OVAB | Out-of-home Video Advertising Bureau Europe

OVAB cooperation partner Switzerland: IG adscreen

OVAB cooperation partner Italy: AssoDS Associazione operatori Digital Signage

invidis CONSULTING

OVAB Europe
Digital Signage Business Climate Index November / December 2013
Germany | Austria | Switzerland | Italy

18th November 2013

Contents

DBCI November/December2013

EXECUTIVE SUMMARY

Clear slow-down at the end of the year – fresh start in 2014 expected

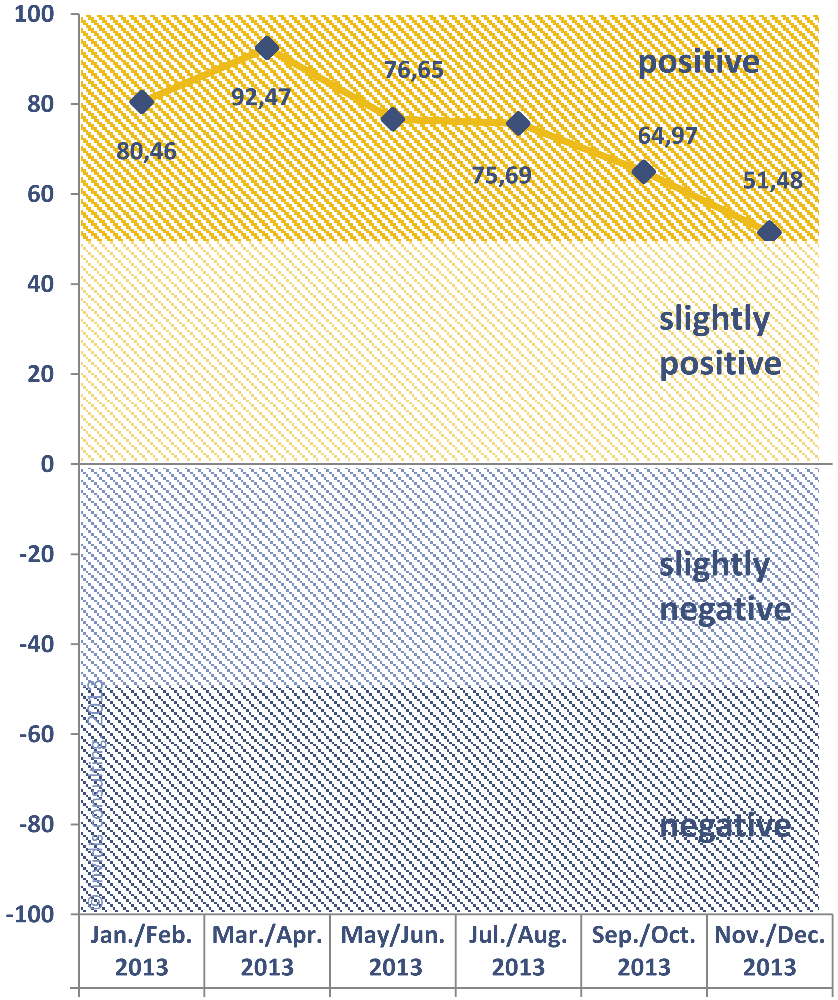


Fig. 1: DBCI November/December2013 „Index“, n=96

- The business sentiment in November and December has declined compared to the previous months. Nevertheless it still remains on a high overall level, with significantly better expectations for the next six months
- The Digital Signage Business Climate Index – DBCI – fell since the summer by 25 base points. The increase of the “neutral” rating clearly shows that the market could not carry the dynamic of the first half of 2013 into the second half of the year

Additional invidis intelligence

- The Top 3 distributors in Germany for Digital Signage: Ingram Micro, Delo und Also
- In Austria and Switzerland distributors operating on a national level like SoLoIT respectively MobilePro have the highest relevance in the industry

- Participants: n=96
- Region: Germany, Austria, Switzerland
- Time frame: 2013 calendar weeks 44-45

Digital Signage | Weaker business sentiment – stronger expectations

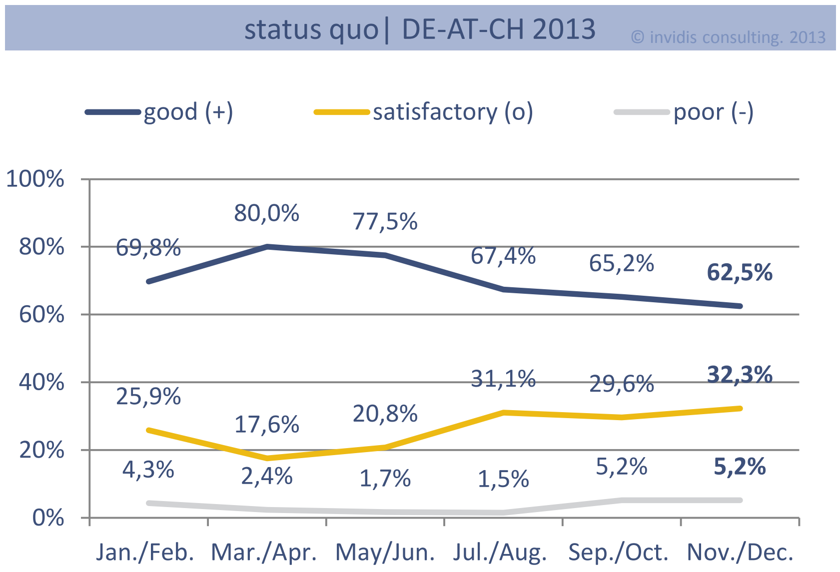


Fig. 2: DBCI November/December2013 „business situation“, n=96

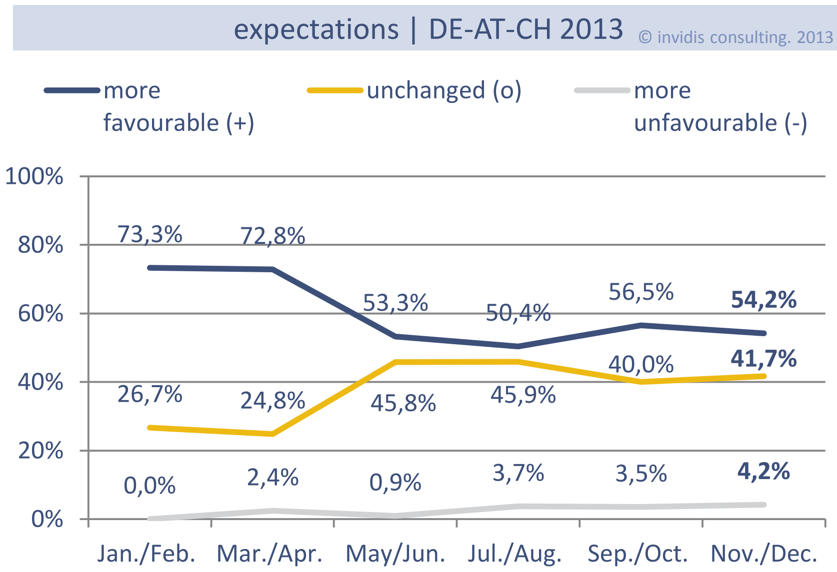


Fig. 3: DBCI November/December2013 „business expectations“, n=96

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

- The business sentiment in the Digital Signage industry in Germany, Austria and Switzerland remains on a stable high since the beginning of 2013
- Currently 62% of all polled companies rate their business situation for their products and services as „good“

“What are your expectations for the next six months?”

- The business expectations for the next six months are continuously positive and show an optimistic trend for 2014
- 54% of all polled companies are convinced that the good business situation will improve even further and grow “more favourable”

DBCI November/December2013

COUNTRIES

Germany | Regressive business situation – positive expectations for 2014

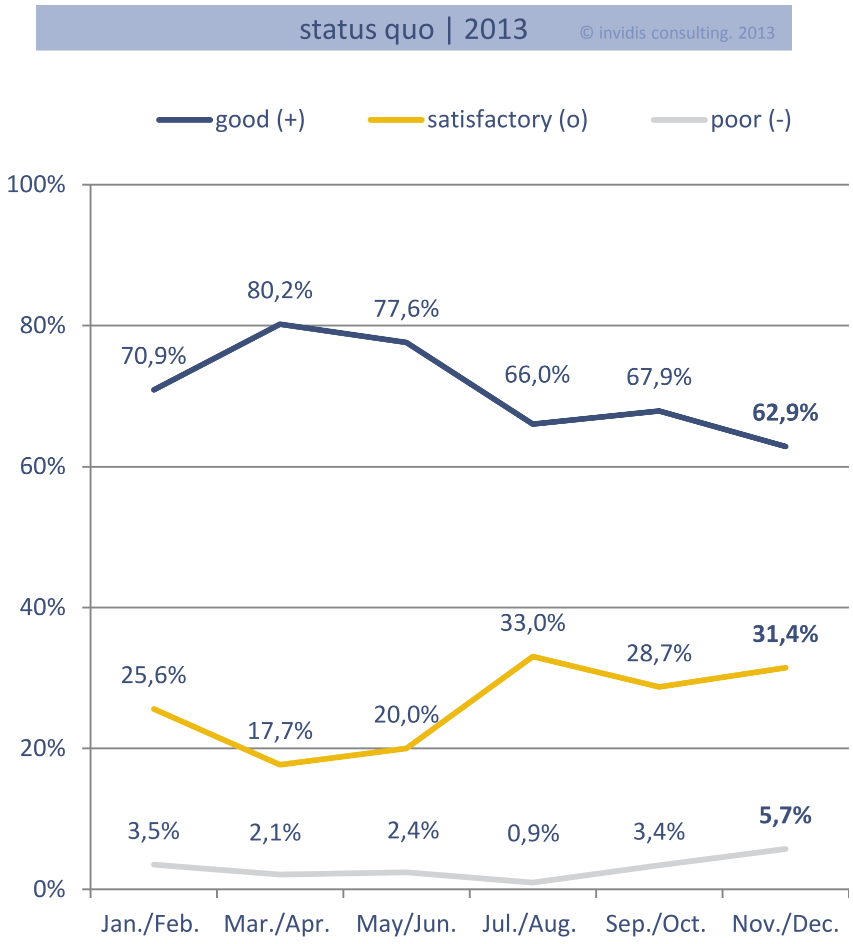


Fig. 4: DBCI November/December 2013 „business situation", n=70

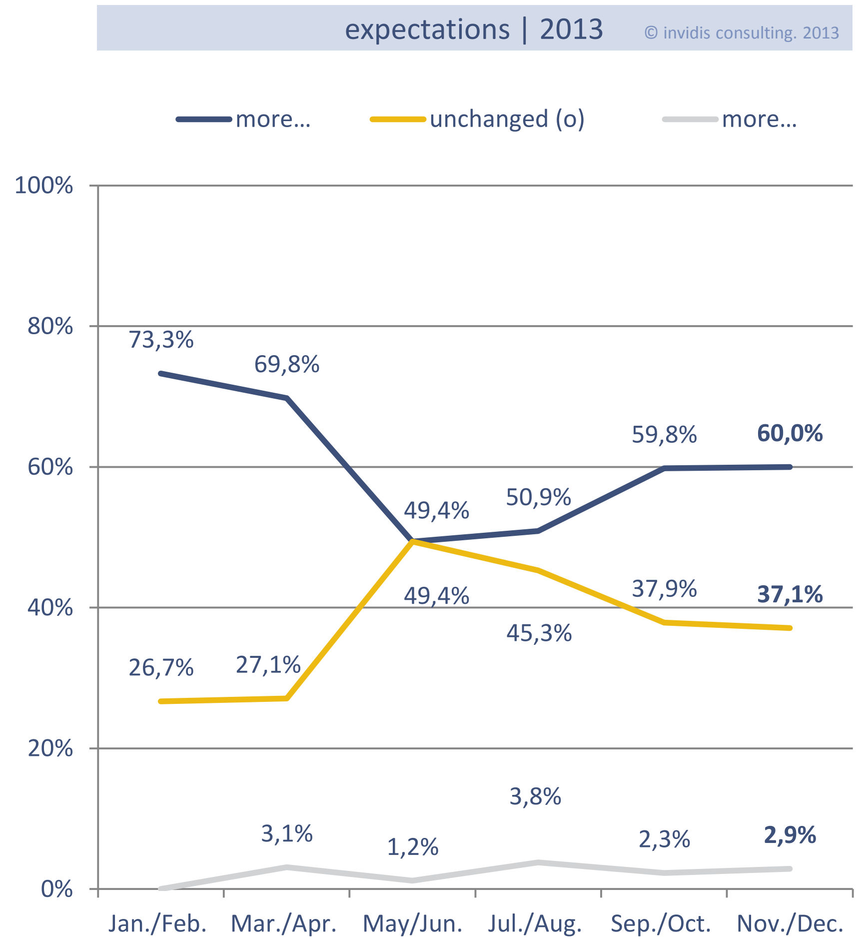


Fig. 5: DBCI November/December 2013 „business expectations", n=70

Austria | Very positive business sentiment – conservative expectations

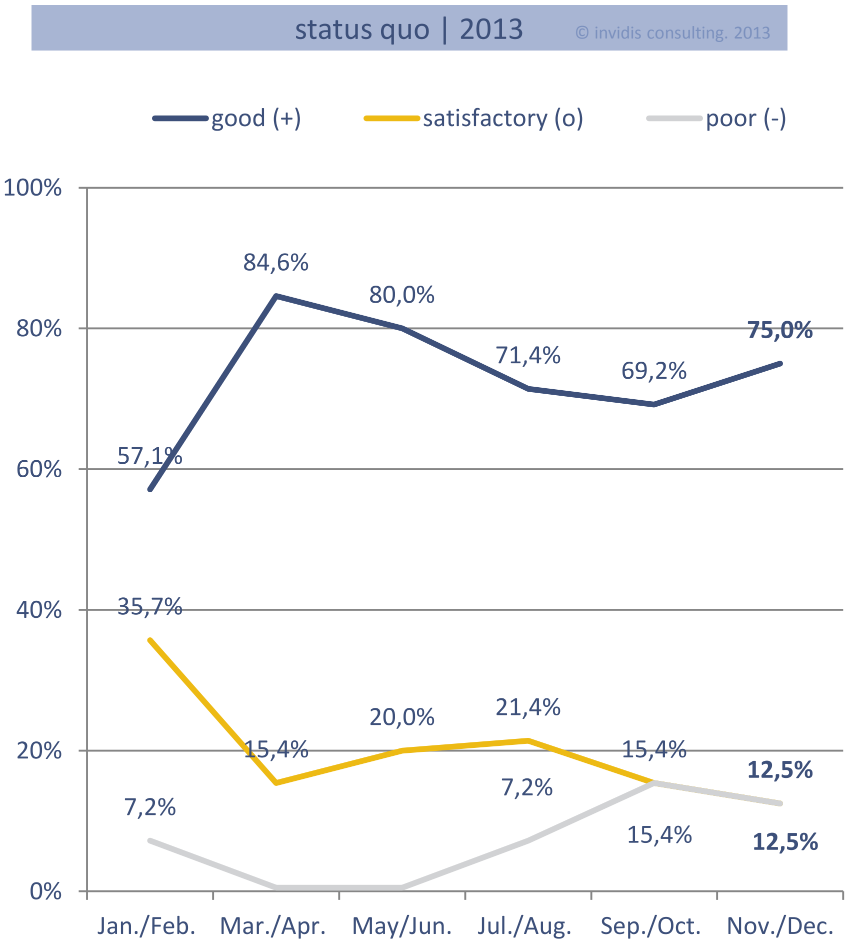


Fig. 6: DBCI November/December2013 „business situation", n=8

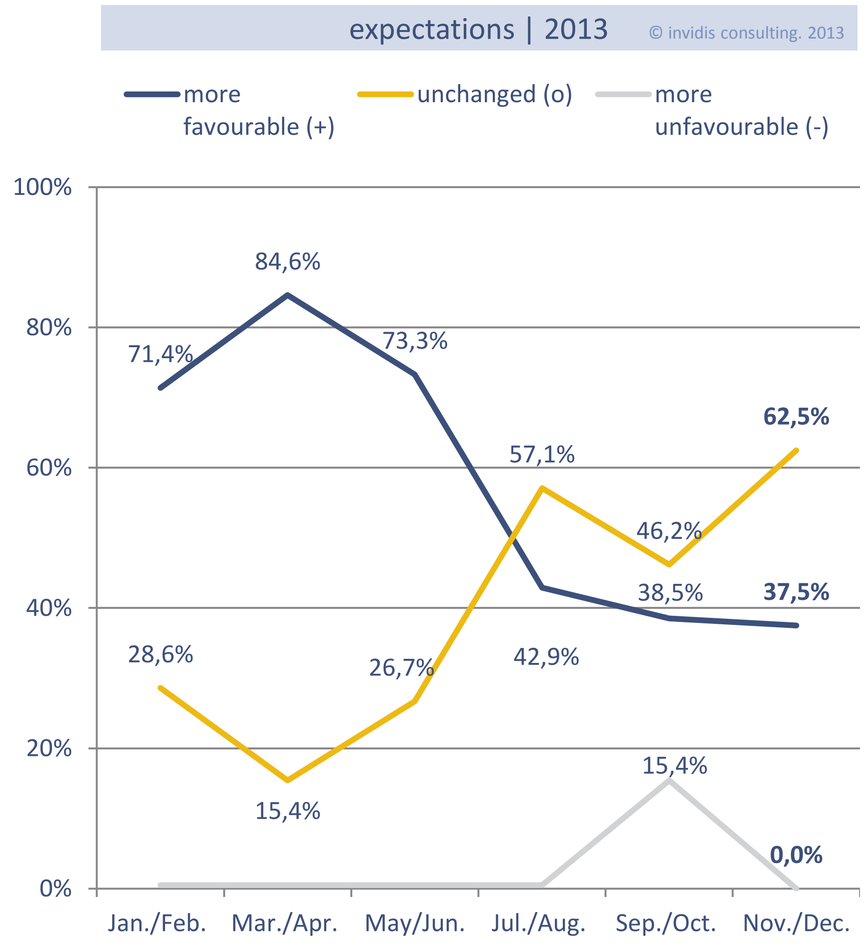


Fig. 7: DBCI November/December2013 „business expectations", n=8

Switzerland | Improved business situation- cautious expectations

status quo | 2013 © invidis consulting. 2013

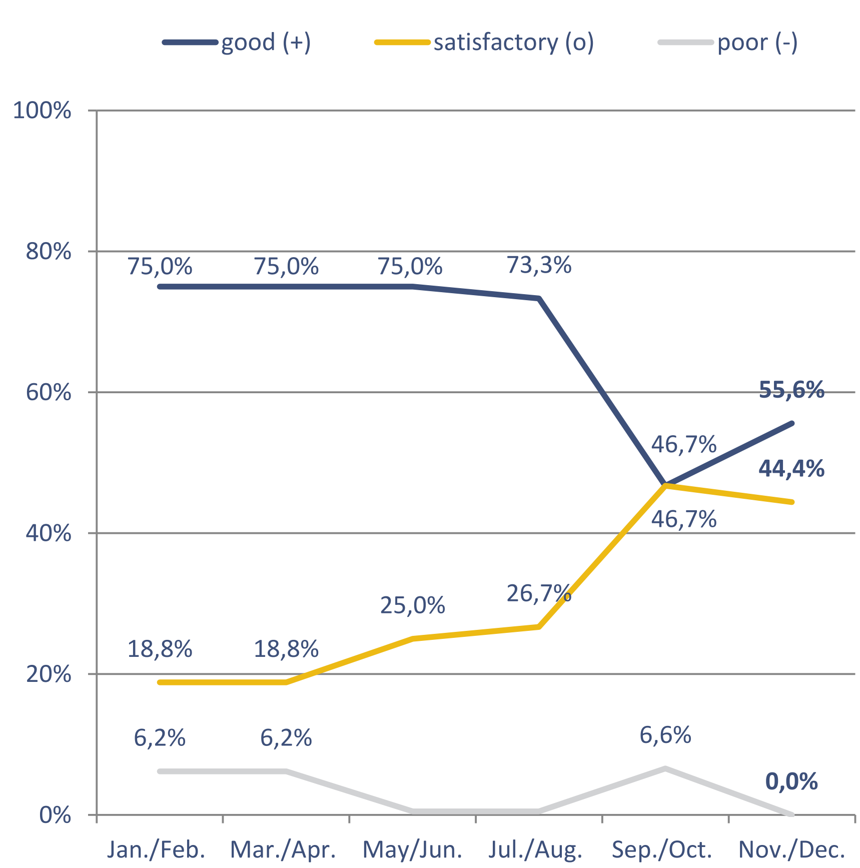


Fig. 8: DBCI November/December 2013 „business situation", n=18

expectations | 2013 © invidis consulting. 2013

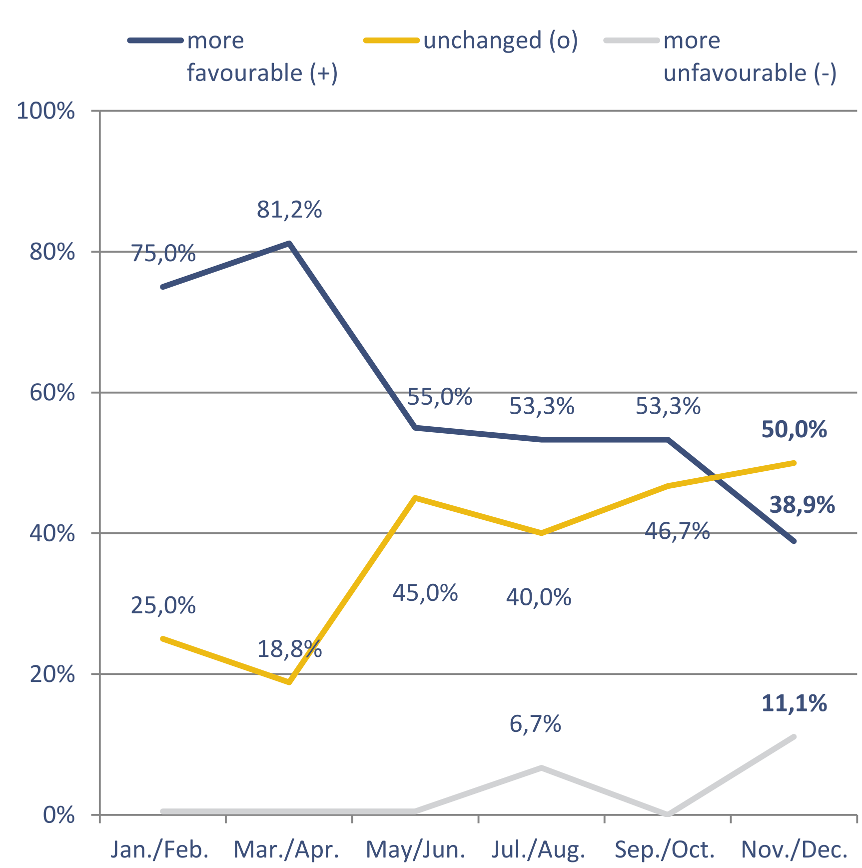


Fig. 9: DBCI November/December 2013 „business expectations", n=18

Italy | Considerable improvements of the business situation

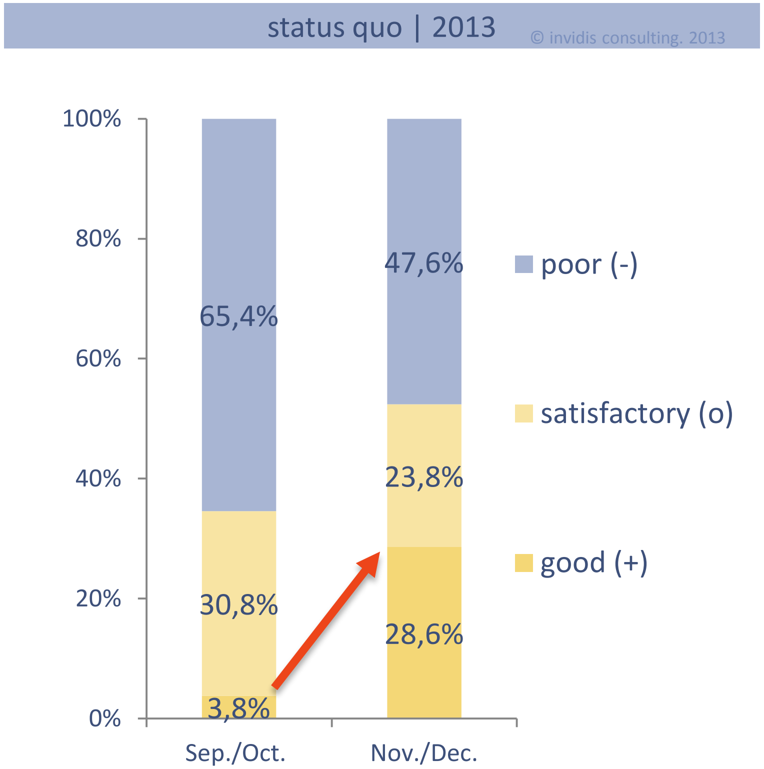


Fig. 10: DBCI November/December 2013 „business situation ", n=21

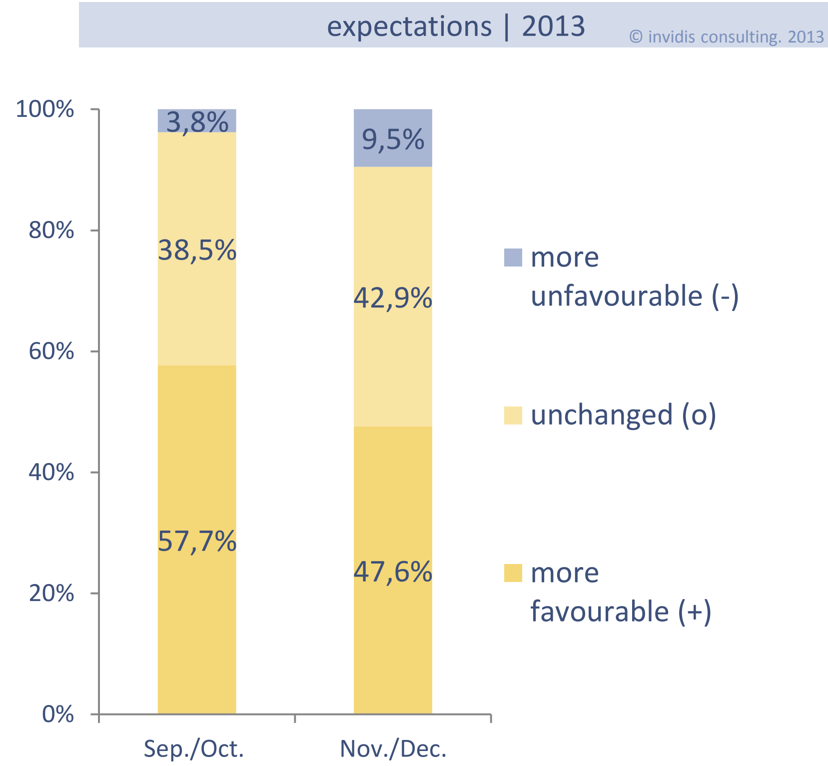


Fig. 11: DBCI November/December 2013 „business expectations", n=21

- In cooperation with the industry association AssoDS the DBCI was polled for the second time in Italy
- Comparably to the general economy, the Digital Signage market is still in crisis. 47,6% of the polled companies rate their current business situation as "poor"
- However, the ratings for "good" increased considerably since the last poll in September and rose by 24,8%.

DBCI November/December2013

SEGMENTS

Displays | Distinctly improved business situation and high expectations

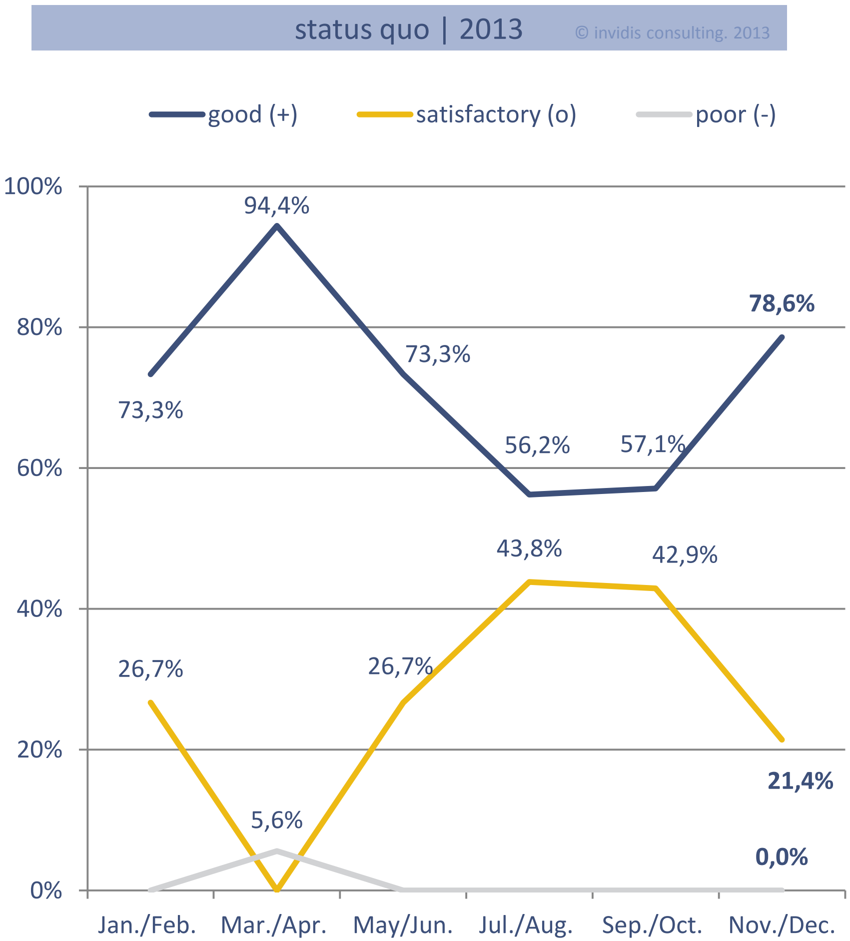


Fig. 12: DBCI November/December 2013 „business situation displays“, n=14

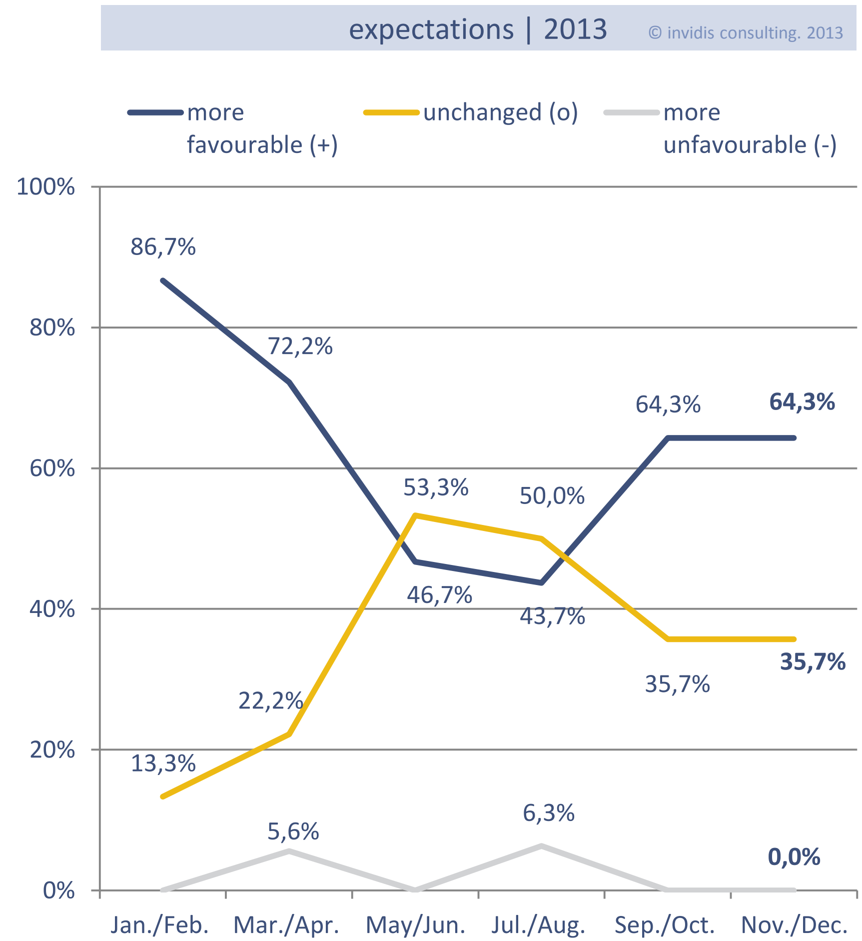


Fig. 13: DBCI November/December 2013 „business expectations displays“, n=14

Integrators | Business sentiment in free fall – cautious expectations

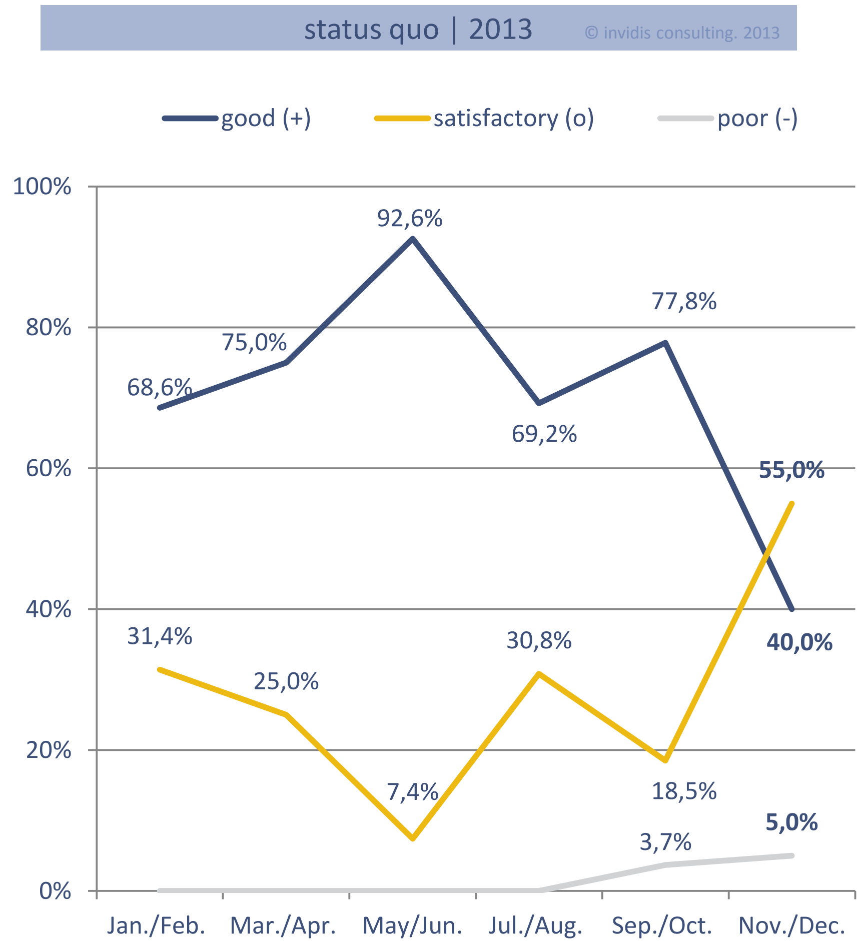


Fig. 14: DBCI November/December 2013 „business situation integrators", n=20

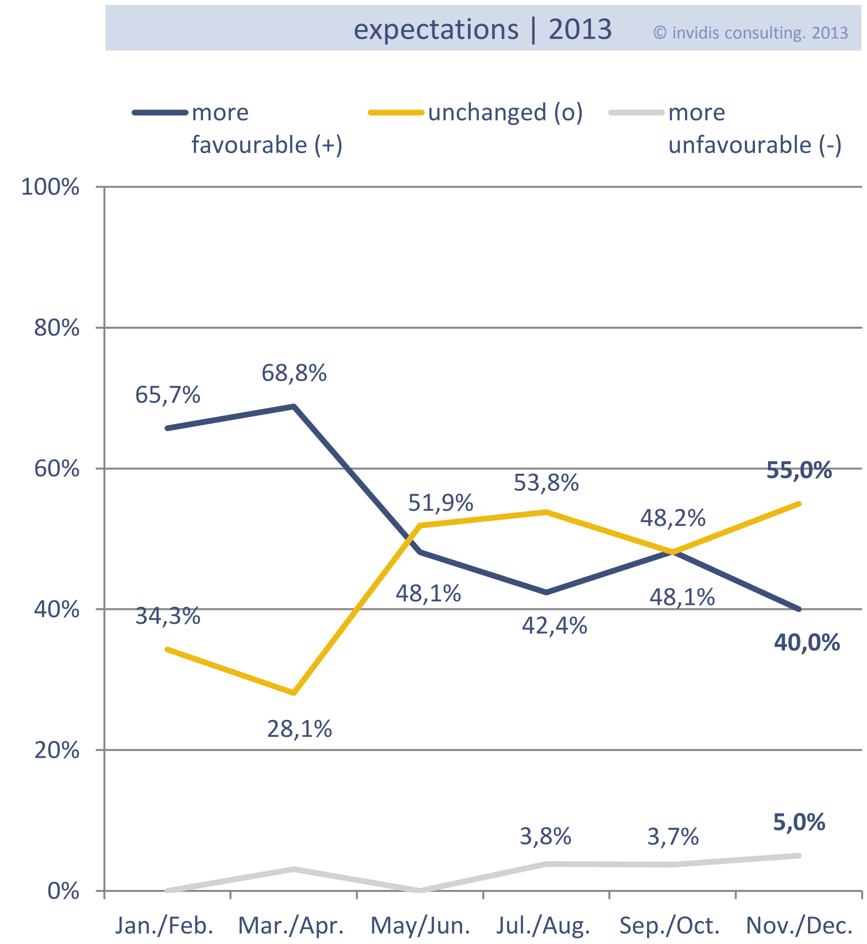


Fig. 15: DBCI November/December 2013 „business expectations integrators", n=20

Software | Curbed business sentiment – optimistic expectations

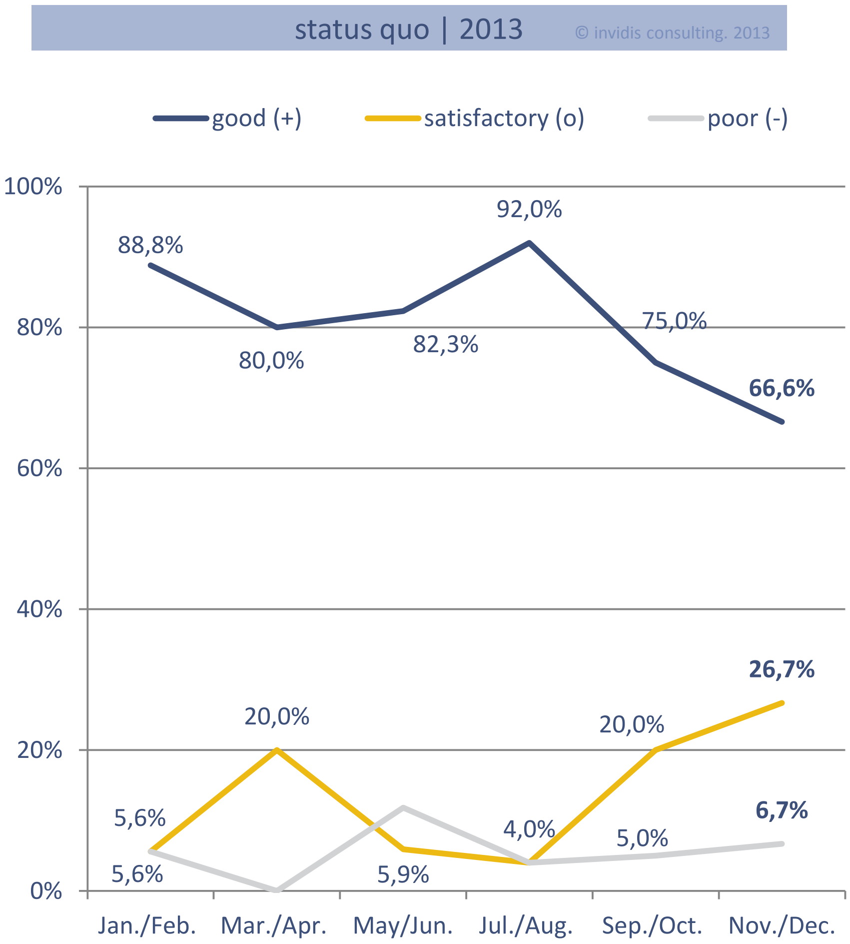


Fig. 16: DBCI November/December 2013 „business situation software", n=15

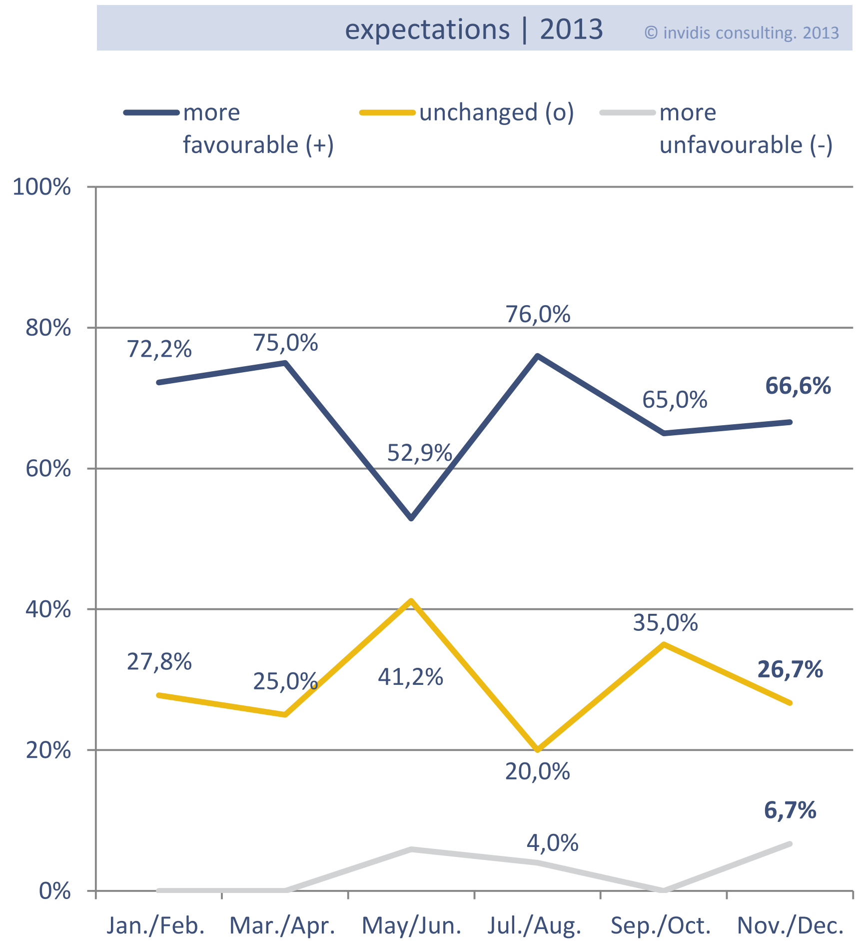


Fig. 17: DBCI November/December 2013 „business expectations software", n=15

DooH | Great business situation towards the end-of-year

- The business situation in the segment DooH has improved distinctly. 71% of the polled companies answered with „good“
- The expectations for the next six months are stable compared to the last poll in September
- The revenues of selected companies from the segment DooH have grown considerably in the first tree quarters of 2013. Nielsen reports almost 30% growth compared to the same period in the previous year[1)]
- In spite of revenues in the two figure million area the Telekom has offloaded its DooH segment. The networks will be acquired by the Cittadino GmbH (et al. Airport, REWE, Mall, Lotto)
- JCDecaux is investing in its DooH business in Germany. Next to LED Boards, the airport Frankfurt and the showcase “U-Bahnhof Friedrichstraße”, a new DooH network will be rolled out in the Berlin metro (75 screens)

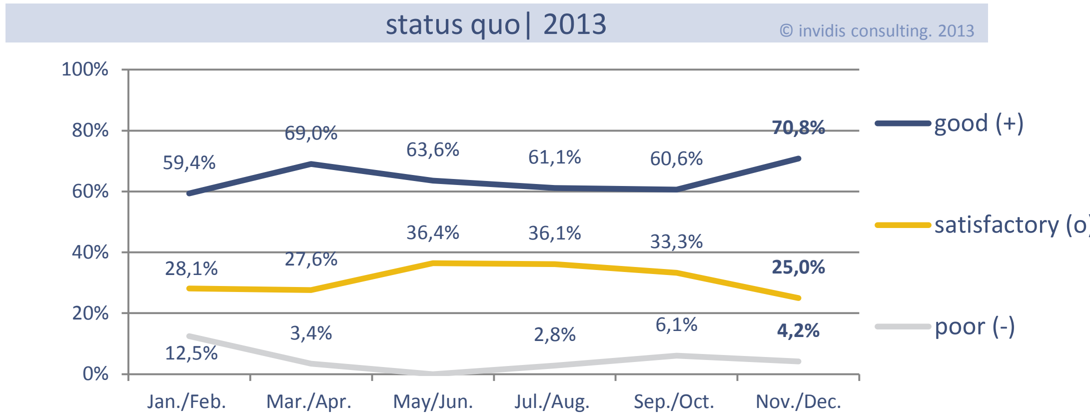


Fig. 18: DBCI November/December 2013 “business situation DooH”, n=24

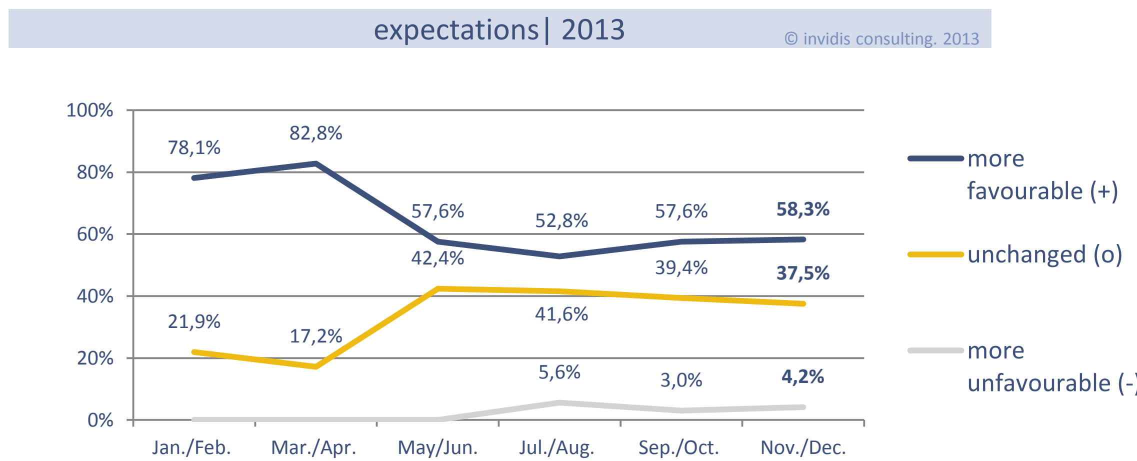


Fig. 19: DBCI November/December2013 “business expectations DooH”, n=24

1) Source: Nielsen

DBCI November/December2013

ADDITIONAL QUESTIONS

Distributors DE | The Top 5 dominate the market

„With which distributors do you work together?"

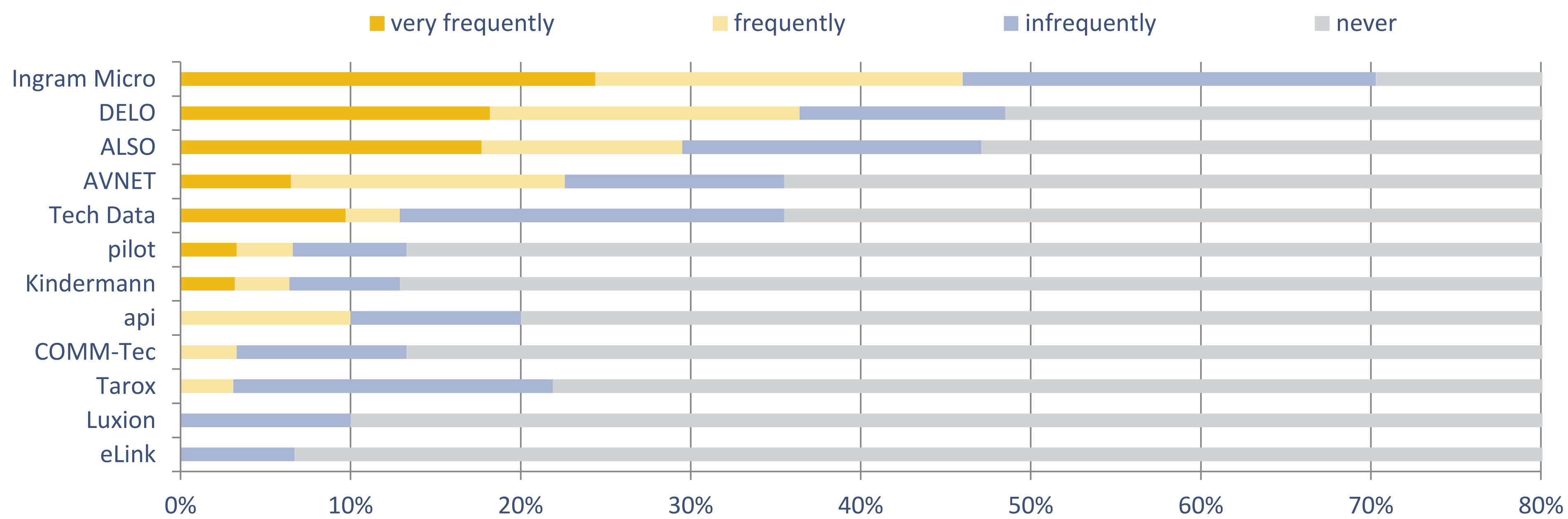


Fig. 20: DBCI November/December 2013 "Ranking distributors DE", n=30-37

- The clear market leader among the distributors in Germany is Ingram Micro. Over 70% of all polled companies have at the least worked together with the company once
- With some distance follow Delo, Also, AVNET and Tech Data. About 35%-45% of all polled companies have worked with those distributors
- All other distributors are requested rather rarely. The reasons for this are their mostly restricted Digital Signage portfolio or their concentration on the AV market

Distributors DE | High satisfaction with Delo, ALSO und Ingram Micro

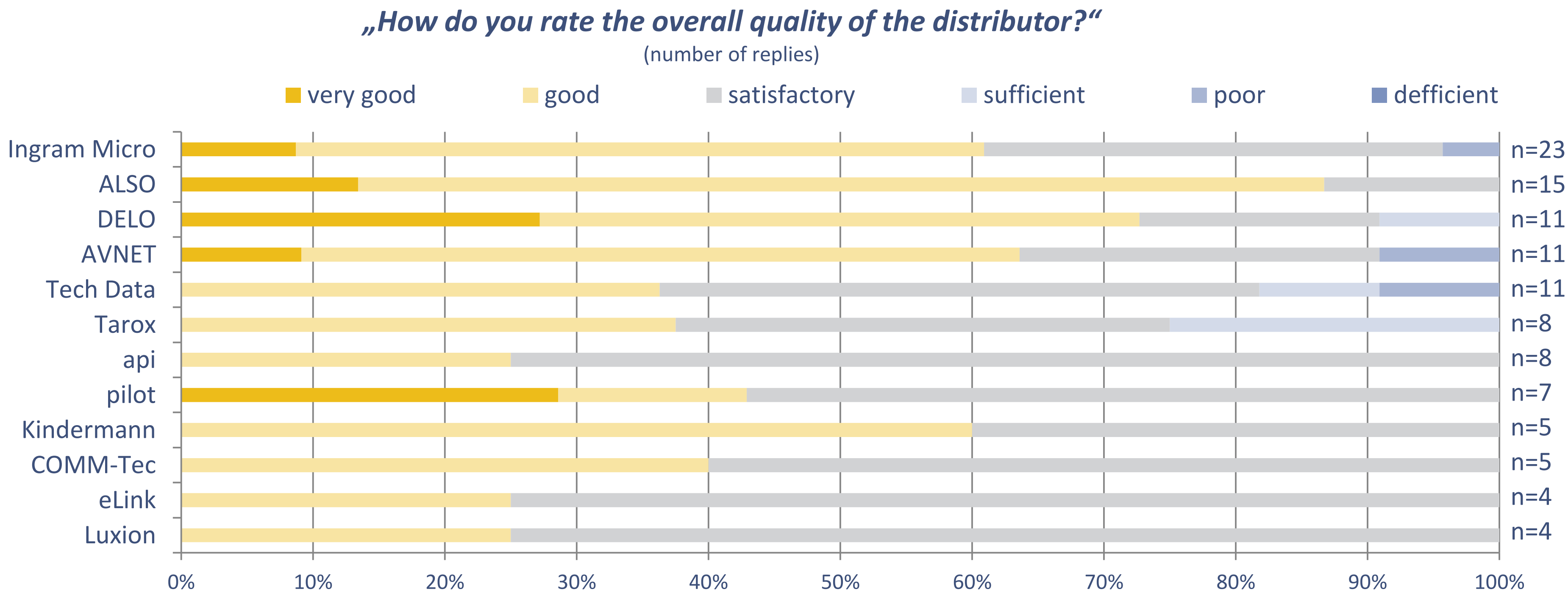


Fig. 21: DBCI November/December 2013 "Quality distributors DE", n=4-23

- Next to a wider product portfolio the customers recognize the importants of project support services provided by the distributors. The level of support is primarily defined by the level of Digital Signage knowhow. Most experienced integrators make use of the logistic and supply chain services while inexperienced resellers also utilize consulting, configure-to-order and installation services
- Financing services are almost never requested from the distributors

Distributors AT/CH | National providers dominate the market

- In Austria and Switzerland the distributor market is dominated by national providers
- In Austria the most important companies are SoLoIT and Omega[1)]
- In Switzerland the market for distributors is dominated by MobilePro. Telion is following suite in second place
- The international respectively Europe-wide operating companies Ingram Micro, Also and Tech Data have to surrender to local distributors in these two markets
- In Switzerland a general high satisfaction prevails with the services of the distributors

„With which distributors do you work together?“ (CH)

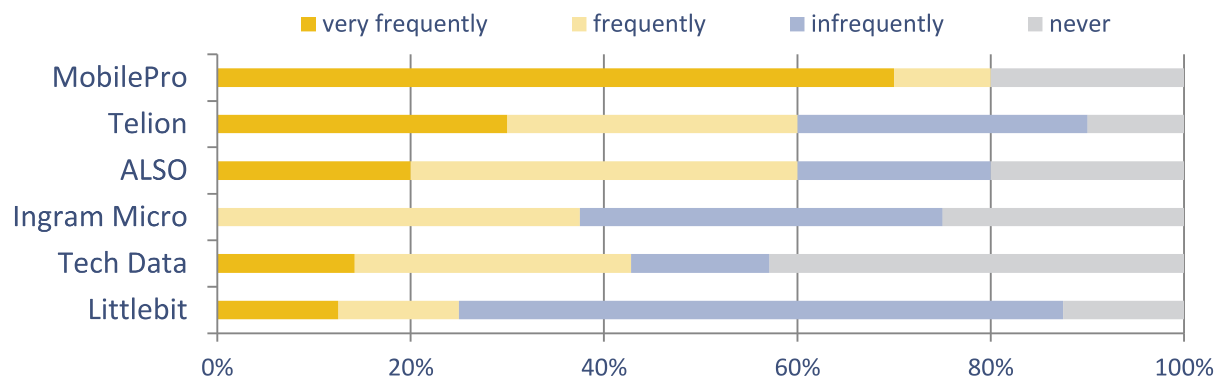


Fig. 22: DBCI November/December 2013 "Ranking distributors CH", n=8-10

„How do you rate the overall quality of the distributor?“ (CH)
(number of replies)

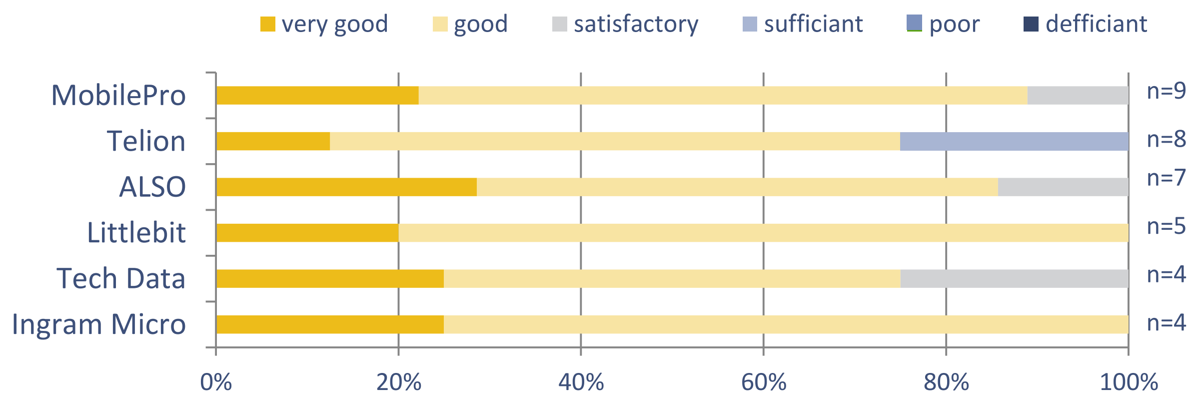


Fig. 23: DBCI November/December 2013 "Quality distributors CH", n=4-9

1) For the Austrian market the low number of replies made a statistical analysis impossible

Distributors | Highest demand for traditional services

„Which services of the distributor do you make use of?"

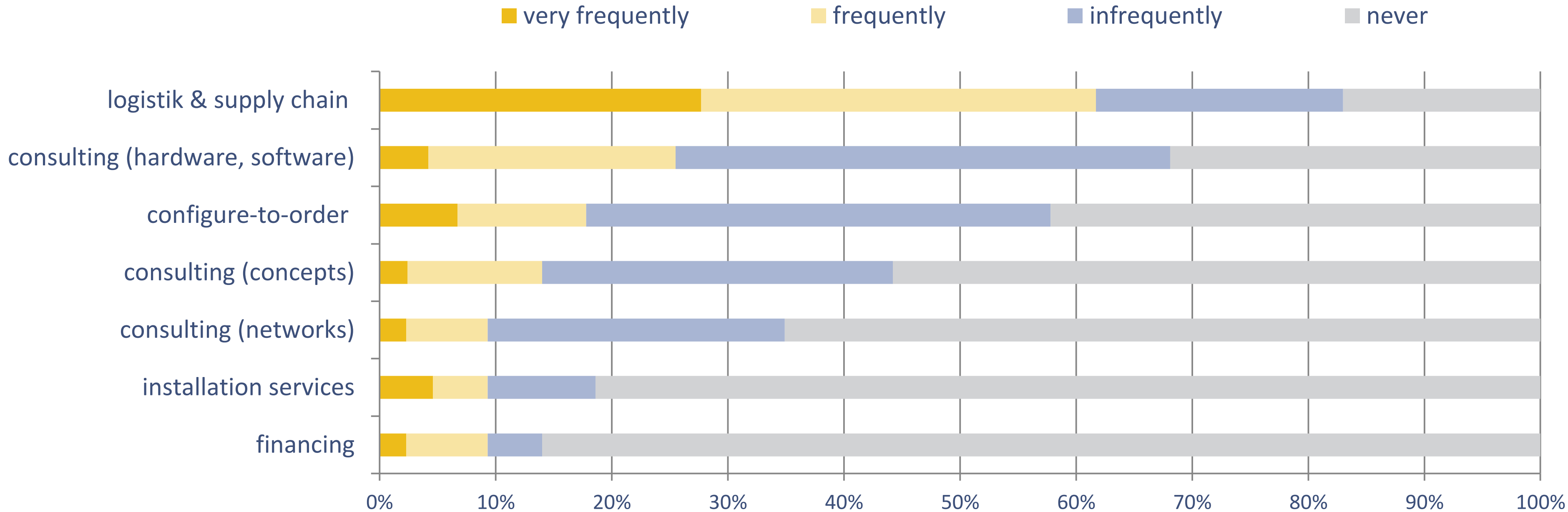


Fig. 24: DBCI November/December 2013 "Services distributors DE/AT/CH", n=47

- The core competence of the distributors „logistic & supply chain" is the service with the highest demand for by customers. Moreover consulting for hardware and software as well as configure-to-order are often requested
- System houses and integrators only rarely make use of consulting and installation services. The possibility for financing is only utilized by about 15% of all polled companies

DooH| Only few bookings carried out by media agencies

- Up to now bookings of Digital-out-of-Home networks are only rarely carried out by media agencies. The polled companies have registered that only 20%-30% of the total amount of bookings were operated by media agencies
- The gap between gross and net revenues remains wide open in the DooH segment – high discounts are on a daily agenda. Nevertheless the media is still underrepresented in the perception of agencies and clients
- Concerning the providers and the technical specifications the market is still highly fragmented. A central bundling of networks remains wanting

Percentage of DooH bookings carried out by media agencies

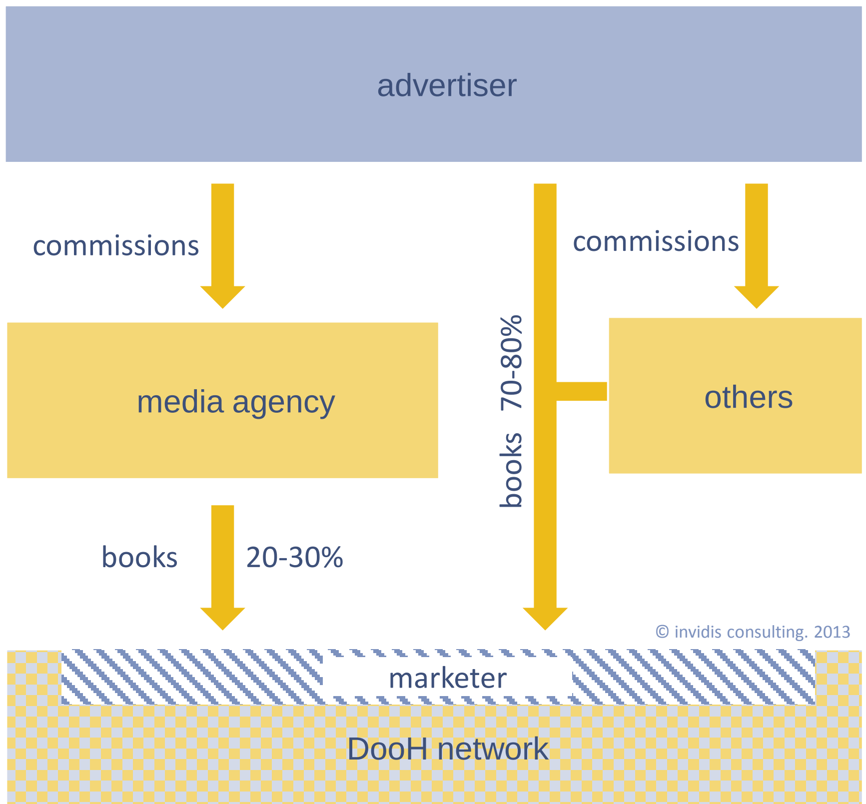


Fig. 25: DBCI July/August 2013 "DooH bookings through media agencies" n=23:

DooH (CH) | Simple animations hold the lions share

- Movement creates attention. Following this principle is the USP of DooH. 75% of the content running on DooH networks consists of moving images
- Another 45% is made up of easy to produce template animations
- In Austria and Germany the demand for dynamic content formats is also distinctly higher than for static content formats

„How high is the percentage of the different content formats on your DooH network?“

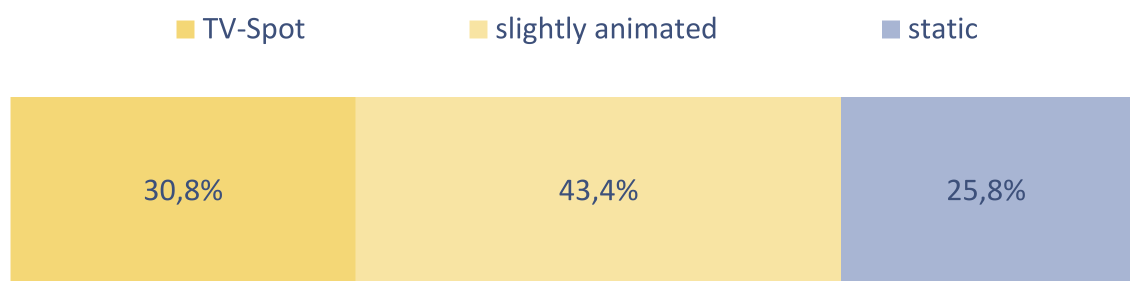
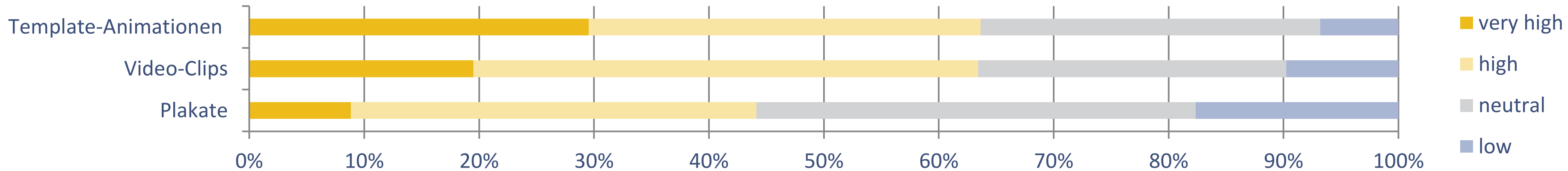


Fig. 26: DBCI November/December 2013 „DooH Content Dynamic“, n=6

Demand for content dynamic 2012 (DE/AT)

Fig. 26: DBCI July/August 2013 „Content Dynamic“, n=46



DBCI | Roadmap 2014 & Contact

2014	
January	Jan./Feb.| 28.01.
February	
March	Mar./Apr. | 24.03.
April	
May	May/Jun. | 19.05.
June	
July	Jul./Aug. | 21.07.
August	
September	Sep./Oct. | 18.09.
October	
November	Nov./Dec. | 17.11.
December	

- The next survey will take place in calendar week 3-4 of 2014
- The next planned publication date will be the 28th of January 2014
- 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 2014. For further information please contact Daniel Russell

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