Russia

May | June 2014

DBCI

The pulse of the Digital Signage and DooH industry

OVAB Digital Signage & DooH Business Climate Index

invidis CONSULTING

invidis research
2014 RU 300

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DBCI - Introduction

- The OVAB Europe **D**igital Signage **B**usiness **C**limate **I**ndex (DBCI) is the leading European indicator of the economic development of the Digital Signage and Digital-out-of-Home industry
- It is compiled every two months by invidis consulting in cooperation with OVAB Europe
- Questions:
  - Current business situation: “good”, “satisfactory” or “poor”
  - Expectations for the next six months: “more favorable”, “unchanged” or “more unfavorable”
- **Russia** – first poll May/June 2014:
  - Russia is the 7th largest market in Europe for Digital Signage (in units of public displays)
  - DBCI Russia: **19,05 base points**
  - Over **90%** rate their current business situation as **good** or **satisfactory**
  - **19%** have a **negative outlook** for the industry within the next six months

Solid current business but sober outlook in Russia

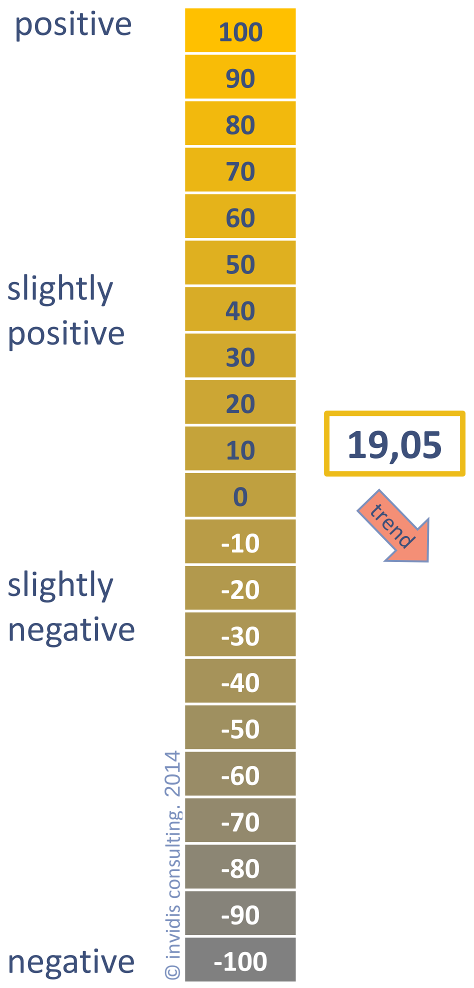


Fig. 1: DBCI Russia May/June 2014, n=21

- The digital Signage Business Climate Index Russia has been polled for the first time in 2014. The Index stands at almost 20 base points, reflecting the current slightly positive business sentiment of the Digital Signage industry in Russia
- The economic downturn in the wake of the current crisis has weakened the Russian economy. The facts are a drain of foreign capital, a bear market at the stock exchange, a devaluation of the Ruble and a rise in central bank interest rates. Particularly the import dependent Digital Signage industry is feeling the effects
- However, the European economy is still very dependent on Russian natural resources especially gas and oil and the state finances are still very strong with only 1,3% budget deficit of GDP compared to 3,3% in the EU
- Therefore, the business of the Digital Signage industry is still robust and business sentiment is good, with a cautious outlook

Survey facts
- Participants: n=21
- Region: Russia
- Time frame: 2014 calendar weeks 16 &17

General positive and solid current business situation

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

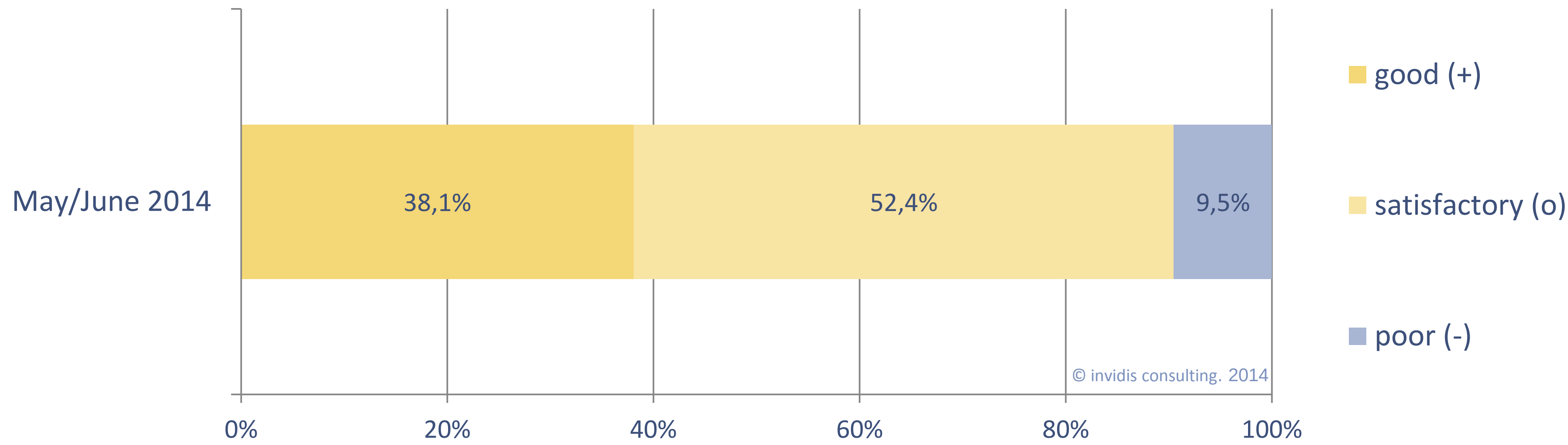


Fig. 2: DBCI Russia May/June 2014"business situation", n=21

Sober outlook for the next six months

Question: What are your expectations for the next six months?

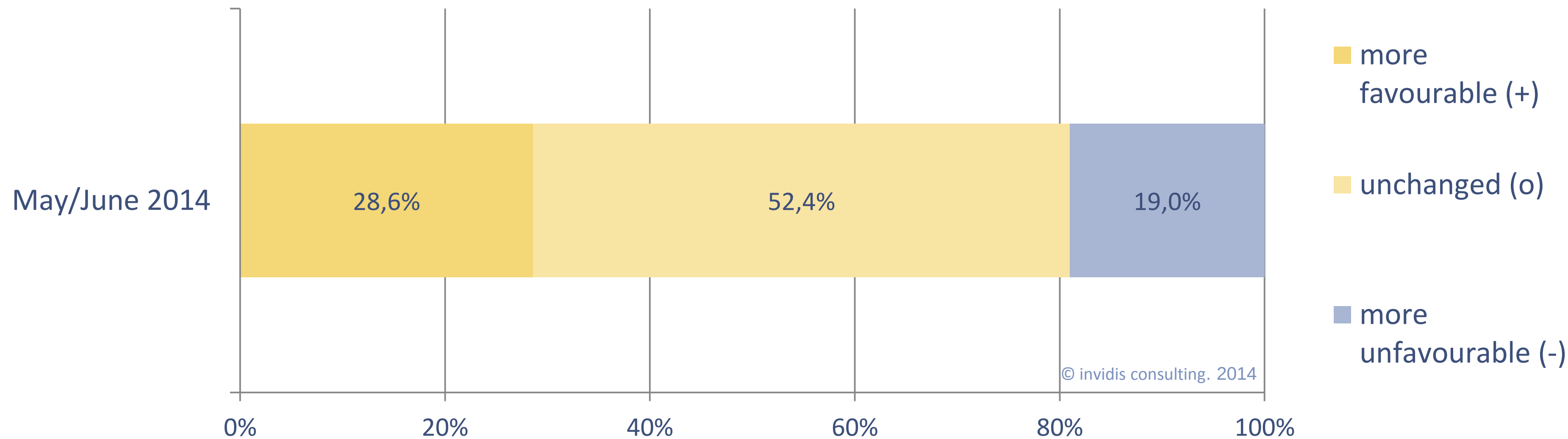


Fig. 3: DBCI Russia May/June 2014"business expectations", n=21

DBCI May/June 2014

Additional Questions

Robust demand for large scale Digital Signage networks in 2013

Question: How many projects did your company roll out in the following categories in 2013?

- In 2013 almost 50% of all Digital Signage projects were small installations with up to ten displays
- Small projects have a high margin and can be carried out successfully by most players in the market
- Falling hardware prices created a high demand for easy-to-use Digital Signage solutions for small retailers with only one or two shops. Here the switch from consumer to professional displays is also generating recurring revenues
- Almost 40% of the Digital Signage networks installed consisted out of more then 50 displays
- Large projects generate high revenues, but discounts increase with the number of hardware used and tear into the margin
- Only professional market participants can sustainably carry out projects with over 50 displays

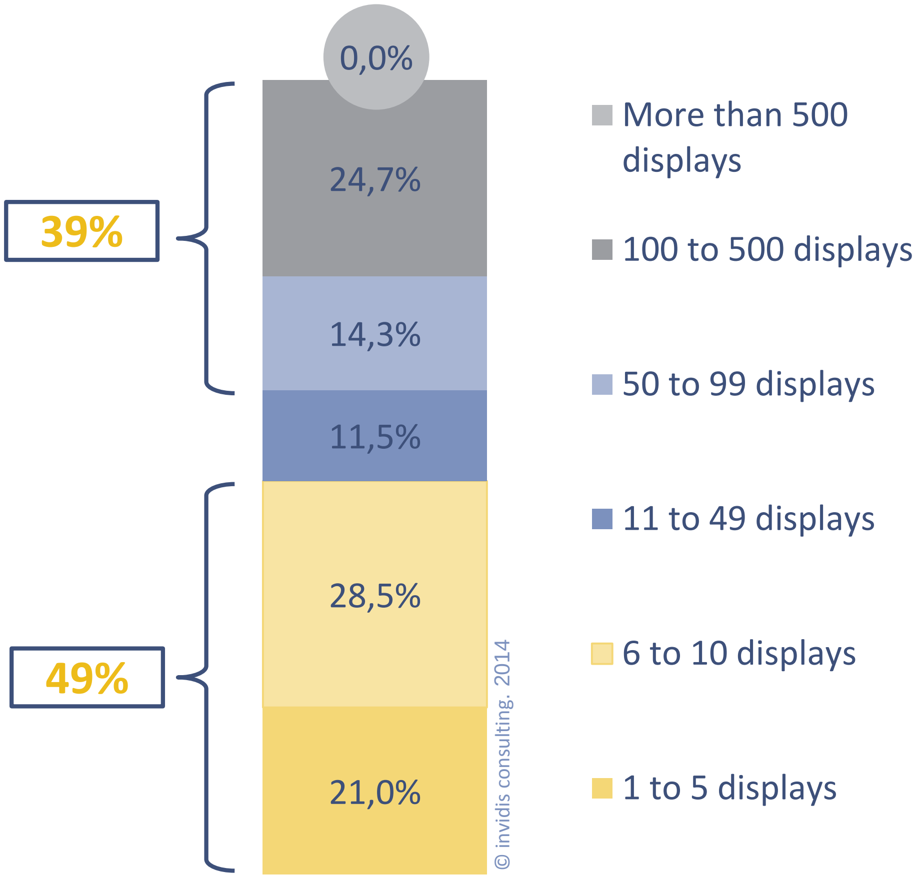


Fig. 4: DBCI Russia May/June 2014 "project sizes 2013" , n=10

Retail, Mall and DooH are the most significant markets for Digital Signage

Question: In which vertical markets has your company rolled out the most projects in 2013?

- Retail is with approx. 22% of all Digital Signage revenues the biggest vertical market. Customer engagement, marketing and ambient installations become more and more common not only in most high-street retailers, but also in small and medium businesses
- Malls is the second biggest vertical market with 12% of all Digital Signage revenues generated. The harsh climatic conditions promote the construction of indoor shopping centers in Russia. Since new shopping malls are being equipped regularly with Digital Signage solutions, not only for the retail outlets, but also for information, way finding and marketing by the mall operator, consisted revenues can be generated here
- Like malls, DooH also takes up 12% of all Digital Signage revenues. Except for large LED boards almost all sites are indoor. Again due to the climatic conditions. Rendering the term DooH almost useless, as it rather should be called Digital-Indoor. The prime locations are in the transport sector like airports, trains and train/metro stations

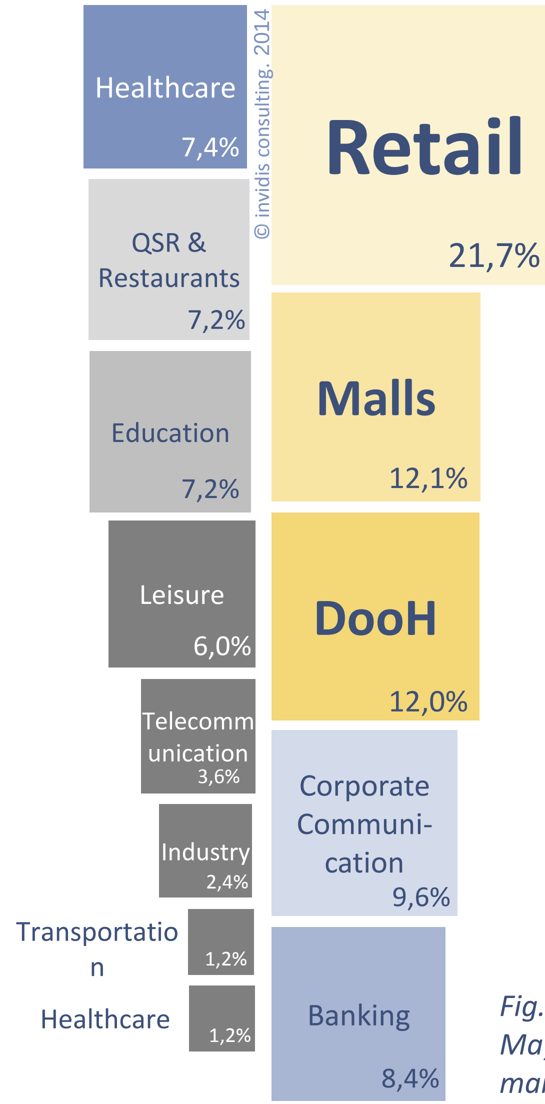


Fig. 5: DBCI Russia May/June 2014 "vertical markets 2013" , n=15

DBCI May/June 2014

Special:
invidis Digital Signage Focus Markets EMEA 2014

EMEA Focus Marktes | Forecast 2014

1) Unit growth/potential
2) In units

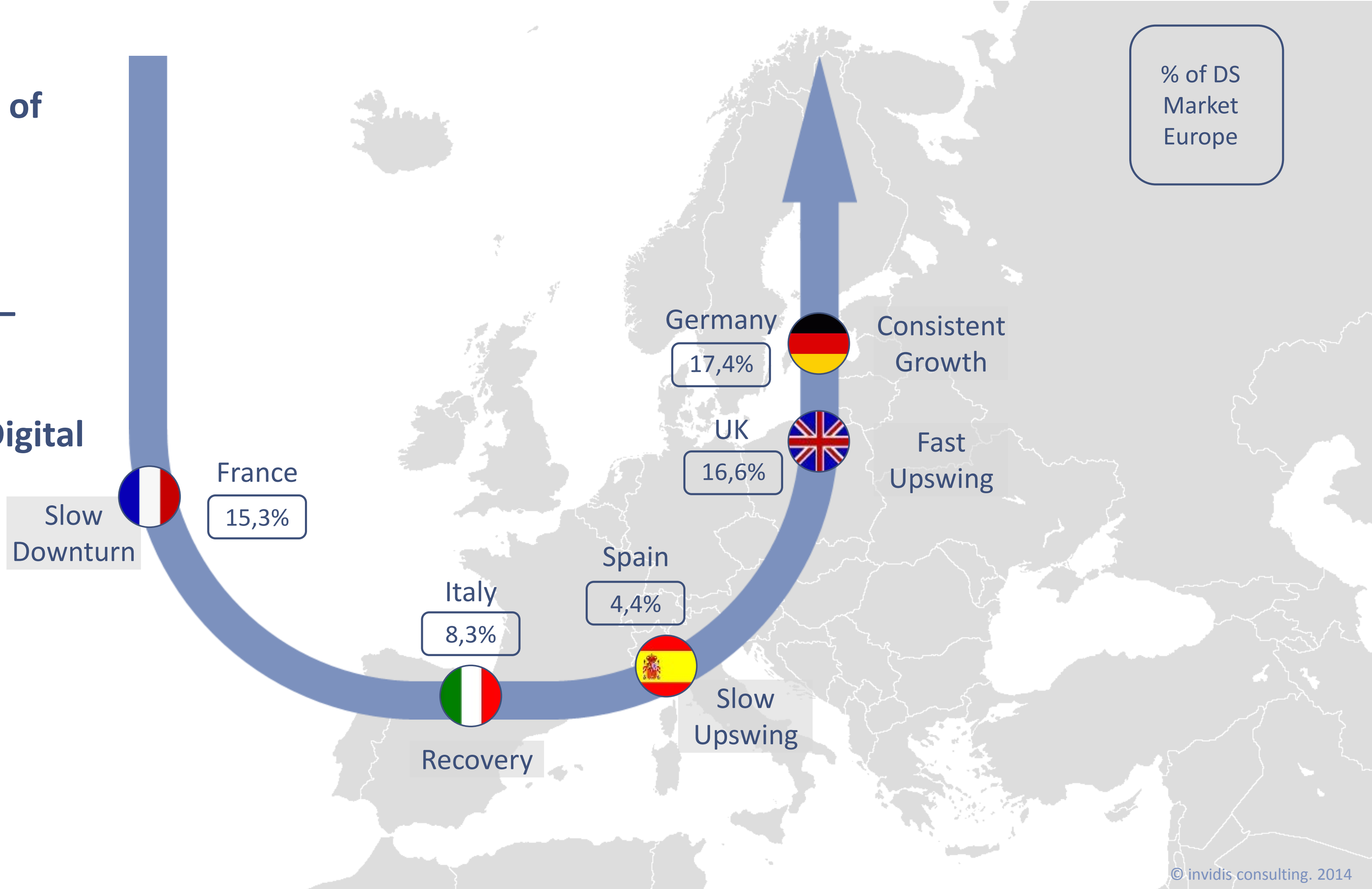
Tendency

Europe Top 5 Markets | General Economic Cycle 2014

The 'bookends' of the European economy

– Germany and the UK –

both, high performers in Digital Signage



Roadmap 2014 & Contact

2013	
January	
February	
March	
April	
Mai	
Jun	
July	**Jul./Aug. | 23.07.**
August	
September	**Sep./Oct. | 18.09.**
October	
November	**Nov./Dec. | 10.11.**
December	

- The next survey will take place in calendar weeks 26 & 27 of 2014.
- The next planned publication date will be the 23nd July 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.

Contact:

Daniel Russell | Junior Analyst
invidis consulting GmbH
Rosenheimer Str. 145e
DE-81671 Munich
Daniel.Russell@invidis.com

Phone: +49 89 2000416-21
Mobile: +49 151 62438503

Save the Date!

17. - 18. September 2014

OVAB Out-of-home Video Advertising Bureau Europe

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17 – 18 September 2014

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