

Italy

March | April 2015

DBCI

The pulse of the Digital Signage
and DooH industry

OVAB Digital Signage & DooH
Business Climate Index

OVAB-cooperation partner Italy:

AssoDS
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Digital Signage market with conservative business sentiment

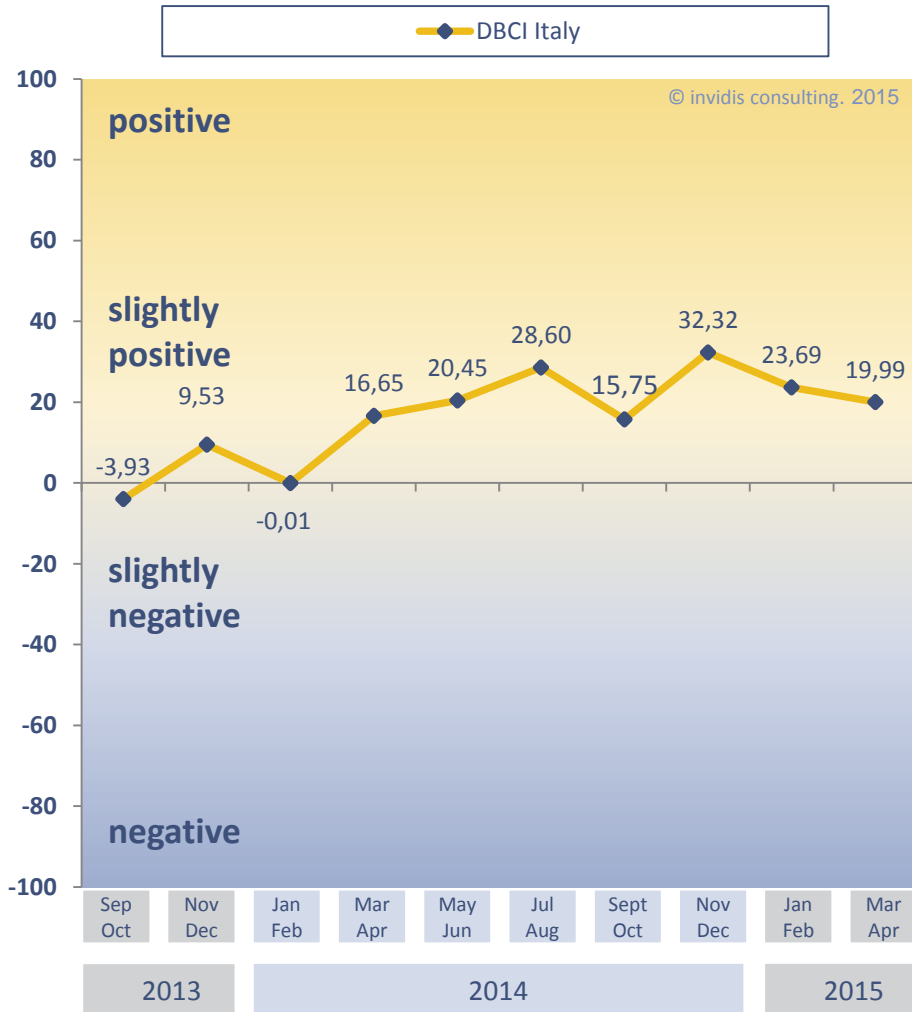


Fig. 1: DBCI Italy March | April 2015 „Index“, n=20

- The Digital Signage Business Climate Index (DBCI) in Italy has decreased slightly since the last poll in January. The Index fell by 3,70 points to reach 19,99 base points
- The current business situation for the Digital Signage industry in Italy is rated as satisfactory or good by many market participants. However, after positive expectations at the end of 2014, the outlook for the second and third quarter in 2015 has become much more conservative
- The volatile climate in the general economy in Italy has still a slowing effect on the IT branch. Digital Signage vendors however can built on robust earnings in the year 2014 with a low double digit growth rate

Further research:

- The market participants have again underlined the high importance of the SMB market for Digital Signage, with 90% of all revenues being generated in this sector
- The vertical markets of Retail, Corporate Communication and Shopping Malls were responsible two thirds of all Digital Signage revenues in 2014
- Clear growth in the DooH sector expected for the next 36 months. Particularly a combination of cross-media bundling and the development of new networks will drive the media to a market share of between 10% and 15% of Outdoor.

Survey facts

- Participants: n=20
- Region: Italy
- Time frame: 2015 calendar weeks 11-12



Status Quo | Satisfaction with the current business situation remains stable

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

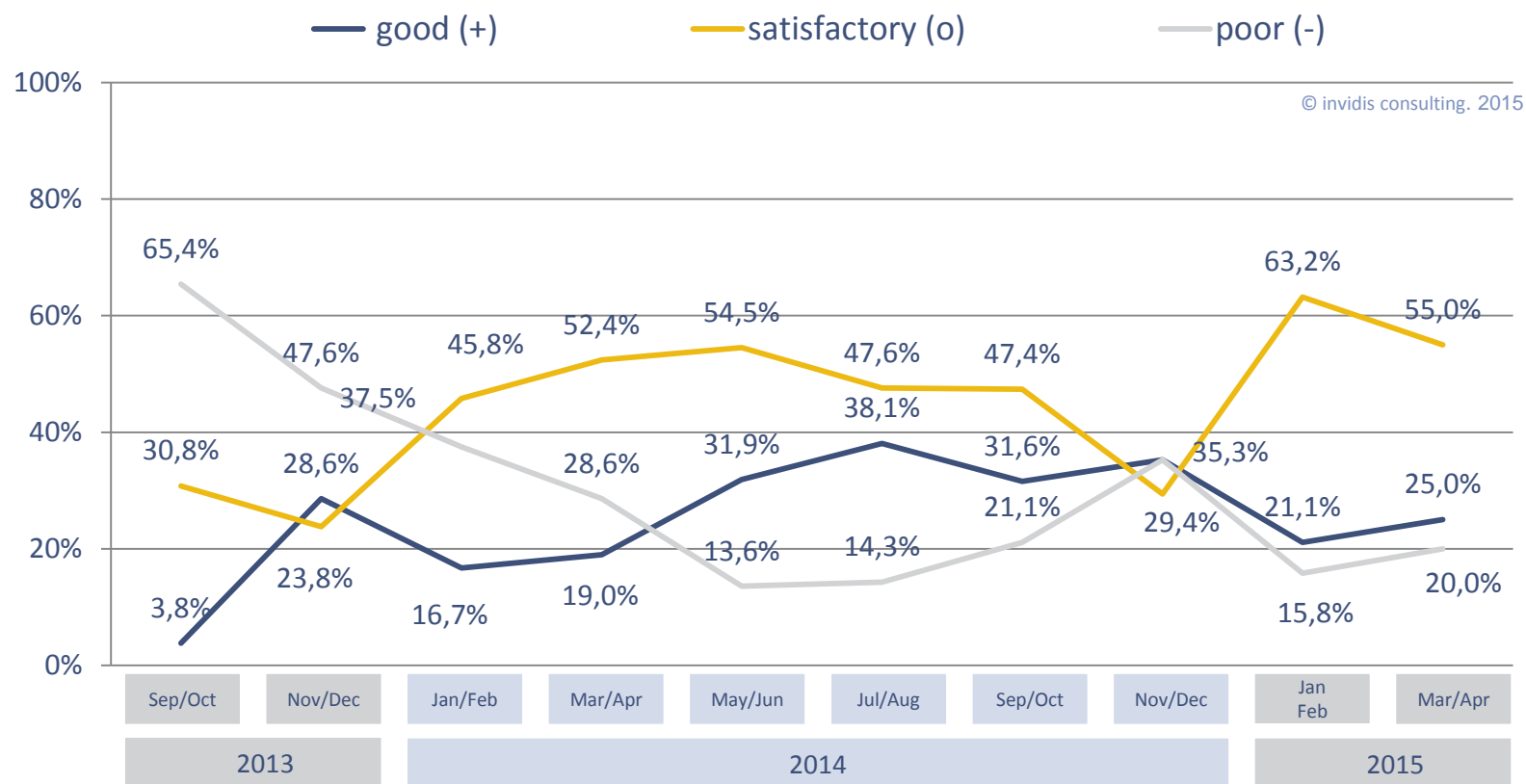


Fig. 2: DBCI Italia March | April 2015 "business situation", n=20



Expectations | Conservative outlook continues for the next two quarters

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

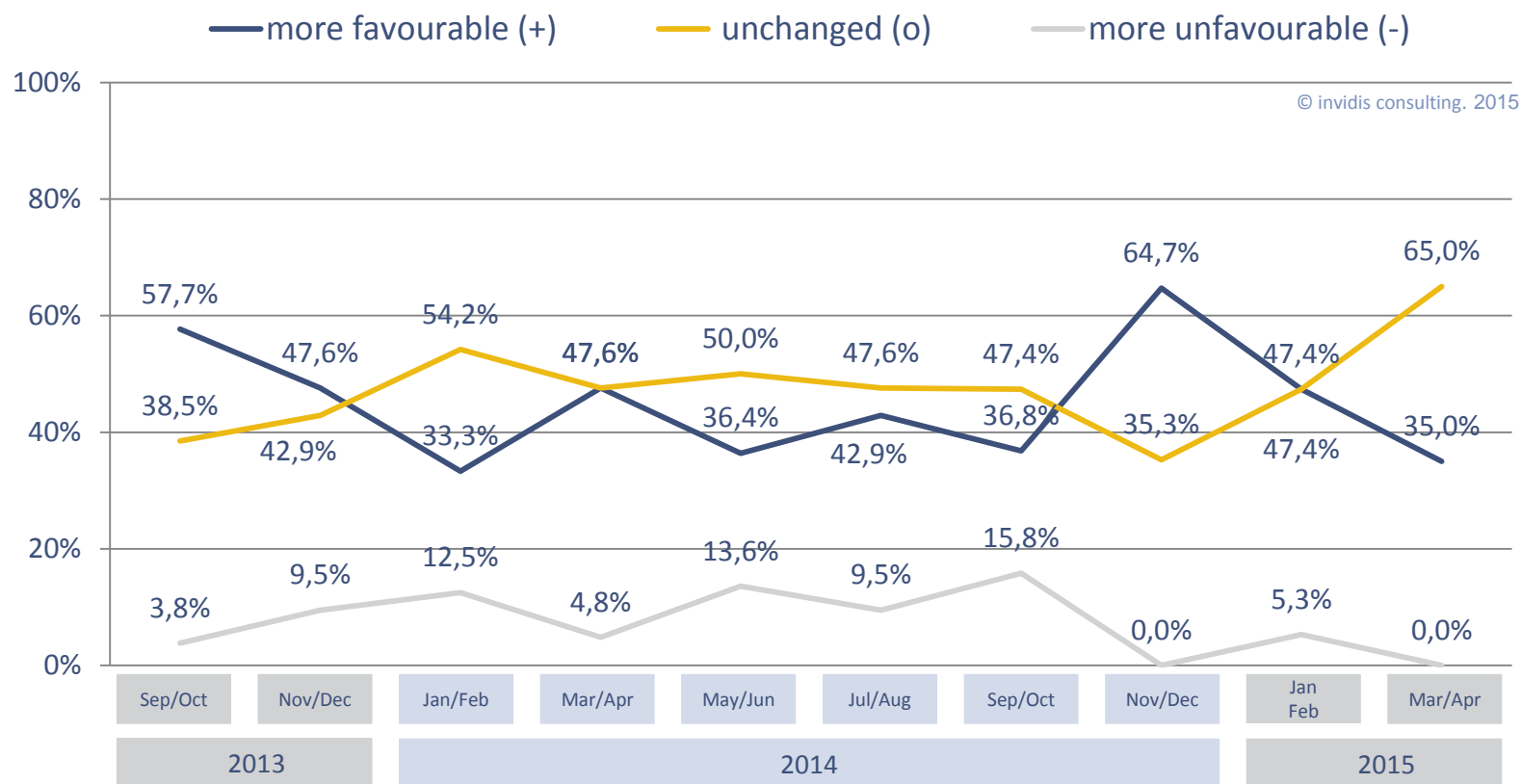


Fig. 3: DBCI Italia March | April 2015 "business expectations", n=20

Further research | The SMB sector still drives Digital Signage revenues

Question: How many projects did your company roll out in the following categories in 2014?

- 90% of all DS projects in 2014 were small and medium installations with up to 50 displays
- Smaller projects have a higher 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 in the SMB sector
- Only 9% Digital Signage networks rolled out in 2014 were larger than 100 displays
- Large projects generate high revenues, but discounts increase with the number of hardware used and tear into the margin. Moreover, only few market participants can sustainably carry out projects with over 100 displays.

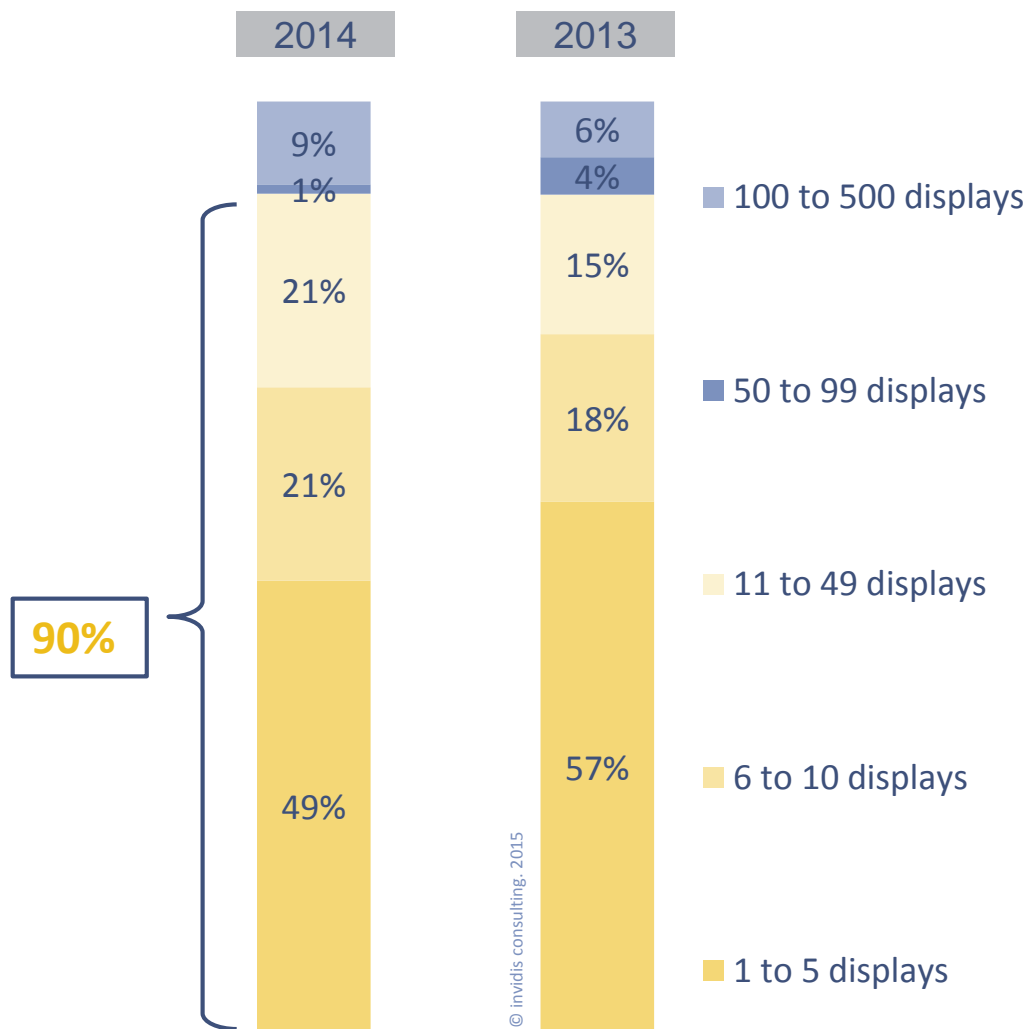


Fig. 4: DBCI Italy March/April 2015 „project sizes 2014“, n=15



Further research | Retail remains top, strong demand for Corporate Communications

Question: We would like to assess the dynamic for Digital Signage in the different vertical markets. In which vertical markets has your company realised the most projects in 2014? Please rate the Top 3 vertical markets?

- Retail is with approximately 36% of all Digital Signage revenues still 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.
- The corporate communication vertical market has seen a positive trend over the last few years. With rising IT budgets, the digitization of employee communications is now seen as a sustainable investment by many companies
- Shopping Malls is the third biggest vertical market. 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, consistent revenues can be generated here

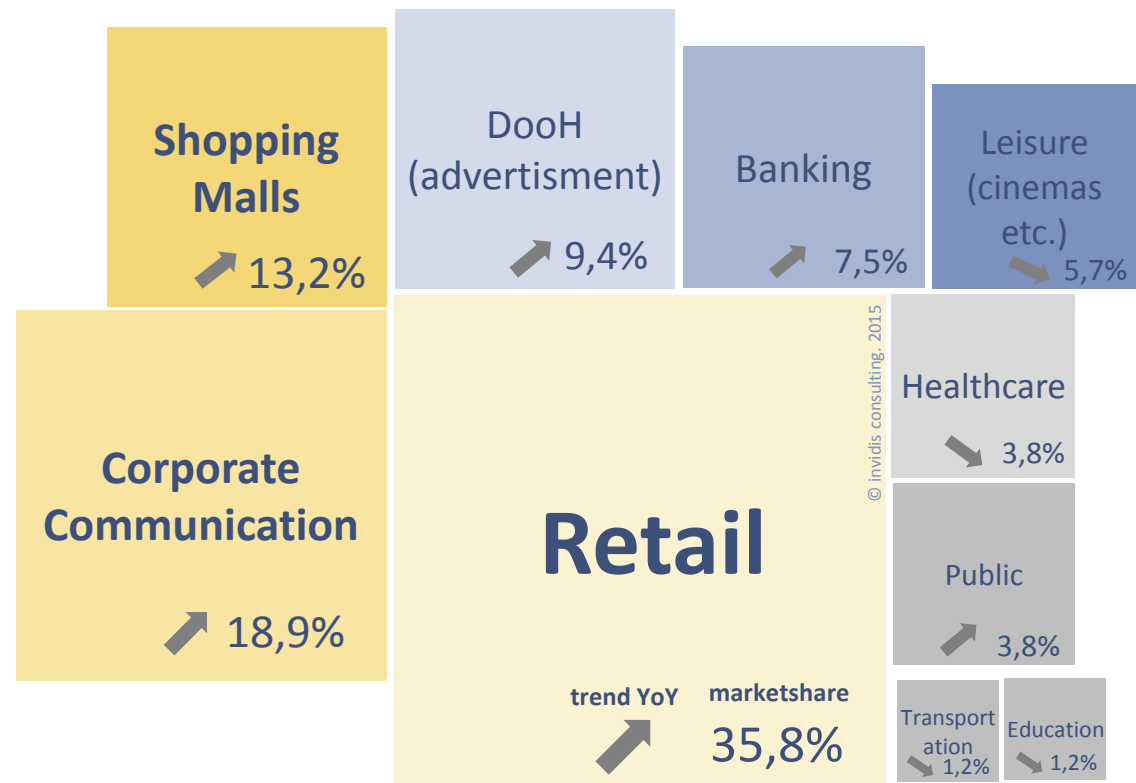


Fig. 5: DBCI Italy March/April 2015 "Top 10 vertical markets 2014", n=17



Further research | Clear growth for DooH expected for the next 36 months

Forecast market share DooH in 36 months

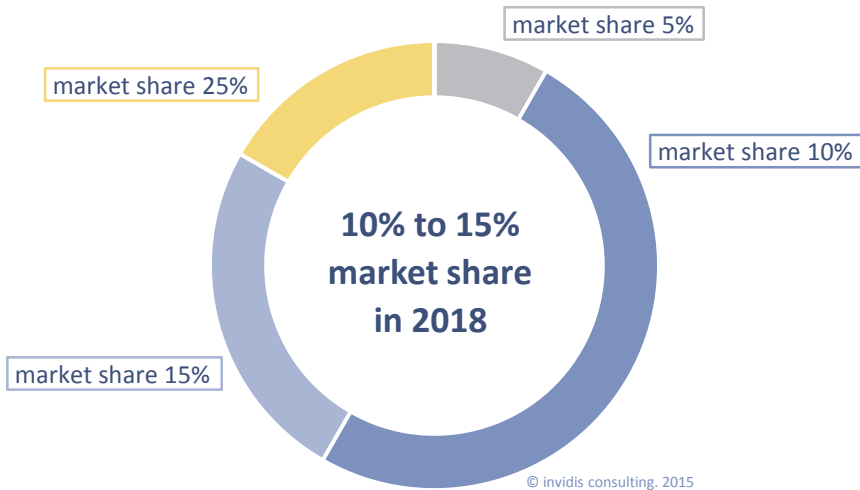


Fig. 6: DBCI Italy March | April 2015 "market share DooH in 36 months", n=12

Question: How high, do you estimate, will the market share of DooH within Out of Home grow in three years?

The market participants see a clear growth potential in DooH. They expect that the market share of DooH within Out of Home will reach between 10% and 15% by 2018

Reasons for future DooH growth

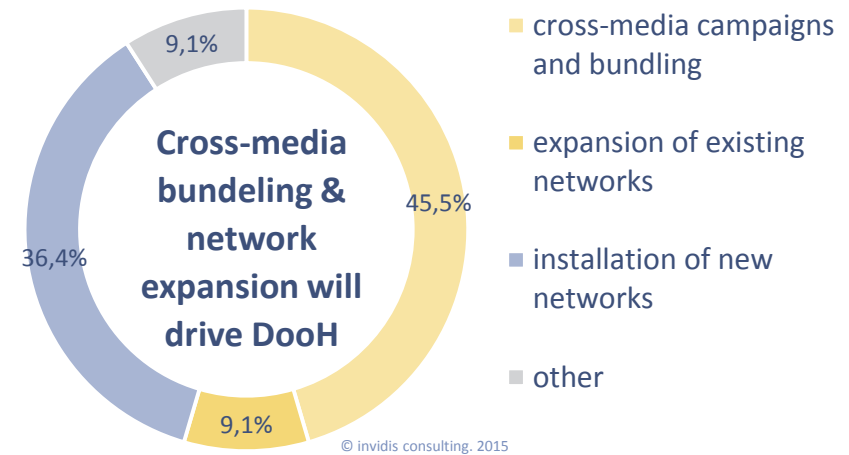


Fig. 7: DBCI Italy March | April 2015 "growth reasons DooH", n=11

Question: Which factors will primarily lead to an increasing market share of DooH?

On the one hand most growth will be achieved by bundling DooH with other digital media. On the other hand many market participants also see good potential for the installation of new networks. Whereas the existing networks look to have reached their maximum penetration



DBCI | Roadmap 2015 & Contact

2015	
January	
February	
March	
April	
May	May/Jun. 2015/06/08
June	
July	Jul./Aug. 2015/08/10
August	
September	Sept./Oct. 2015/10/05
October	
November	Nov./Dec. 2015/12/07
December	

- The next survey will take place in calendar week 19-20 of 2015
- The next planned publication date will be the 8th of June 2015
- 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 2015. For further information please contact Daniel Russell

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