What to check before you quote a signage resale deal

Reselling digital signage looks like a straightforward way to add recurring revenue to an agency. You buy screens, mark them up, and collect a monthly fee. But many resellers discover that the gap between the quoted price and the actual profit is wider than expected. The culprit is usually a set of hidden costs that erode margins before the first invoice goes out.

Understanding where those costs hide helps you protect your service margin and avoid unpleasant surprises. This article walks through the main points to check before you commit to a resale arrangement.

Hardware cost vs. total cost of ownership

The screen price is the obvious number. But the hardware cost is only the start. A screen that seems cheap may need frequent replacement, or it may lack the reliability that commercial clients expect. When a screen fails, the reseller often absorbs the replacement cost to keep the client happy. That single swap can wipe out the monthly profit from several other screens.

Look beyond the per screen rate. Ask about the expected lifespan of the display, the warranty terms, and whether the manufacturer covers shipping for replacements. A slightly higher upfront cost that comes with a solid warranty and a longer life usually protects your service margin better than the lowest-priced option.

Installation fee and site readiness

Installation looks like a one-time line item, but it rarely covers everything. Mounting hardware, cable management, network drops, and electrical work all add up. If the client's wall is concrete, brick, or covered in a delicate finish, the labor time increases. If the site needs a new power outlet or a network cable run, that cost often lands on the reseller.

Before you quote an installation fee, visit the location or ask for detailed photos. Check what is behind the wall surface. Confirm that the network port you plan to use is live and within reach. A quick site survey can reveal whether you need an electrician or a low-voltage cabling contractor, and those costs should appear in your proposal, not after the work starts.

Support cost and ongoing maintenance

Support is the most common hidden cost in digital signage resale. Once the screens are live, clients expect someone to fix problems quickly. A screen that goes dark, a player that stops

syncing, or a content update that fails to show up creates a support ticket. If you have no dedicated support team, every ticket pulls time away from sales or delivery work.

Define your support scope before you sign the contract. Some resellers include basic support in the monthly fee and charge extra for after-hours work or on-site visits. Others bundle a fixed number of support hours per month. Either way, track your actual support cost for the first few clients to see whether your pricing covers it. Many resellers find that support eats a large slice of the monthly profit unless they build a buffer into the per screen rate.

The break even point for each screen

Every screen you install has a break even point: the number of months it takes for the accumulated monthly fees to cover the upfront costs of hardware, installation, and setup. If you do not calculate this number, you are flying blind.

To find the break even point, add the hardware cost, installation fee, shipping, and any one-time setup charges. Divide that sum by the monthly profit per screen after support and other recurring costs are subtracted. The result tells you how many months of payments you need before that screen starts earning real profit. If the number is higher than your typical contract term, you are effectively subsidizing the client's service.

When you offer pricing screen based marketing services, you are selling a recurring service, not a box of hardware. The break even calculation shifts your focus from the initial markup to the long-term relationship. It also gives you a clear reason to push for longer contract terms or higher monthly rates.

Markup strategy and margin erosion

Markup seems simple: buy low, sell high. But in signage resale, the markup on hardware is often transparent to the client. They can look up the retail price of a commercial display. If your markup looks too high, they push back. If it looks too low, your margin disappears.

Smart resellers separate hardware markup from service margin. They price the hardware close to cost and make their profit on the monthly service fee. That approach works well because the client sees a fair hardware price and a reasonable monthly charge. The reseller's profit comes from the recurring stream, not from a one-time hardware bump.

Check your markup strategy against the market. If competitors offer a similar per screen rate, look at what they include. Maybe they bundle a player, a content license, or remote monitoring. Your pricing should reflect the full value you deliver, not just the screen itself.

Per screen rate and hidden volume discounts

When you sell multiple screens to one client, the per screen rate often drops. That sounds fair, but the discount can cut your service margin more than you expect. The support cost per screen may not drop in proportion. A client with ten screens might need the same number of support tickets as a client with two screens, because each screen runs the same software and faces the same potential issues.

Before you offer a volume discount, model the support cost at scale. If the per screen rate drops by 20 percent but support costs stay flat, your margin per screen shrinks. Keep the discount modest unless you have data that shows lower support cost for larger deployments.

Monthly profit and the real recurring picture

Monthly profit is the number that matters most. It is the revenue from the monthly fee minus the recurring costs: support, content management, player licenses, network fees, and any software subscriptions. If you do not track these costs separately, you might believe the profit is higher than it really is.

Set up a simple spreadsheet that lists every recurring cost per screen. Include the player license renewal, the cloud subscription for the signage platform, and any content creation or curation you provide. Subtract those from the monthly fee to get the true monthly profit. That number tells you whether the deal is worth taking.

When you build pricing screen based marketing services, the monthly profit per screen becomes the key metric. It determines how many screens you need to reach your revenue goals. It also shows you which clients are profitable and which ones are costing you money.

Service margin and the cost of churn

Service margin is the profit you keep after all direct costs are paid. But churn adds an indirect cost that many resellers overlook. When a client cancels, you lose the recurring revenue from that screen. You also face the cost of de-installing the hardware, refurbishing it, and finding a new home for it. Sometimes the hardware sits in a warehouse for months, tying up capital.

Check your contract terms. A long notice period or a termination fee protects your service margin. Without those protections, a client can cancel after a few months, and you end up with a used screen that is hard to resell at the original hardware cost.

The hidden costs that reduce signage resale profits are not hidden in the sense of a secret fee. They are hidden in the details of installation, support, volume discounts, and churn. A careful review of each of these areas before you quote a deal helps you price honestly, protect your margin, and build a resale business that actually delivers the recurring revenue it promises.