

Future Markets for Printed Signage

MAY 2017



Introduction

Signage plays a major role in information delivery worldwide. Its usage pre-dates printing by thousands of years, but today it is primarily produced by three printing processes – inkjet, litho and screen – though only inkjet is growing genuine market share.

Physical signage's primacy is currently being augmented and in some applications challenged by electronic signage.

Printed signage encompasses many applications. Some applications are ephemeral, intended for temporary use and frequent replacement. This includes point-of-sale graphics, billboards, flags, banners exhibition panels, flooring graphics, exterior perimeter fence panels and other promotional items.

Other signage is permanent, intended to be left in place for several years – examples include road signs, architectural graphics and name signs on buildings. Other types of signage are semi-permanent, but mobile, such as vehicle graphics, and hot air balloons.

Asia currently dominates the signage market, accounting for nearly half of all volume

Market prospects

The global printed point-of-sale (PoS)/signage market amounted to 10.8m² billion of material in 2016 and was worth over \$42.8 billion. Indoor signage is the larger market, accounting for 63% of the volume output, while outdoor signage accounts for 37%.

Overall PoS/signage value is forecast to grow by 2.7% annually to 2022. The volume of indoor signage will grow on average at 0.9% per year, at the expense of outdoor, which will see marginal increases of 0.4% per annum.

Total world output is expected to reach 11.2m² billion in 2022, and a value of \$48.9 billion.

Real growth – in value and volume – can be expected in other developing regions; Africa, Eastern Europe, the Middle East and Latin America. In contrast, North America and Western Europe value consumption will decline as advertisers switch to Internet or other alternative advertising channels; but overall value will increase as new higher value concepts are introduced.

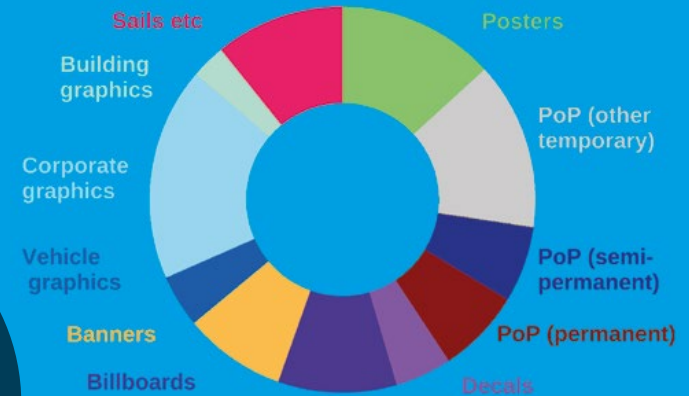
Applications

Printed signage includes all applications that use printed materials, displayed either indoors or outdoors, to convey a message to viewers, whether for decoration, advertising, warning, or information. A variety of finished products fall into this definition including:

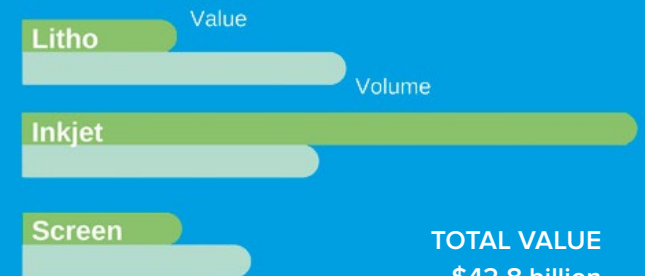
- Posters
- Backlit displays
- Temporary point of purchase (PoP) displays (pop-up displays, shelf talkers etc.)
- Semi-permanent PoP displays (pallet displays, corrugated floor etc.)
- Permanent PoP displays (durable permanent floor or counter display etc.)
- Banners, flags and backdrops
- Corporate graphics, exhibition, trade show materials and other materials
- Vehicle/fleet graphics

Only inkjet is growing genuine market share

Global signage 2017



TOTAL OUTPUT 2017
10.8² billion



TOTAL VALUE
\$42.8 billion

Source: Smithers Pira

Equipment innovation

Machine developers, seeing the continuing trend for more advanced signage graphics across many retail and business sectors, are innovating with new production machines.

At FESPA 2017, MS Printing Solutions showed its new Impress 4320 soft signage printer. Capable of output to 3.2m wide at print speeds to a maximum of 289m²/hour, the machine offers a hybrid approach for print service providers (PSPs), as it can handle direct-to-fabric and dye sublimation output.

PoS materials have also been expanding as print output offers more substrates and print effects. A good example here is the Rho WT 250 HS from Durst. The 5.9m printer is a hybrid designed for signage and PoP displays.

It uses the company's Durst Water Technology – an aqueous alternative to UV. The aqueous ink is odourless, making it ideal for PoP and PoS materials. Also available is the 5m Rhotex 500 dye sublimation printer aimed at the soft signage sector. And lastly, the Alpha series of printers include 1.9m and 3.3m models for textile printing on a wide range of substrates.



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Companies like Durst are expanding the width and ink varieties available for signage production
Source: Durst

Growth of digital print

One dynamic area of printed signage is digital (inkjet). Displays – banners, flags and similar visual communications – are a segment where the creative freedom of digital production is evidently value-adding. This is a key reason why signage was the first market to adopt digital print for fabric, beginning in the mid-1990s.

It is now the most mature segment, and given the low run lengths for most fabric signage jobs, it is the only segment where digital has significantly displaced conventional print technologies, like screen. This maturity is reflected in a growth rate of 13.7% for 2016-2021, pushing a market valued at \$371 million to \$658 million for digital printing of textile signage.

Shown at FESPA 2017 the SureColor 80600 roll-fed press from Epson symbolises another trend with its wider ink range, and option to print in metallic. As signage printers are looking to offer their clients new graphic options and improve output quality, innovative machines like this will see more installations.

Brand extension and other factors will account for this ongoing growth. There is a trend for lightweighting of signage with textiles replacing traditional materials, to enable easier brand extension at different locations in buildings. Fabric has many advantages over rigid materials: it is lightweight and flexible, washable, foldable for easier transport, and can last longer.

Gel ink

Large format digital output has been the focus of many machine developers for several years. Most recently, Canon announced its new 1.625m roll-to-roll printer designed for outdoor graphics production. The Océ Colorado 1640 has a top output speed of 521m²/hour. In addition, the machine also uses Canon's recently announced UV gel technology.

Signage printers are looking to offer their clients new graphic options and improve output quality

FUTURE MARKETS FOR PRINTED SIGNAGE

It employs a UV curing ink that gels on contact with the print media to offer greater pigment adherence. This delivers precise control over dot gain and position. New technology like this is offering PSPs the versatility they need to offer their clients, with more choice at a lower cost, yet with improved image quality.

FESPA 2017 also saw HP announce its new print solution for signage applications. The HP Latex 3600 and 3200 printers, the HP PageWide XL Advanced Suite, for the HP Scitex 17000 Press, and HP PrintOS for Latex and Scitex HDR presses offer 3.2m output, with the XL printer offering up to 50% savings in running costs.

Retail

A large proportion of printed promotional signage is concentrated in the retail sector, so retail growth and trends, such as new store openings, store closures, and retail strategies (including a focus on promotions or price) can impact this market.

For example the likes of Lidl, a Germany-based budget store chain, has disrupted Western European grocery shopping significantly with a new retail model that also impacts its use of in-store signage.

In contrast to the permanent series discount promotions in more expensive shops, Lidl has pioneered an everyday low cost (EDLP) model with a limited range of goods and fewer promotions. This diminishes the need for printed signage, though the retailer does make heavy use of shelf-ready packs to minimise labour costs.



A large proportion of printed promotional signage is concentrated in retail

Designing bespoke banners and PoS material for big-name retailers is a lucrative market for printers
Source: KGK Print

FUTURE MARKETS FOR PRINTED SIGNAGE

In-store signage in Lidl stores is mainly functional – variations on price labels on shelves – with some promotional posters high on the walls or near the checkouts. Other promotional information tends to be low-cost full-colour litho printed A4 and A5 brochures.

By contrast Marks & Spencer represents a more standard model for in-store signage. It mixes very large and prominent banner and lightbox signage in its clothing departments, with frequent changes as new fashion seasons come and go.

Many retailers are looking for new technologies to enhance their in-store promotional materials. Where rigid substrates have been the norm, soft signage is rapidly advancing, as new machines come onto the market with extended colour gamuts. The price point for this output is highly attractive to these businesses. PSPs seeing a shift in the marketplace are positioning their print offerings to include this type of signage.

This year Mimaki will unveil the TX500P-3200DS – a 3.2m direct to textile printer with 12 printheads that can deliver a print throughput of 130m²/hour at a resolution of 540 x 360 dpi.

This super-wide printer speaks to the increased demand for larger displays designed for brand communications, where soft signage is illustrating its versatility and its environmental credentials.



**Awareness
of PoP
advertising as a
marketing tool is
growing among
brand owners**

The quality of photo reproductions on various media is accelerating as new ink technology and more colour stations are fitted
Source: Mimaki

Customised print signage

Seasonal marketing campaigns remain important events in the retail industry calendar, especially for large-scale outlets, such as supermarkets and hypermarkets.

Times of the year such as Christmas and Easter offer retailers significant opportunities to drive sales, engage with their shoppers and access new revenues.

Recent evidence suggests that the number of annual events commanding the attention of the major retailers continues to grow. As an example, Halloween has become the third largest, highest spending festival in the UK during the last decade, with annual expenditure via supermarkets now worth over £300 million (\$387 million) a year.

Not only are annual festivals significant, but retailers can also profit from major events such as sporting tournaments, examples of which include the football and rugby World Cups.

Despite this overall growth in expenditure, supermarkets must still contend with the challenges posed by the online retailing sector during important seasonal events.

In fact, many online retailers have placed considerable emphasis on some of the more recent occasions, with 'Black Friday' in the period between Thanksgiving (US) and Christmas one notable example. There is also the need to counter some of the cynicism that can creep into the minds of consumers during seasonal occasions, in order to stand out from the competition.

Seasonal marketing campaigns remain important events in the retail industry

In-store theatre

One way for supermarkets to counter these challenges, which carry numerous implications for the printed signage industry, is to focus more upon what might be termed the 'in-store theatre', by offering something new, exciting and different for shoppers.

As quality has improved, the use of imported PoP has grown, particularly in locations like the UK, which often sources permanent displays from China. Meanwhile, awareness of PoP advertising as a marketing tool is growing among brand owners and FMCG companies. There are substantial opportunities, as well as threats, on the horizon for printed signage firms to navigate.

This frequently ties in with seasons, and often links events with food – for example, carrying out in-store Easter egg hunts, or promoting certain foods alongside occasions such as the Sunday roast or romantic evenings in – where meals are usually paired with a bottle of wine.

FESPA 2017 saw the launch of the Jeti Tauro H2500 LED UV printer from Agfa Graphics. Offering 2.5m wide roll-to-roll UV output, it can print at a maximum of 275m²/hour using six colours, plus white or a primer.

Also at the event was the dye-sublimation printer Avinci DX3200 machine. Offering 1,440 x 540 dpi resolution on 3.2m substrates, the machine is ideal for polyester-based materials for PoS and outdoor signage applications.

Machines like these speak to retailers and their brand partners that need fast, versatile output to meet their event and seasonal needs for innovative signage.



**For traditional
PSPs the evolution
of electronic signage
is a clear and
present danger**

Printed PoS installations have become a popular means for brands to boost their products' in-store positioning
Source: Fujifilm

Electronic challenge

For traditional PSPs the evolution of electronic (or 'digital') signage is a clear and present danger. The market is currently small, but this is rapidly expanding, as digital display technologies have fallen in cost and the supporting networks needed to power them have matured.

Electronic signage is defined as a network of digital displays that are centrally managed and addressable for targeted information, entertainment, merchandising, and advertising.

The use of electronic media and signage has been increasing among retailers and for advertising purposes, via indoor and outdoor locations.

Electronic platforms are becoming a more powerful source of display and advertising, and their uptake poses a threat to the printed signage market. Reasons behind the growth of digital signage include the technology's dynamic nature enabling content to be updated and assessed in real-time; technological and price improvements; increasing customer engagement; as well as its interactive capabilities.

All retailers are looking for efficiency gains and cost reductions across their businesses. One of the most labour-intensive tasks is updating on-shelf pricing and promotional information. Here, electronic displays could hold a solution retailers have been looking for.

Pioneer has recently announced a partnership to market the electronic shelf labels from Tronitag, a partner of LG Innotek for the UK and Ireland. The advanced system uses the Zigbee at 2.4GHz, encryption level AES128 system for secure network transmission of new price or promotional data to each e-paper display.

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Electronic deployment

Initially the rollout of electronic price labelling will occur within specialist markets. These will include airports and cruise ships, which present a key forum for the purchase – often duty-free – of luxury goods like spirits, fragrances, haute couture and consumer electronics

Already Tallink Group is investing in 19,000 shelf labels for the duty-free stores aboard its vessels. Supplied by Displaydata, the eye-catching displays also deliver major operational efficiencies to the business.

For PSPs concerned that the burgeoning electronic PoS and on-shelf price and promotion displays could erode their businesses, the approach many are taking is to see print and electronic as complementary, rather than competing formats.

Adoption of electronic signage is not risk-free however. There have been high-profile examples where hostility from customers has negated any cost savings. This aligns with a wider trend from some retail brands to move towards a less visually distracting proposition for their visitors.

The wider use of electronic screens and labels to replace signage is hence likely to be confined to certain defined environments – like technology stores or airport malls – where they are suited.



Retailers are clearly open to experimenting with new signage applications

Complete turnkey electronic price label systems are increasingly being marketed to retailers
Source: Tronitag

Conclusion

With the rise of digital alternatives to printed signage, firms will need to be well prepared for shifts in the signage markets. Retailers are clearly open to experimenting with new signage applications. The availability of soft signage that can now deliver the colour vibrancy of current rigid substrates will see more brand owners start to use these new forms of signage. Printers with large output widths are also ensuring retailers and brand owners are paying attention to the possibilities this kind of signage now offers to them.

There are other factors influencing the signage industry too, such as the nature of PoP suppliers, compliance, the effect of print management, globalisation, and signage in the wider context of advertising. For instance, the increasing use of print management techniques and specialists has allowed cost savings for some PoP customers.

Electronic signage has been promoted as an alternative to printed media, and for large retailers in particular it can realise savings after significant upfront investment.

In practice though installations have not always proved popular with customers, and its further penetration over the next five years will be limited to certain higher-end retail applications. It is one of several trends, however, that are prompting innovation in printed media – including new concepts and print effects.



The increasing use of print management techniques and specialists has allowed cost savings for some PoP customers

New media like vehicle wraps is expanding the physical template for outdoor advertising graphics
Source: Contravision