OVAB | Out-of-home Video Advertising Bureau Europe

OVAB-Cooperation-Partner Switzerland: IG adscreen

invidis CONSULTING

OVAB Europe
Digital Signage Business Climate Index March/April 2013
Germany | Austria| Switzerland

02. April 2013

Successful first months in 2013 – the Digital Signage market grows further

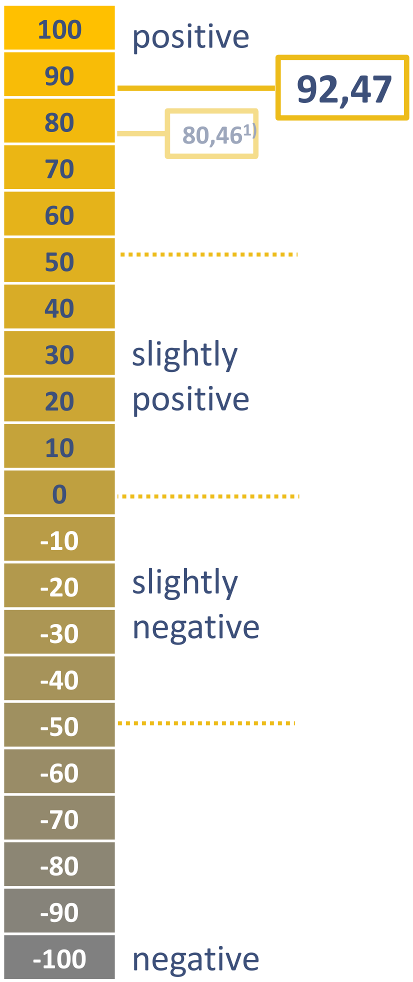

Fig. 1: DBCI March/April 2013

1) DBCI Jan./Feb. 2013

- The OVAB Europe Digital Signage Business Climate Index – DBCI – increased by 12,01 points from 80,46 points to 92,47 points since the last survey end of January 2013
- The current business sentiment has improved again - making the start of the year 2013 very successful for the industry
- Microsoft confirms its dominance in the market for operating systems implemented in Digital Signage projects
- The current business sentiment in the Digital-out-of-Home industry has increased due to a strong demand on the advertising market
- Worldwide: high double digit growth rates for Digital-out-of-Home in 2012 at the expense of static Out-of-Home
- Agencies ask for facilitated booking processes for DooH media
- Only 13% of all DooH networks have their focus on regional advertising campaigns
- The Digital Signage industry in Austria is noticeably stronger then in the previous year 2012
- Cross media advertising strengthens DooH in Switzerland

Important information concerning the survey:

- Participants: n=125
- Region: Germany, Austria, Switzerland
- Time frame: 2013 calendar weeks 10-11

Digital Signage | The business sentiment improves again

"How do you rate the current business situation for your products / services in the field of Digital Signage?"

- The current business sentiment in the Digital Signage industry in Germany, Austria and Switzerland has increased again for the months March and April
- 80% of all respondents assess the current situation for their products and services as good
- The good sentiment can be traced back to stock orders in Q4 2012 which are realized in Q1 and Q2 2013

"What are your expectations for the next six months?"

- The business expectations for the next six months are ongoing positive
- 73% of the respondents expect an improvement of the business situation
- Current large scale tenders fire the expectations, while the volatility in the euro zone only marginally effects the sentiment

status quo

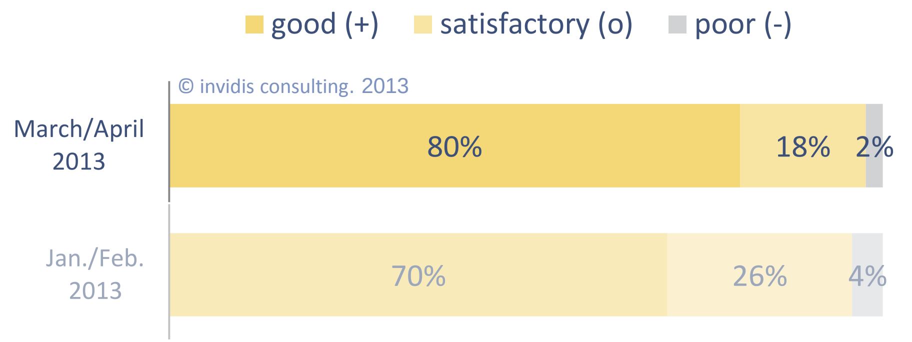

Fig. 2: : Question 1, n=125: "How do you rate the current business situation for your products / services in the field of Digital Signage ?"

expectations

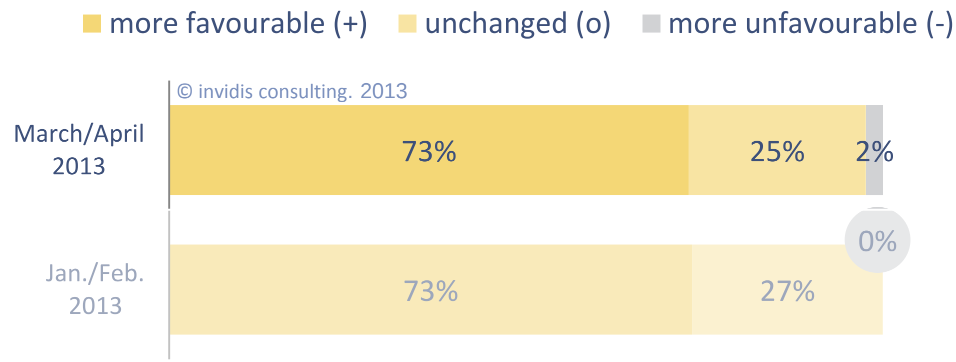

Fig. 3: : Question 2, n=125: "What are your expectations for the next six months?"

Operating systems| The Windows Universe takes first place

Additional question DBCI March/April 2013 for Digital Signage products and service providers:

„Which operating system was primarily implemented in Digital Signage projects in 2012?“

- Windows is implemented most frequently with Digital Signage projects
- The major part of all Digital Signage projects uses Windows or Windows Embedded
- At a distance follows Appliances like for example SMIL-Player, Spinetix or Brightsign
- Linux on a x86-PC becomes more and more popular, the steady licensing costs are an important reason
- Mac OS is implemented rather rarely, many managers with IT responsibility dismiss it as an operating system for Digital Signage installations
- Cost effective systems operating on Android basis currently have a dynamic market potential, however they are not yet implemented on a regular basis

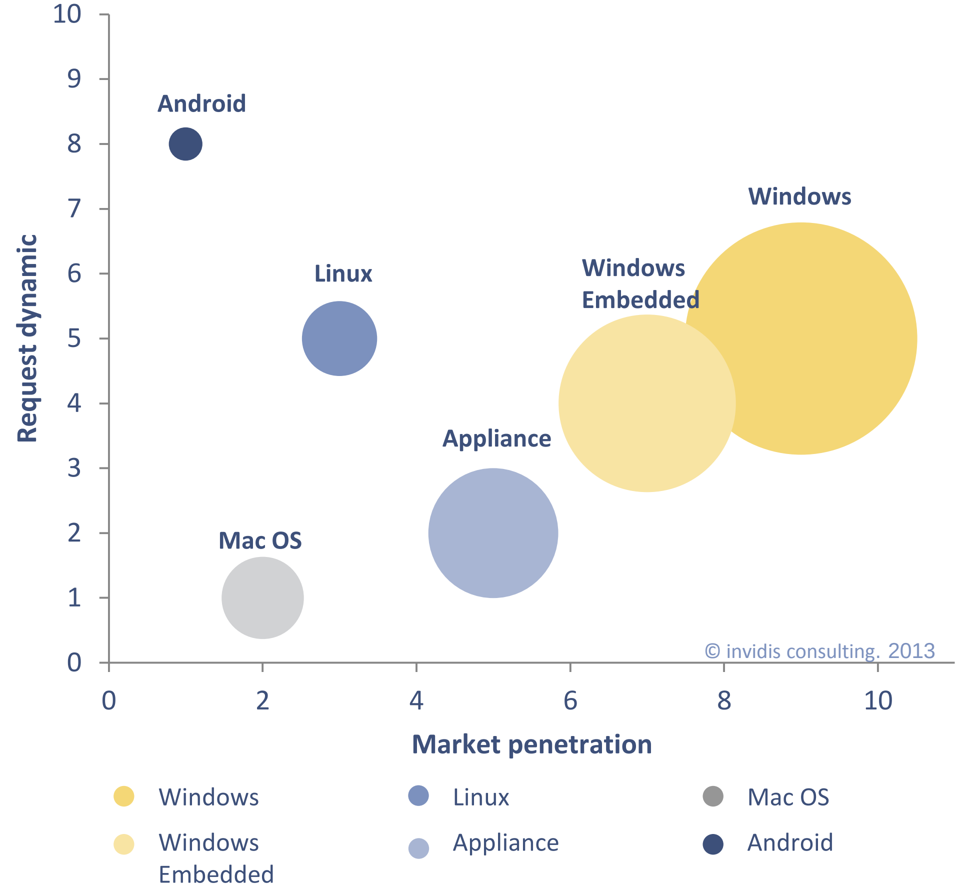

Fig. 4: Results for the additional question DBCI March/April 2013 n=96: „Which operating system was primarily implemented in Digital Signage projects in 2012?“

DooH | Strong advertising market Q1/13 – clear uplift of the sentiment

Digital-out-of-Home

- The Digital-out-of-Home market in Germany is made up of a few large networks with national reach and many small and regional networks
- The most important players on the market are Ströer Digital Media, Telekom ooH Media, Tank&Rast and Media-Saturn

Market analysis

- The current business sentiment has improved considerably. 69% of all respondents rate their current business situation to be good, which is an increase of 10% since the last survey
- Likewise the business expectations have improved. 83% of all respondents expect their business situation to become more favorable within the next six months
- The Out-of-Home market shows a markedly increase in revenues of 8% and 10% for the months January and February 2013 compared to the previous year (Source: Nielsen). As important growth factor DooH shoulders most of the organic growth in this segment

status quo

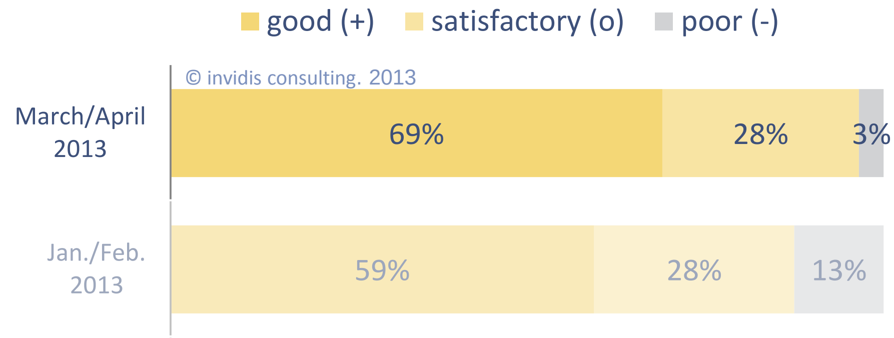

Fig. 5: DBCI March/April 2013 n=29: „status quo“ in the segment „DooH“

expectations

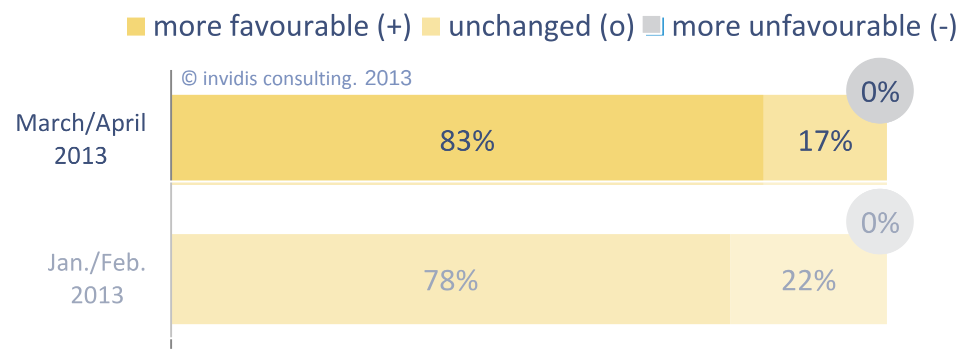

Fig. 6: DBCI March/April 2013 n=29: „expectations“ in the segment „DooH“

DooH | Strong growth in 2012 – DE-AT-CH and worldwide

Investments in the segment Out-of-Home are increasingly channeled to the sub-segment Digital-out-of-Home

- JCDecaux: worldwide roll out of digital faces (60 Billboards Chicago/ in total 12.300 digital faces)
- Ströer: continuously roll out of OC-Mall, Station- and Infoscreen (in total 2.674 digital faces)
- Mfi: Roll out of the Mall Signage network (600 digital faces)
- Amscreen: Roll out in DE/CH/PL (1523 digital faces)

In comparison with a slow growth total advertising market, DooH is the only segment rapidly gaining market shares:

- Nielsen: 2011-2012 yoy: total +0,9%; Online +17%
- Media Fokus: 2011-2012 yoy: CH DooH +50%
- Invidis: 2011-2012 yoy: DACH DooH +20%

The DooH share of total revenues of the OoH advertising companies is growing dynamically and is often the only segment that can muster organic growth

- Ströer: 2011: >8% / 2012: >10% (DE)
- JCDecaux: 2011: 4,1% / 2012: 5,9%; (worldwide)
- Frankfurt Media: 20% of all faces are digital

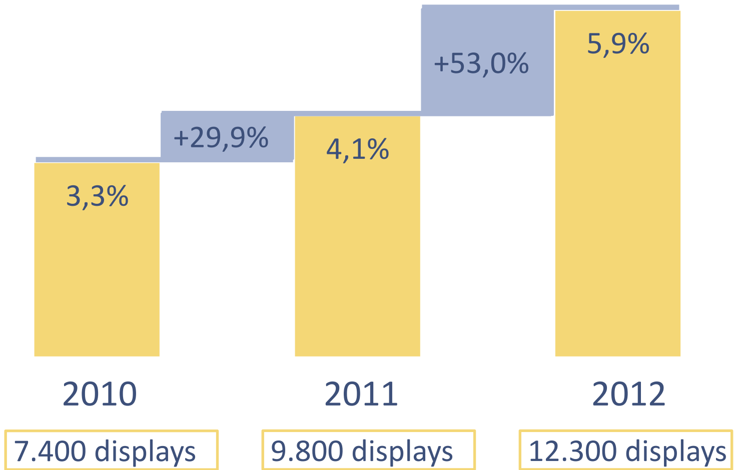

Fig. 7: DBCI March/April 2013: Percentage and number of digital faces in total revenues of JCDecaux 2010-2012 Source: JCDecaux

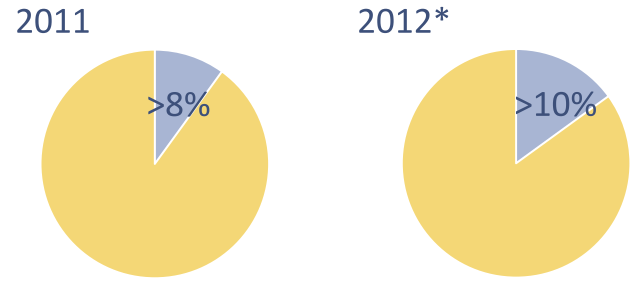

Fig. 8: DBCI March/April 2013 percentage of digital faces in total revenues of Ströer Media 2010-2012 Source: Ströer,
**) Estimation invidis*

DooH | Facilitating the booking process is the trend

First additional question DBCI March/April 2013 for Digital-out-of-Home products and service providers:

„Ad serving platforms should facilitate the booking of DooH in the future, which functions do you valuate as important?"

- Agencies require mostly organizational support for the booking process and are therefore looking for easy-to-use basic functions
- Particularly an simple management tool for the advertising medium, listing the established KPI's is the main focus

Conclusion: Due to the fragmented DooH market the advertising agencies have the need for a facilitated booking process. The planning and management of advertising campaigns is still dominated by the traditional analog media like the poster, therefore the technical possibilities like campaign optimizing or real time vacancy management has to date only a marginal relevance for the media buyer.

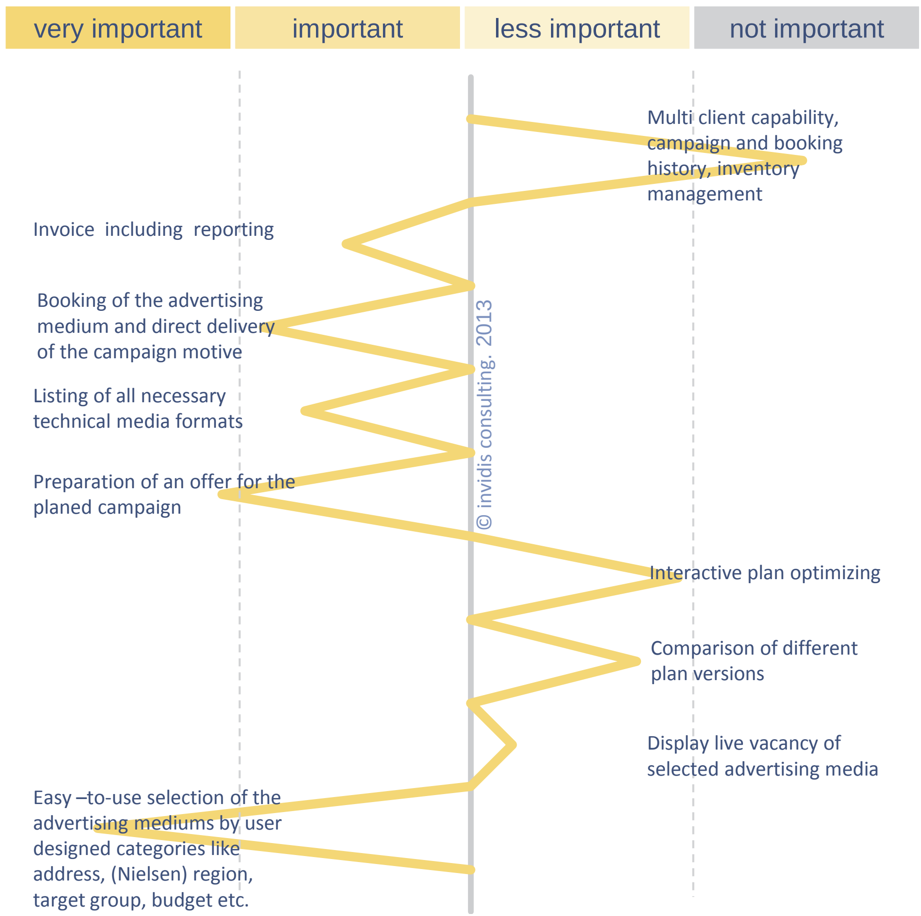

Fig. 9: Results for the additional question DooH DBCI March/April 2013 n=24: „Ad serving platforms should facilitate the booking of DooH in the future, which functions do you valuate as important?"

DooH | More national then regional campaigns

Second additional question DBCI March/April 2013 for Digital-out-of-Home products and service providers:

„How high is the percentage of regional compared to national advertising campaigns within the total amount of bookings?“

- Only 13% of all networks have their main focus on regional advertising campaigns
- 41% of all networks are approximately evens between regional and national campaigns
- In the majority of DooH networks national campaigns have the biggest share
- Network operators like Amscreen combine national reach with regional segmentation. A national advertising campaign is automatically amended with regional Information, increasing the personal relevance to the viewer (c.f. http://invidis.de/?p=74414)

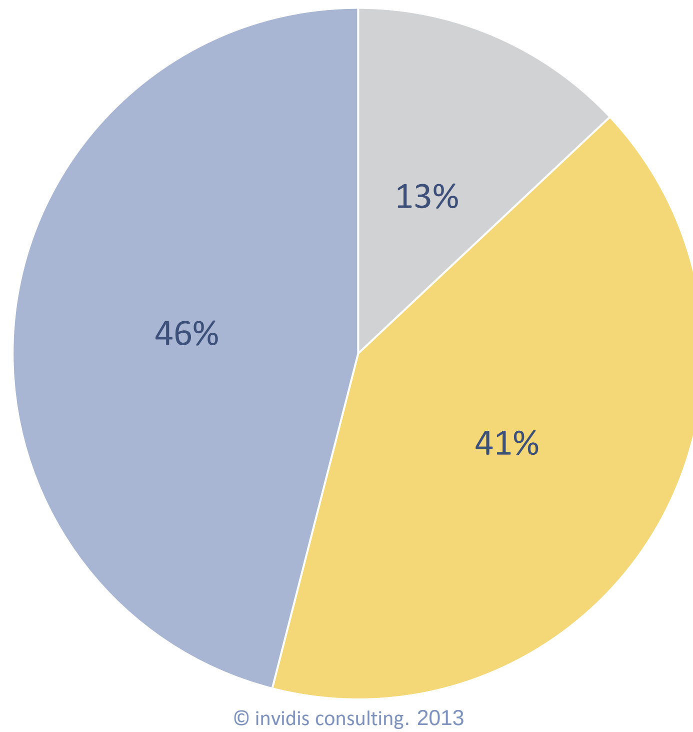

Fig. 10: Results for the additional question DooH DBCI March/April 2013 n=29: „How high is the percentage of regional advertising campaigns compared to national campaigns within the total amount of bookings?“

Austria | The Digital Signage industry is taking up speed

Austria:

- Investments in Digital Signage derive increasingly from the vertical markets of tourism, traffic and the public sector
- Due to demographic structural conditions investments are primarily focused on the capital Vienna

Market analysis:

- After a consolidation year in 2012 and a rather slow start to 2013 the current business situation and sentiment of the Digital Signage industry in Austria has significantly improved
- In Austria the FMCG and food retail sector shows a dynamic trend towards the digitalization of the shop floor. Particularly the shelves are fitted with small displays based on the ePaper (electrophoretic) technology. There is also a big demand for customer terminals with interactive services like cooking tips and value card programs

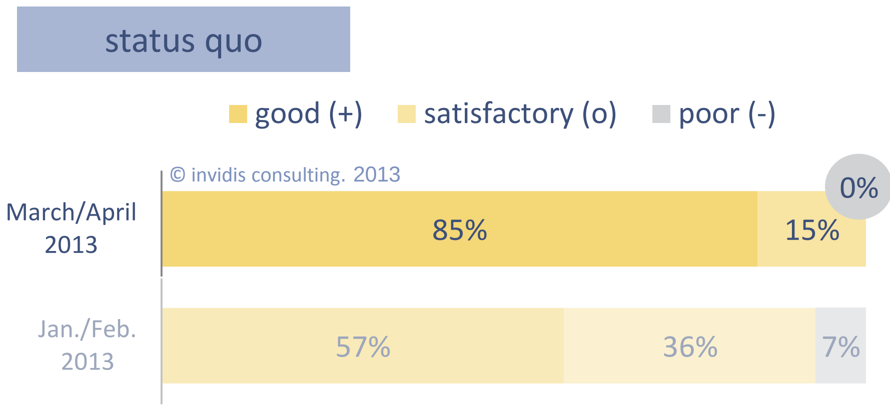

Fig. 11: DBCI March/April 2013 n=13: „status quo“ in the segment „Austria“

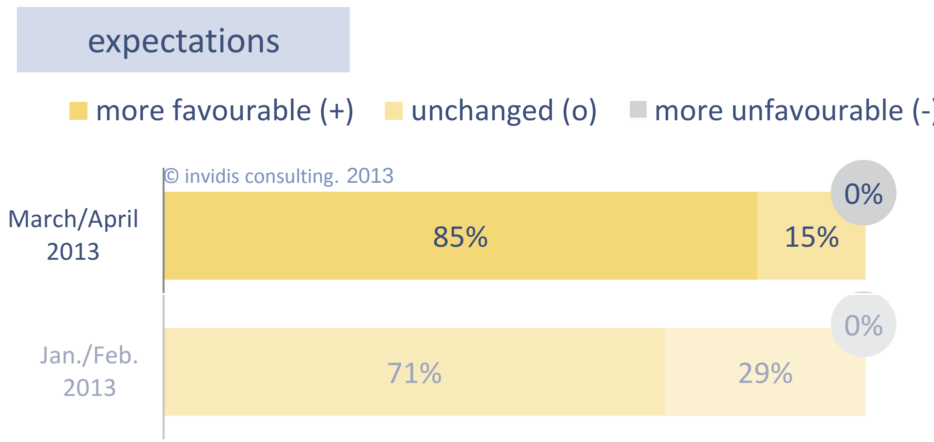

Fig. 12: DBCI March/April 2013 Austria n=13: : „expectations“ in the segment „Austria”

Switzerland | Trend "cross media advertising" strengthens DooH

The additional question for Switzerland is presented in cooperation with the Swiss industry association IG Adscreen:

„How often are DooH media booked within cross-media campaigns? And with which media are DooH media integrated in cross-media campaigns?"

- Advertisers are increasingly designing and planning multichannel and cross-media campaigns
- DooH is increasingly integrated into the media-mix and is established as a valuable option to extend regional and national campaigns
- Particularly TV and radio campaigns are extended through DooH networks as far as the point of sale
- Poster and DooH appear to be less compatible with each other, the gap between the analog and digital medium seems to be too wide

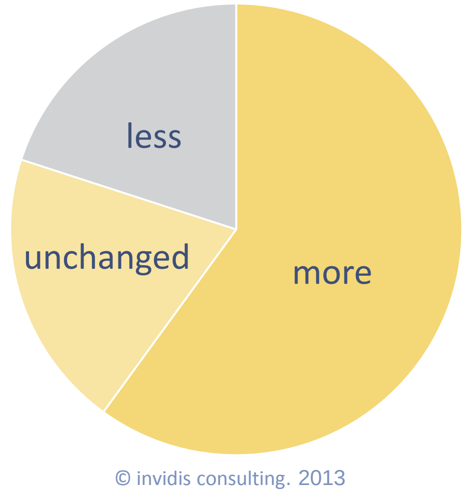

Fig. 13: Results for the additional question DBCI March/April 2013 for Switzerland n=5: „How often are DooH media booked within cross-media campaigns?"

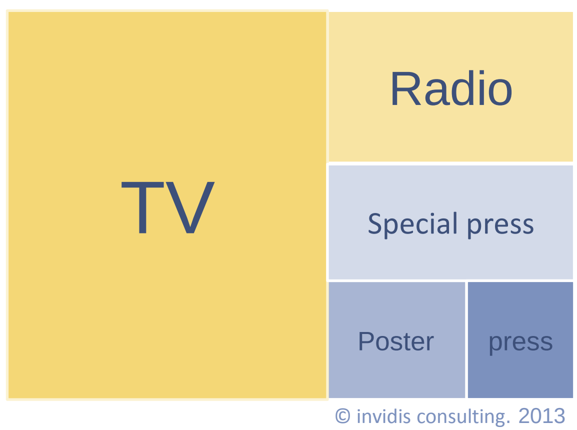

Fig. 14: Results for the additional question DBCI March/April 2013 f for Switzerland n=5: „With which media are DooH media integrated in cross-media campaigns?"

DBCI | Roadmap 2013 & Contact

2013	
January	
February	
March	
April	
Mai	May/June 2013 | 20.05.
Jun	
July	July/Aug. 2013 | 15.07.
August	
September	Sept./Oct. 2013 | 19.09.
Oktober	
November	Nov./Dec. 2013 | 18.11.
December	

- The next survey will take place in calendar week 18 to 19 of 2013
- The next planed publication date will be the 20th of May 2013
- The DBCI is polled by invidis consulting and published in cooperation with OVAB Europe
- If you are not yet part of the DBCI survey please contact us for further information
- The DBCI will be extended to other markets in 2013. For further information please contact Daniel Russell

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