Germany
Austria
Switzerland
May | June 2014

DBCI

The pulse of the Digital Signage and DooH industry

invidis CONSULTING

OVAB Digital Signage & DooH Business Climate Index

OVAB cooperation partner Switzerland:

IGDOOH

invidis research
2014 DE 300 en

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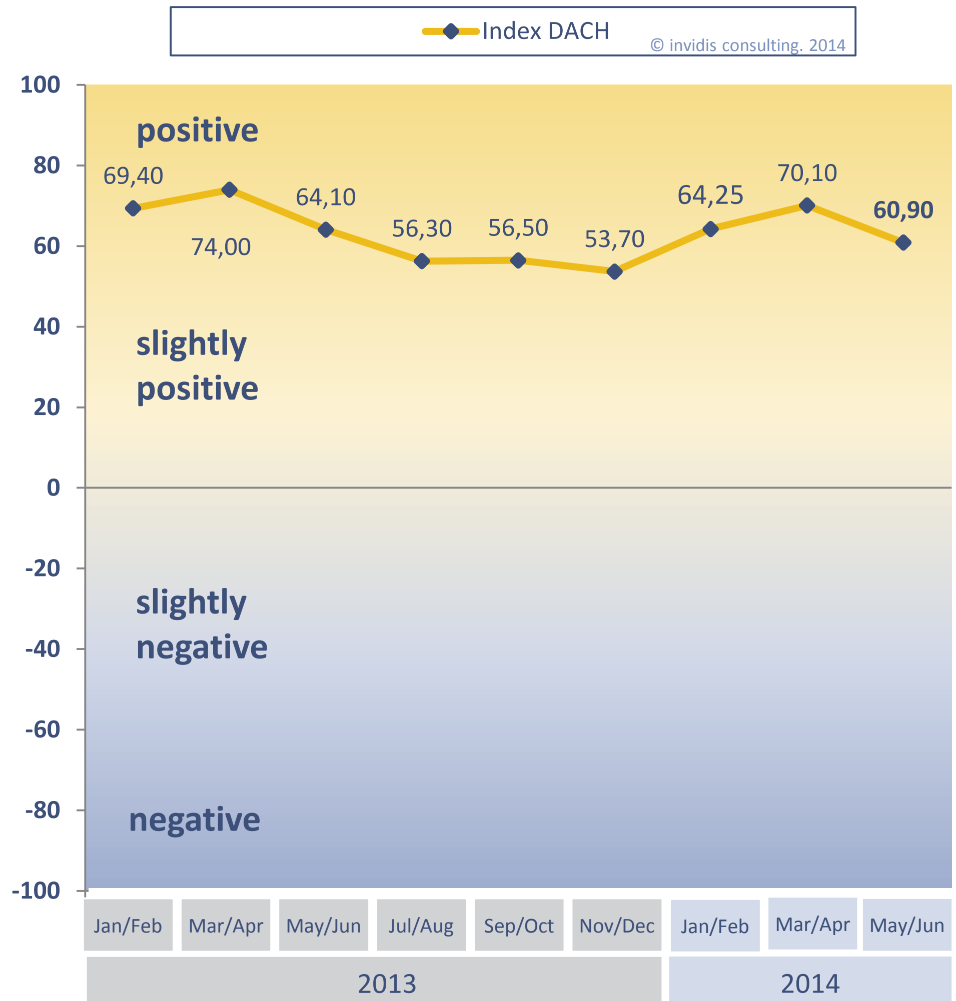

Fig. 1: DBCI May/June 2014 „Index DE/AT/CH“, n=138

- Compared to the months March and April the DBCI for May and June has decreased slightly
- Since the last survey in March 2014 the Digital Signage Business Climate Index –DBCI – decreased from 70,10 base points by 9,20 base points down to 60,90 base points
- In Austria the DBCI increased but in Germany and Switzerland the index decreased slightly
- The good figures of the first quarter in 2013 for the general economy could not convince the Digital Signage industry

Further research

- High demand for integration of mobile devices in Digital Signage installations and interactive solutions at the POS
- Gross advertising revenues with good growth in the first quarter and ¾ of the market participants expect further growth for the full year 2014

- Participants: n=138
- Region: DE/AT/CH
- Time frame: 2014 calendar weeks 18-19

DE/AT/CH | Business situation and expectations slightly more conservative

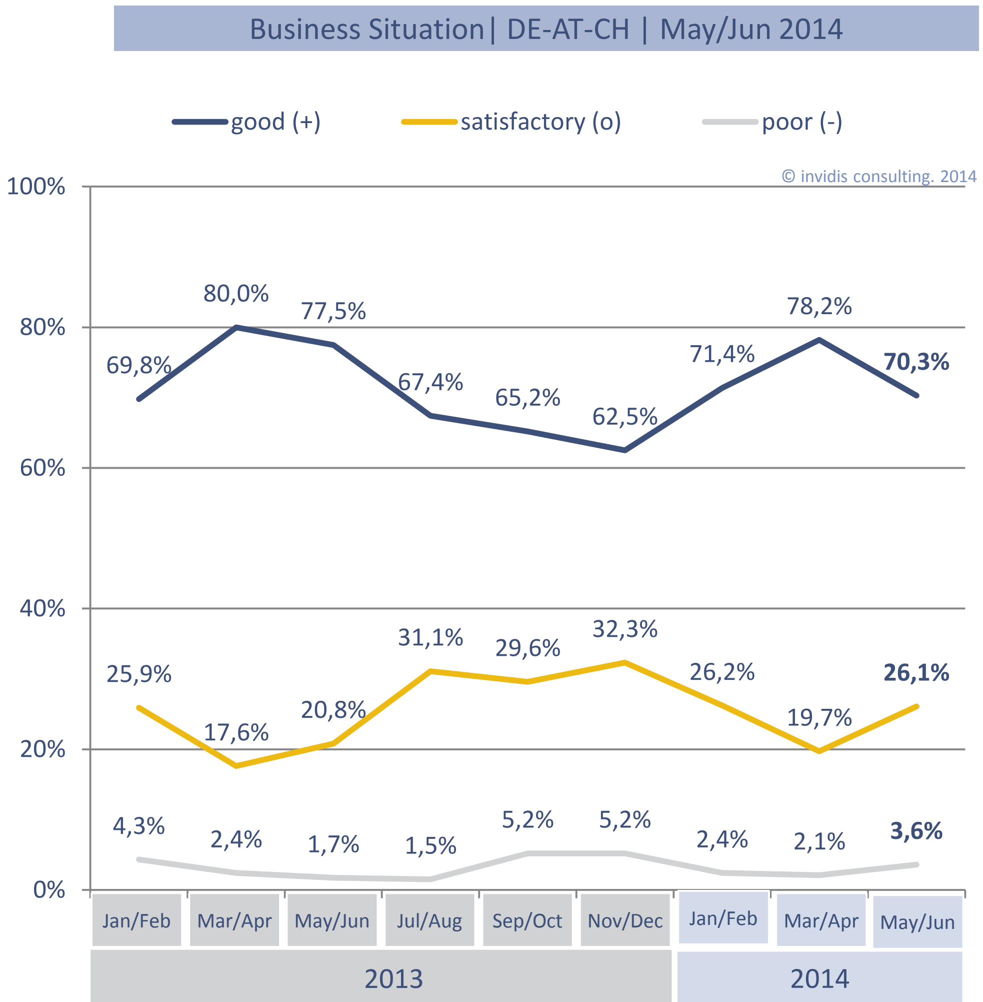

Fig. 2: DBCI May/June 2014 „Business Situation DE/AT/CH“, n=138

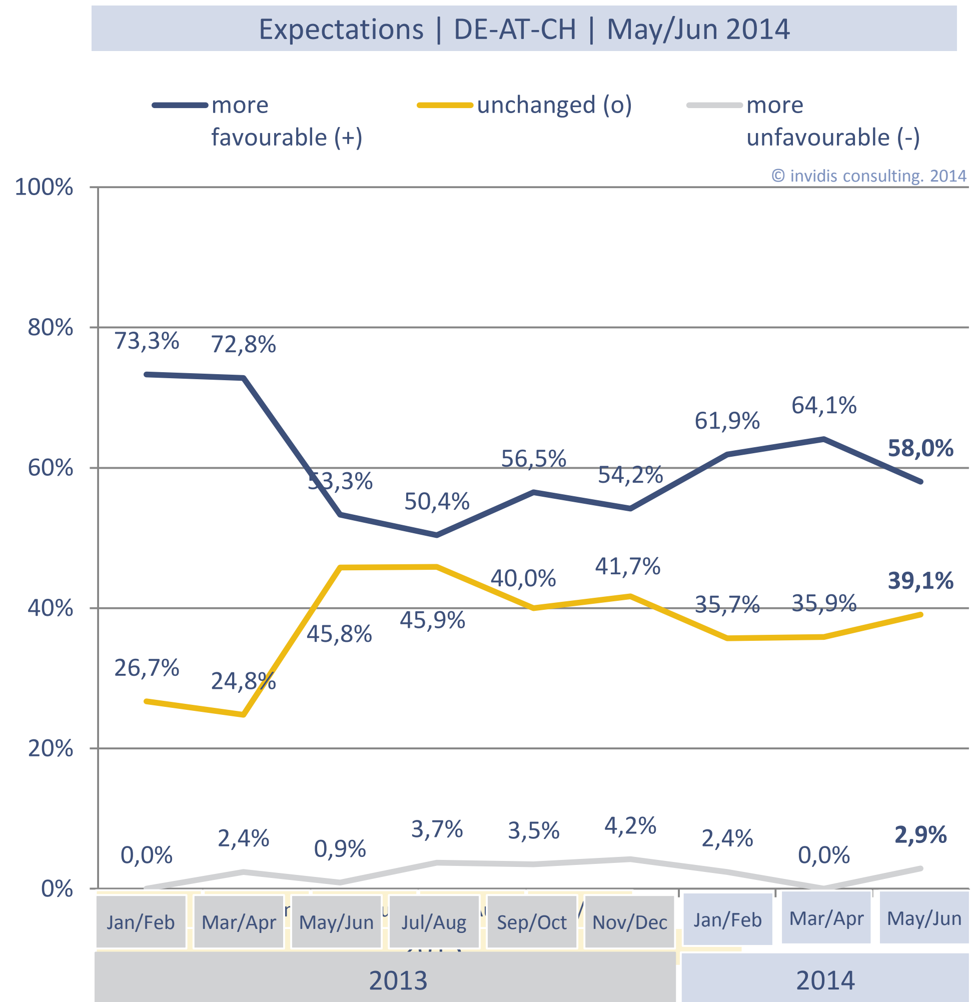

Fig. 3: DBCI May/June 2014 „Expectations DE/AT/CH“, n=138

DE/AT/CH | Slight decline of the positive answers in the second quarter

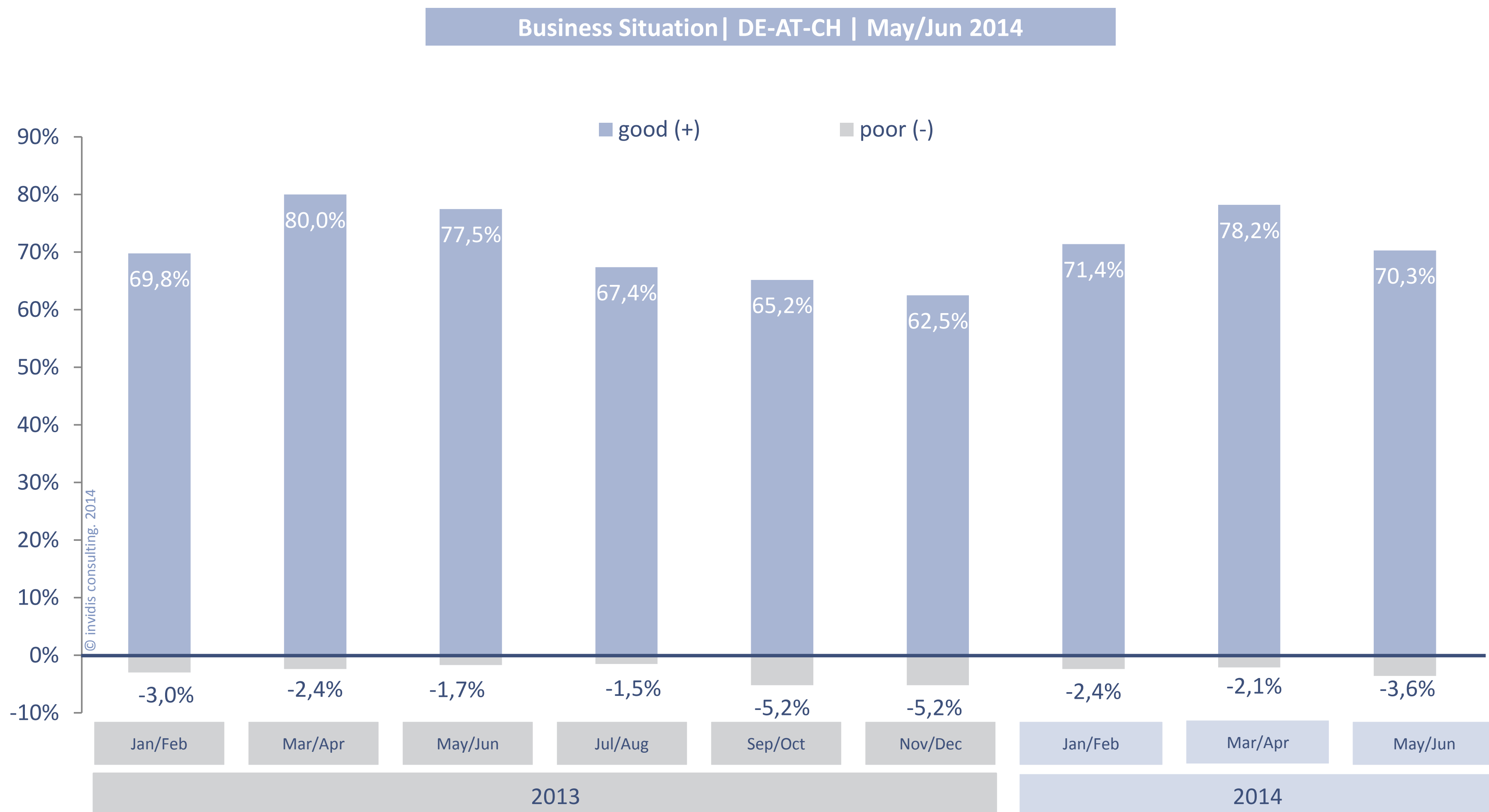

Fig. 4: DBCI May/June 2014 „Business Situation DE/AT/CH“, n=138

DE/AT/CH | Still good expectations for the summer

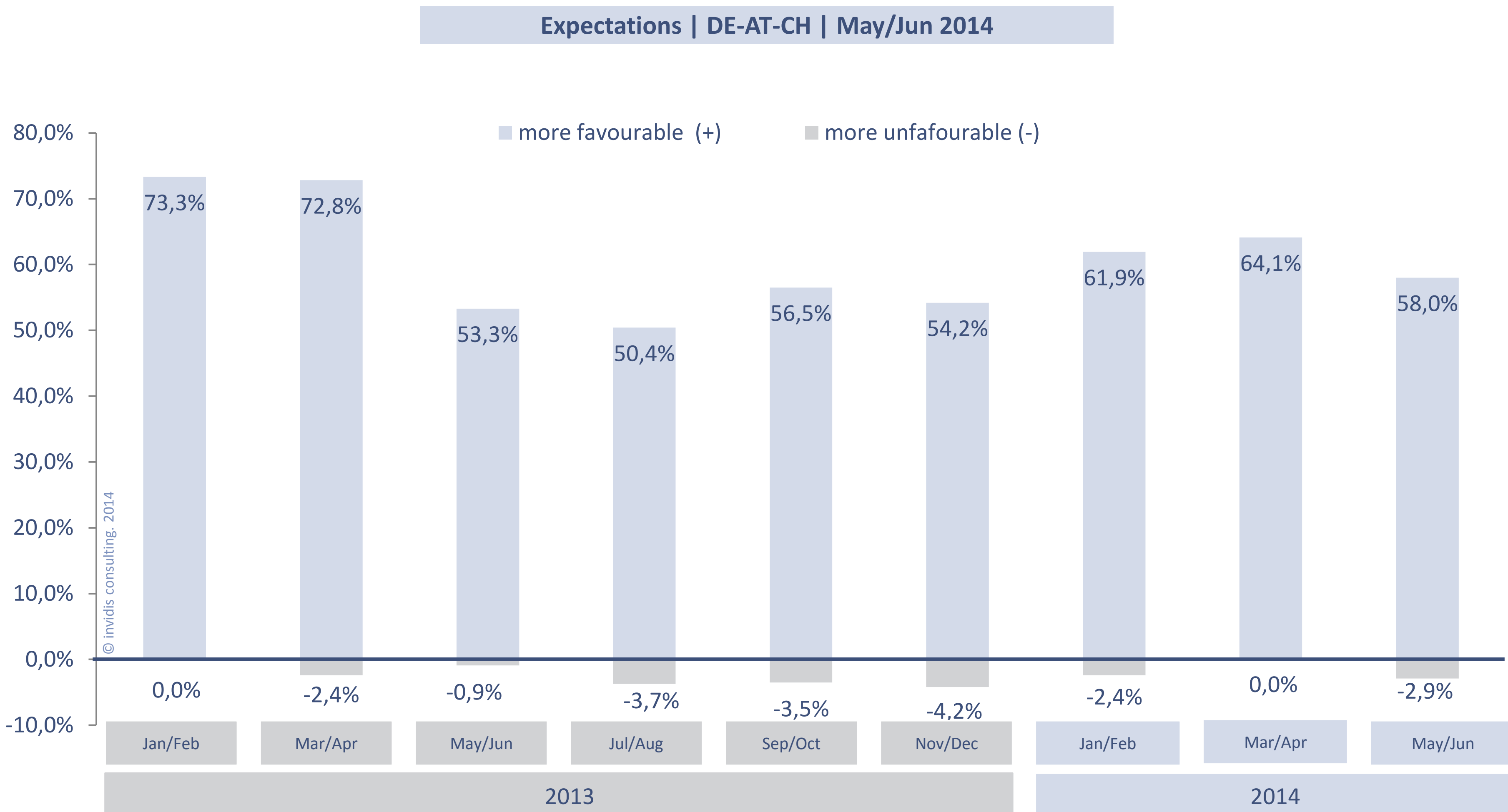

Fig. 5: DBCI May/June 2014 „Expectations DE/AT/CH“, n=138

Länder | Austria in upturn – Germany and Switzerland with slight decline

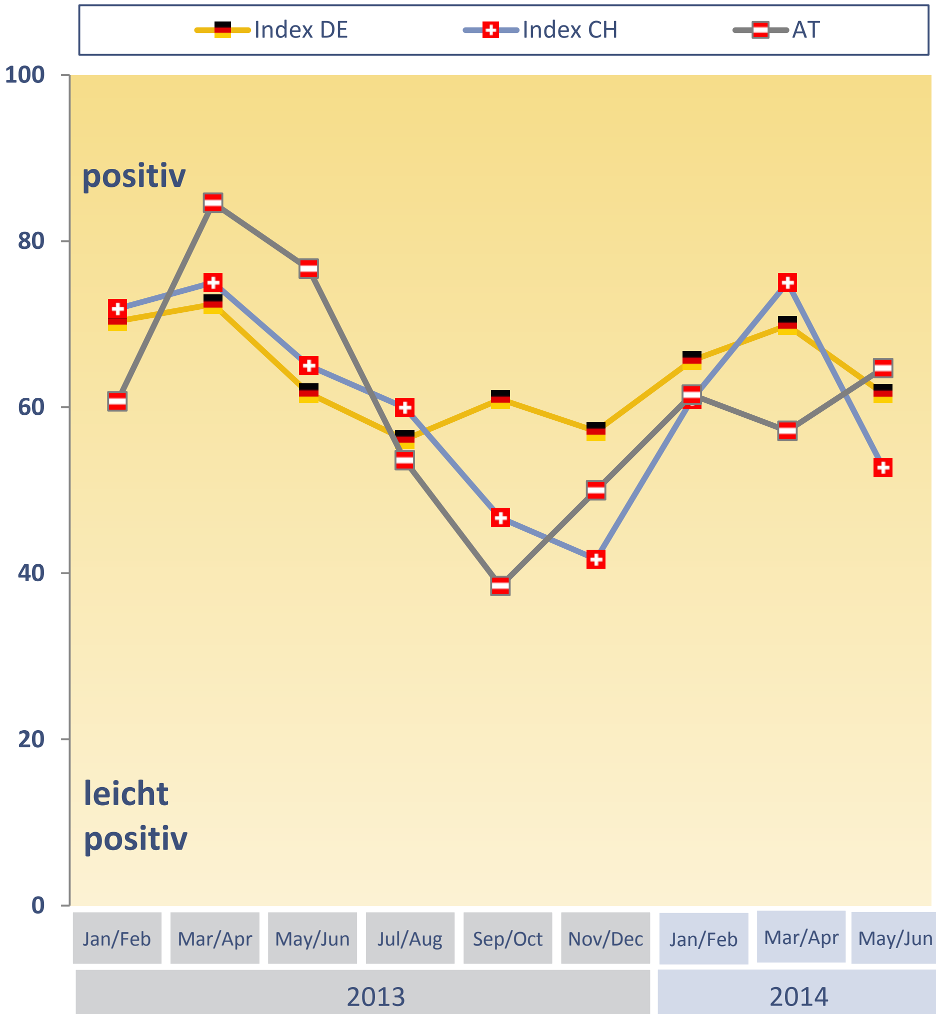

Fig. 6: DBCI May/June 2014 „Index DE/AT/CH“, n= DE 108, CH 18, AT 17

- Since the last survey the business climate in the Digital Signage market in Germany and Switzerland decreased slightly. The index thus runs against the current economical situation. The general economy was able to produce good growth figures in the first quarter and grew 0,8% in Germany which is 0,4% more than last year
- One reason for the decline is the general economic development in Europe. Here the results cannot keep up with the expectations. In the long term this could also concern the German export dependent economy
- Also many companies fear that the current economic upswing in Germany is primarily driven by an overvaluation of the stock market, as well as by the very low interest rates of the EZB. This is underlined by the fact that the current mostly self financed investments in the SMB sector are primarily concerned with guaranteeing operations and not with strategic planing such as the implementation of new technologies[1)]
- Like the DBCI the ZEW index also decreased in May. Analysts expect that “the German economy cannot keep up with the fast growth rate“[2)]

1) Source: Commerzbank "Perspektiven Mittelstand"; 2) Source : ZEW

Germany| Business situation and expectations slightly cooled off

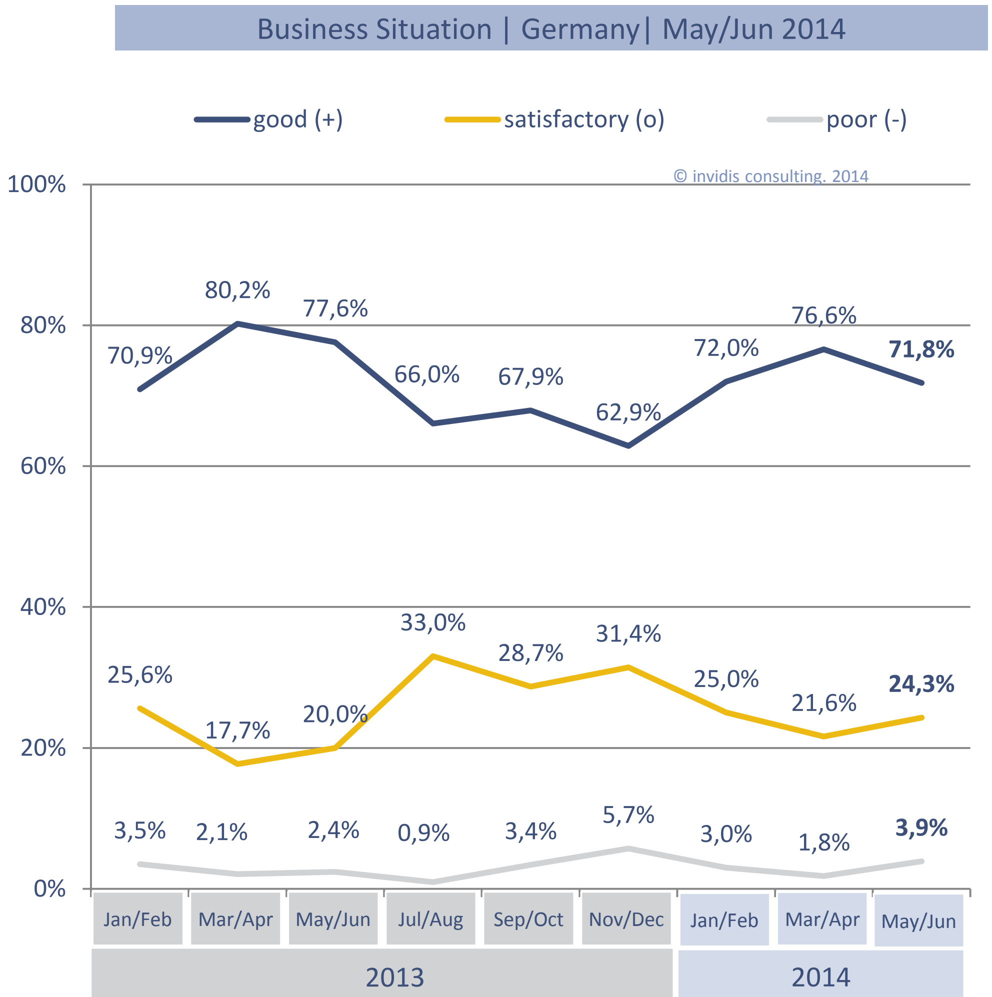

Fig. 7: DBCI May/June 2014 „Business Situation Germany“, n=103

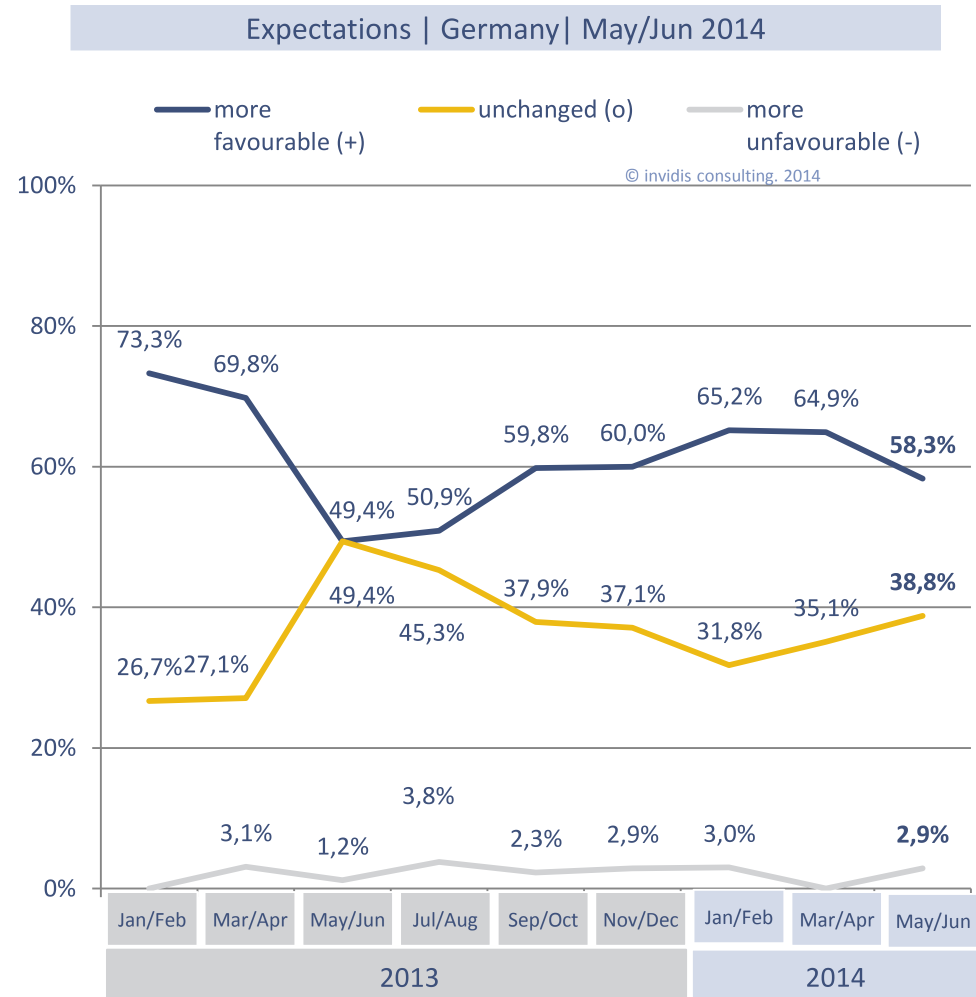

Fig. 8: DBCI May/June 2014 „Expectations Germany“, n=103

Austria | Positive business situation – expectations clearly in upturn

Business Situation | Austria | May/Jun 2014

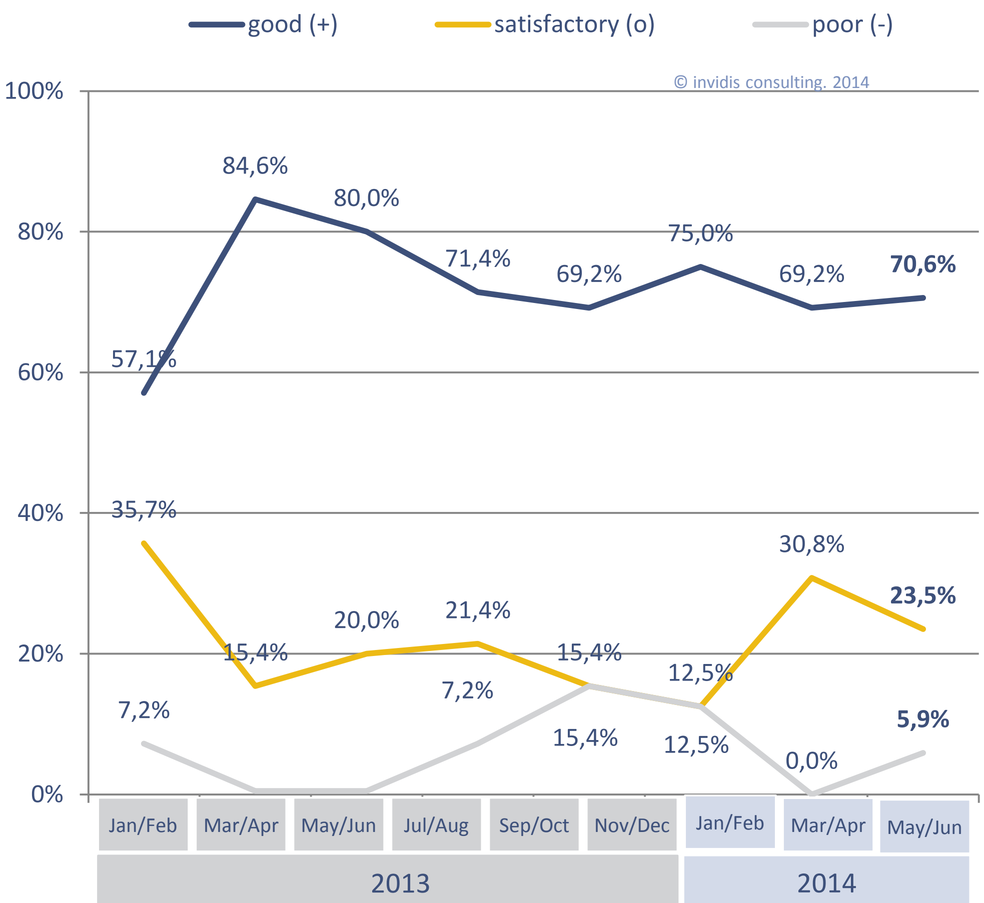

Fig. 9: DBCI May/June 2014 „Business Situation Austria", n=17

Expectations | Austria | May/Jun 2014

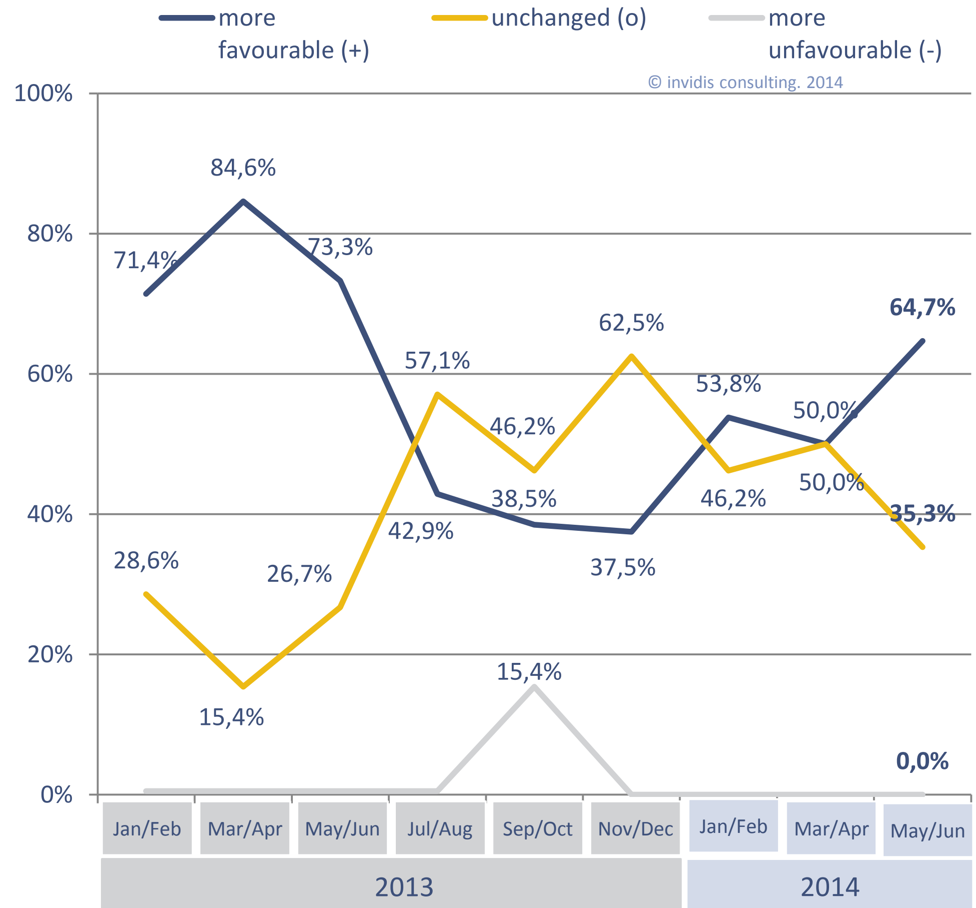

Fig. 10: DBCI May/June 2014 „Expectations Austria", n=17

Switzerland | Business situation and expectations clearly more conservative

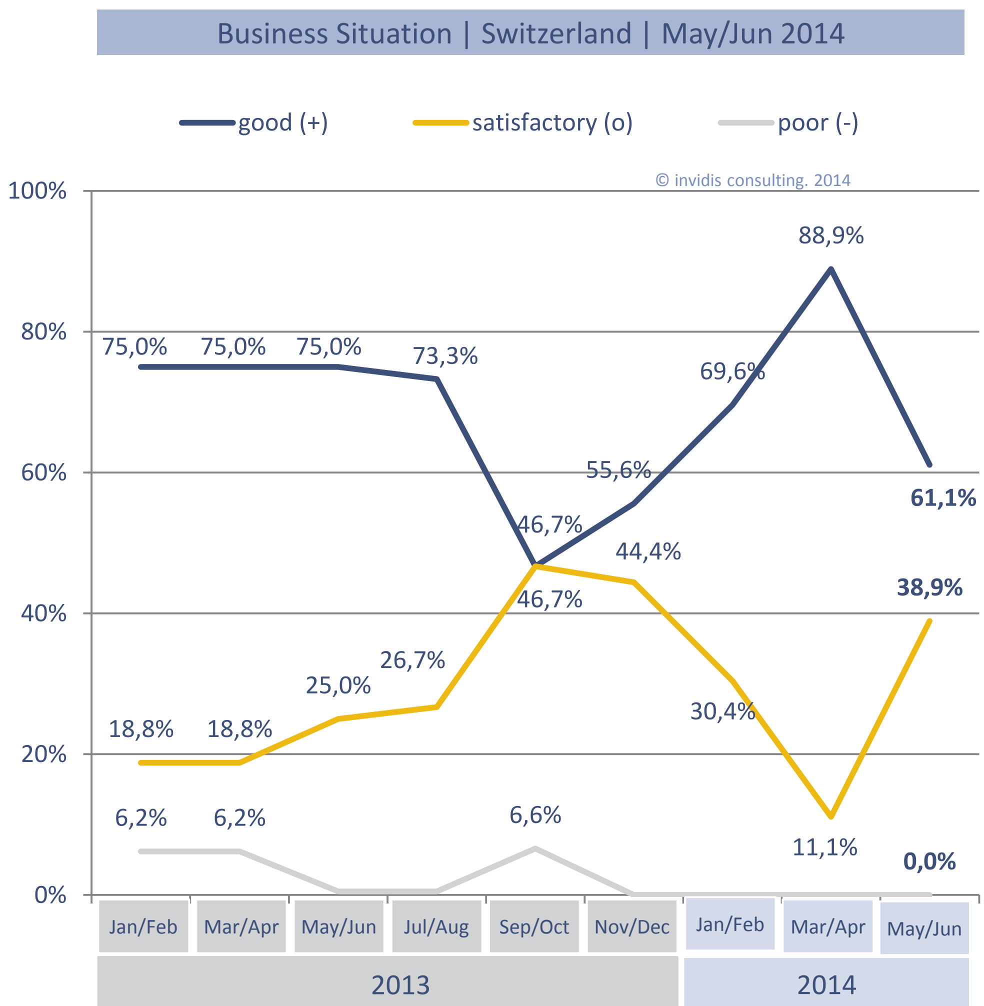

Fig. 11: DBCI May/June 2014 „Business Situation Switzerland“, n=18

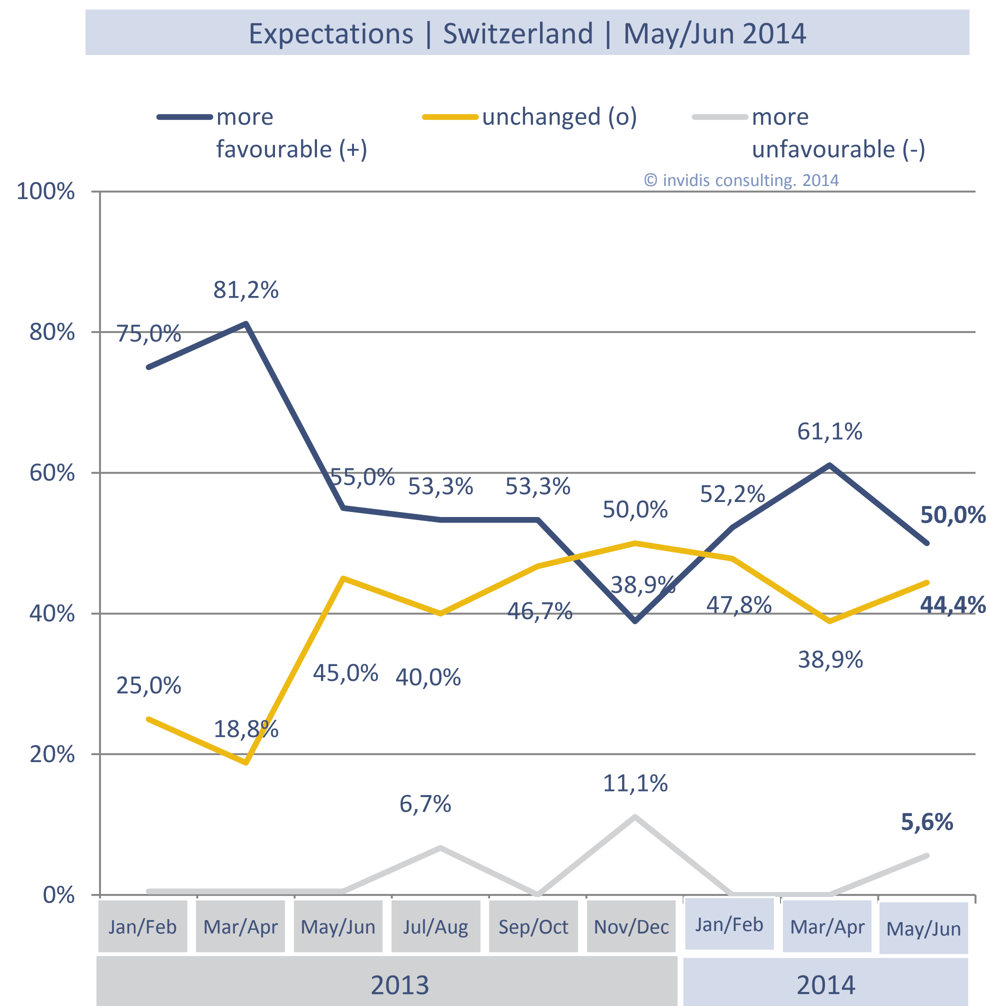

Fig. 12: DBCI May/June 2014 „Expectations Switzerland“, n=18

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Segments | Display market in upturn – DooH clearly more concervative

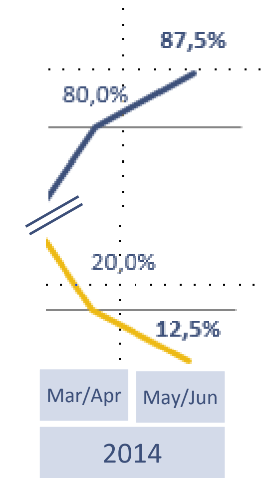


Fig. 13: DBCI May/June 2014
„Business Situation Displays“, n= 16

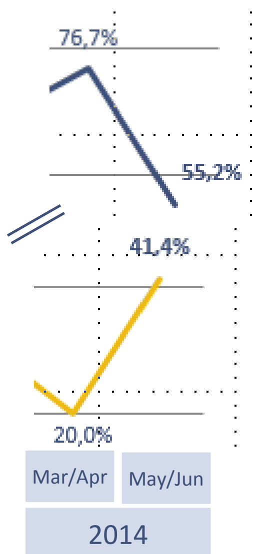


Fig. 14: DBCI May/June 2014
„Business Situation DooH“, n=28

- The display providers improved again after a weaker but short phase at the beginning of the year, now 87% rate their current business situation as good. This is also confirmed by the positive figures of the first quarter in 2014. Compared to the same period last year the display providers managed a growth rate of 8%[1)]
- Although the prices are still declining, the trend for displays from 55” upwards and video walls ensures that the display producers can absorb the declining margins through increased sales of high-priced models
- Also for the integrators the business climate is still good. The market is spurred on by a variety of tenders in the first half of 2014
- The software providers have very good business sentiment as almost 95% rated their situation as good. The current market size enables particularly the established companies to share the existing projects to everybodys profit
- The DBCI in the DooH industry decreased. Over 40% rated their current business situation as neutral. Despite still growing gross advertising revenues, sales did not increase as clear as in the previous year with just under 10% growth in the first quarter of 2014[2)]

1) *Source: Meko*
2) *S. DBCI MayJun 2014 Further research DooH*

Displays | Further positive trend for business situation and expectations

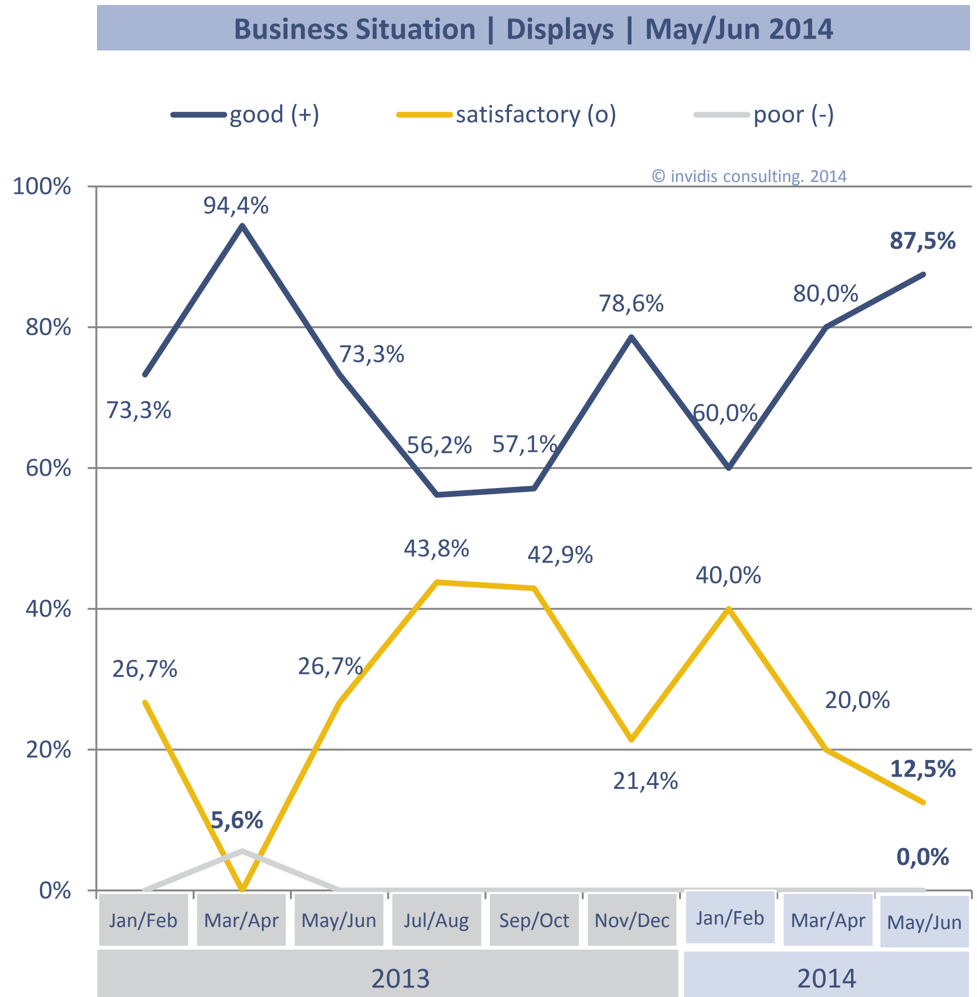


Fig. 15: DBCI May/June 2014 „Business Situation Displays“, n=16

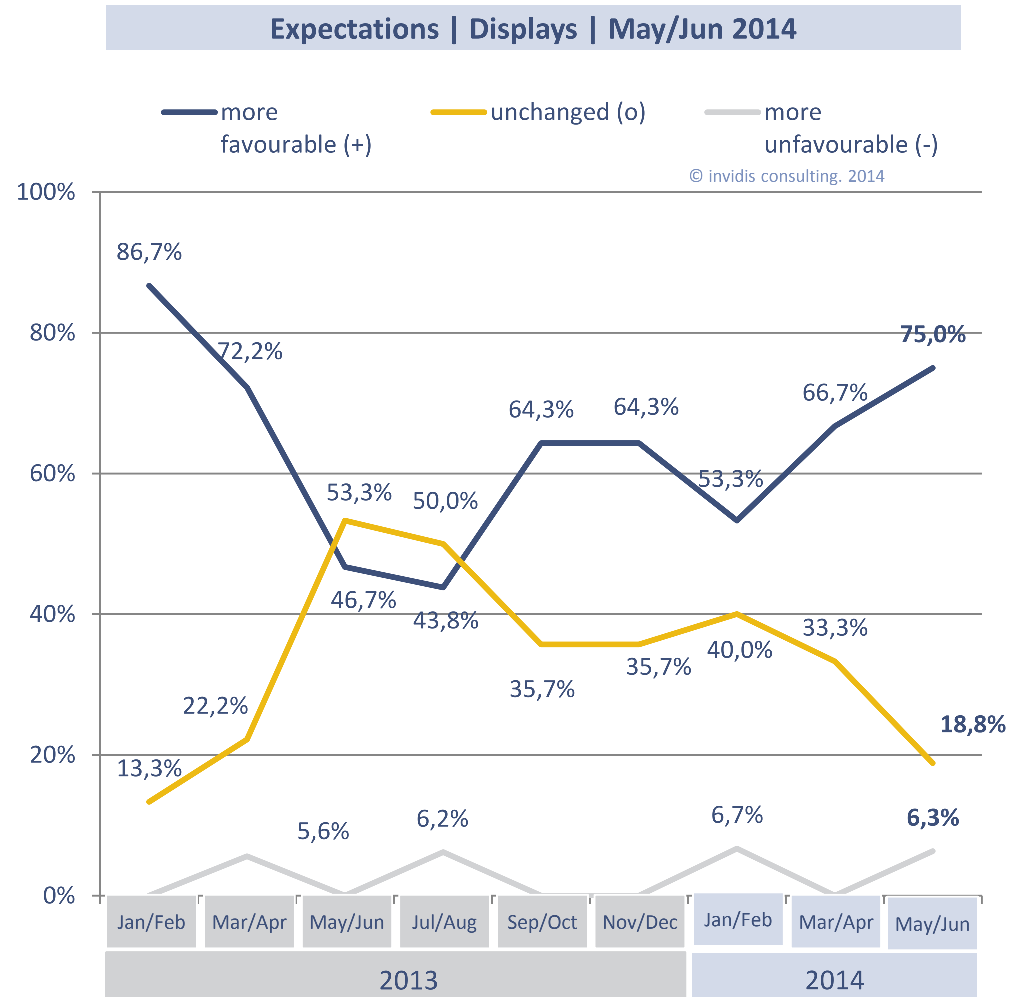


Fig. 16: DBCI May/June 2014 „Expectations Displays“, n=16

Integrators | Robust business situation – expectations conservative

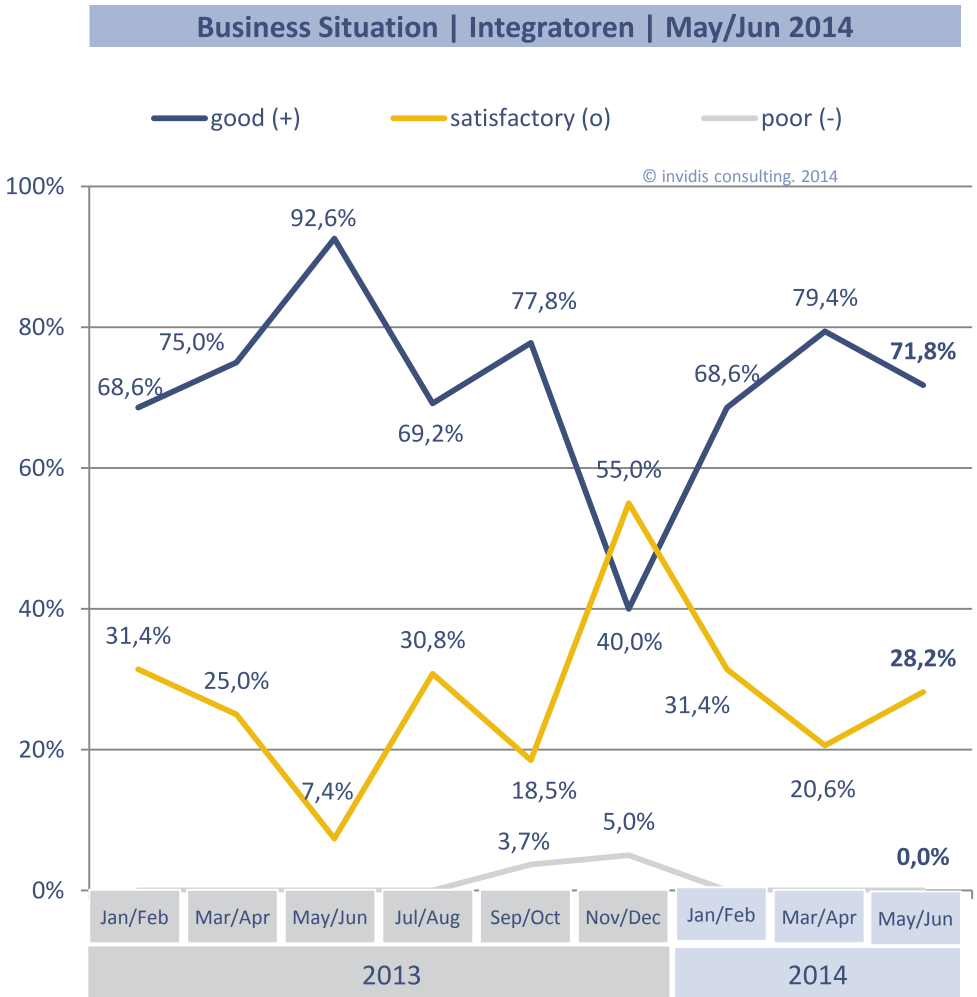


Fig. 17. DBCI May/June 2014 „Business Situation Integratoren“, n=39

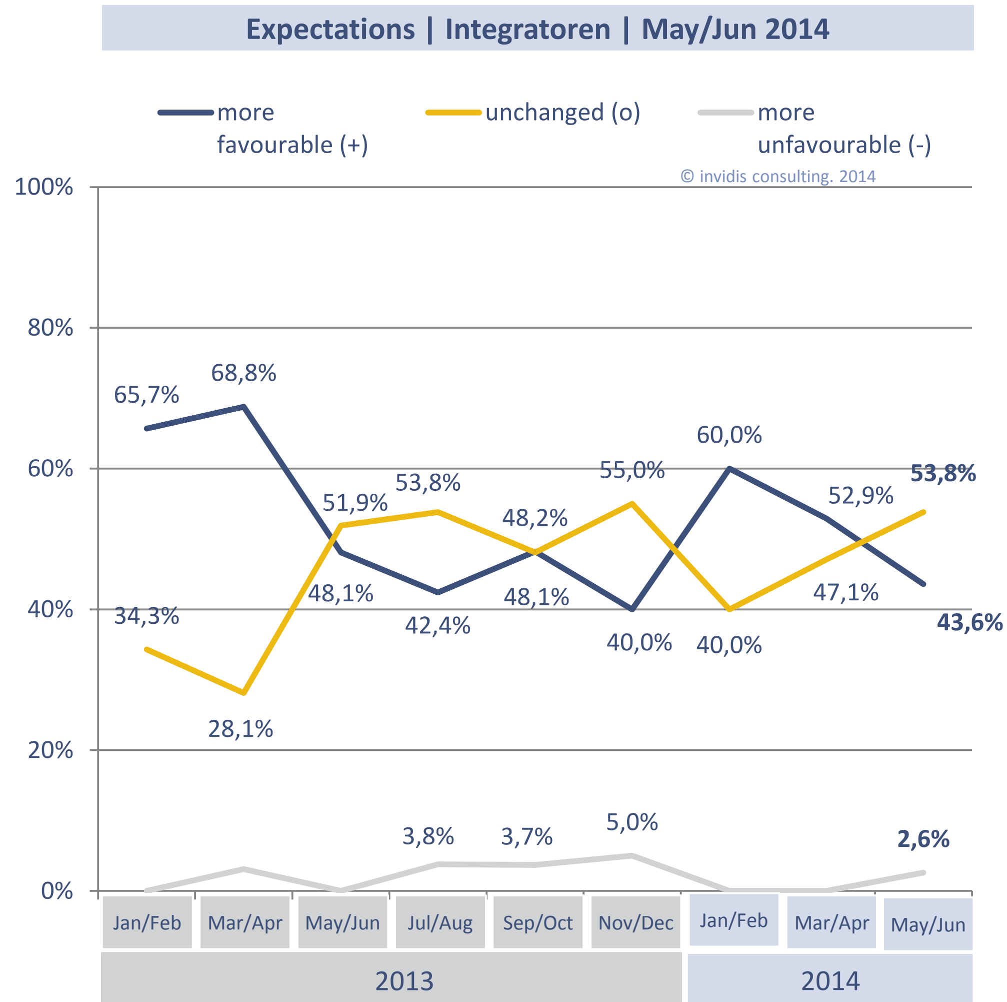


Fig. 18: DBCI May/June 2014 „Expectations Integratoren“, n=39

Software | Business situation very good – expectations more cautiouse

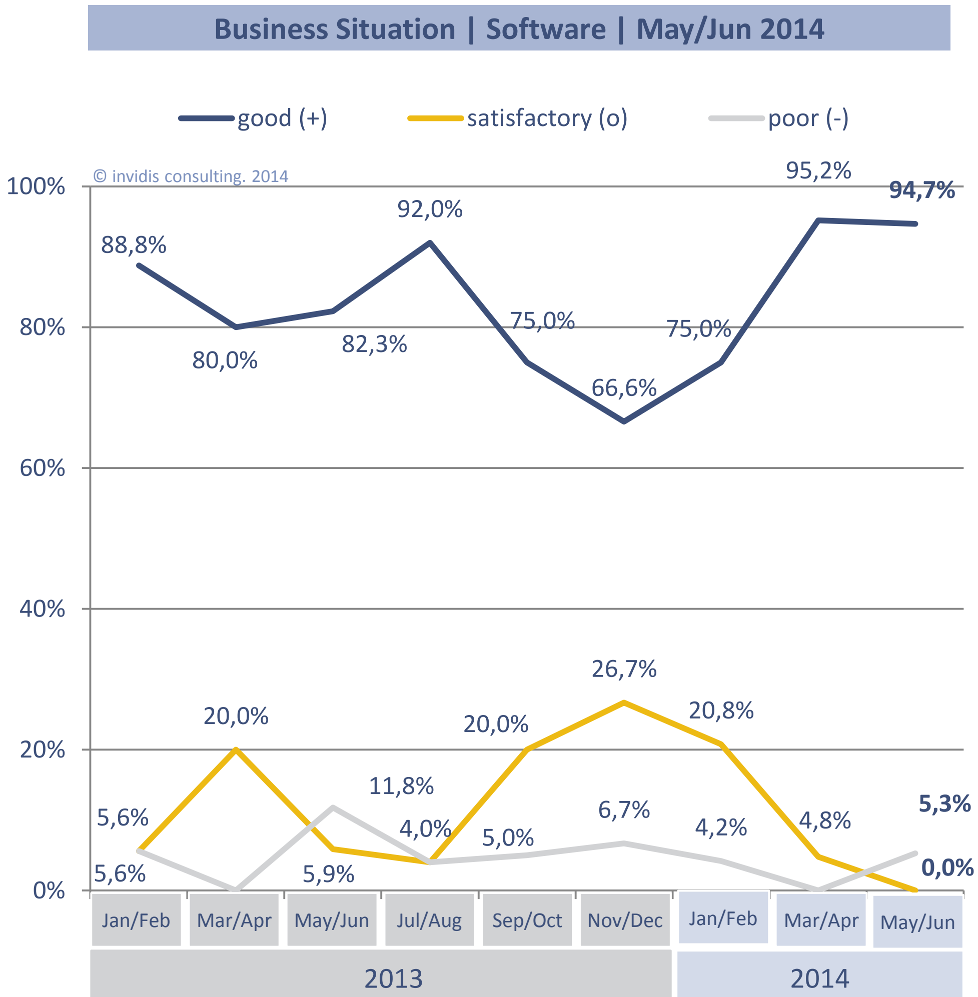


Fig. 19: DBCI May/June 2014 „Business Situation Software", n=19

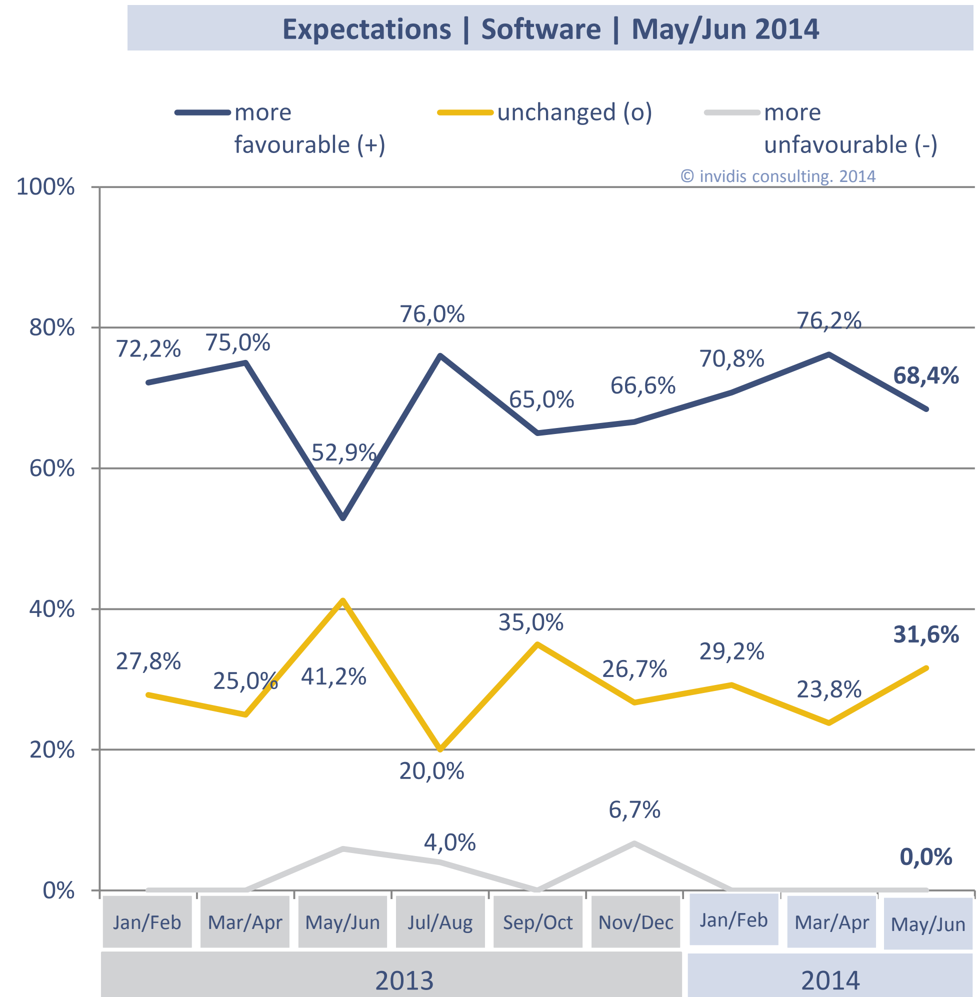


Fig. 20: DBCI May/June 2014 „Expectations Software", n=19

DooH | Cool down of the business situation in May

Business Situation | DooH | May/Jun 2014

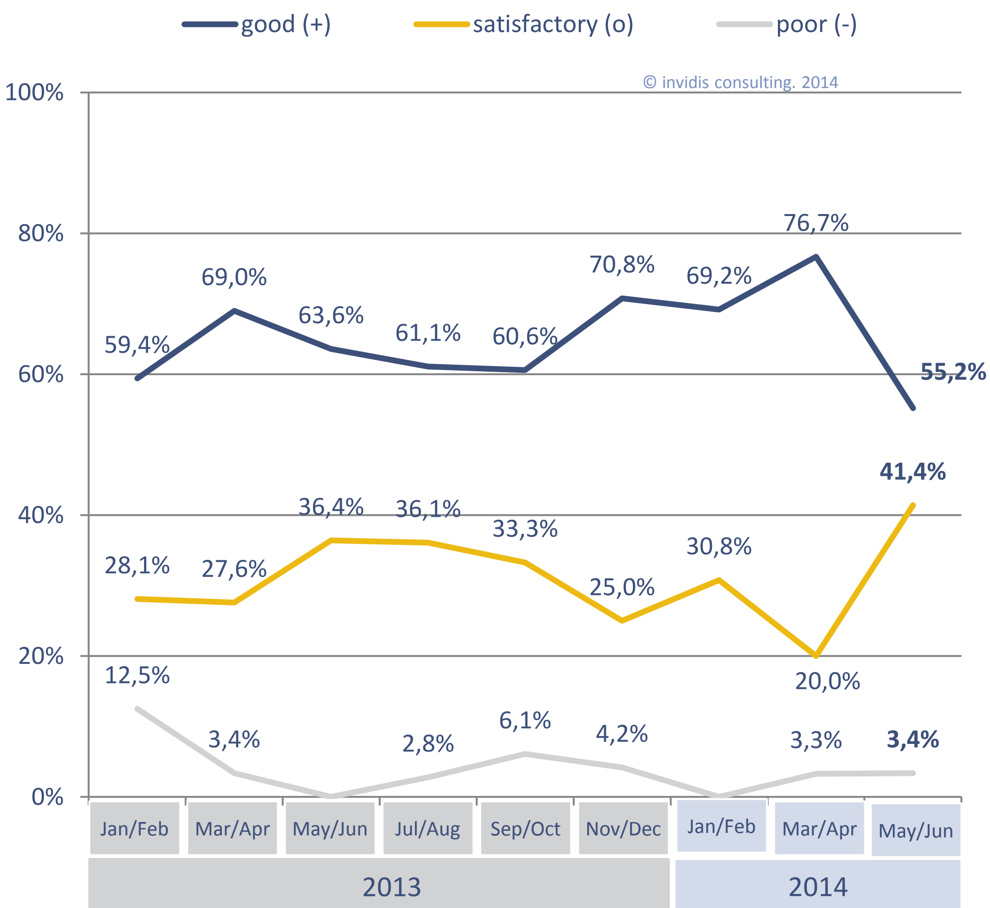


Fig. 21: DBCI May/June 2014 „Business Situation DooH", n=29

Expectations | DooH | May/Jun 2014

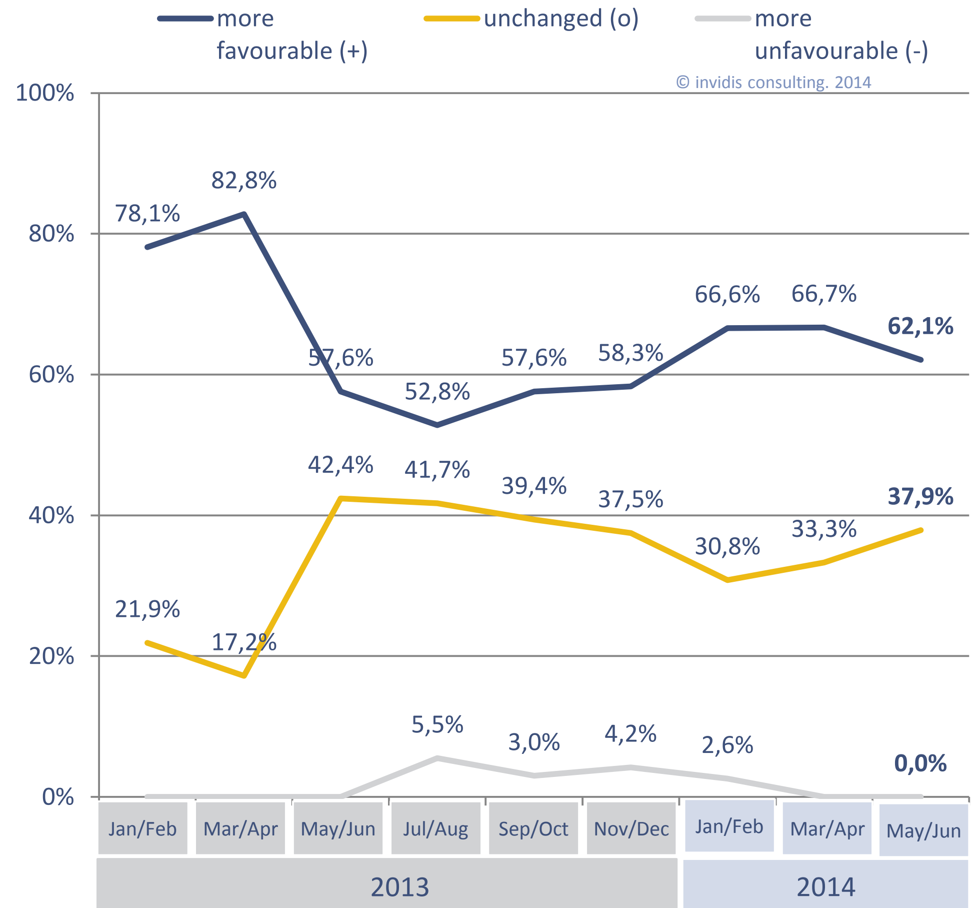
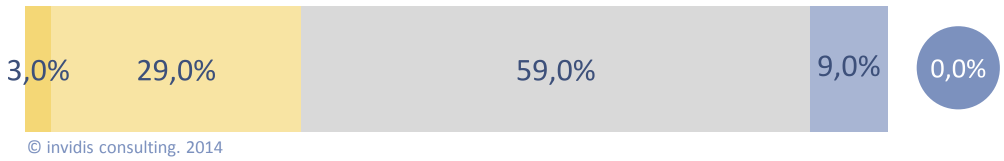


Fig. 22: DBCI May/June 2014 „Expectations DooH", n=29

Further research | Combination of Digital Signage and audio not yet in demand

Question: "How will the customer demand evolve for the Combination of Digital Signage and audio (e.g. in-store radio) within the next 12 months?"



strong growth | growth | remain stable | decline | strong decline

Fig. 4: DBCI May/June 2014 "customer demand audio" , n=100

- The combination of Digital Signage and audio is still in its infancy. These in Europe traditionally rather separated segments are moving closer to each other driven by new technological innovations. However, approximately 60% of all polled companies see no change or a decline in the customer demand for such solutions
- The customer yet has to see the benefits of a combination of both media. Moreover successful use cases are rare. However this will change in the next 12 to 18 months as more and more companies from the audio background move into the field of Digital Signage

Source: Barix

Source: echion

Further research | High demand for the integration of mobile devices

Question: “How will the customer demand evolve for the integration of mobile devices in Digital Signage installations (e.g. Tablets) within the next 12 months?”

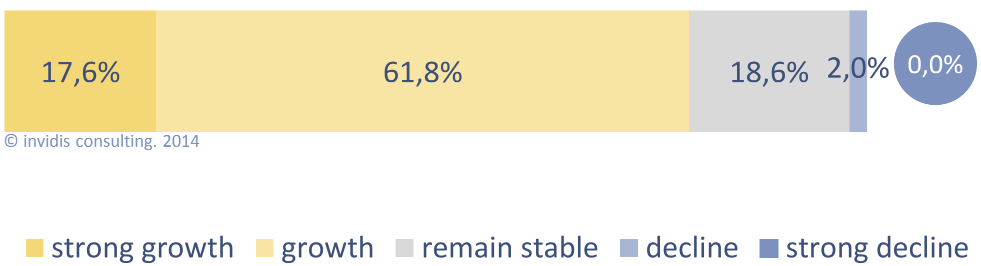


Fig. 5: DBCI May/June 2014 “customer demand mobile integration” , n=101

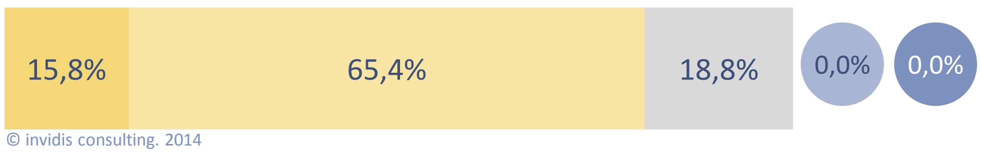
Source: Wincor

- The integration of mobile devices will be a hot topic in the Digital Signage industry within the next 12 to 18 months. Almost 80% of all polled companies see a growing demand from the customer for this solution
- Particularly for a direct customer engagement at the POS like in banks or car dealers more and more mobile devices are integrated in existing Digital Signage systems and for new projects they are already factored in before the system is rolled out
- However the creation of multi channel content still is a demanding issue for all players involved

Source: Wincor

Further research | The trend goes to interactive solutions at the POS

Question: "How will the customer demand evolve for Interactive Digital Signage solutions at the POS within the next 12 months?"



strong growth · growth · remain stable · decline · strong decline

Fig. 6: DBCI May/June 2014 "customer demand interactive POS solutions" , n=102

- Interactive Digital Signage installations at the POS will be in high demand from customers in the next 12 months. Almost 80% of the survey participants see good potential for growth in this sector
- In Retail the still most important vertical market for Digital Signage the trend is moving from only depictive systems to installations that will engage the customer directly and make the shopping experience more entertaining[1)]

Source: xplace

Source: Globus

1) Source: DBCI MarApr 2014

Further research | Positive Q1 and very good expectations for the full year

Question: "How did the gross advertising spendings develop in the first quarter of 2014 compared to the same period in the previous year and how will the full year turn out to be ?"

- 2013 was a very successful year for the DooH industry, which is also reflected by a significant growth in gross advertising revenues. Also in the first quarter of 2014, this trend continued for most market participants. Approximately 68% of all polled companies from the Digital-out-of-Home industry (media owner, agencies and marketers) have reported that gross advertising revenues generated or managed by them have increased compared to the same period in the previous year
- The percentage of companies that expects increasing gross revenues for the full year 2014 is with almost 75% even higher
- Yet, some of the polled companies also reported a decline in revenues. This is confirmed by the market research company Nielsen, which for the first quarter of 2014 has recorded a 10% decline year on year

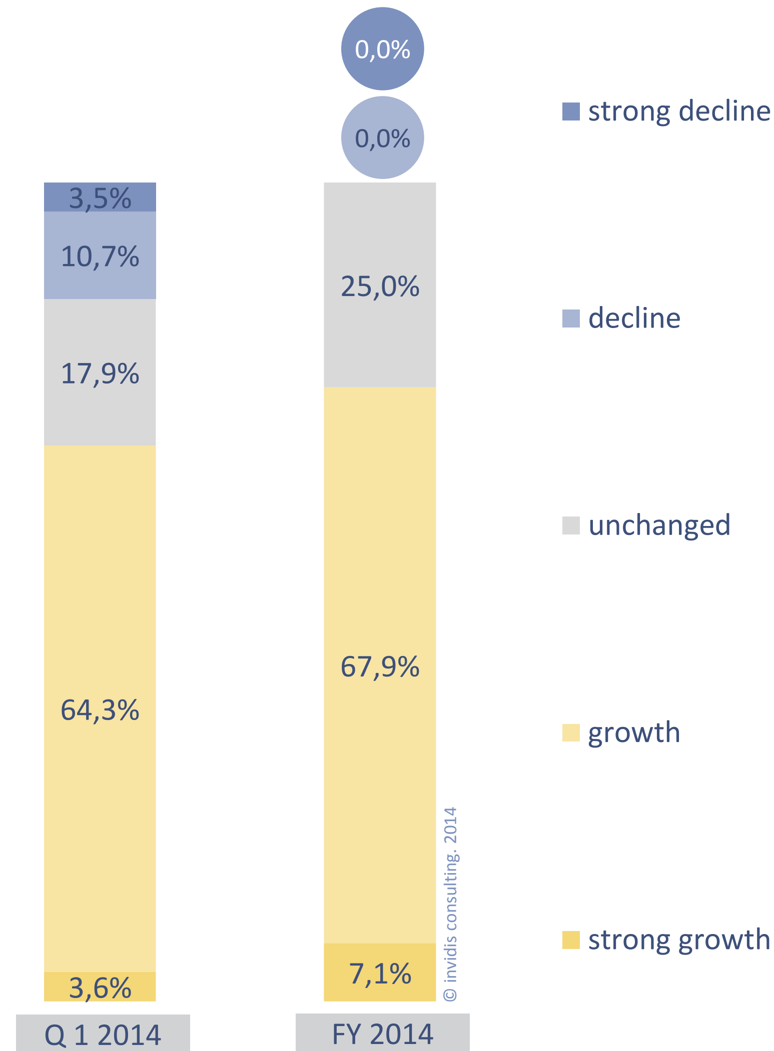


Fig. 7: DBCI May/June 2014 "gross advertising revenues" , n=28

DBCI | Roadmap 2014 & Contact

2014	
January	
February	
March	
April	
May	
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 27-28 of 2014
- The next planned publication date will be the 21st of 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

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Save the Date!

17. - 18. September 2014

OVAB Out-of-home Video Advertising Bureau Europe

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17 – 18 September 2014
Kempinski Hotel Airport Munich