

DYNAMIC PRICING OPPORTUNITY SUPPORTED BY DIGITAL SIGNAGE

Dynamic pricing is the practice of varying prices in connection with customer demand. Pricing can vary by time of day, location, weather and other factors. Hotel companies, airlines and ride share businesses have been using dynamic pricing for many years, but a huge opportunity remains for quick service restaurants ("QSRs"), retail stores, food concessions and many other industries.

A company's ability to implement dynamic pricing is powered directly by digital signage. Companies can use digital signage to provide real-time price updates in a seamless fashion. If coupled with advanced data analytic / AI capabilities through integrated software, digital signage providers can supply a turnkey solution for dynamic pricing. Dynamic pricing is a major opportunity for the digital signage sector as the practice becomes more industry standard.

Dynamic Pricing in Quick Service Restaurants

QSRs represent just one of many industries that have the potential to benefit from dynamic pricing, a shift that could impact the sector sooner rather than later. Major QSR companies have recently announced plans to test dynamic pricing through digital signage and AI data analysis. Dynamic pricing would lower prices during slower times of the day, driving incremental demand. A majority of QSRs currently have digital menu boards in drive-thrus but are adding more screens through indoor self-order kiosks.

Data-Driven Dynamic Pricing

Digital signage providers could offer in the future a full-stack product that can execute price changes in real time through built-in AI data tracking and limited manual input. This product would need to be able to analyze,

QSRs ALREADY BENEFIT FROM DIGITAL SIGNAGE

75%

of QSR business comes from drive-thrus¹

25%

increase in average check sizes from digital menu boards²

35%

decrease in perceived wait time due to digital signage³

80%

of QSRs that used digital signage report improved customer satisfaction⁴

on a location-by-location basis, variables that include current weather conditions and probable customer preferences. Companies have historically amassed repositories of data on customer and competitor behavior from their e-commerce operations and loyalty programs.⁵ By analyzing this historical data, QSRs can create hyper-personalized menu boards that could recognize specific customers by using geo location and guide these customers to their preferred order while recommending add-on items.

Retailers can couple this data with digital price labels to send changes throughout the store based on the consumer and their geolocation. To take this one step further and achieve efficient dynamic pricing, the underlying software needs to be able to communicate with the digital boards in real time and adjust prices accordingly in order to maximize value of a particular customer order. This practice could have scaled impact at a variety

of consumer-facing companies, including big box retailers and service providers, where pricing is often displayed digitally.

Path Forward

The role of digital signage is continually expanding as technology advances. Display technology will continue to create a more interactive and immersive consumer experience, while AI will optimize pricing strategies. Digital signage and dynamic pricing are a powerful combination that can revolutionize the industry.

By leveraging real-time data and adjusting prices accordingly, companies can use digital signage to achieve greater inventory efficiency, economics and customer satisfaction. Digital signage is no longer just a more eye-popping display; it's a strategic tool for businesses to drive incremental return in a data-forward manner.

1. Nation's Restaurant News; 2. OAAA; 3. RF Drive-Thru; 4. Navori Labs; 5. Publicis Sapient.

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