FESPA print census

FESPA PRINT CENSUS

REPORT 2015

FESPA
profit for purpose

Welcome to the FESPA Print Census, the most comprehensive piece of research ever undertaken among FESPA's global print community.

At FESPA we believe strongly in the value of robust research to provide insights into the forces that are shaping print for the future. Through our Profit for Purpose programme, we're committed to investing a proportion of the revenue from FESPA's global events to bring this calibre of industry research exclusively to members of our 37 national Associations.

We travelled the globe to gather this data, and received completed surveys from over 1200 printers. The analysis has been conducted by respected industry research organisation InfoTrends, whose expert insights into developments in wide format print have helped us to interpret and present the findings.

As a member of your national FESPA Association, you are receiving this valuable report free of charge, as part of a broader package of benefits. We're confident that this FESPA Print Census report will help you to benchmark your own progress with the sector as a whole and to understand how the changes you are experiencing are part of wider trends.

We've identified and shared six overarching trends that run through this Print Census. You'll find our thoughts on these in a series of blog posts on www.fespa.com, together with an infographic which you can share with others.

I'm delighted that the FESPA Print Census paints a picture of such an energised community, whose business leaders have a clear and positive vision of the future and are reaping the commercial rewards. Printers across continents are responding to clients' changing needs, diversifying their product offering, making calculated technology investments with a focus on efficiency and mass customisation, and embracing the changing role of print in the communications mix.

As an entrepreneur myself, I know that optimism is an important trait. However, self-confidence comes from knowledge and understanding, sound business practice and supportive business relationships. FESPA exists to ensure that – through our national Associations - you have access to all four.

Sincerely,

Yaşar Gűvenen
FESPA President

P.S. If you have any feedback on the FESPA Print Census, we'd be delighted to hear from you. Please email us at census@fespa.com

Yaşar Gűvenen
FESPA President

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Executive Summary

The FESPA print census is an industry barometer that helps vendors and print service providers understand market dynamics in key industry segments, including sign & display, textile, woodworking, and electronics. FESPA members around the world are exploring new applications that will help them grow their businesses and continue to innovate using a range of analogue and digital printing technologies.

With over 1,200 respondents from 45 countries, this survey continues a research partnership between FESPA and InfoTrends that began in 2007. Similar surveys were also completed in 2008, 2010, and 2012, which enables the comparison of data over time. Data collection for the current print census began in May 2014 and ended in March 2015. Respondents include FESPA members as well as FESPA event attendees.

Key Findings

- **Mass Customisation is the driving trend:** Mass customisation is a mega-trend that is driving the rapid adoption of digital technology. Digital printing makes it possible to effectively create short runs of customised output using a range of applications. Short run production, just-in-time manufacturing, and timely delivery are driving the migration to customised output. Growing demand by print service providers' customers bodes well for the adoption of digital printing technology. The top five services in terms of demand are:
    - Shorter turnaround (72%)
    - Just-in-time manufacturing (66%)
    - Shorter runs (62%)
    - Delivery at the point of need (55%)
- **High levels of optimism:** For the past eight years, print service providers have indicated optimism on the outlook of their businesses in relation to their industry peers. About 81% of respondents were "fairly optimistic" or "optimistic" about their own businesses in 2015, whilst 67% had the same sentiment for the industry as a whole.
- **Less than 5% of revenue is spent on marketing:** Customer marketing and outreach generally accounts for 4.7% of total revenues and is achieved primarily via direct marketing, e-mail campaigns, Internet advertising, word of mouth, and social media.
- **Interest in sustainability is lagging:** Although sustainability is addressed by many industry segments, our respondents seem to be lagging—49% indicate no change in demand for improved sustainability.
- **Direct mail is the most frequently cited marketing expenditure:** With an average spending of about €197,400, print service providers indicate that the top five marketing avenues used to attract new clients include:
    - Direct mail (53%)
    - e-Mail (50%)
    - Internet advertising (46%)
    - Traditional advertising (42%)
    - Word of mouth/recommendations (42%)
- **Sign & display applications account for 40% of applications produced:** A range of applications are being produced today, and most respondents cite sign & display applications as a key component of their businesses (about 40% of total applications produced). The greatest amount of growth, however, is occurring among emerging applications. These include decals (32%), commercial printing (32%), as well as textiles for garments and décor (27%).
- **UV ink consumption leads all other types:** Among the established wide format printing technologies and materials, two-year growth was most prominent with UV (14%), eco-solvent (14%), dye-sublimation (10%), and latex (8%) inkjet output. While the migration to digital output continues to grow, digital usage will increase rapidly as a part of overall business revenues in the next two years.

- **A majority of respondents are in buying mode:** Over 50% of all respondents indicated their intent to buy digital wide format printing equipment. Top-level findings are as follows:
  - Colour photo lab companies were the most likely group to have near-term purchasing plans (73%)
  - Industrial manufacturers were the least likely (42%)
  - 50% of screen printers had plans to purchase one of these devices
- **Industrial applications are part of the rationale for new purchases:** Value-added industrial applications (e.g., décor, automotive, bio-medical, and 3D printing) are growing, driving the acquisition of new technologies to meet the demands of producers now and in the future.
- **UV printers top the list of planned purchases:** Respondents most commonly cited plans to purchase UV printers (27%), textile printers (21%), solvent printers (17%), eco-solvent pointers (16%), and latex printers (14%). This apparent contradiction in purchasing plans for solvent printers is likely due to an aging installed base that must be replaced to support existing business. Contour cutters and laminators were the top accessories that respondents planned to acquire. Mean spending on a new device is just under €100,000. Most respondents have no plans for purchasing analogue devices.
- **Top attributes for new acquisition:** The most commonly sought-after attributes for new acquisitions included faster print speed (46%); special materials, like white ink and UV varnishes (31%); and textile printing capabilities (30%).
- **The impact of digital display technology is looming:** Most respondents believe that the transition from wide format print output to digital display is an emerging trend, and they are keeping a close eye on it to ensure that they can address their customers' changing needs. About 36% of respondents indicated that digital displays are impacting wide format business now, and another 14% say it will have an impact within a year. Close to 30% of respondents already offer digital display services, with exhibit builders, ad agencies, and sign shops leading the charge.
- **Education is the top need of FESPA members:** Our respondent pool includes many FESPA members, and they are seeking FESPA leadership so they can invest in education for buyers and end-users. They are also looking to FESPA to provide market research that highlights opportunities and technologies that will support their business planning and future growth.

Figure 1: Overview of Top Applications

	Top Applications Produced	Fastest Growing Applications	Top Digital Applications in the Future
1	Banners	Textiles for Garments	Garments
2	Posters	Textiles for Décor	Decals
3	Sign	Packaging Samples	Printed Electronics

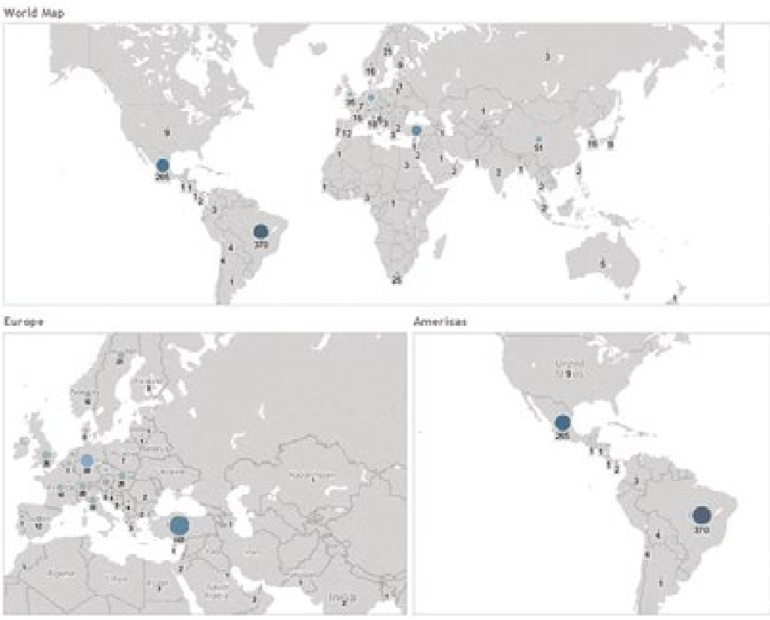
Introduction

The FESPA Print Census is a collaborative industry survey between FESPA and InfoTrends that is designed to provide an in-depth assessment of the global wide format digital printing industry. This is the fifth iteration of the study, the first of which was launched in 2007. InfoTrends has analyzed the responses to the FESPA Print Census, executed data cleaning processes, compared these results to previous surveys, and reported these results in the context of the global industry segments represented by the FESPA community.

Objectives and Methodology

Our survey respondents were located all over the world, with representation from most continents. The FESPA Print Census was conducted as an "evergreen"[1] web-based survey on the FESPA website, as well as in a range of FESPA events around the globe. Our target audiences were FESPA members and event attendees, who are typically print service providers of wide format printing equipment around the world. The survey was offered in Chinese, French, English, German, Italian, Slovak, Spanish, Turkish, and Portuguese. More than 1,200 respondents completed the survey on a worldwide basis. The Americas were primarily represented by Brazil (27%) and Mexico (21%). Europe, the Middle East, and Africa (EMEA) was represented by a large number of countries, including Turkey (13%), Germany (5%), and the U.K. (3%). Meanwhile, the Asia-Pacific region was mainly represented by China (4%).

Figure 2: FESPA Print Census 2014/2015



[1] "Evergreen" means that the survey was open and could be taken over an extended period of time. For the InfoTrends/FESPA Print Census, this period lasted nearly a year (from May 2014 to March 2015).

According to InfoTrends' forecast data, digital wide format media revenues for UV, solvent, and aqueous ink types will be €1.9 billion on a worldwide basis by 2018. This market is expected to show a compound annual growth rate (CAGR) of 1% between 2013 and 2018. Prices in this market are softening, partly due to the competitive nature of the marketplace and partly because of the penetration of alternate formats (e.g., electronic digital signage or mobile devices). Media consumption of UV, solvent, and aqueous wide format printing is expected to demonstrate a 5% CAGR, reaching €1.5 billion by 2018. This growth is attributed to an overall growth in print volume from 2.9 billion m^2 in 2013 to 3.5 billion m^2 in 2018 (4% CAGR). UV curable ink volume, which is expected to achieve a CAGR of over 12% through 2018, is the primary contributor of this growth.

Table 1: Top Responding Countries

Country	Respondents (#)	Respondents (%)
Brazil	341	27%
Mexico	265	21%
Turkey	163	13%
Germany	66	5%
China	51	4%
U.K.	35	3%
Other[2]	333	27%
Total	1,254	100%

Respondent Profile

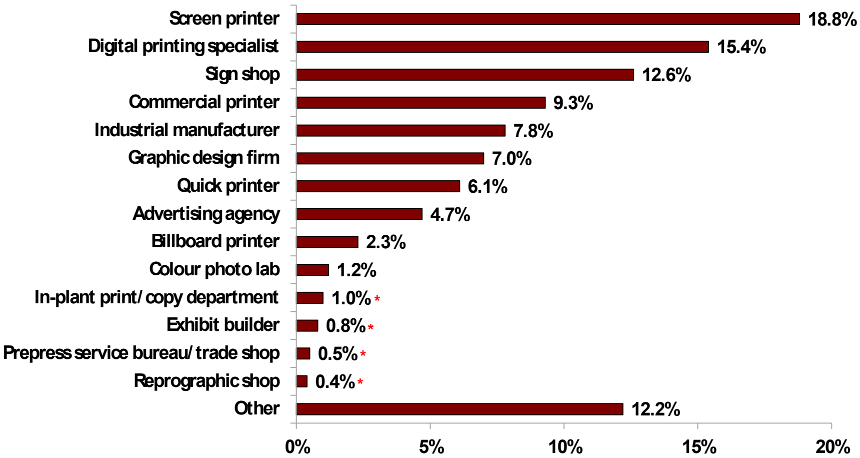
It is always important to consider the types of companies that respond to any survey. We believe that the data within the FESPA Print Census has a lot of value because the respondents cut across the wide format industry and mirror the overall structure of the global industry, with a variety of small, medium-sized, and large establishments. The key characteristics of our respondents are outlined below.

Type of Establishment

True to FESPA's core constituency, screen printers, digital printing specialists, and sign shops represent the top three company types in this survey. At the same time, however, growth in FESPA membership brings about a diverse set of print providers who are looking to embrace new technologies that will enable them to grow their businesses. These grow in importance and bring richness to FESPA events and engagements. Some of these segments include commercial printers, industrial manufacturers, and graphic design firms. Many producers in these environments see FESPA as the place to learn about the markets and technologies that they should invest in to support their expansion and locate new sources of revenue streams.

[2] None of the 40 "Other" countries accounted for more than 2% of the total.

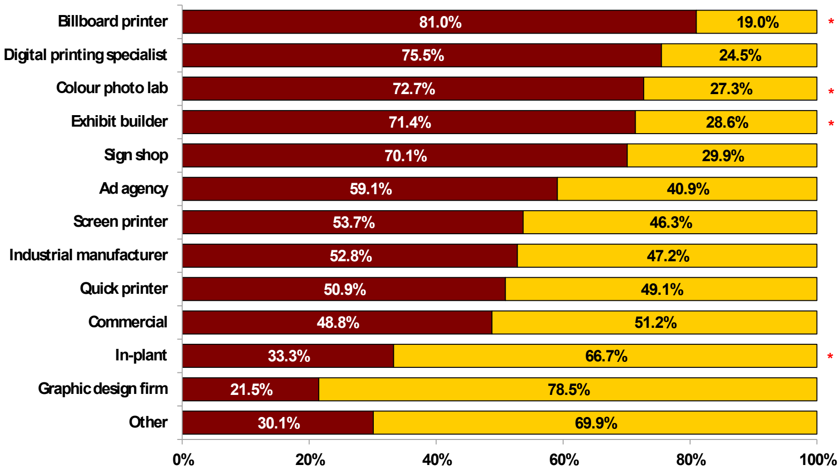
Figure 3: Which of the following best describes your company's primary business?



Source: FESPA 2015 Census by InfoTrends
N = Varies; * = Responses where N<30
Note: 276 Respondents did not provide primary business categorization

Most respondents to the FESPA Print Census survey (57%) reported using wide format printers in their companies. Only about 43% did not. A closer examination of this information reveals that many of the 14 industry segments responding to our survey have already deployed wide format printing devices in their facilities. Nevertheless, graphic design firms represent the low end of the adoption ratio, with only 22% indicating use of wide format printers. This low adoption likely stems from lower overall revenues derived from wide format (31%) within this segment. Additionally, 60% of graphic design firms did not have plans to acquire wide format equipment in the next 12 months, compared to an average of 52% across all industries.

Figure 4: Do you have any wide format printing equipment at your establishment?

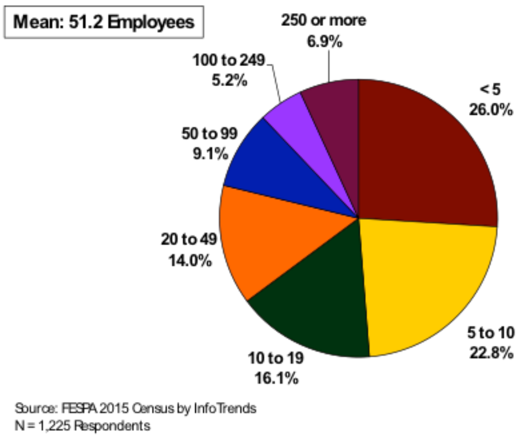


Source: FESPA 2015 Census by InfoTrends
N = Varies; * = Responses where N<30

Number of Employees

On average, survey respondents reported working for companies with 51 people, but this mean value was drawn upward by the very large companies in the mix. Nearly half of our respondents worked for companies with 10 or fewer employees. Our survey sample is well-balanced and representative of the print providers within the overall global industry.

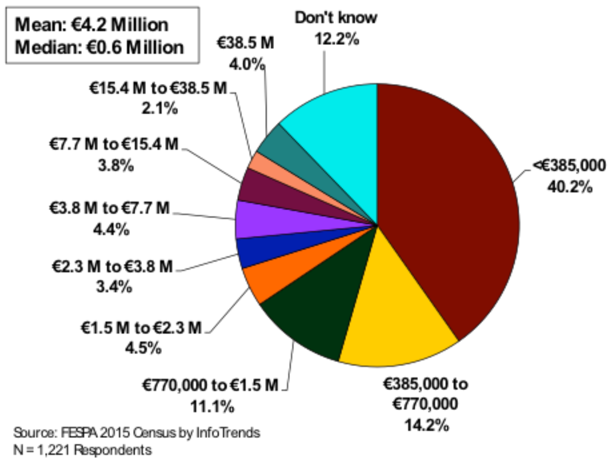
Figure 5: Approximately how many people work at your location?



Annual Revenues

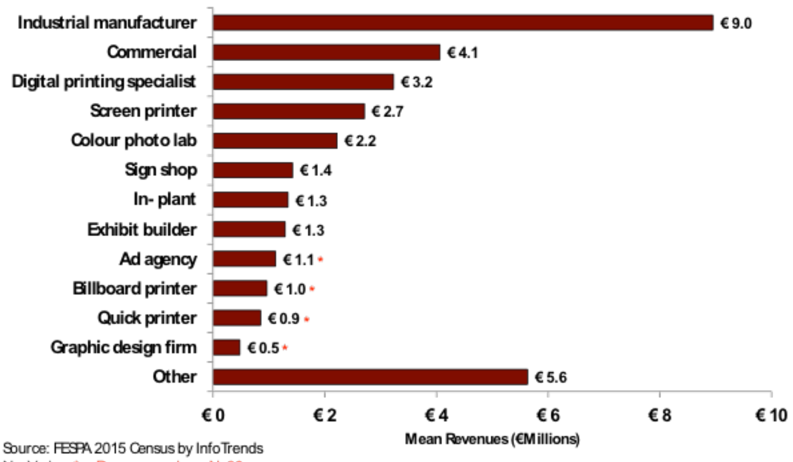
Respondents reported an average annual turnover of €4.2 million. At the same time, however, nearly 54% of respondents reported annual revenues of less than €577,000. The distribution of respondents by company turnover is closely aligned to the distribution by number of employees; larger companies typically reported higher revenues.

Figure 6: Approximately what are your company’s annual revenues for printing and related services?



A closer examination of the survey data reveals that average annual revenues varied widely by company type. Industrial manufacturers reported the highest annual revenues, followed by commercial printers, digital printing specialists, and screen printers.

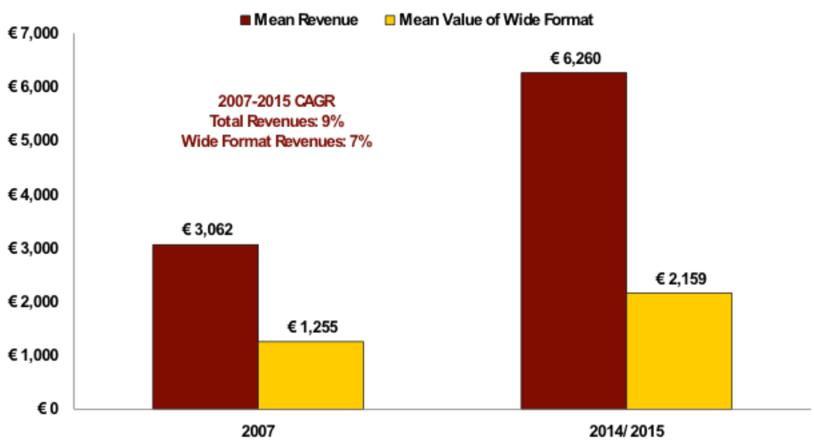
Figure 7: Approximately what are your company's annual revenues for printing and related services? (By Business Type)



Source: FESPA 2015 Census by InfoTrends
N = Varies; * = Responses where N<30

Since initiating these surveys in 2007, InfoTrends and FESPA have tracked a few key indices, one of which was annual revenues by company. Since 2007, overall revenues for the core survey community in EMEA experienced a 9% CAGR, whilst wide format printing revenues increased at a CAGR of 7%. Although the percentage of revenues declined to 34% in 2015, we attribute this to the increased diversity of services that PSPs offer customers, which has opened up profitable new opportunities.

Figure 8: Average Annual Revenues for EMEA (2007-2015)

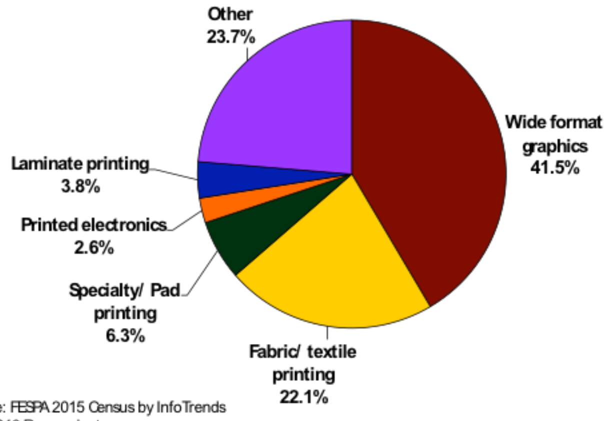


Source: FESPA 2015 Census by InfoTrends
Excludes Brazil, China, Mexico, and Turkey (these countries were only surveyed in 2014/ 2015)

Primary Applications

Among our total respondents, the top applications included wide format graphics, fabric & textile printing, as well as specialty & pad printing. Consistent with the diverse nature of our industries, a large contingency of respondents cited other applications (24%).

Figure 9: What percentage of your business is attributable to the following?

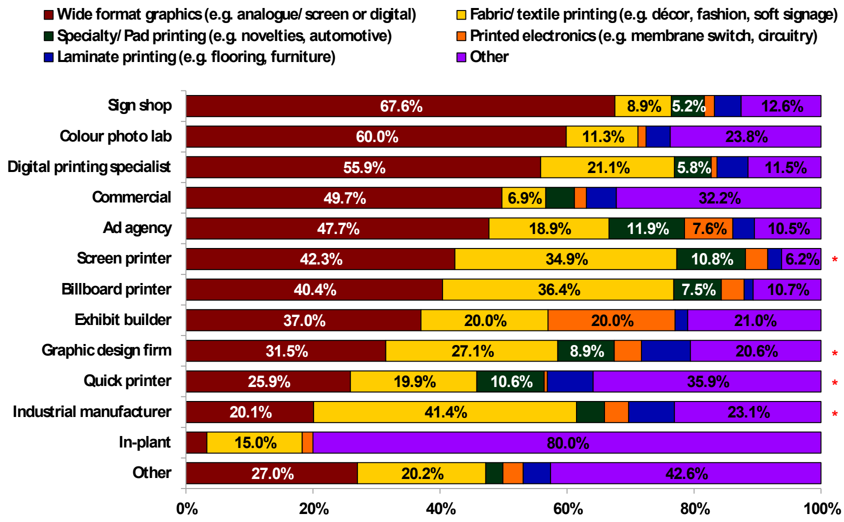


Source: FESPA 2015 Census by InfoTrends
N = 1,018 Respondents

It is important to note that although wide formant and textile printing represent a large proportion of average revenues for the total population, the reality is somewhat different when we look closer at individual industry segment. The Figure 10 illustrates the diversity of the various industry segments and the applications that drive their revenues.

As you can see, many of the graphic arts producers generate much of their revenues from wide format graphics, including sign shops (68%) and digital printing specialists (56%). Meanwhile, in-plant (3%) and industrial printers (20%) present a stark contrast and generate most of their revenues from other applications. This is a testament to the diversity of the FESPA audience as well as to the vast range of applications that makes the graphic arts and industrial printing markets fertile ground for profitable business.

Figure 10: What percentage of your business is attributable to the following? (By Business Type)

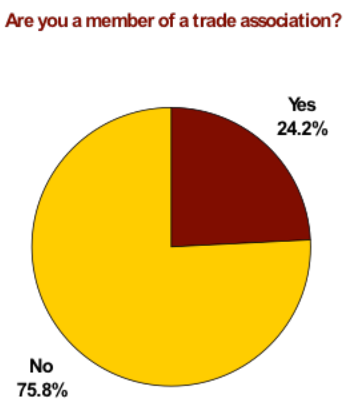


Source: FESPA 2015 Census by InfoTrends
N = Varies; * = Responses where N<30

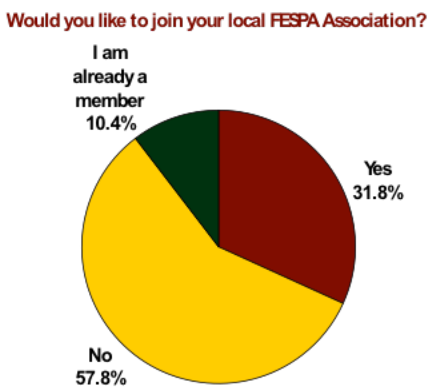
Trade Association Membership

The InfoTrends/FESPA Print Census survey uncovered some very compelling findings for FESPA based on questions about trade show membership and sources of information. Only about 24% of the respondents reported that they are currently a member of a trade association. Although this share is down slightly from the 26% found in our previous survey, interest remains healthy. Additionally, over 31% of survey participants indicated that they would like to join FESPA.

Figure 11: Association Membership



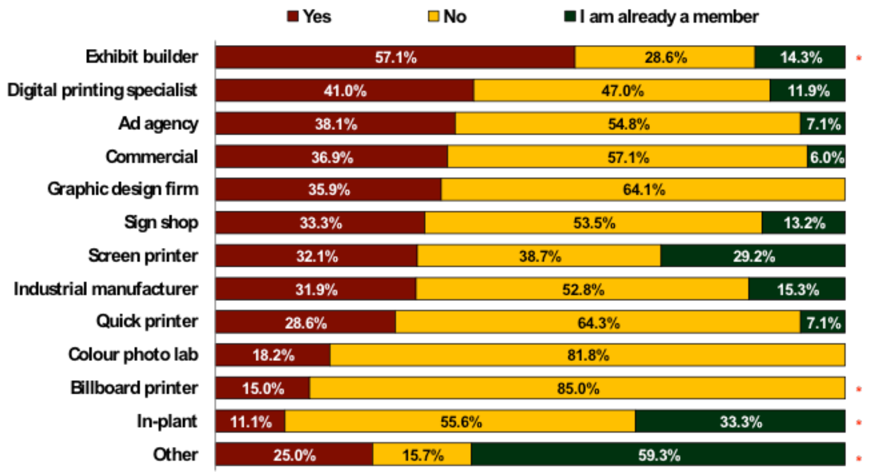
N = 960 Respondents
Source: FESPA 2015 Census by InfoTrends



N = 1,205 Respondents

Print providers that were most interested in joining FESPA included exhibit builders[3], digital print specialists, ad agencies, commercial printers, and graphic design shops. Service providers in these adjacent market segments are interested in the type of applications and technologies that FESPA education, research, and trade shows offer.

Figure 12: Would you like to join your local FESPA association? (By Business Type)



Source: FESPA 2015 Census by InfoTrends
N = Varies; * = Responses where N<30

Marketing Strategies

InfoTrends' ongoing research has found that many PSPs face two major barriers to success in wide format digital printing. The first is that they struggle to keep up with technology and understanding how it can be used to grow their businesses. The second is that they are unsure about the best ways to market and sell their services.

There are three major ways to approach marketing in wide format print services:

1. **Nurtured** marketing involves growing a business without finding new customers, and instead nurturing and expanding the relationships with existing ones. This is an ideal way to grow because it is the least expensive.

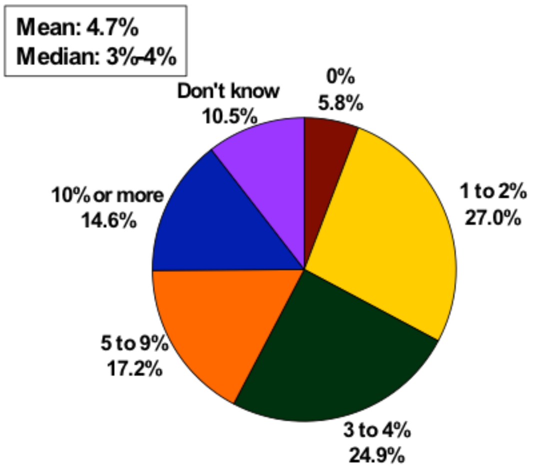
2. **Outbound** marketing involves traditional print advertising (e.g., direct mail) as well as telemarketing, radio, and television advertising. The challenge with outbound marketing is that it is typically expensive and driving outbound marketing means adding to the marketing budget.

3. **Inbound** marketing involves delivering relevant information and targeted content to the precise types of customers that the PSP hopes to attract. The content is typically delivered in a variety of ways, including association forums and conferences, landing pages, case studies, and social media.

While there are certainly expenses associated with marketing, the most effective methods typically make these costs moot. In fact, PSPs report that marketing expenses account for less than 5% of their total sales.

[3] Note that the sample size for exhibit builders was extremely small (N=7)

Figure 13: How much do you spend annually on marketing as a percentage of turnover?

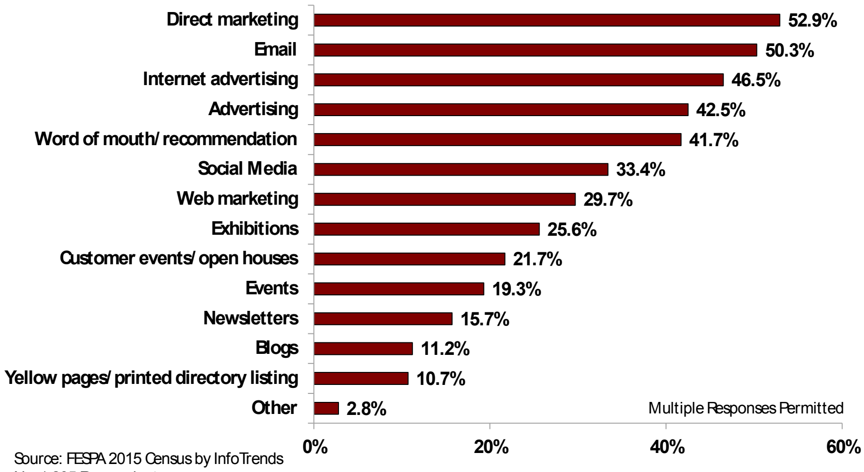


Segment	Mean
Sign shop	4.5%
Screen printer	4.2%
Commercial	4.2%
Quick printer	6.2%
Digital printing specialist	4.5%
Colour photo lab	3.5%*
Graphic design firm	4.4%
Ad agency	6.9%
In-plant	6.3%*
Billboard printer	6.0%*
Exhibit builder	4.0%*
Industrial Manufacturer	5.9%
Other	5.6%

Source: FESPA 2015 Census by InfoTrends
N = Varies; * = Responses where N<30

Today's PSPs use a number of ways to market their businesses, and these are typically a mix of inbound, outbound, and nurtured strategies. While word of mouth was the most popular method in last year's study, respondents to this year's survey most commonly reported using direct marketing, e-mail, and advertising to market their businesses.

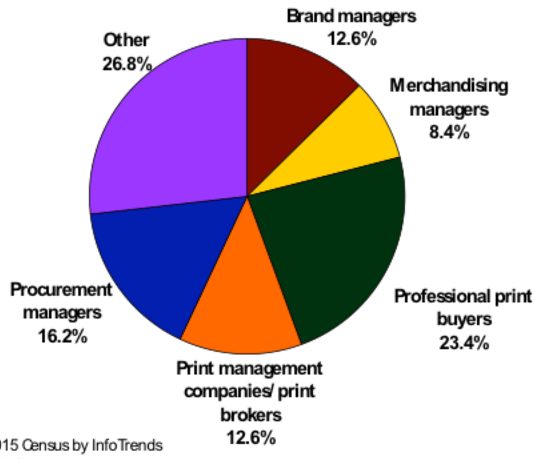
Figure 14: Which of the following tools do you use to market your business?



Source: FESPA 2015 Census by InfoTrends
N = 1,205 Respondents

Another important finding from this research is that understanding print buyers and decision-makers is critical to effectively marketing and selling wide format services. According to the data from the FESPA Print Census, the greatest percentages of key client contacts were described as "other." This suggests that salespeople may need to place additional efforts into reaching the right people when marketing their services. Among the client contacts that were explicitly named, the most common included professional print buyers and brand managers.

Figure 15: What percentage of your key client contacts are the following?



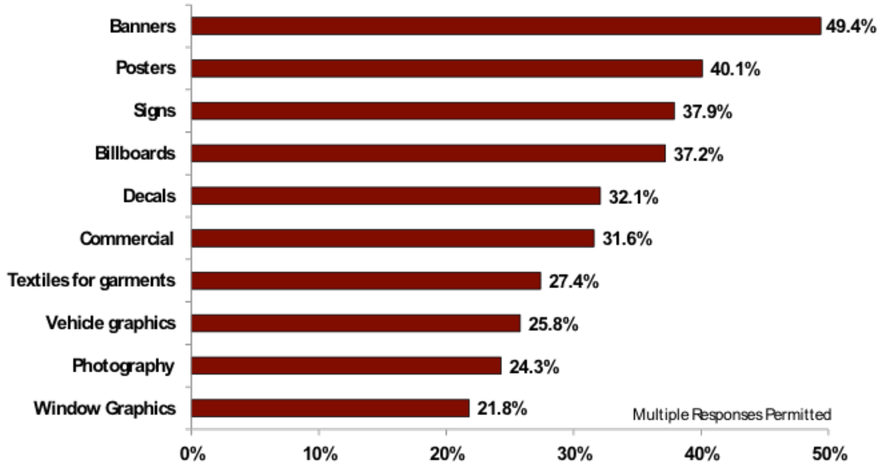
Source: FESPA 2015 Census by InfoTrends
N = 979 Respondents

Applications Produced: Current and Future Trends

Top Applications

Wide format service providers cater to a variety of markets, producing a number of different applications that can convey messages and communicate emotions in a visual way. These applications vary in shape, size, material, and method of production. When asked about the types of applications they were currently producing, respondents most commonly cited banners, billboards, signs, and posters. That said, wide format printers typically have a very entrepreneurial spirit and often produce a myriad of other applications to help them add value and drive profitability.

Figure 16: Which of the following applications do you regularly produce? (Top Responses)



Source: FESPA 2015 Census by InfoTrends
N = 563 Respondents who plan to purchase or lease new wide format equipment in the next 12 months

Wide format printing devices have really expanded in recent years, and these machines are now capable of handling roll-to-roll applications as well as rigid media. The range of inks has also expanded to include latex, eco-solvent, and textile inks. Combined with compelling value propositions, like just-in-time manufacturing, inventory reduction, higher quality, and reduced environmental impact, these new capabilities are fueling the transition to higher-value applications. This creates additional opportunities for FESPA members to grow their businesses.

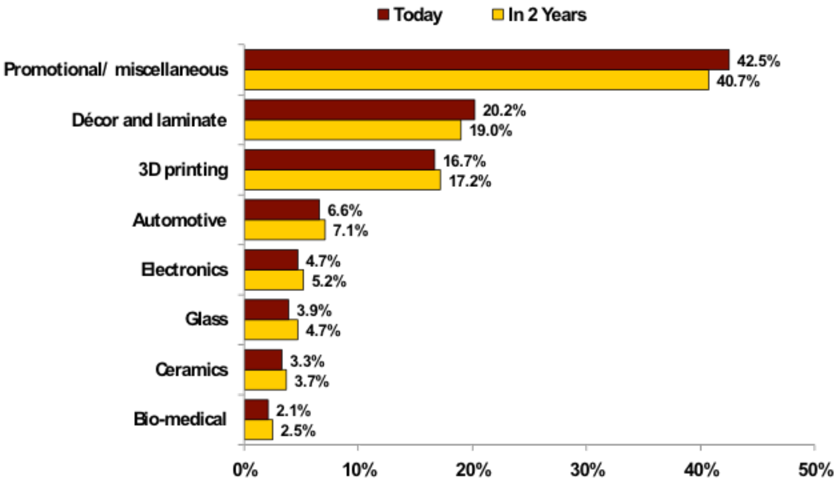
By further exploring the range of applications, we can see that the media mix was in favour of flexible media. Survey participants reported producing roughly 75% of their wide format output on flexible media types (e.g., paper, vinyl, or film). The remaining 25% was attributed to rigid media. Although this survey did not question respondents about their expectations for the future, the increasing adoption of UV curable applications may generate growth for rigid media types since many of these applications are produced on rigid surfaces.

Industrial vs. Non-industrial Applications

When asked about the range of applications that their companies produced, promotional and non-industrial applications were by far the most prevalent. That said, industrial printing is a topic that is top-of-mind for many wide format print providers. The term "industrial printing" is used to describe specialty applications, such as packaging, electronics, and pad printing. Inkjet printing advancements like more reliable printheads, flatbed printing, curing technologies, and new ink formulations have the potential to upend the supply chain in many markets.

About 67% of total respondents were currently producing industrial applications, and the most popular of these included promotional/miscellaneous, décor/laminates, 3D printing, and automotive. Over the next two years, respondents clearly expect to print a greater amount of industrial applications with 3D printing, automotive, and printed electronics inching ahead.

Figure 17: What percentage of your business is attributable to the following industrial applications now and in two years?



Source: FESPA 2015 Census by InfoTrends
N = Varies

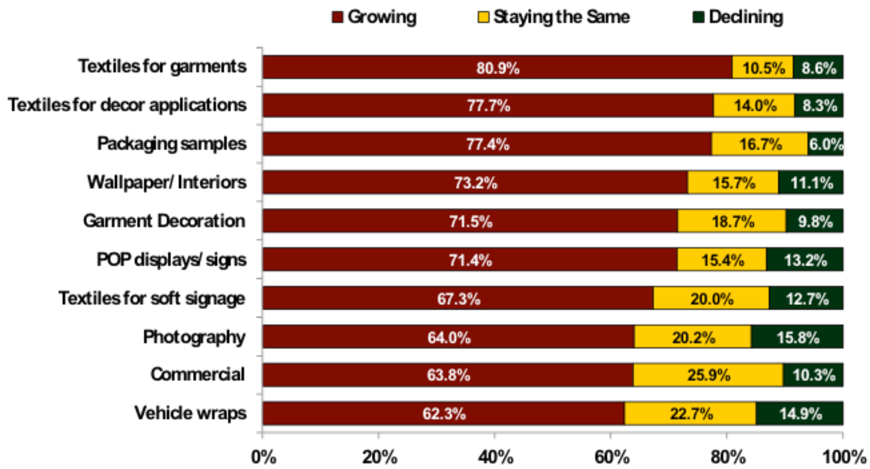
One of the technologies that are enabling growth in this space is UV curable inkjet. Respondents expect the use of UV ink to grow by 23% over the next two years. Vendors have improved many aspects of UV inkjet over the past few years, including:

- LED curing technology improved the range of materials that could be printed by reducing heat output from the curing lamps, while offering the added benefit of significantly reduced energy consumption.
- New generation printheads are higher resolution and produce smaller drops to improve print quality as well as the thickness of the printed layer. In 3D printing, the same characteristics enable PolyJet materials to be cured with UV light to form high-definition dimensional objects.
- Material science development yielded a new generation of UV inks that are flexible, scratch-resistant, offer reduced or no volatile organic compounds (VOCs), and contain fewer monomers that might cause health risks. These new inks enable a range of new applications in industrial segments, such as hot forming of decorative surfaces and printing on wood products.

Anticipated Growth Areas

Although banners, billboards, and signs are the most commonly produced applications at this time, the greatest amount of growth is expected to occur among up-and-coming applications like textiles and wallpaper.

Figure 18: How are the following applications changing as a percentage of your wide format business?



Source: FESPA 2015 Census by InfoTrends
N = Varies

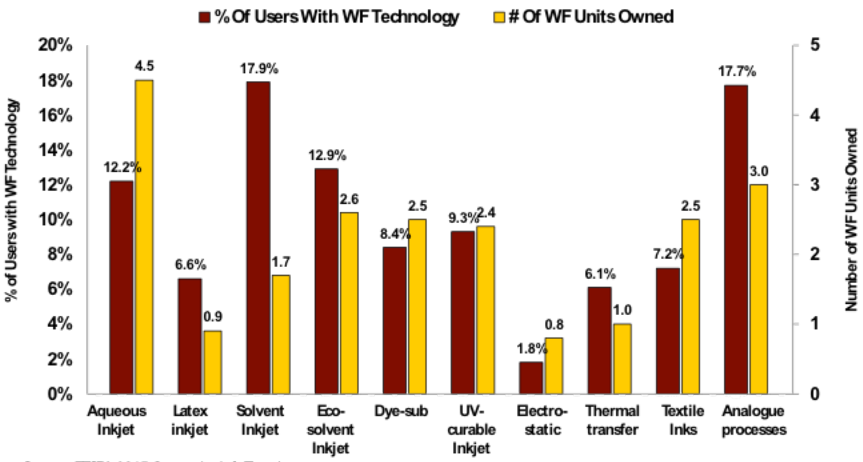
We note that many of the new respondents from the industrial segments that were added to this survey are textile manufacturers that attended FESPA Textile events in 2014 and 2015. Despite some bias toward textile and fabric manufacturing, we observed that most respondents across industry segments consider textile printing for garments to be growing. Textiles for garments were considered a growth opportunity in adjacent segments, such as screen printers (80%) and digital printing specialists (77%).

Printing Technologies: Current and Future Use

When our survey participants were asked about their use of technology, many reported investing in multiple devices to meet their production needs. As illustrated in the Figure below, respondents reported owning an average of 2 units per company. Key applications for our respondents' businesses included analogue (18%), solvent inkjet (18%), eco-solvent inkjet (13%), and aqueous inkjet (12%). Survey participants reported owning the highest number of aqueous inkjet devices—an average of 4.5 devices.

Regarding textile printing, it appears that print providers are adopting devices aimed at fabric manufacturing using dye inks that are specially designed for garments and décor. It is interesting to note that the latest latex printing technologies are making their way into respondents' shops, and this will likely impact solvent printers in the future. As a part of their offerings, many respondents have added a range of finishing solutions to bring value to clients and increase job profitability.

Figure 19: Percent of Respondents with Machine & Average Number of Machines Owned

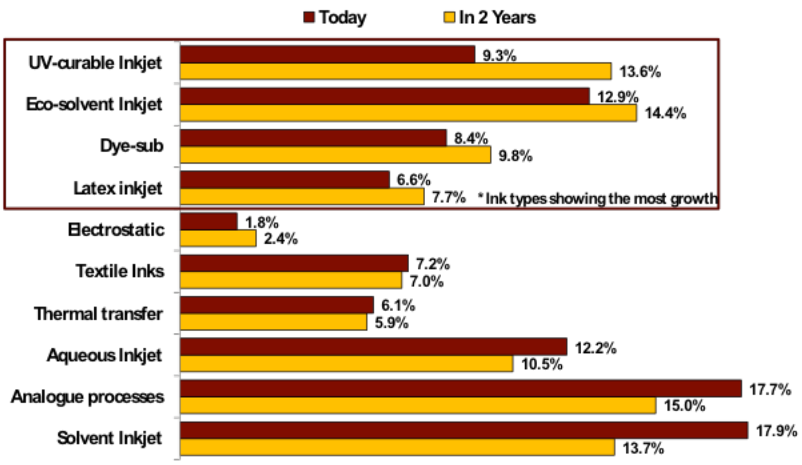


Source: FESPA 2015 Census by InfoTrends
N = Varies

Wide format printers are now a mainstay of the industry. The most common wide format printing technologies among our survey respondents included solvent (45%), UV (41%), and aqueous (35%).

In terms of wide format graphics technology investments, respondents expect their investments in UV-curable inkjet and eco-solvent inkjet to expand the most. Meanwhile, the production of solvent inkjet, analogue, and aqueous processes is expected to decline noticeably over the next two years.

Figure 20: Thinking just about your wide format graphics printing business, how much volume is produced using the following methods now? In 2 years?



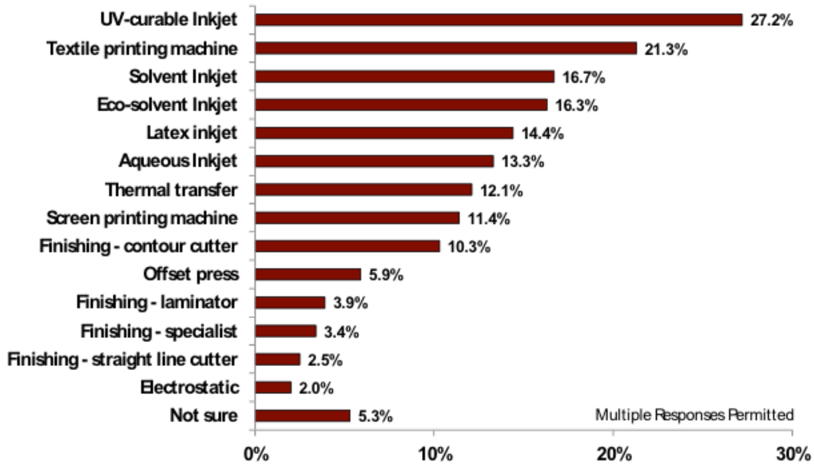
Source: FESPA 2015 Census by InfoTrends
N = Varies

Future Purchasing Plans and Investments

Wide Format Equipment

When survey participants were asked about their future purchasing intentions, a mere 5% were unsure about these investments. The remaining respondents are indicative of an evolving market, with the most commonly anticipated investments including UV-curable devices and textile printers. At the same time, some of the more traditional technologies (e.g., solvent or eco-solvent) are also expected to see healthy purchases in the future.

Figure 21: Which of the following types of digital wide format equipment will you most likely purchase?

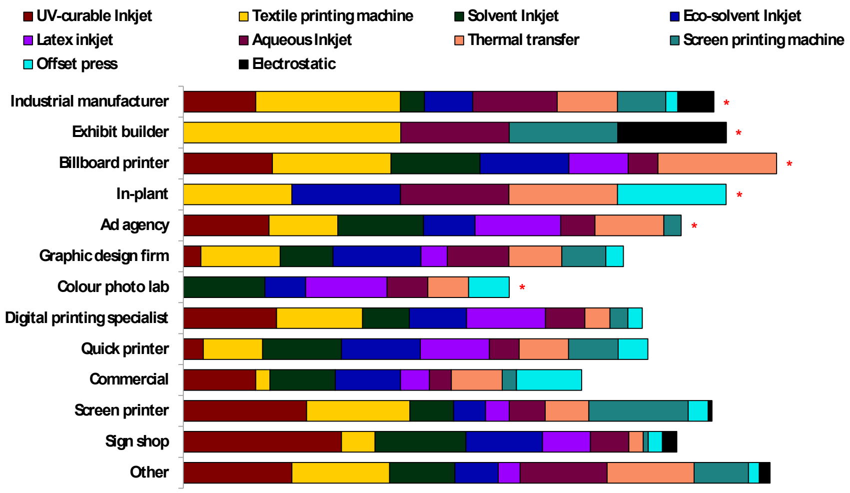


Source: FESPA 2015 Census by InfoTrends
N = 563 Respondents who plan to purchase or lease new wide format equipment in the next 12 months

Although the trajectory of new equipment investments has been observable for quite a few years, the scope of the FESPA Print Census provides a comprehensive view of users across continents and industry segments. Although some industry segments had a low sample size that was therefore not representative, other segments had plenty of responses that reflect their countries and demographics.

With this in mind, we note that typical FESPA members (e.g., screen printers, digital printing specialists, and sign shops) are investing in UV printing, textile printing, and a range of solvent solutions. Naturally, these are areas of great importance to an industry that uses a range of solutions to create compelling visual communications. Since banners, posters signs, and billboards are the top applications that are regularly produced, these future equipment investment plans are logical.

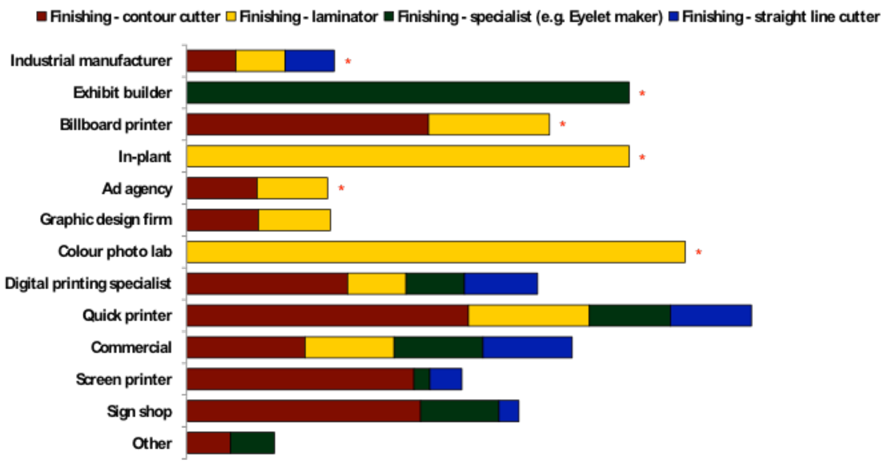
Figure 22: Which types of printing equipment will you most likely purchase? (By Business Type)



Source: FESPA 2015 Census by InfoTrends
N = Varies; * = Responses where N<30

It is important to note that printing is only one component of the solutions that our respondents are offering. As is the case in many other industries, clients are seeking turnkey solutions that are finished, installed, and replaced when the need arises. To that end, our survey participants were asked about the accessories that they are most likely to invest in. The Figure below clearly reveals that contour cutters are a prime investment tool that PSPs are looking for. These versatile solutions can cut a range of materials, and their cutting/creasing capabilities have expanded rapidly in the past few years.

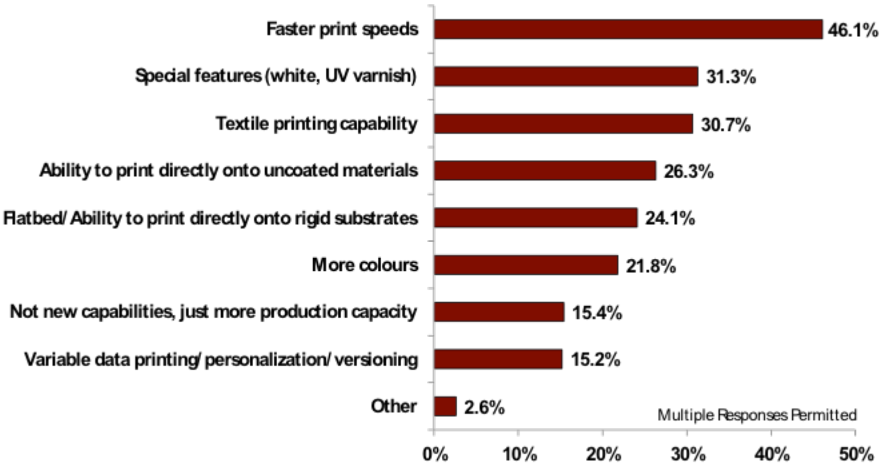
Figure 23: Which types of wide format accessories will you most likely purchase? (By Business Type)



Source: FESPA 2015 Census by InfoTrends
N = Varies; * = Responses where N<30

Respondents who were planning on buying a new device were most interested in faster print speeds, textile printing capabilities, and specialty capabilities (e.g., white or UV varnish). As productivity improves and printers become wider and faster, the range of applications produced will expand, as well. Our print census respondents are clearly gearing up for applications that have been identified as growth drivers, including textile and UV printing.

Figure 24: Which of the following new wide format features/attributes are you most interested in?

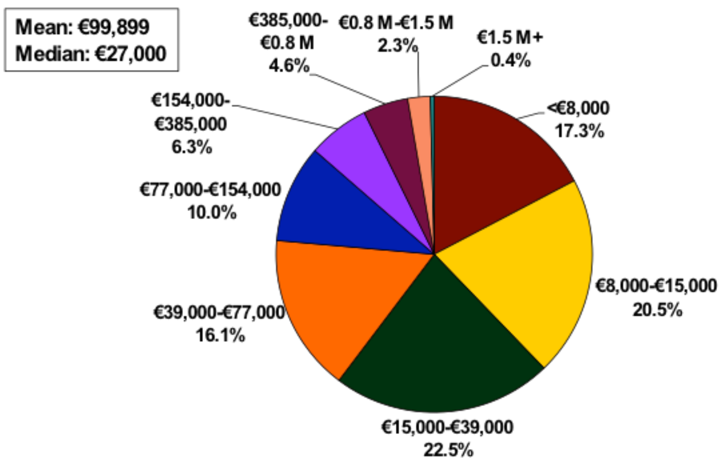


Source: FESPA 2015 Census by InfoTrends
N = 547 Respondents who plan to purchase or lease new wide format equipment in the next 12 months

The most common reasons for planning to invest in new equipment included a desire to move into new products or services (44%), enhance print quality (37%), or improve speed of output (36%).

On average, survey participants expected to spend about $100,000 on the wide format equipment that they intended to purchase. It is worth noting, though, that nearly 62% of respondents expected to pay about $27,000 or less. The respondents from our print census are typically employed at print-for pay establishments that are seeking high-productivity solutions that will enable them to improve their business success. They are, therefore, investing in more robust devices that can run reliably and produce high-quality output day-in and day-out.

Figure 25: How much do you expect to pay for the new wide format equipment you are going to acquire?

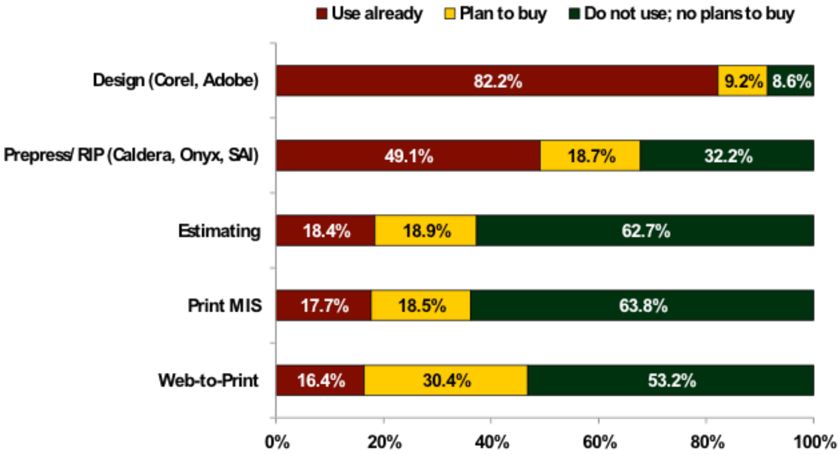


Source: FESPA 2015 Census by InfoTrends
N = 560 Respondents who plan to purchase or lease new wide format equipment in the next 12 months

Software Investments

Customised production is becoming a reality for many wide formant printers, but it comes with a new set of challenges—namely shorter runs and a slimmer delivery window. Print census respondents are beginning to ramp up their reinvestments in technologies that will enable them to accept, produce, and deliver jobs effectively. Close to 28% of respondents plan to invest in web-to-print solutions, while 15% plan to acquire print managed information solution (MIS) software.

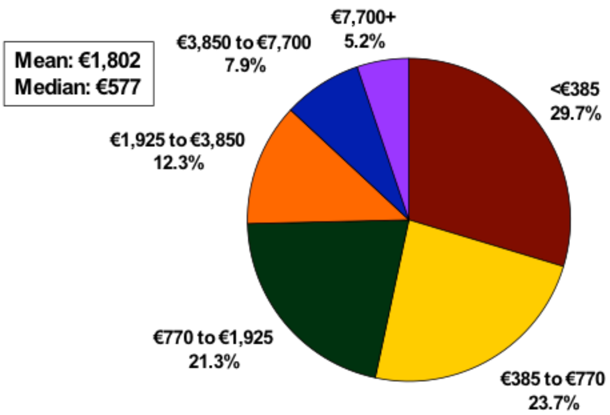
Figure 26: How would you describe your investment plans for the following types of software?



Source: FESPA 2015 Census by InfoTrends
N = Varies

On average, survey participants expected to spend €1,802 on the software that they acquired. Now that Cloud-based computing is available, this could be an entry-level price for subscription-based solutions. These would be a good option for print providers who are risk-averse and unlikely to invest a lot in a home-grown solution.

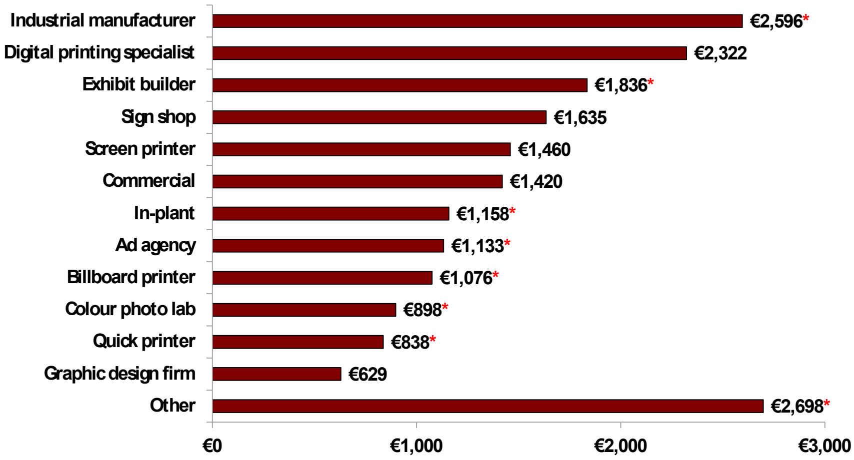
Figure 27: How much do you expect to spend on the software that you acquire?



Source: FESPA 2015 Census by InfoTrends
N = 367 Respondents who are planning to invest in software

A closer examination of planned software purchases puts industrial manufacturers on top with a planned investment average of nearly €2,600. At the same time, however, it should be noted that the sample size for industrial manufacturers that responded to this question is marginal at best (N=24).

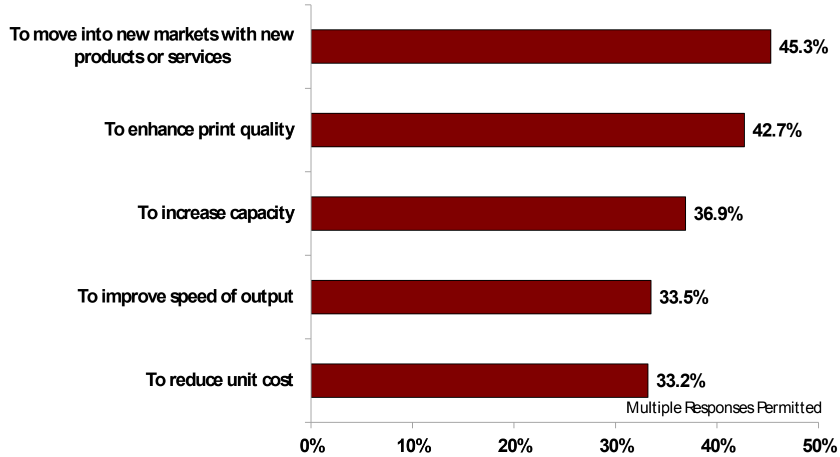
Figure 28: How much do you expect to spend on the software that you acquire? (Means by Business Type)



Source: FESPA 2015 Census by InfoTrends
N = Varies; * = Responses where N<30
Base = Respondents who are planning to invest in software

When asked about their rationale for planning these investments, respondents most commonly stated that they wanted to migrate toward new products and services. Other common responses included a desire to enhance print quality and a desire to increase capacity.

Figure 29: What is the rationale behind your planned technological investments?

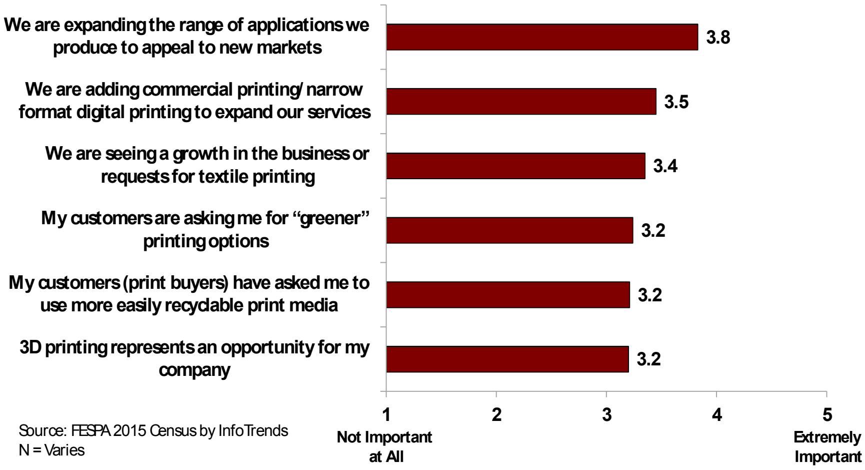


Source: FESPA 2015 Census by InfoTrends
N = 382 Respondents who are planning to invest in software

Future Investment Plans

Survey participants were asked to rate the importance of a variety of statements, and their responses provided insights about their future plans for technologies and business strategies. About 89% of respondents believed that it was important to expand their applications to meet new market demands. The means in the Figure below are rated on a 5-point scale where 1 means "not important at all" and 5 means "extremely important." Based on this scale, respondents assigned a significant level of agreement to all of the statements. A number of respondents also consider "green" printing options to be important because customers are demanding them. Other areas where investments will likely occur include commercial printing, textile printing, and 3D printing.

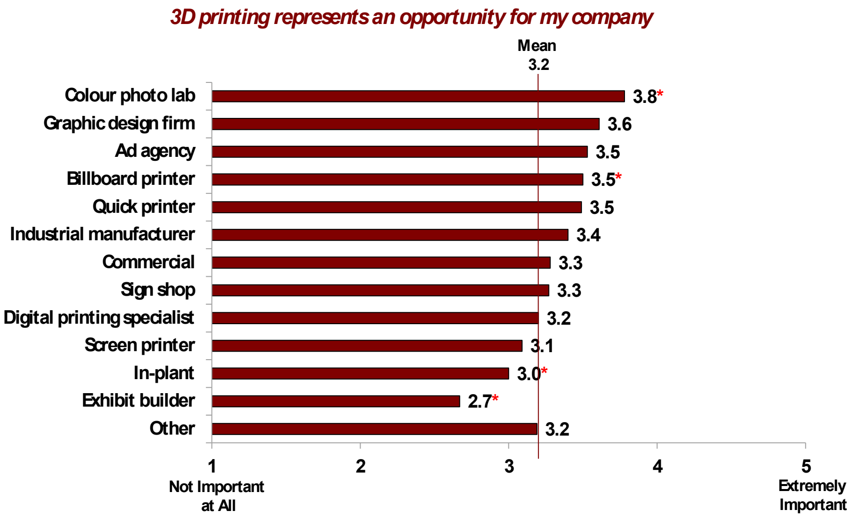
Figure 30: When considering your company's overall business strategy, how important are the following statements? (Means)



Source: FESPA 2015 Census by InfoTrends
N = Varies

One rapidly-developing area that has a direct impact on wide format printers is the increased use of digital displays in lieu of printed materials (i.e., 3D printing). At the same time, however, only about 20% of respondents planned to invest in this technology in the coming year. Regarding their current developments in this area, 30% of respondents believed that 3D printing was "important" or "very important" for their companies.

Figure 31: When considering your company's overall business strategy, how important is the following statement? (Means by Business Type)



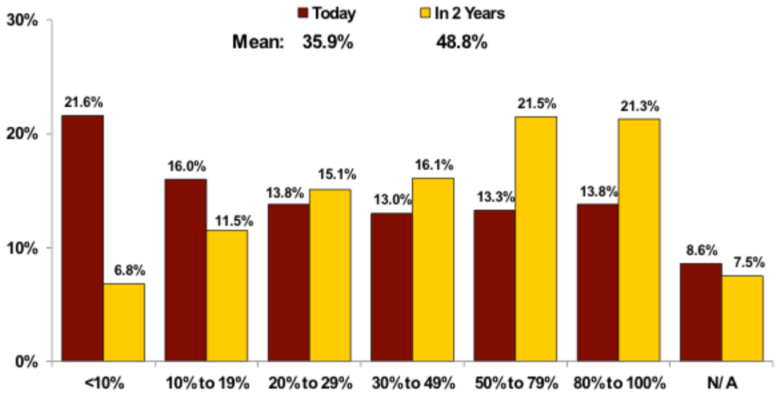
Source: FESPA 2015 Census by InfoTrends
N = Varies; * = Responses where N<30

General Trends

Optimism about Industry and Business

Another important general finding from this survey is that respondents are expecting digital wide format printing to represent a larger part of their businesses in the future. Wide format digital printing currently represents about 36% of total revenues, but this share is expected to reach nearly 49% by 2016.

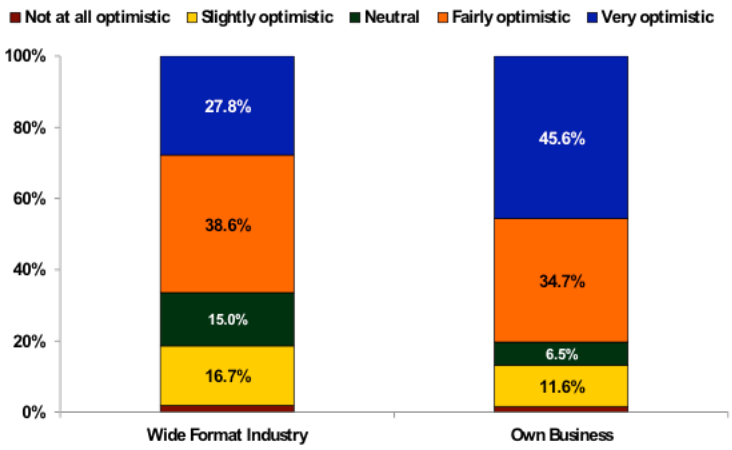
Figure 32: What percentage of your business/revenue is from digital wide format printing today? In 2 years?



Source: FESPA 2015 Census by InfoTrends
N = Varies

Generally speaking, survey respondents reported a high level of optimism for their own businesses as well as the overall wide format digital printing business. Not surprisingly, though, respondents were generally more optimistic about their own companies.

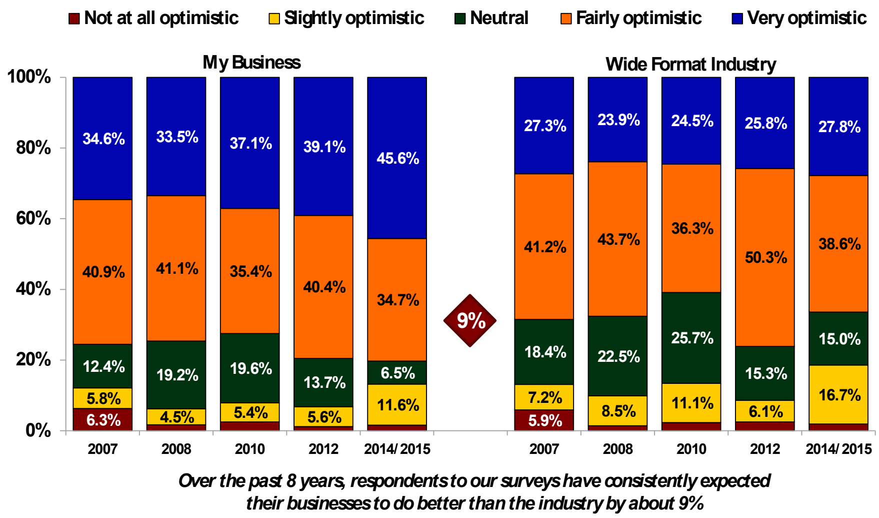
Figure 33: How optimistic are you about the wide format industry in general, and your own business in particular?



N = 1,062 1,058
Source: FESPA 2015 Census by InfoTrends

This trend has been consistently observed with respondents to our survey since 2007. Through the ebb and flow of the economy, the turndown of 2008, and the subsequent recovery during the past few years, respondents are typically more optimistic about their own businesses than they are about the industry at large. The variant is about 9% year-over-year. Those who report being very optimistic about their businesses has increased from 34% in 2008 to 46% today.

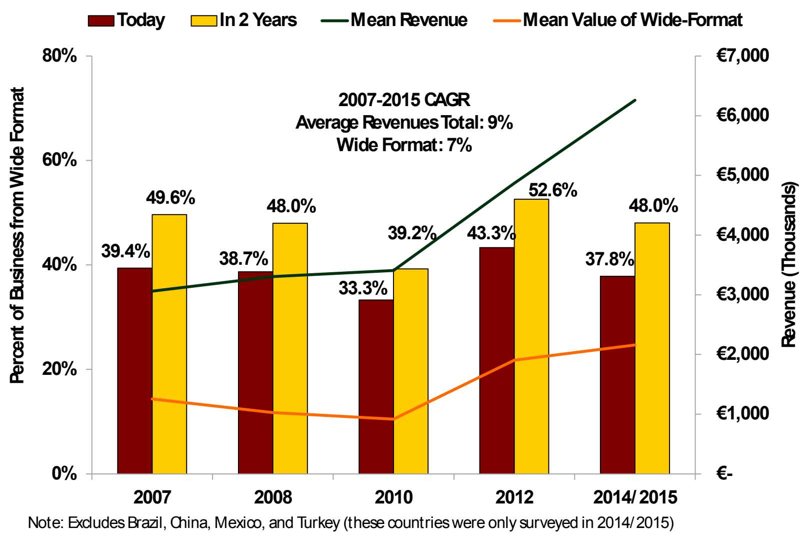
Figure 34: How optimistic are you about the wide format industry in general, and your own business in particular? (2007-2015)



Source: FESPA 2015 Census by InfoTrends

Moreover, as we track the main body of respondents from Europe (which we have been tracking year-over-year since 2007), we note a similar trend for wide format printing as a percentage of revenues. Respondents consistently report that wide format, as a percentage of revenues, will grow by about 10%. This trend is evident when we compare it to the mean revenues reported by our respondents. Since 2010, wide format revenues have seen a consistent upward swing. Wide format as a percentage of revenues has actually been increasing since the years of recovery following the 2008 economic downturn. Since graphic communications are typically a lagging economic indicator, we believe that the current growth trajectory is a sign that the industry is now becoming more robust as end-user demand strengthens.

Figure 35: What percentage of your business revenues come from wide format? (EMEA-centric; 2007-2015)

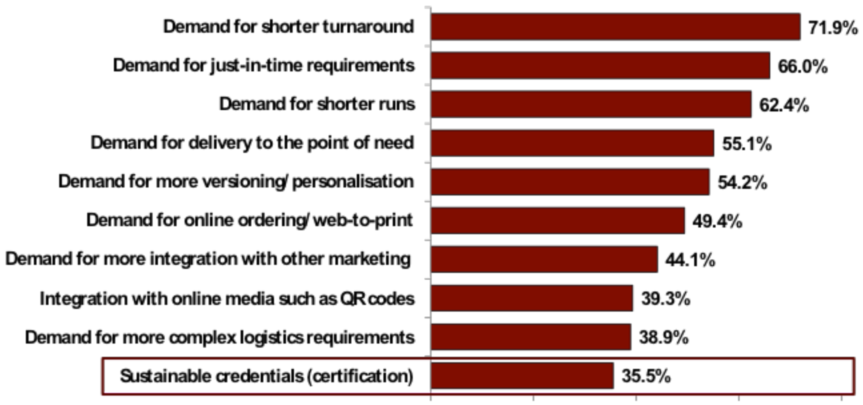


Source: FESPA 2015 Census by InfoTrends

Clients' Changing Demands

When PSPs were asked about their clients, most noted that they were seeing a greater demand for shorter runs, just-in-time requirements, and shorter turnaround. These are all indicative of a trend that is impacting most of the world's manufacturing industries—the migration from mass production to mass customisation. Digital wide format printers have been at the forefront of this revolution for decades, and it creates the possibility for additional profits and opportunities.

Figure 36: How are the following changing in terms of your clients' demands? (Share of Respondents Reporting an Increase)

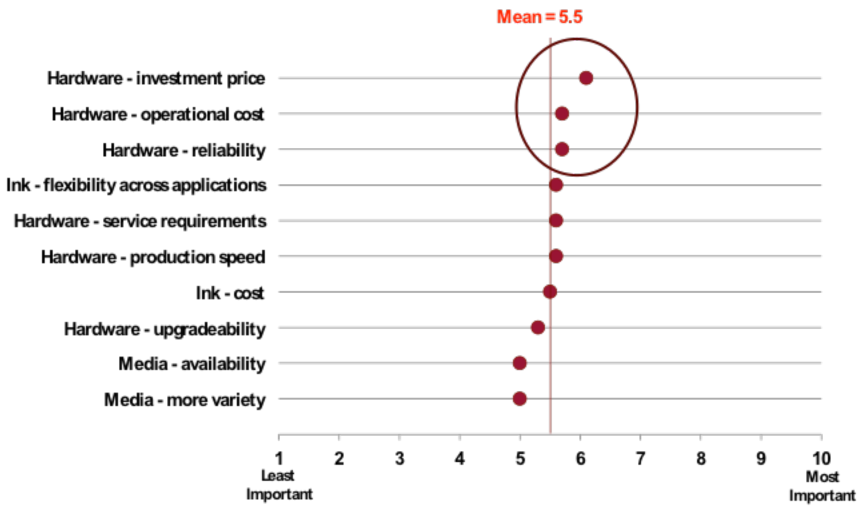


Source: FESPA 2015 Census by InfoTrends
N = Varies
Note: Although sustainability was not in high demand, it was more important to larger companies.

Areas of Innovation

Survey participants most commonly reported a desire to see more innovation in terms of hardware—specifically service requirements, investment price, and upgradeability. These sentiments are in-line with previous surveys, which uncovered a desire for more robust wide format equipment that could operate multiple shifts and remain in use for several more years. The values in the Figure below are averages ranked on a 10-point scale, where 1 was the least important and 10 was the most important.

Figure 37: How important would you consider wide format innovations in the following areas? (All Industry Segments)

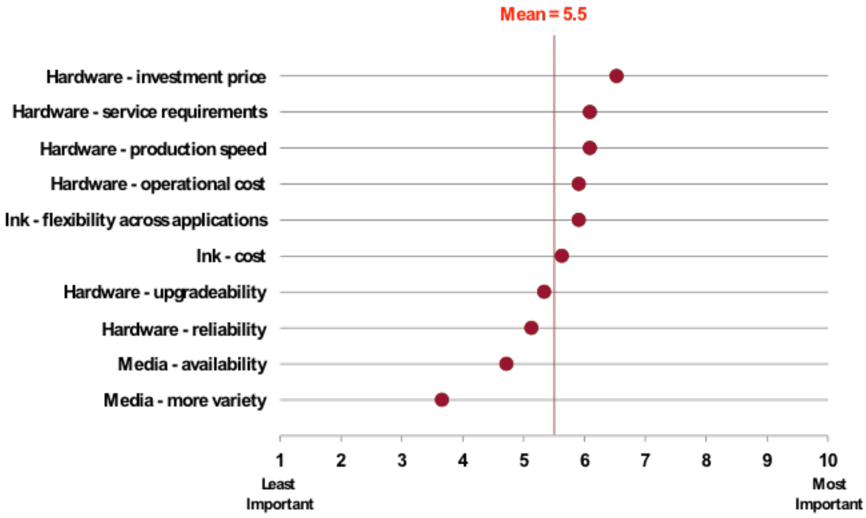


Source: FESPA 2015 Census by InfoTrends
N = 336 Respondents

Although hardware price, cost of operation, and reliability are typical in terms of PSPs' expectations, variations do occur by market segment. The Figures below illustrate these trends in the market segments that are statistically significant.

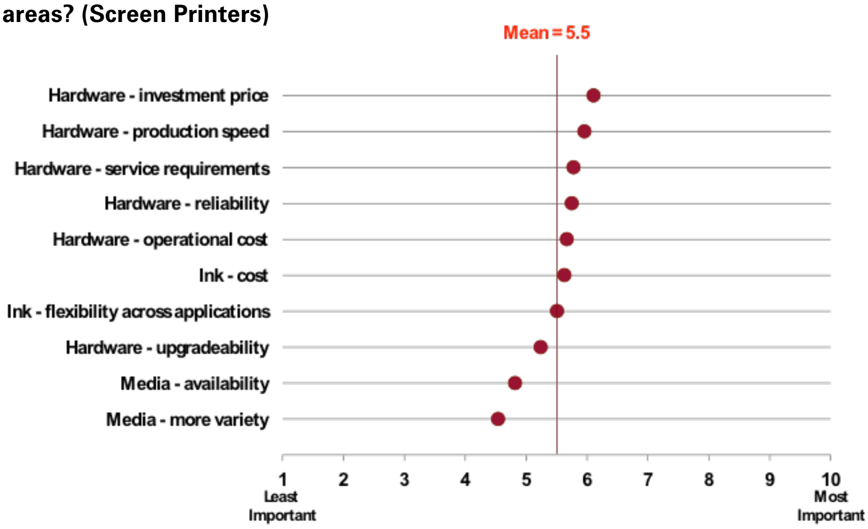
Sign shops and screen printers who are heavily invested in wide format printing indicated that their top three priorities are equipment price, serviceability of the equipment, and production speed. Although they are not bucking the global trends, sign shops are concerned about productivity (i.e., equipment uptime and speed). These factors are critical for PSPs who are looking to maximise their usable production to drive print volume in their systems. Additionally, products that require intensive service cycles are less attractive to these users.

Figure 38: How important would you consider wide format innovations in the following areas? (Sign Shops)



Source: FESPA 2015 Census by InfoTrends
N = 32 Sign Shop Respondents

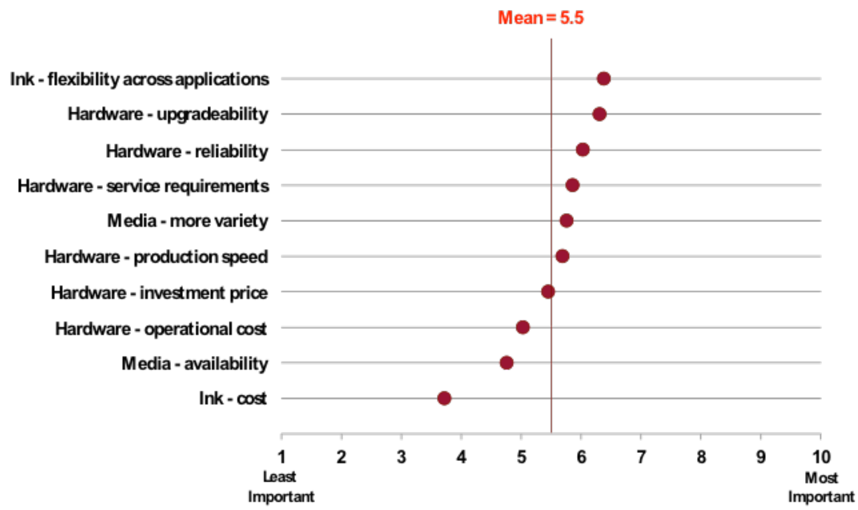
Figure 39: How important would you consider wide format innovations in the following areas? (Screen Printers)



Source: FESPA 2015 Census by InfoTrends
N = 76 Screen Printer Respondents

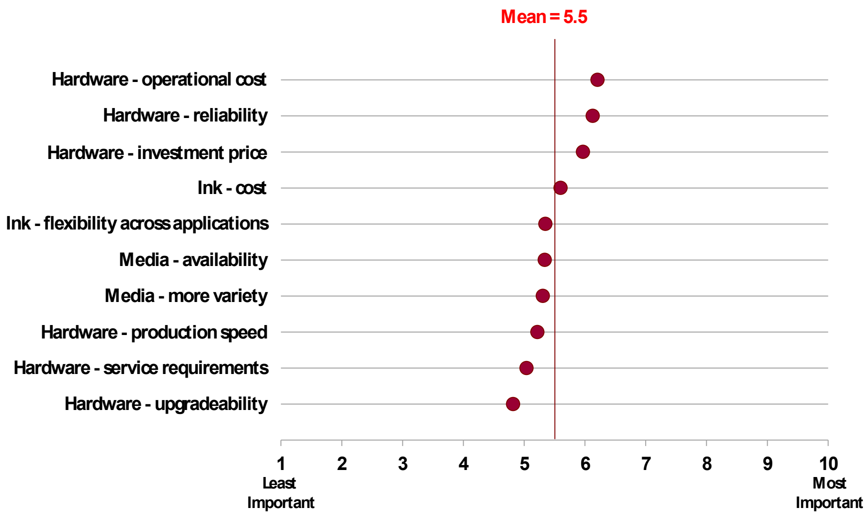
Commercial printers and digital printing specialists are aggressively adopting wide format printing solutions to augment their business offerings beyond documents and marketing materials. Their key focus is on solutions that can support business diversification, so it makes sense that the top three areas where innovations were expected included ink flexibility, hardware upgradability, and hardware reliability. These companies are not as concerned about the cost of wide format devices, so long as they can keep them in running order and produce a range of applications that help offset that cost. These respondents are looking to produce value-added applications, so they are typically less sensitive about acquisition costs. Their primary concern is being able to effectively produce a range of applications whilst future-proofing their products with upgrades.

Figure 40: How important would you consider wide format innovations in the following areas? (Commercial Printers)



Source: FESPA 2015 Census by InfoTrends
N = 29 Commercial Printers

Figure 41: How important would you consider wide format innovations in the following areas? (Digital Printing Specialists)

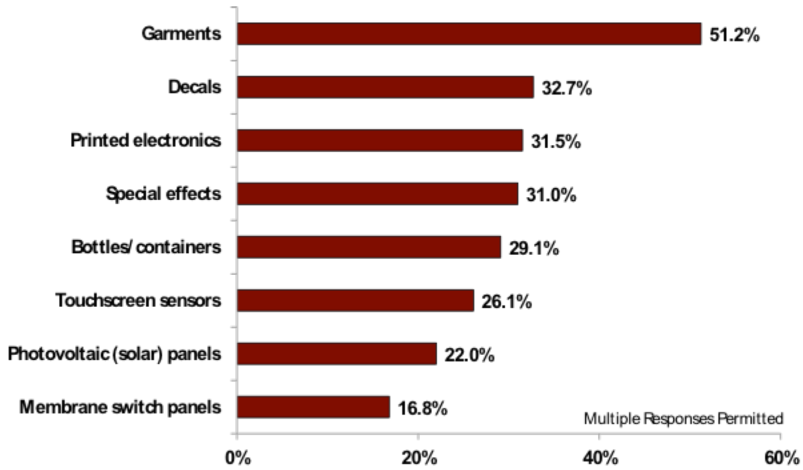


Source: FESPA 2015 Census by InfoTrends
N = 68 Digital Printing Specialist Respondents

The Analogue to Digital Transition

As is the case in many industries, most areas of the wide format market are experiencing a shift from analogue (i.e., technical screen printing) to digital technologies. When respondents were asked about the areas where they expected analogue technology to diminish in favour of digital solutions, garments and printed electronics were the top choices.

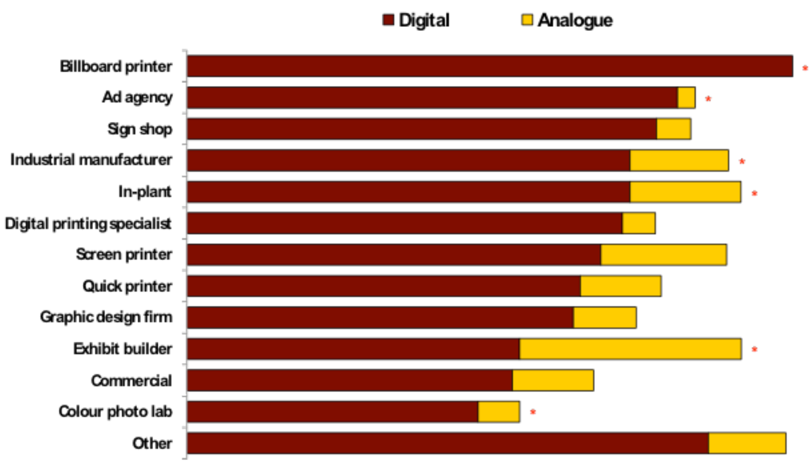
Figure 42: Which products that are currently a domain of technical screen printing do you expect to print digitally in 2 years?



Source: FESPA 2015 Census by InfoTrends
N = 903 Respondents

When closely observing responses to the planned acquisition of new products by each of the segments, we have aligned the industry segments with respondents planned acquisition. The analogue areas include investments in screen printing, offset printing, and electrostatic solutions. It is evident from the tabulation of the responses that some PSPs are planning to purchase analogue solutions, but these are the minority. The overwhelming majority of respondents are planning on purchasing digital technologies.

Figure 43: Which type of equipment will you most likely purchase? (Analogue vs. Digital by Business Type)



Source: FESPA 2015 Census by InfoTrends
N = Varies; * = Responses where N<30

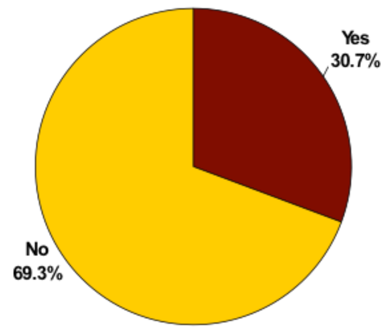
The Impact of Digital Displays

The digital signage market is rapidly growing and expanding. Allowing for up-to-the-minute data and rapid changeovers, digital signage is a tempting switch from traditional printed signage. Nevertheless, many of the PSPs that we surveyed seem to be becoming less concerned about how digital signage will affect their wide format printing businesses. As digital signage grows, it is easy to see that it has the potential to rapidly replace printed signage. Messages on digital displays can be modified based on the time of day or the demographic profile of the viewer. Printed signage and graphics simply cannot provide this kind of dynamic messaging. Nevertheless, digital and print signage have their places, and the execution of each technology requires a specific skill set.

Since digital signage currently requires a substantial up-front investment, smaller brands might find it out of their reach. Printed signage is more cost-effective in terms of the initial investment, but printed signage still runs the risk of falling victim to human error. For example, suppose a retail chain distributes printed signage to its stores every month but employees do not switch out promotional material in a timely fashion. In this case, digital signage may be more manageable.

FESPA Print Census respondents were questioned about their adoption of digital displays and their business impact. Overall, 30% of respondents have been offering live media display ad systems to their customers.

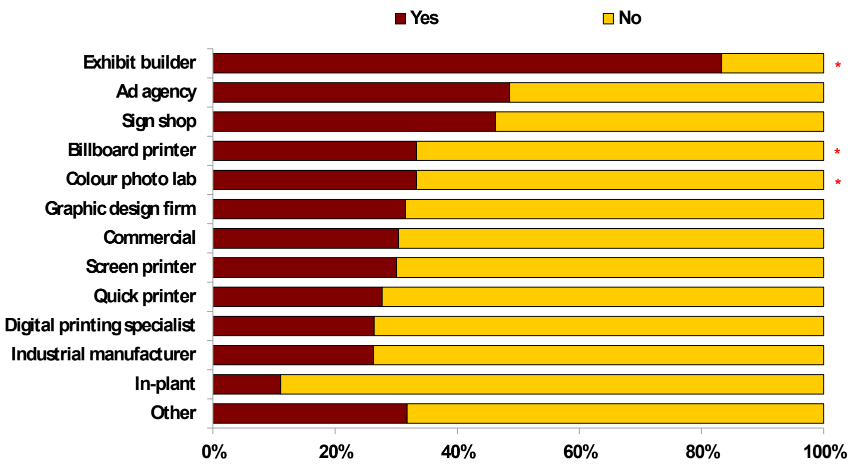
Figure 44: Do you currently offer live media and LCD screen ad systems to your customers, or do you plan to start in the next 12 months?



Source: FESPA 2015 Census by InfoTrends
N = 861 Respondents

Since we believe that certain industry segments are predisposed to adopting these technologies, we took a closer look at the adoption rate of live media and LCD screen ad systems by industry. Exhibit builders lead the pack with 80%, indicating that they offer a digital display solution; this is unsurprising since this is a natural aspect of their business. At the same time, however, only six exhibit builders responded to this question, so the sample size is not statistically representative. Ad agencies and sign shops, which were better represented in our survey sample, were also quite likely to report offering digital display services.

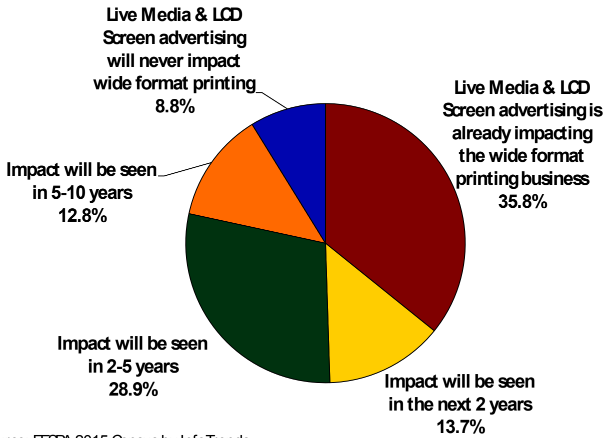
Figure 45: Do you currently offer live media and LCD screen ad systems, or do you plan to start in the next 12 months? (By Business Type)



Source: FESPA 2015 Census by InfoTrends
N = Varies; * = Responses where N<30

As for the foreseeable future, about 50% of our FESPA Print Census respondents believe that digital displays are currently having a noteworthy impact or will do so in the next 12 months. These products are expected to have a significant impact on the industry in the near future.

Figure 46: When do you expect live media & LCD screen ad systems to impact the wide format printing industry?

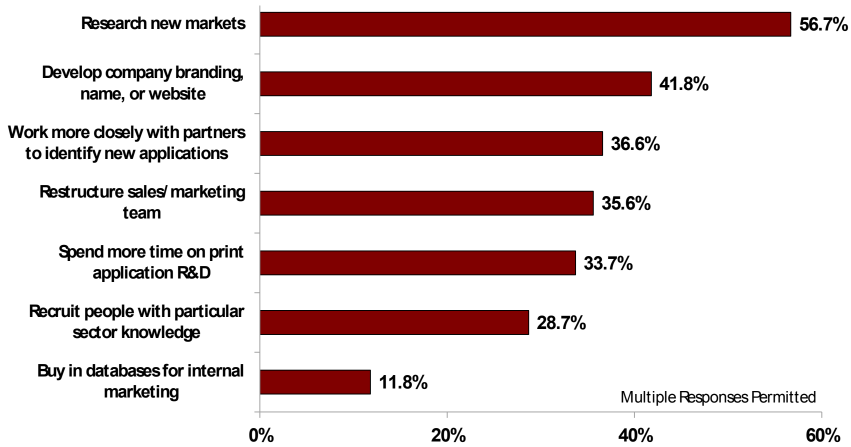


Source: FESPA 2015 Census by InfoTrends
N = 861 Respondents

Planned Strategic Changes

A great many changes are occurring in this industry, and associations are in a unique position to deliver additional value. In previous versions of this survey, PSPs indicated that they really wanted local industry associations to provide information on technologies that could impact their businesses, industry data (e.g., size, scope, directions, and trends), relevant legislative issues, and training materials. Over half of respondents are planning on researching new markets in the coming year. This provides a clear opportunity for FESPA to assist these companies in growing their businesses.

Figure 47: Which of the following strategic changes are you planning to make in the coming year?

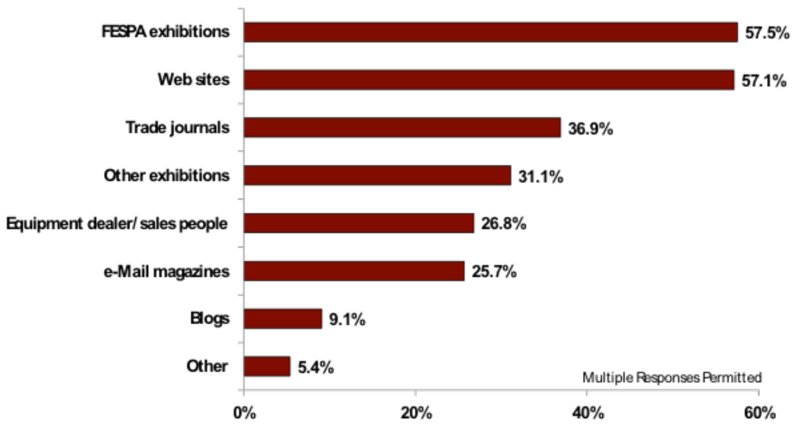


Source: FESPA 2015 Census by InfoTrends
N = 983 Respondents

The Impact of FESPA

FESPA is already a vital source of information for many PSPs. In fact, 68% of respondents report that they usually hear about new industry developments through attendance at FESPA exhibitions. FESPA was the top choice for information, surpassing even websites and trade journals.

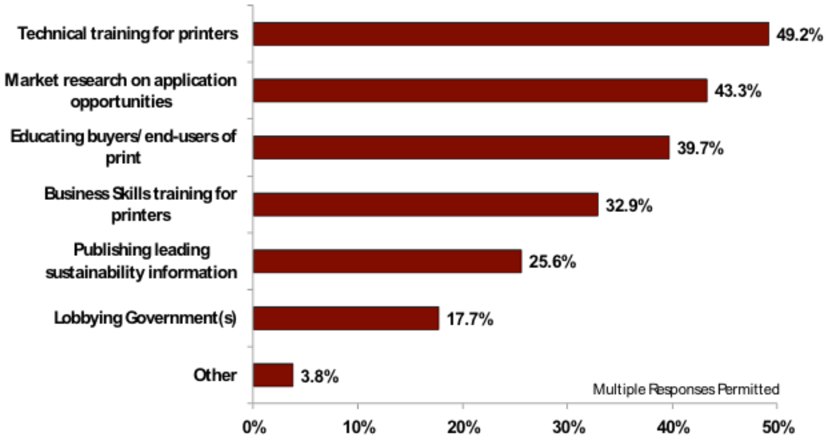
Figure 48: How do you usually hear about new industry developments?



Source: FESPA 2015 Census by InfoTrends
N = 833 Respondents

When respondents were asked how FESPA could better support the industry, the greatest percentage wanted to see education for buyers/end-users and market research on application opportunities. FESPA can clearly support its members in a variety of ways.

Figure 49: How would you like FESPA to reinvest its profits in supporting the print industry?



Source: FESPA 2015 Census by InfoTrends
N = 932 Respondents

InfoTrends' Opinion

The FESPA Print Census is a valuable source of information for the industry because it leverages input from FESPA members and producers from around the world. Some of the key findings from this year's survey underscore InfoTrends' growth projections for a number of industries, including packaging, decorative, wide format graphics, as well as a range of industrial applications. Brand owners and consumers alike are demanding products that meet their needs and reflect their personalities, and this is prompting producers and equipment manufacturers to develop new innovations that address these needs.

Businesses are investing in a range of digital technologies that enable them to improve their operations with just-in-time manufacturing of short run applications. They are seeking integrated solutions that will help them produce full-colour materials for a range of applications, including textiles, laminates, signs & displays, and membrane switches. These applications span a variety of markets that drive almost a trillion dollars in business activities worldwide, so they provide an extremely fruitful ground for innovation and value-added services.

About the FESPA Print Census Report

This material is prepared by FESPA and InfoTrends specifically for FESPA Associations' members and key stakeholders.

The opinions expressed represent FESPA's interpretation and analysis of information generally available to the public or released by responsible individuals in the subject companies. We believe that the sources of information on which our material is based are reliable and we have applied our best professional judgment to the data obtained.

The FESPA Print Census Report has been researched and edited by a team at InfoTrends, led by Ron Gilboa, Director of InfoTrends' Functional Printing & Packaging service and Janessa Correia, Research Analyst.

About InfoTrends

InfoTrends is the leading worldwide market research and strategic consulting firm for the imaging, document solutions, production print, and digital media industries. InfoTrends provide insights and advice to help clients understand market trends, identify opportunities, and grow their business. Additional information about InfoTrends is available on the Web at www.infotrends.com.

The FESPA Print Census is the largest data gathering project in the wide-format printing industry. The data gathered comes from over 1,200 respondents from 45 countries all around the world. Respondents include FESPA members as well as attendees at FESPA events.

Developed through FESPA's Profit for Purpose programme, the information gathered forms the backbone of how global organisations plan the development of their structure, train their staff, spot emerging trends and grow their business.

The FESPA Print Census is available free to members of FESPA's Associations.

FESPA is a global federation of 37 national Associations for the screen printing, digital printing and textile printing community.

Founded in 1962, FESPA organises the leading exhibitions and conferences for this community. FESPA reinvests profits from these activities into the global print community.

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