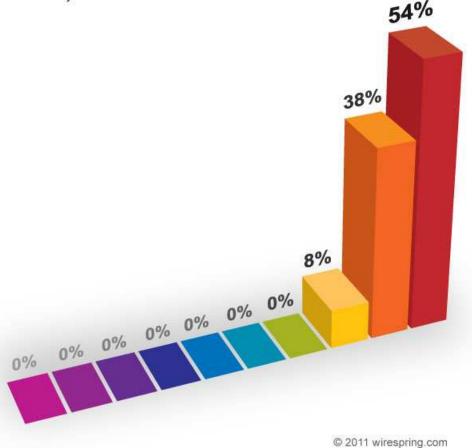




I would pay \$100 - \$300 per incident







Other Services & Cost Components

In addition to the hardware, software and support components, digital signage networks require a wide array of additional services, from content creation to project management. These include:

- Logistics Management: Hardware and software inventory control (possibly but not necessarily including purchasing), shipping and receiving management and RMA/warranty management.
- **Strategy Consulting:** Figuring out what the network is responsible for, setting goals and objectives, establishing measurement criteria for determining whether said goals and objectives have been reached, and possibly translating valid business lingo into management gobblygook to get the project approved.
- **Project Planning:** Developing an itemized to-do list of things that must be done before, during and after each screen is installed, parceling these tasks out to the relevant teams/groups, and making sure each team achieves their goals (and dealing with the fallout when they don't).

- **Content Strategy Consulting:** Upon figuring out the strategic purpose of the network, figuring out how to make content that will work towards those ultimate goals. May include aspects of content creation, but is often confined to a strategic and then editorial capacity.
- **Content Production:** Making all the pretty content that fills up the screens, and (frequently) cleaning up the not-so-pretty content that other people give you to put on your screens.
- **Content Management:** Assigning the content to the different screens on the network (and different areas on the screen) as appropriate, and then making sure that the content played correctly, at the right dates and times, and in the proper order and proportion.

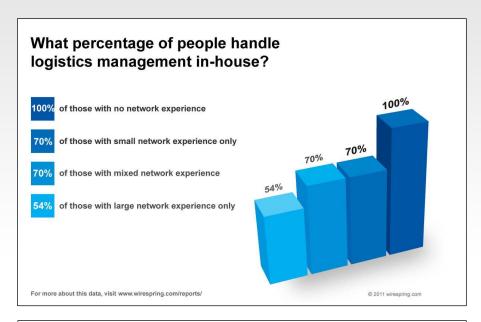
- Network/Operations Management: Once the network is up and running, making sure that the screens continue to function properly, watching for systemic errors, and dealing with the random errors and issues that crop up over time.
- Initial Project Management: Some people choose to break out their project management into phases, and have a team dedicated only to the deployment phase. These people are responsible for coordinating site surveys, on-site construction (if needed), installation, shipping/receiving of the various parts that must arrive at each site, and generally making sure that each screen gets installed and turned on according to schedule.
- Ongoing Project Management: For networks that continue to grow over time, these services are very similar to those listed under "initial project management." For those that tend to deploy all-at-once and then stop, the services might look more like those under "network/operations management."

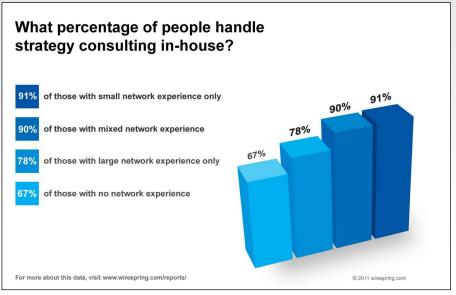
- **Installation Services:** The art of hanging screens, running power/network cables, drilling, hammering and otherwise making lots of noise all in the name of getting screens installed and lit.
- **Equipment Financing:** Spreading capital costs out over time through the use of leasing or other finance methods.

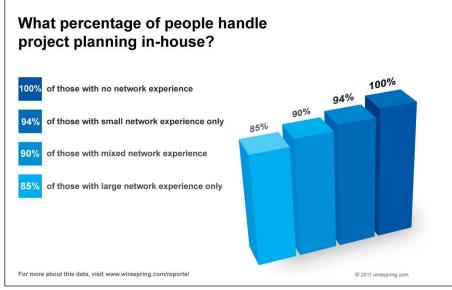
How do companies execute these services?

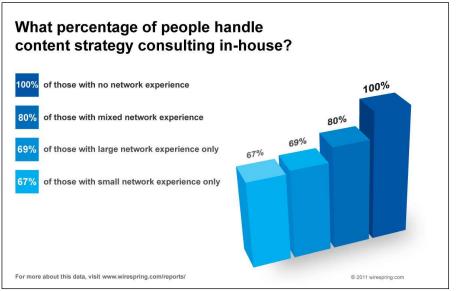
Companies across all experience levels uniformly handle most of the services surveyed in-house, either for cost management reasons, or because they are deemed critical to the performance of the network and thus too critical to outsource.

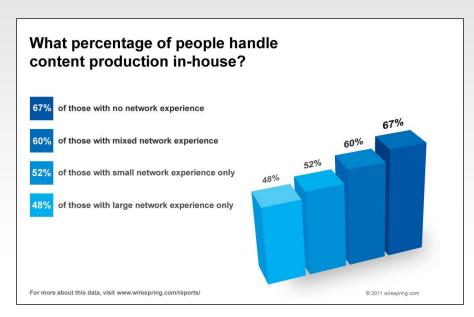
Service	We do it in-house	We outsource it	We don't bother with it
Logistics Management	70%	30%	10%
Strategy Consulting	90%	0%	10%
Project Planning	90%	0%	10%
Content Strategy Consulting	80%	20%	10%
Content Production	60%	50%	0%
Content Management	80%	10%	10%
Network/Operations Management	100%	10%	5%
Initial Project Management	100%	10%	0%
Ongoing Project Management	90%	10%	5%
Installation Services	50%	70%	5%
Equipment Financing	45%	45%	10%

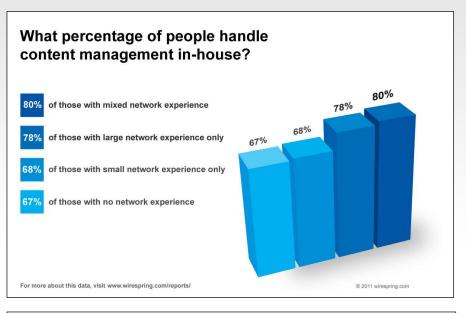


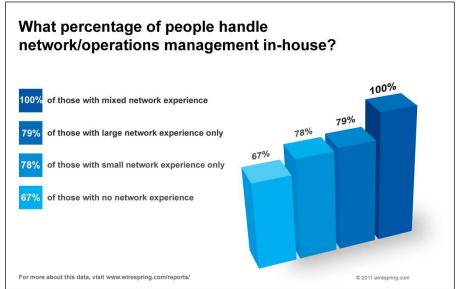


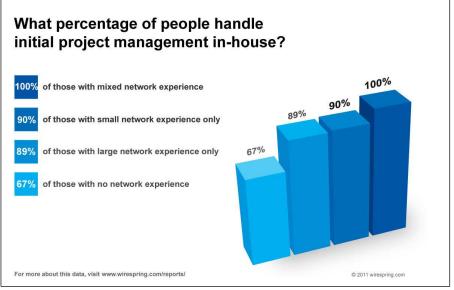


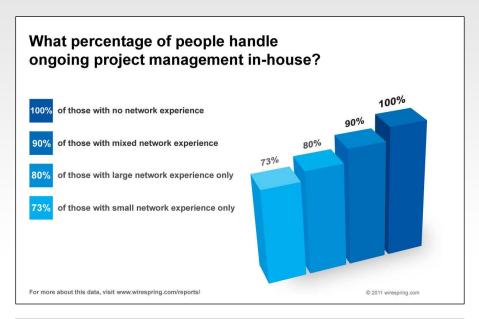


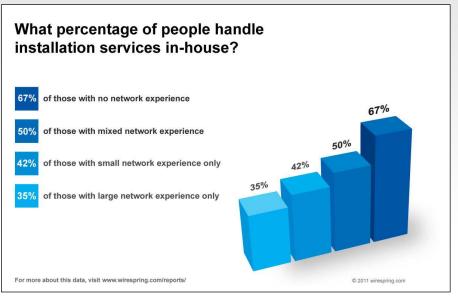


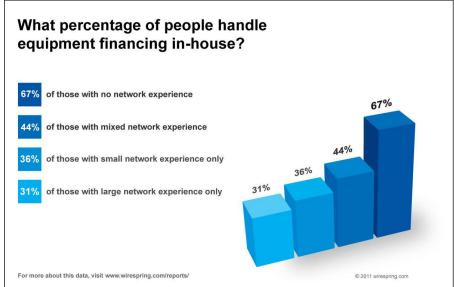












What about personnel costs?

In addition to hardware, software and basic services, other critical elements such as content creation and personnel costs need to be considered for accurate budgeting purposes. Staffing for a typical 100-node network spanning approximately 100 unique venues requires approximately 7-15 people, including:

- Executive Management
- Venue Liaisons/Sales
- Technical Support
- Content Creation
- Content/Ad Traffic Management
- Logistics/Project Management

Personnel costs (continued)

WireSpring estimates the average personnel costs to manage a 100-node network to be approximately \$472,500 in salaries and associated costs every year, for a total of \$1.42M over the 3-year planning horizon considered in this survey.

This is equivalent to \$39,375/month in expenses, or \$394/screen/month. When added to the \$103/month in capital expenses noted previously, the average screen in a 100-node network costs about \$497/month inclusive of personnel costs. Consequently, a 100-screen network would need to earn slightly less than \$50,000/month to break even. This number is virtually identical to that calculated in our 2009 report.

Note that the personnel cost number does not include insurance, taxes or other benefits typically afforded to staff, which can significantly increase staff-related expenses.

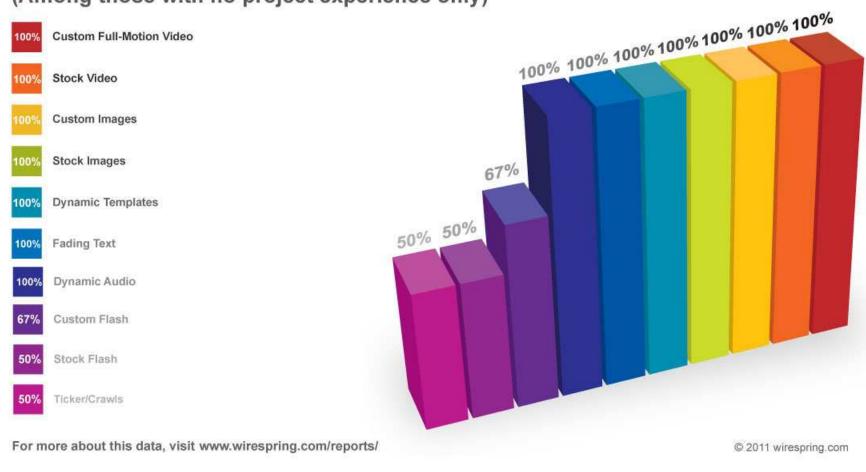
What about content costs?

One significant ongoing cost associated with a digital signage network is content creation. While web-based dynamic feeds and generic content service bureaus have somewhat reduced the need for large amounts of custom-produced content, virtually all networks require some amount of content creation and alteration.

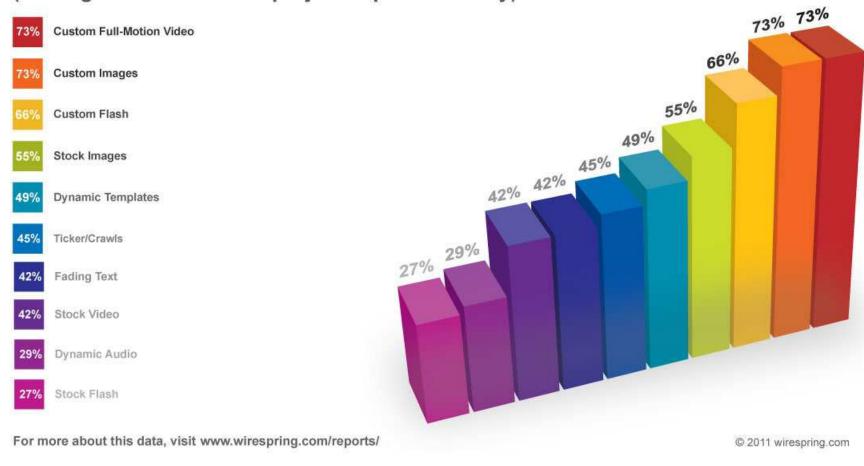
Approximately 11% of the \$472.5K annual personnel costs outlined above (roughly \$52K/year) is devoted to content creation needs, whether in the form of a salary for an in-house designer, or fees paid to outside consultants.

One trend that may help reduce staff size and lower content creation cost is the advent of lower-cost media, like dynamic templates and web toolkits for content construction. Their use is noted in the following survey question results.

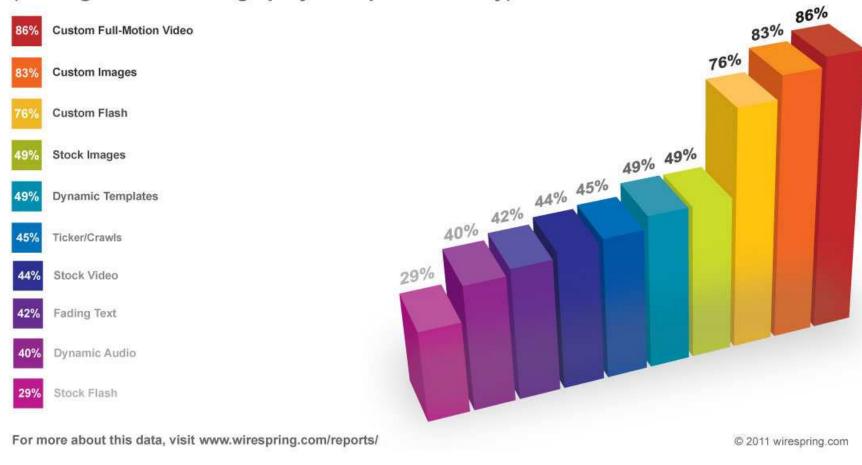
(Among those with no project experience only)



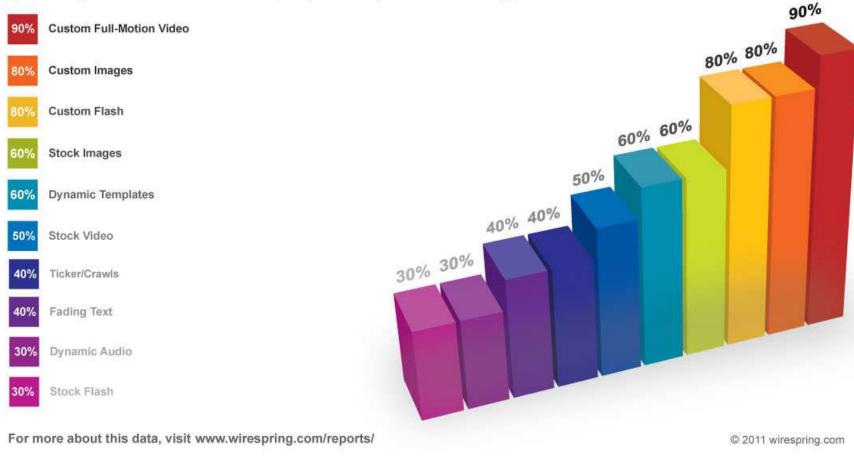
(Among those with small project experience only)



(Among those with large project experience only)



(Among those with mixed project experience only)



In conclusion

Continuing the trend that started in 2004, the cost of implementing a digital signage network of any size has never been lower, with component commoditization and economic conditions driving the cost of implementation down significantly from last year, even as the prices of some components (e.g. LCD screens) held steady or even increased slightly.

Additionally, the trend of companies internalizing most, if not all, of the critical services needed to deploy and maintain a network continues to hold.

WireSpring does not predict a meaningful decrease in the cost of components in 2011, as margins and production costs have already been driven down significantly. However, with focuses shifting to smaller screens and the efficiencies of easy-to-create dynamic content, we expect the average cost of implementing and managing a network will continue to decrease.

Methodology

The survey was conducted in November 2010 using the SurveyMonkey online survey tool. 279 total responses were collected. Most respondents were readers of the Digital Signage Insider blog, though some may have received the survey via a friend, colleague or social network notification (e.g. Twitter).

To determine the typical market pricing for each item in the study, WireSpring also conducted more thorough phone and email interviews with a number of network owners and operators in the United States. While in past years we have successfully integrated data from as many as 30 such companies, the 2010 interviews were decidedly less successful. Despite interactions with approximately 70 such companies, meaningful data was only gleaned from 7 of them.

About WireSpring

Founded in 2000, WireSpring provides digital signage technology that enables companies to streamline their sales process and communicate more effectively with customers and employees. The company's FireCast product line powers digital signage networks, self-service kiosks, and other transactional and informational applications for customers worldwide. For more information, please visit:

http://www.wirespring.com

and

http://www.simpledigitalsignage.com

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Published regularly since 2004, the Digital Signage Insider blog features tips and analysis from a team of industry experts. With over 300 in-depth articles available online, it represents one of the most comprehensive libraries of free research and tips for digital signage practitioners. For more information, please visit:

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