

Russia

March | April 2015

DBCI



Digital Signage & DoOH
Business Climate Index

The pulse of the Digital Signage
and DoOH industry



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2015 RU 200



Digital Signage market with slight recovery in the second quarter of 2015

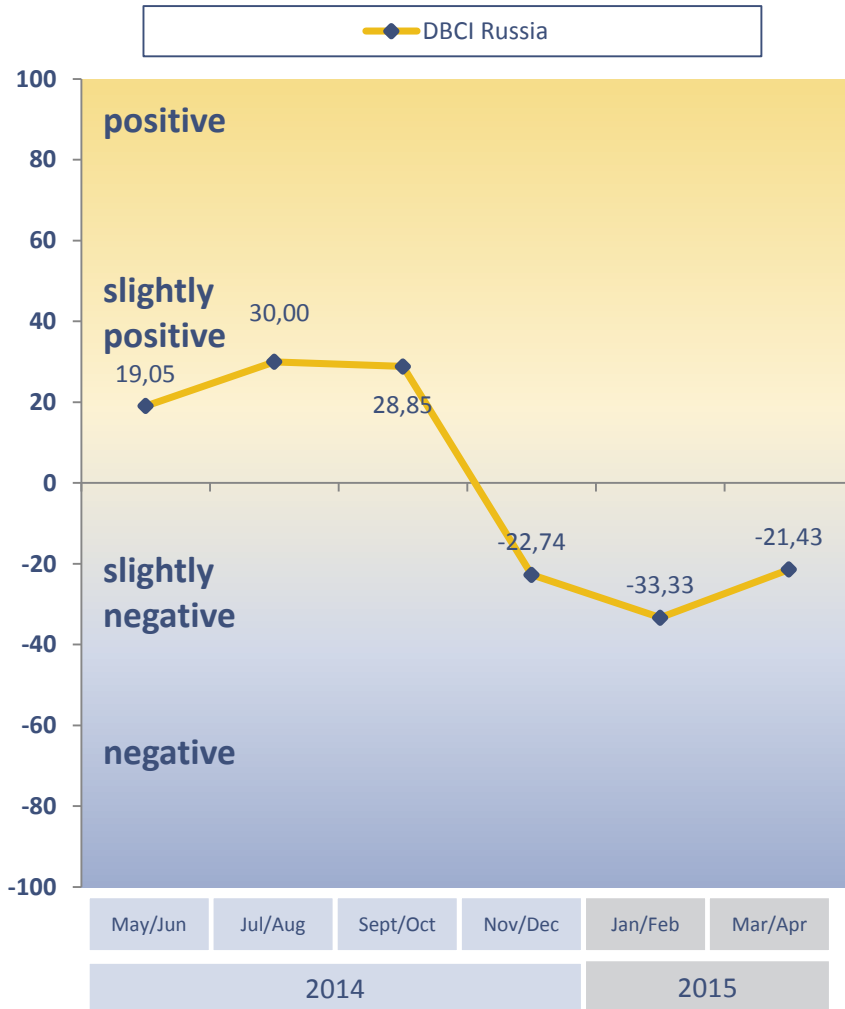


Fig. 1: DBCI Russia March | April 2015 „Index Russia“, n=21

- The digital Signage Business Climate Index Russia has been polled for the sixth time in Russia. Since the last survey in January, the index has slightly increased from -33,33 by 11,90 base points to reach -21,43 base points
- Still only little more than half of the market still sees the current business situation as satisfactory. Whereas the outlook for the next six months has slightly recovered since the last survey and is not as pessimistic anymore. However, the market participants also do not see much hope for the economy picking up again in the near future

Further research:

- The market participants have underlined the high importance of the SMB market for Digital Signage, with almost three quarters of all revenues being generated in this sector
- The vertical markets of Shopping Malls, Corporate Communication and Retail were responsible for two thirds of all Digital Signage revenues in 2014
- Only low growth in the Dooh sector expected for the next 36 months. Particularly the development of new networks will drive the media to a market share of slightly more than 5% of Outdoor.

Survey facts

- Participants: n=21
- Region: Russia
- Time frame: 2015 calendar weeks 11-12

 Digital Signage industry still with conservative current business sentiment

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

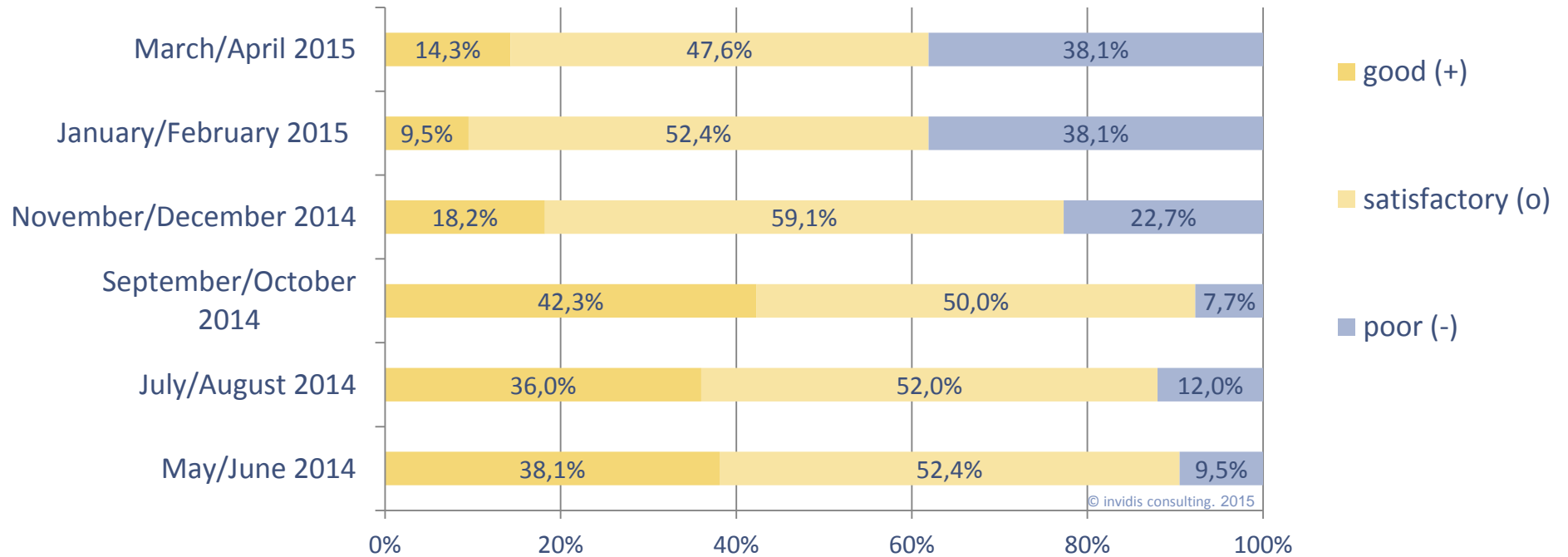


Fig. 2: DBCI Russia March | April 2015 "business situation", n=21



No changes expected for the Digital Signage bussiness in Russia

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

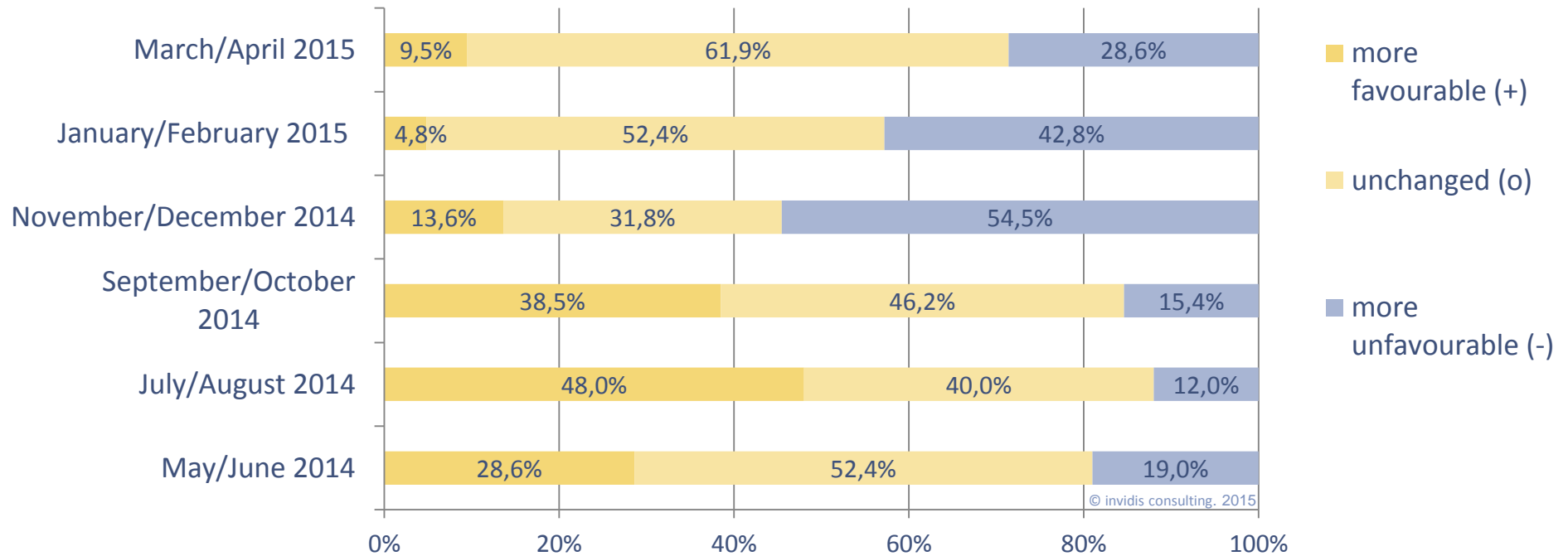


Fig. 3: DBCI Russia March | April 2015 "business expectations", n=21



Further research | The SMB sector drives Digital Signage revenues

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

- 73% 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
- As due to the economic crisis in Russia mostly the bigger projects have been put on hold and budgets from government owned companies have been cancelled, the SMB sector saw a clear increase in importance for the Digital Signage industry compared with last year
- Still on fourth of all Digital Signage networks rolled out in 2014 were larger then 100 displays

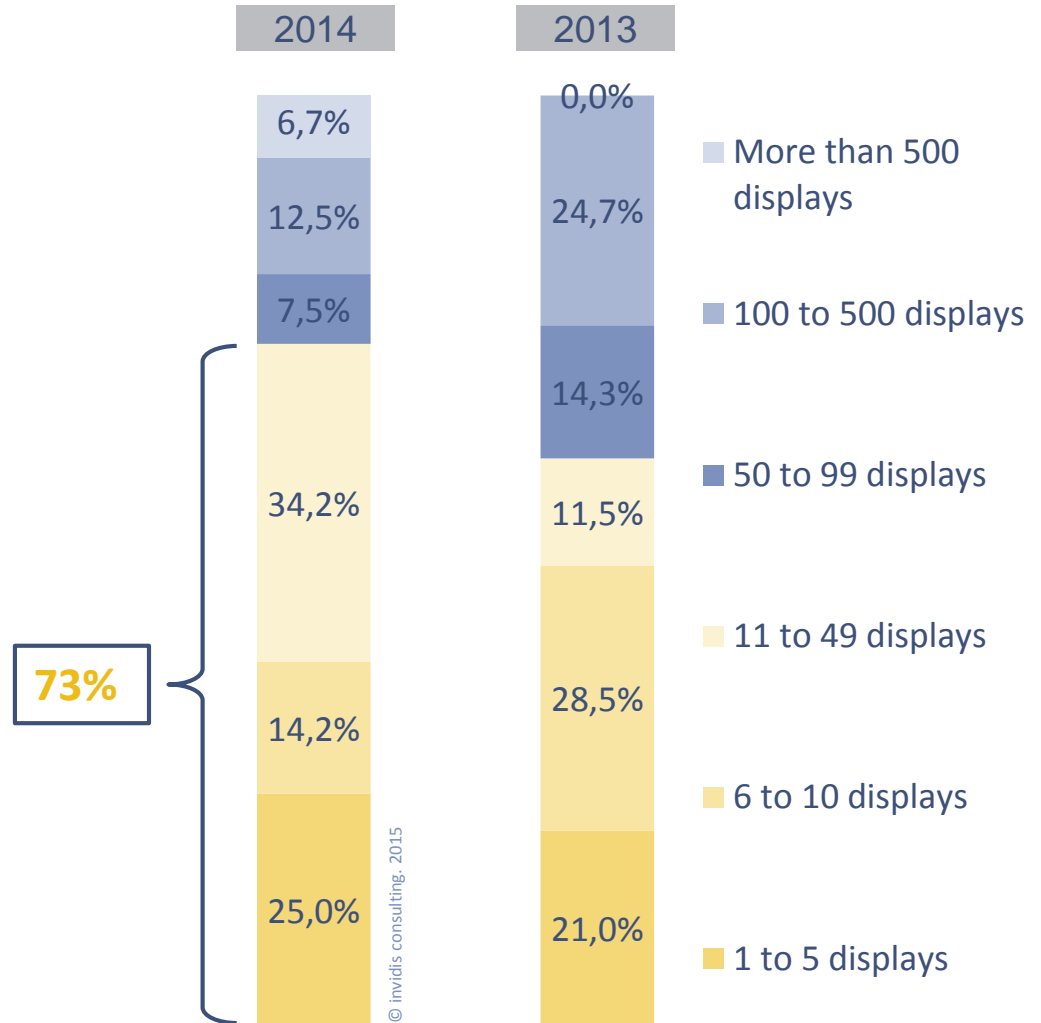


Fig. 4: DBCI Russia March/April 2015 „project sizes 2014“, n=15

 Further research | Shopping Malls was the most important vertical market in 2014

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?

- Shopping Malls is with just under one third of all Digital Signage revenues the biggest vertical market. 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, consistend revenues can be generated here
- 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
- Retail is the third 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. However this segment has lost market share as other verticals became more important in the last year

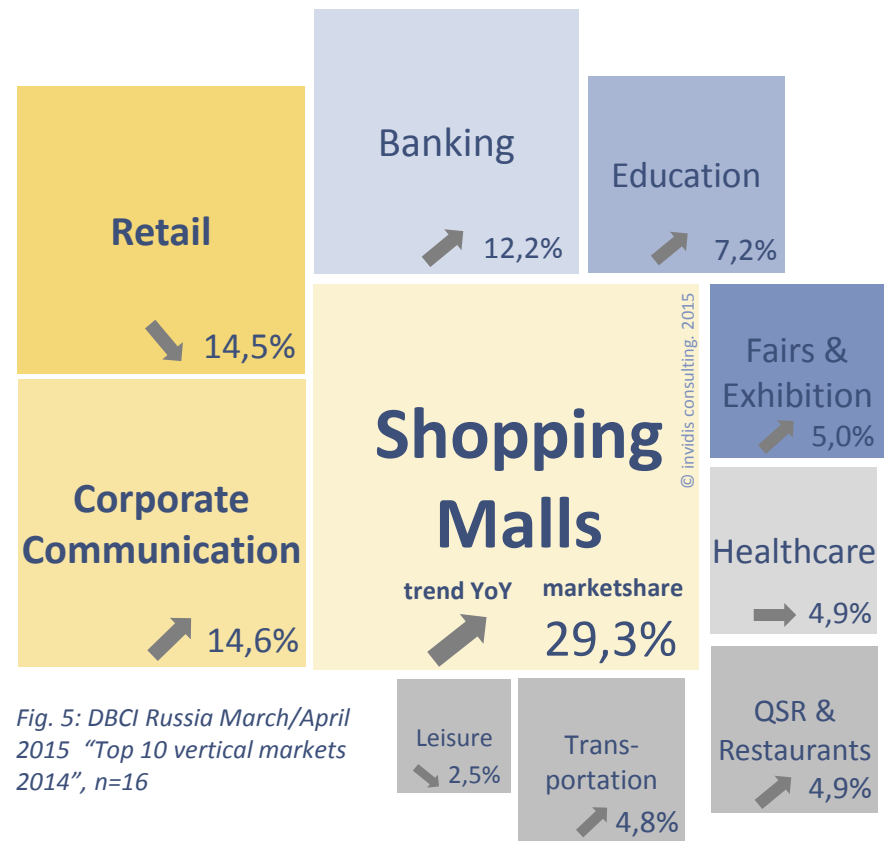


Fig. 5: DBCI Russia March/April 2015 "Top 10 vertical markets 2014", n=16



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

Forecast market share DooH in 36 months

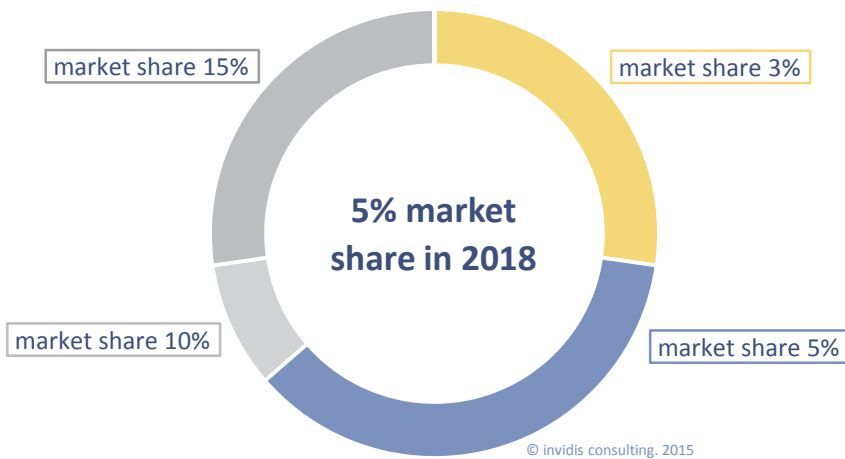


Fig. 6: DBCI Russia March | April 2015 "market share DooH in 36 months", n=11

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 low growth potential in DooH. They expect that the market share of DooH within Out of Home will reach only slightly more than 5% by 2018

Reasons for future DooH growth

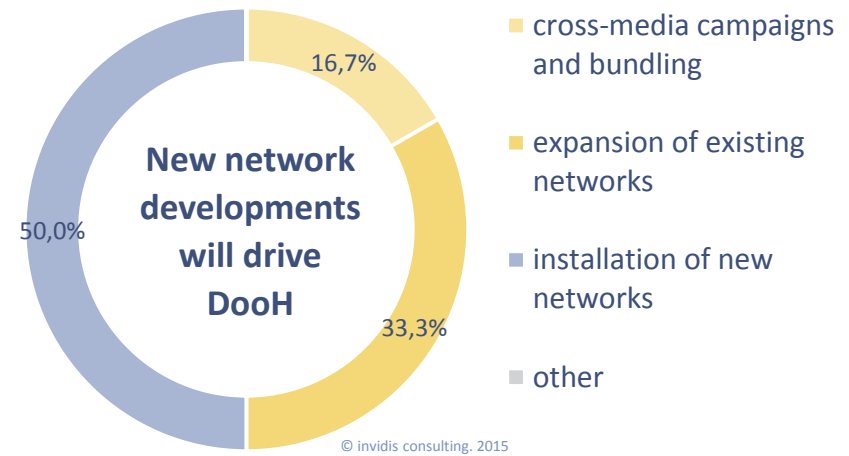


Fig. 7: DBCI Russia March | April 2015 "growth reasons DooH", n=11

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

On the one hand most growth will be achieved by the installation of new networks. On the other hand on third of all market participants also see good potential for the expansion of existing networks



Roadmap 2015 & Contact

2015	
January	
February	
March	
April	
May	← May/Jun. 2015/06/03
Jun	
July	← Jul./Aug. 2015/08/05
August	
September	← Sept./Oct. 2015/10/05
October	
November	← Nov./Dec. 2015/12/02
December	

- The next survey will take place in calendar weeks 1 '9-20 of 2015.
- The next planned publication date will be the 3rd June 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 2015. For further information please contact Daniel Russell.

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