The World Wide Survey

A FESPA/InfoTrends research initiative

March 2009

Objectives

- Understand business outlook for graphics market
- Identify trends in digital & screen production
- Analyze best practices for PSPs
- Determine digital penetration rate among print service providers
- Estimate new equipment expenditures and expenditure by type of equipment
- Measure applications production and supplies consumption
- Compare to prior World Wide survey data
- Create a valuable research document for national association membership & wider FESPA community

This ambitious initiative is designed to gather operational, marketing, and other important industry information, then provide that information to print service providers that are part of the FESPA Community. The specific objectives of the study are:

To understand business outlook for graphics market

To identify trends in digital & screen production

To analyze best practices for PSPs

To determine digital penetration rate among print service providers

To estimate the potential for new equipment expenditure and expenditure by type of equipment

To measure applications production and supplies consumption

To consider sensitivity to environmental initiatives and regulations

The World Wide Survey

- Worldwide market value for screen and digitally printed graphics is more than €58 billion*
  - European market value is €26 billion* and that 2008 was a flat year with second half losses offsetting first half gains
  - Growth in digital wide format and specific applications largely offset by highly competitive price cuts and spending limitations among buyers, growth in emerging markets largely offset by decline in more established geographies
  - Forecasted growth in US & Western Europe = 1-3%
  - Emerging markets (A-P, L. America, E. Europe, Middle east) = 7-10%

*Source: InfoTrends

The worldwide market for printed graphics is valued at more than 58 billion Euro in 2008 when this survey was conducted. This overall market value reflects essentially a flat market from 2007 to 2008 and includes the value of shipments from across a wide variety of printing establishments that serve the signage and graphics market. This is extremely important to understand as the traditional segments of the printing industry are increasingly converging around digital technologies and processes. Less than 20% of the companies that responded to the World Wide Survey, which was conducted to the FESPA community, define themselves as “Screen printers” indicating the market has shifted to newer more flexible technologies such as digital wide format printing.

InfoTrends believes the market should be segmented between the more mature regions of the world in North America & Western Europe and emerging markets like Asia-Pacific and parts of eastern Europe and Central & Latin America. In the more developed regions there is intense competition among print service providers and a global economic downturn that has limited advertising expenditures. This limits any growth expectations to low single digits.

These emerging markets still have fast growing populations, better economic circumstances, and many new adopters of wide format digital. These factors combine to drive growth at rates between 7 and 10% annually.

Methodology

THE WORLD WIDE SURVEY

- Electronic surveys with respondents from more than 50 countries
- Translated into German, Spanish, & Thai
- December 2008 & January 2009

FESPA

InfoTrends

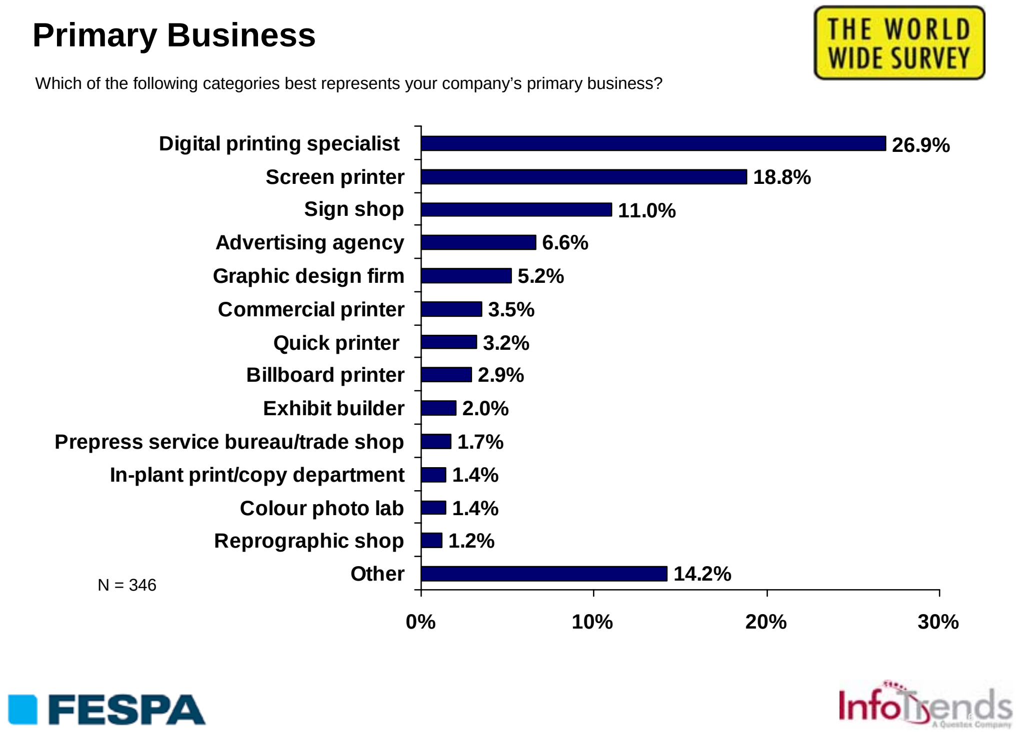
The methodology employed to execute The World Wide Survey was an e-mailed invitation from FESPA to the printing establishment. The recipient of the e-mail would then complete the survey which was run in the local language on InfoTrends' servers. In exchange for taking the time and effort to thoughtfully complete the survey, respondents will receive a copy of the compiled results and their name was entered into a draw for a survey incentive of one of 5 iPOD Touch devices. InfoTrends, FESPA and its partners respects the privacy of the anonymous survey respondents. No information about individual respondents will ever be revealed, the data is aggregated and compiled into The World Wide Survey report. Names and contact information is only retained to inform and fulfill the respondent with the research incentives.

Respondents from 54 countries completed the survey.

This is the main survey but additional slides will be produced with additional analysis in April 2009 drawn from further data taken in March 2009 from the Spanish marketplace. This additional report includes more comparisons between the Wide Survey and the World Wide Survey.

This will be distributed to all recipients of the survey as an "extra".

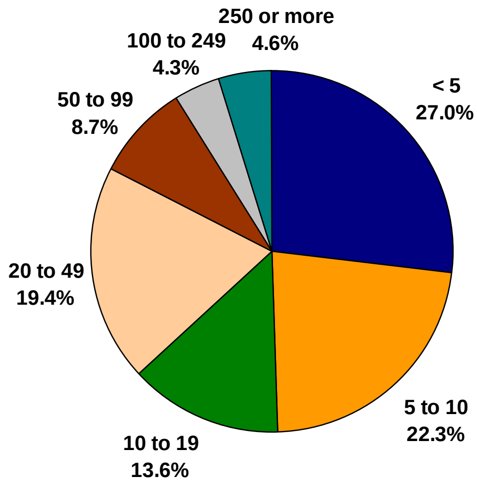
Research Results



The chart above illustrates the mix of company types that completed The World Wide survey. This data speaks to the nature of the wide format printing business, which is characterized by being both competitive and fragmented. The chart identifies more than 12 vertical segments that serve the wide format digital graphics industry, but still the 3rd most common reply was "other".

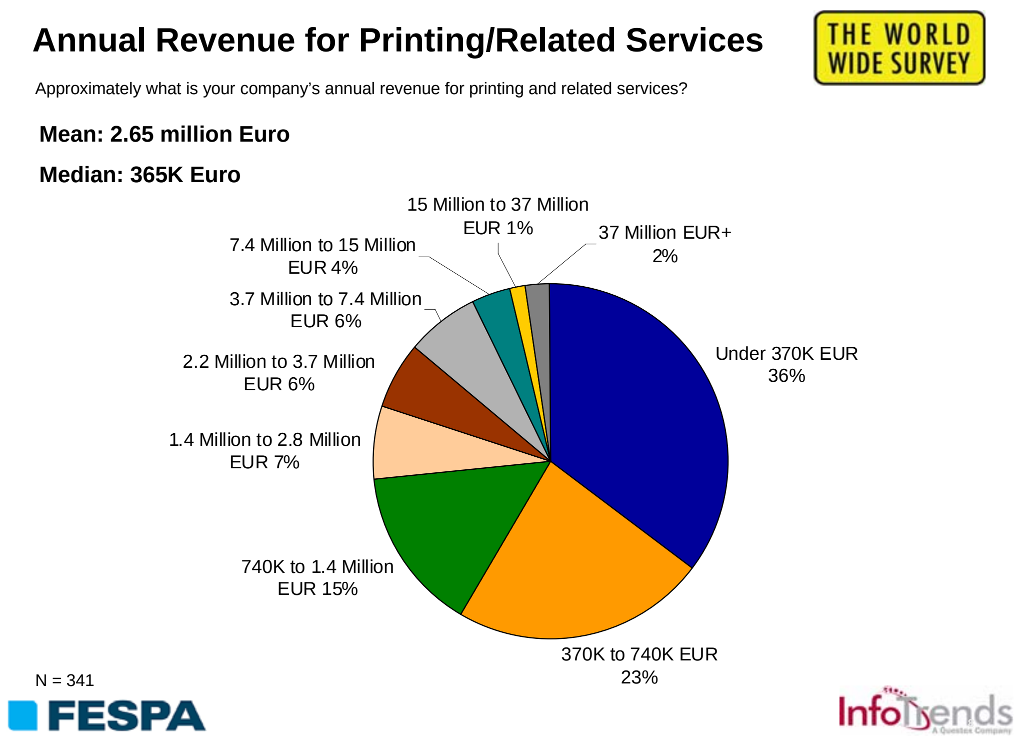
Approximate Number of Employees

Approximately how many people work at this location?



N = 345

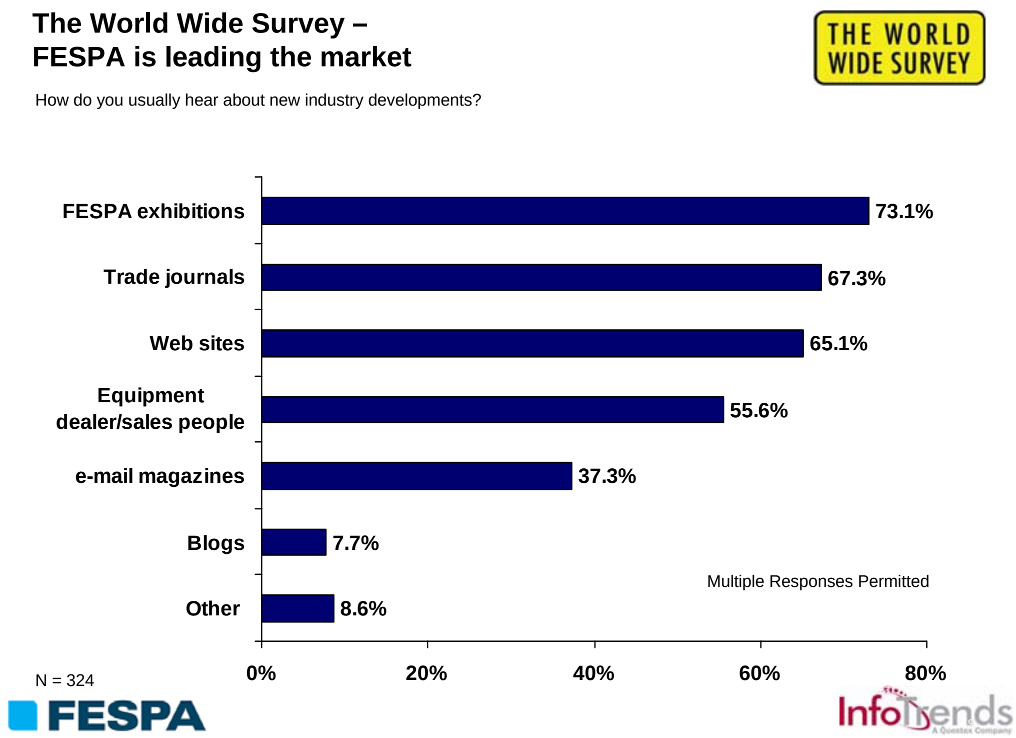
The wide format digital printing market is largely comprised of small companies. Nearly half of the respondents work at companies with fewer than 10 employees. This finding is consistent with previous InfoTrends' research in the wide format digital printing business. InfoTrends believes the reason for this is primarily because there are relatively few barriers to entering the wide format digital printing market in terms of equipment investment.



The average establishment among the survey respondents has annual turnover of 365,000 Euro. This average is drawn up significantly by the 3% of very large companies who have annual turnover of more than 15 million Euro. In fact, nearly 60% of the respondents have annual turnover less than 750K Euro.

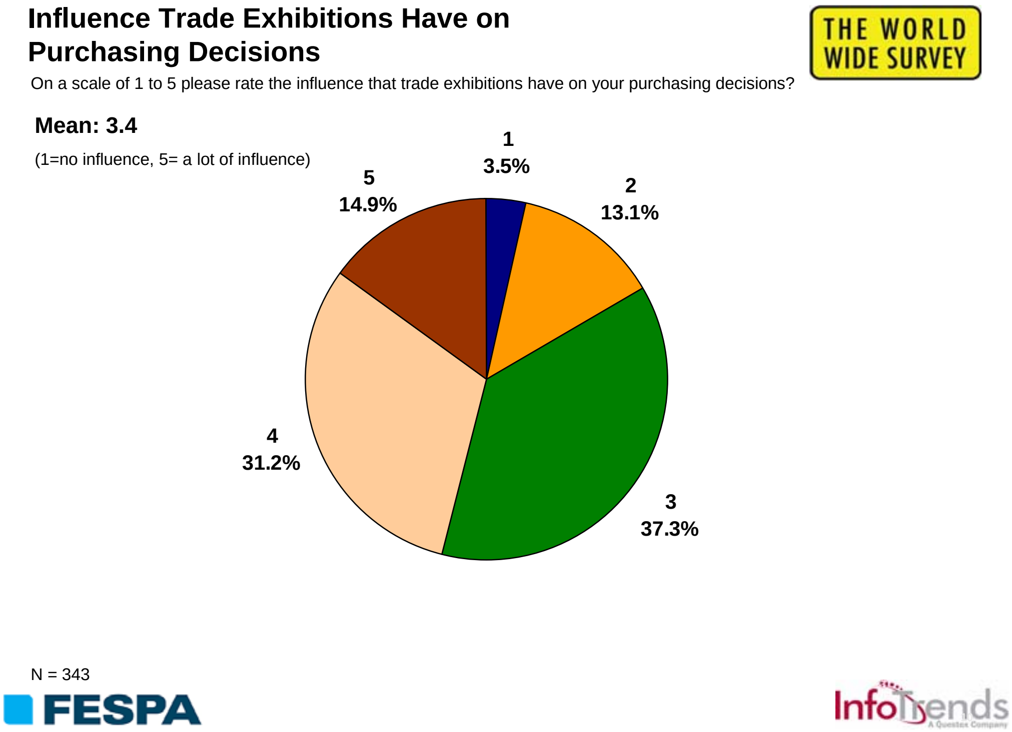
This is very important for manufacturers who want to sell products into this market because these small companies are very reluctant to spend tens of thousands on new, unproven equipment for producing wide format digital graphics.

InfoTrends believes that the structure of the market, oriented to smaller companies and fragmented in terms of their background, mean that we continue to see a strong market for flexible technologies that allow print service providers to respond to the needs of customers with the ability to quickly print a wide variety of applications.



Respondents were asked how they usually hear about industry developments. The FESPA exhibitions were identified by 73% of respondents, followed by trade journals (67%), industry web sites (65%), equipment salespeople and dealers (55%), and electronic newsletters (37%).

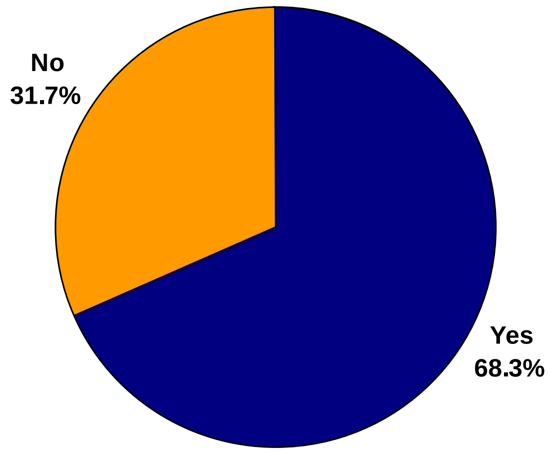
This makes it imperative that equipment and supplies manufacturers and distributors take a multi-faceted approach to communicating to clients and prospects including participating in industry trade shows and working with trade publications.



Respondents reported that industry trade exhibitions do have an impact on their purchase decisions, which again makes it important for equipment and supplies manufacturers and distributors to have a presence at these events.

Employment of Dedicated Sales/Marketing Personnel

Does your company employ dedicated sales/marketing personnel?

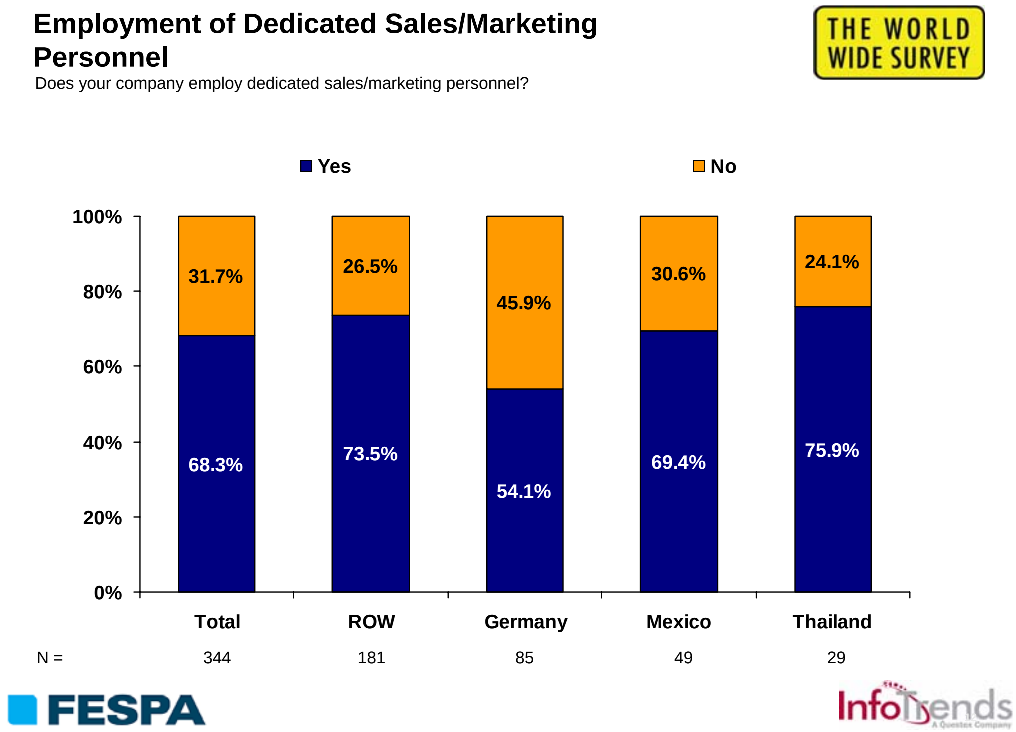


N = 344

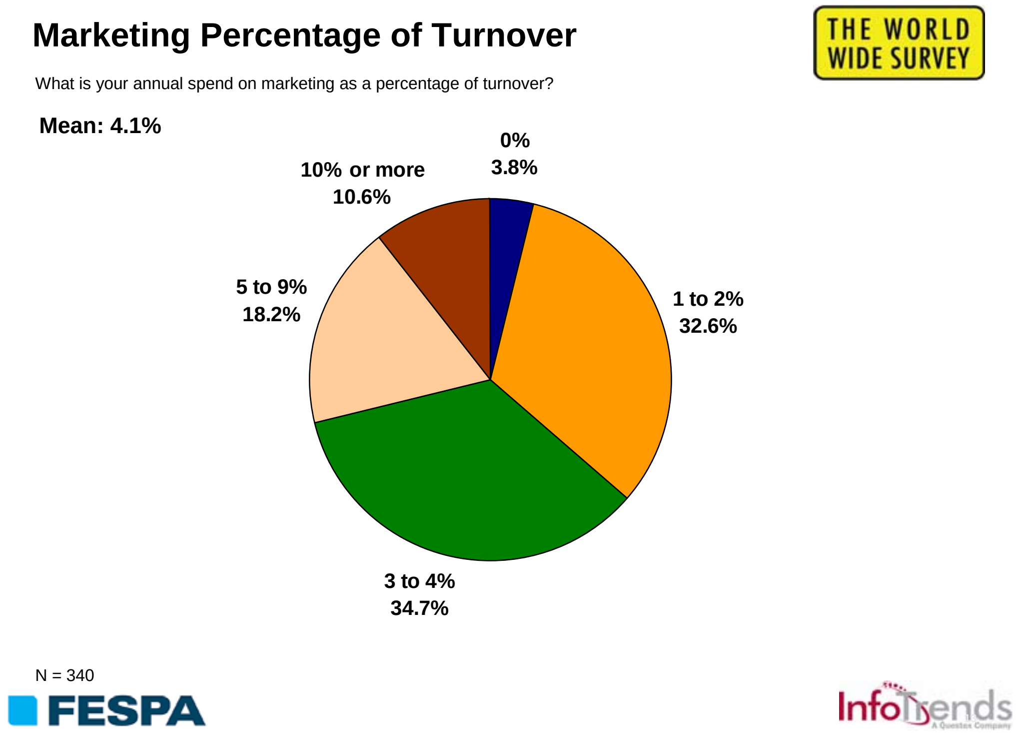
Almost 70% of shops surveyed employ dedicated sales and marketing personnel. This is a compelling finding because as noted previously these are typically small companies, so for them to have dedicates sales & marketing personnel it means they see a need to not only advertise using a variety of methods (more on this later), but to employ a direct sales force.

Employment of Dedicated Sales/Marketing Personnel

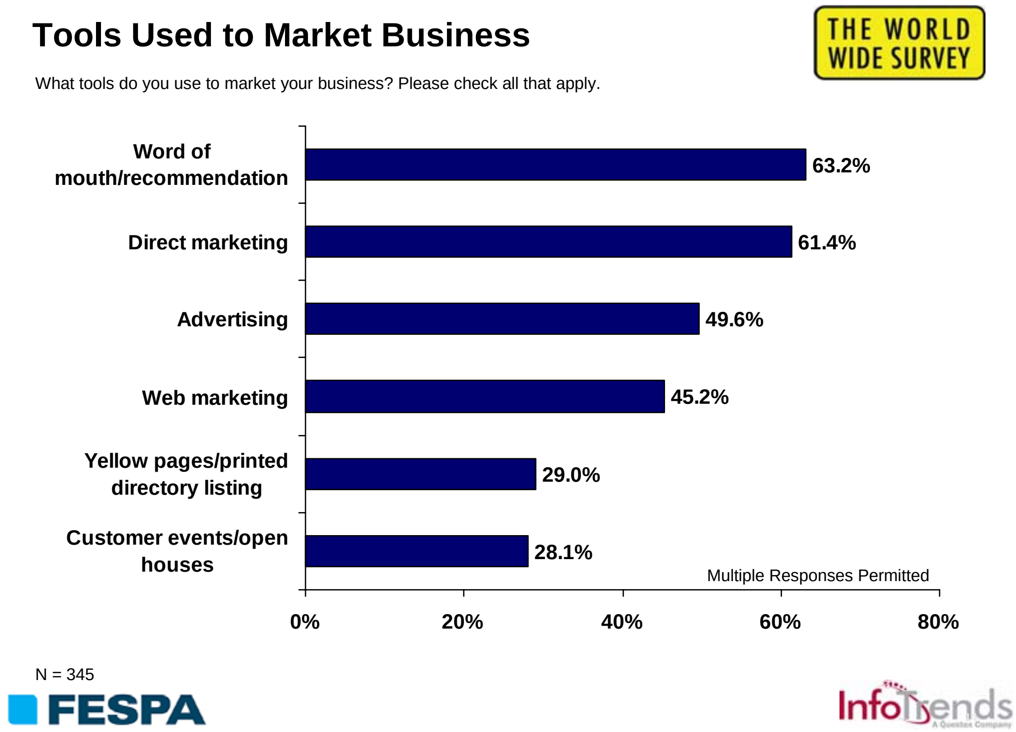
Does your company employ dedicated sales/marketing personnel?



Among the regions, the respondents from Thailand were actually the most likely to have dedicated sales/marketing personnel to support their wide format printing business while the respondents from Germany were least likely.



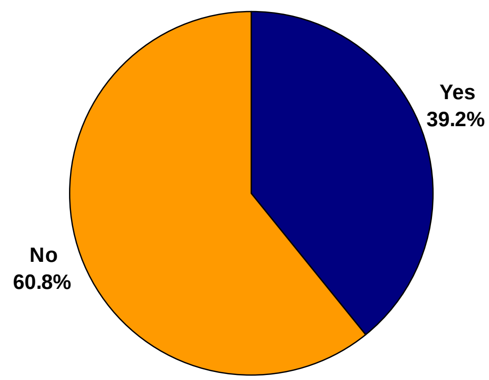
Respondents reported that they spend approximately 4% of their annual turnover on their marketing budget. Again, the German respondents had the lowest average percentage of turnover spent in their marketing activities (3.1%). Respondents from Thailand reported the highest average percentage of turnover spent on their marketing budgets (6%). This is natural considering the employment of dedicated personnel should be considered part of the marketing budget.



Printing establishments around the world use a wide variety of marketing strategies to advertise their business. Of course, the best advertising is "word-of-mouth" advertising, which more than 63% of respondents report that they rely on. FESPA believes that 'word of mouth' is rated as high as this is due to the fact that most printing companies do not see marketing to be an integral part of their businesses function. The most common paid marketing strategies include direct marketing (more than 60%) which is logically linked to the fact that it enables a smaller business to promote through multiple channels with limited resources. Interestingly, the study reveals that the community continues to recognize on the page advertising in trade journals, newspapers, and other (49%) as important which links to slide 9 where trade journals are rated highly as sources of information. Nearly 30% of respondents are also using Open Houses which have in many cases proven to be quite effective at helping customers recognize the wide range of applications wide format printing equipment can produce.

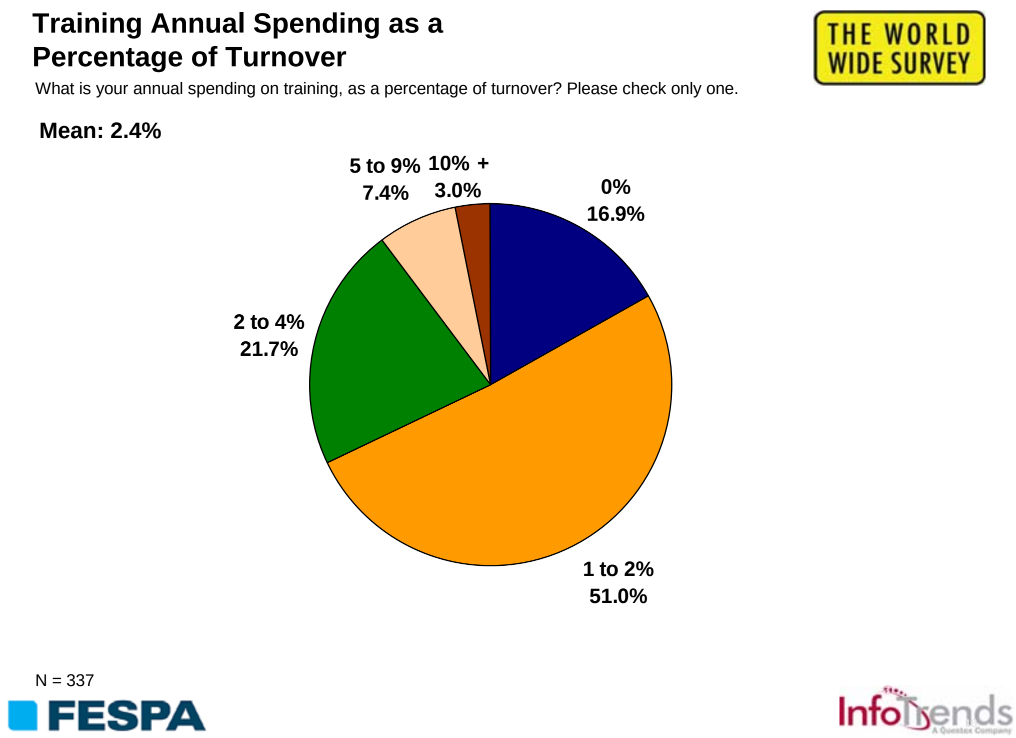
In-House Training Program/Apprenticeship Scheme

Do you have an in-house training program/apprenticeship scheme?

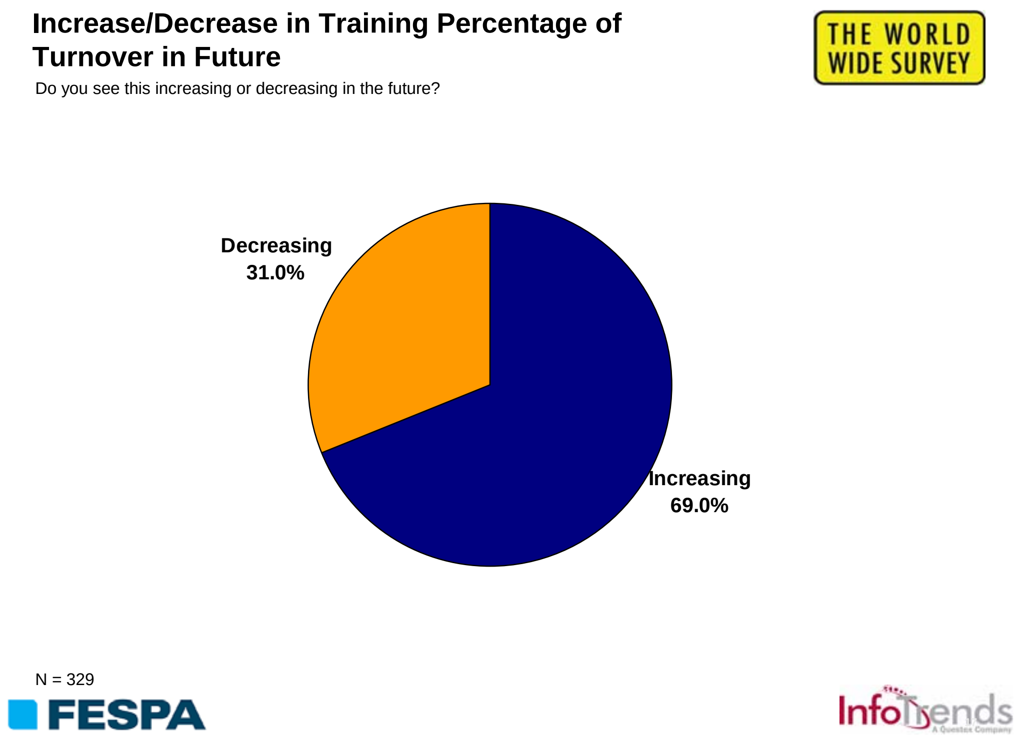


N = 339

Less than 40% of survey respondents reported that they have an in-house training or apprenticeship plan. Bigger companies are much more likely to have a formal apprenticeship program than small companies among the respondents.



Respondents reported that they spend 2.4% of annual turnover on training and employee development. Among the regions surveyed, respondents from Mexico were the most aggressive in terms of training expenditure, with an average of 3.5% of turnover spent on training. It should also be noted though that, as reported above, the average company reported lower revenue in Mexico. FESPA believes this is also possibly indicative of an emerging market and need for training to meet an increased demand from the customer.

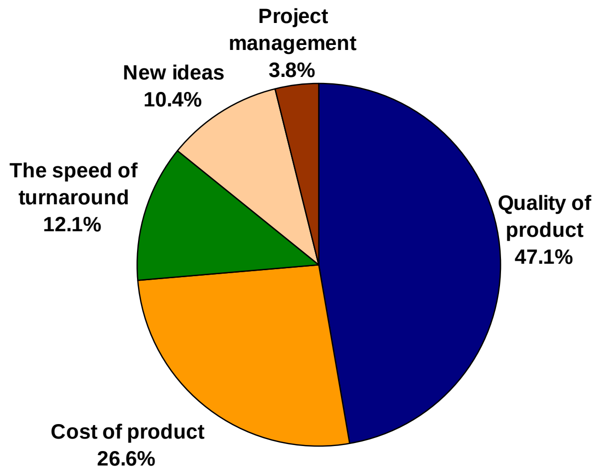


69% of respondents reported that they expect to increase their expenditure on employee training in the future. This was consistent across all regions with the exception of Germany, where less than 20% of respondents indicated that they expect to increase spending on employee training.

Most Important Customer Demand

THE WORLD WIDE SURVEY

What is the most important thing your customers demand from you? Please select only one.



N = 346

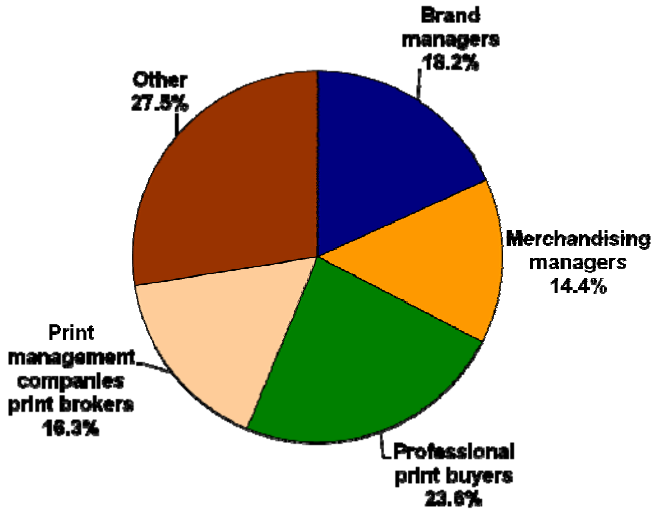
FESPA

InfoTrends

Nearly half of all respondents (47%) worldwide reported that the more than anything, their customers demand high quality products from them. The second most common demand from customer (26%) was low-priced products. Other responses include fast turnaround (12%) and new ideas (10%). The order and relative size of these responses is consistent from the 2007 version of The Wide Survey to this 2008 version. The respondents in Germany reported the strongest customer requirement for “highest quality” products among the regions surveyed. FESPA believes that whilst quality is absolutely vital – the modern customer assumes this when they purchase their print – whilst the growth of ‘new ideas’ was small compared to the Wide Survey, FESPA believes, in the future the customer will consistently be demanding new ideas and innovation to provide them with competitive advantage.

Percentage of Key Client Contacts, by Title or Job Function

What percentage of your key client contacts are …?

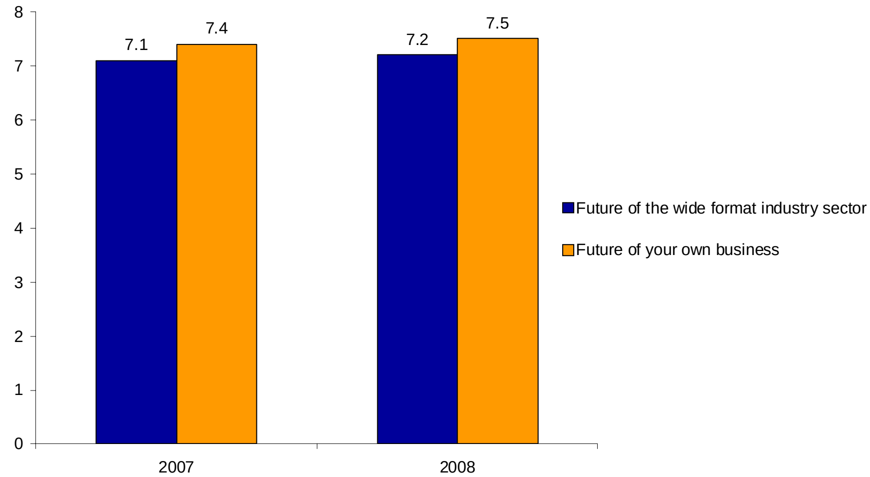


N = 316

There is a lot more to successfully selling print than working with print buyers and brokers. The survey respondents indicated that less than 40% of their customers are “professional print buyers” or print brokers. For print service providers this stresses the need to “work the account”, to ask to speak to the people that are really driving the demand for wide format print services based on their need to more successfully and effectively market products using digital graphics. FESPA notes that the presence of print management companies is more evident in the European markets compared to that of the emerging markets. This slide links to the fact that marketing is not seen as integral and illustrates that print brokers/management companies are fulfilling a need in the eye of the customer. The print service provider that wants to continue to succeed in the future must adopt a more proactive approach to selling and deploy some of the communication techniques and behaviors of these management companies.

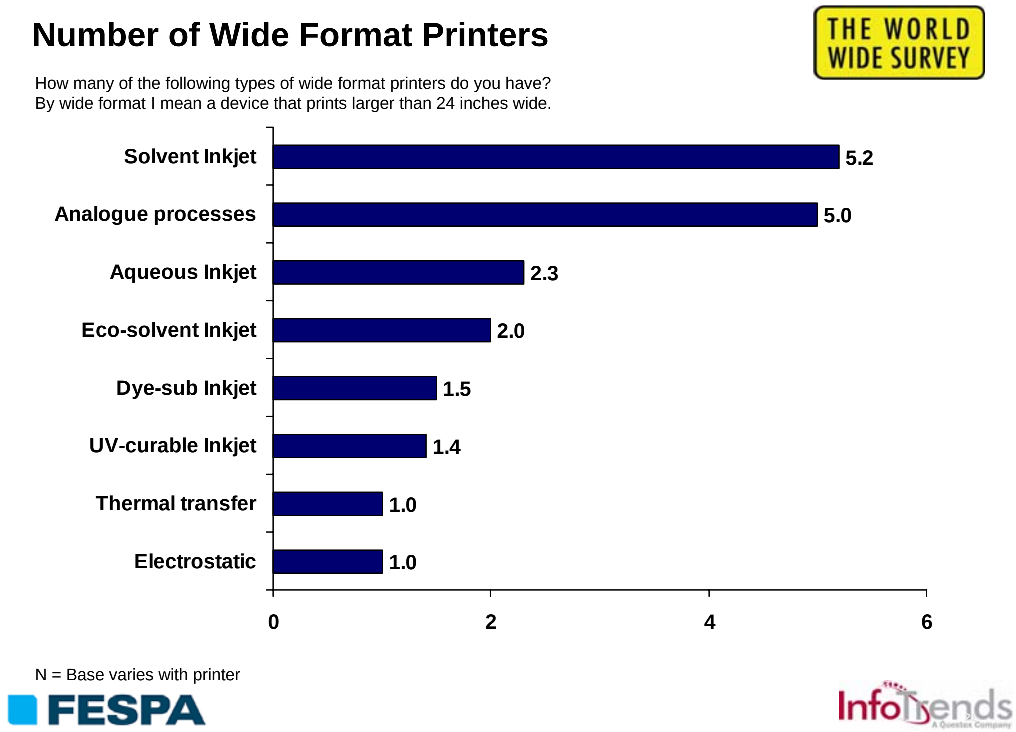
The World Wide Survey Top Findings –
Optimism about Overall Wide Format and Their Own Business Running Counter to Present Business Cycle

On a scale of one to ten, ten being "very optimistic" and one being "not at all optimistic" how optimistic are you for the future of the wide format industry sector, and specifically about your printing business? 1 = not at all, 10 = very optimistic



The survey respondents were asked about their overall optimism for the wide format digital printing business and for their own business in particular. The data in the chart above compares the 2008 and 2007 data. What it shows is that even in the current economic climate these respondents are more optimistic than they were a year ago.

InfoTrends believes this is partly due to the greater percentage of respondents from emerging markets in the 2008 version of this survey. Even though the 2007 version of The Wide survey included more countries, the 2008 version had a higher percentage of respondents from emerging markets. FESPA believes that this is also indicative of a global market that is planning for the industry to recover.

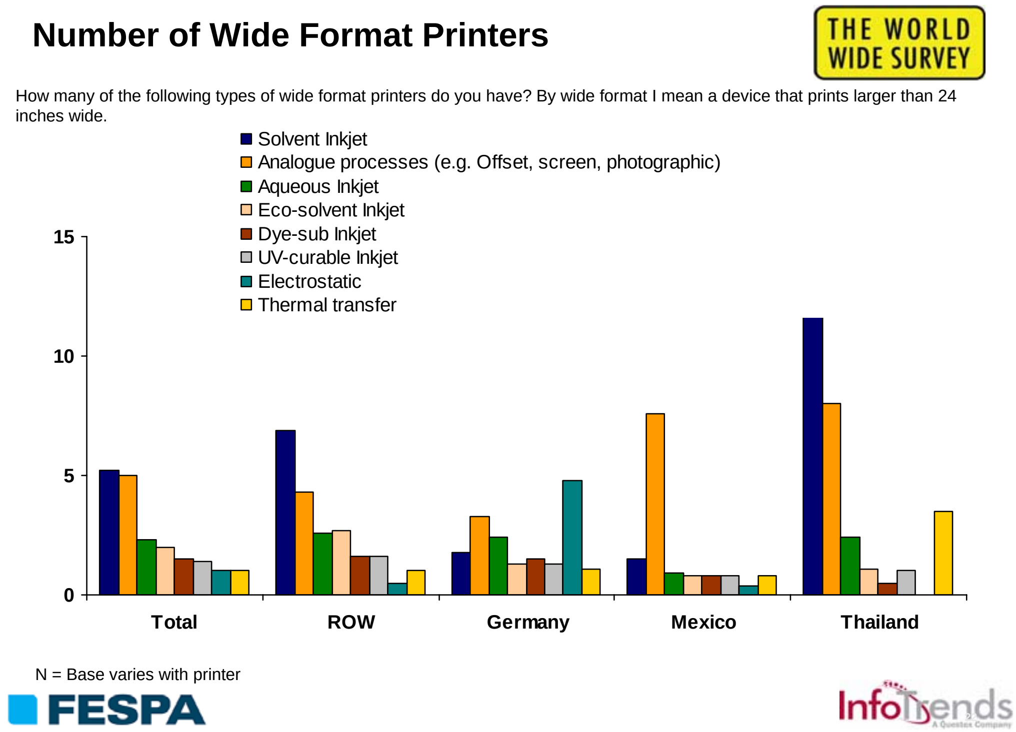


The wide range of printing establishments seen in the survey sample means that there are printing establishments that take both a specialist and a generalist approach to the wide format printing services they provide. Therefore there is a wide range of equipment installed in these companies.

The chart above indicates that there is a lot of solvent inkjet equipment in the installed base. What is interesting is that when we cross-check this data with the brands of equipment they have installed it is clear that either people believe their eco-solvent printers are “robust” solvent printers, or they are in fact re-fitting their eco-solvent system to accommodate more robust solvent ink formulations.

The data also shows that those that have analogue screen printing equipment tend to have a lot of capacity.

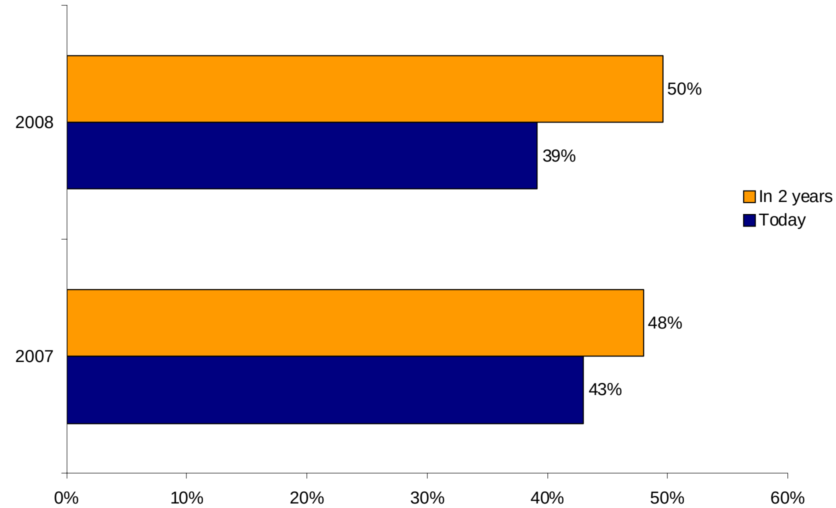
Otherwise this data reflects a large presence of aqueous inkjet printers, an emerging installed base of UV-curable inkjet equipment, and a declining installed base of thermal transfer and e-stat equipment.



The chart above helps illustrate why the solvent and analog populations are so high in the previous page. The presence of a lot of solvent equipment is very high in the ROW and Thai respondents, and among the Thai and Mexican respondents the presence of analog (screen) equipment is very high as well. FESPA believes this reflects the fact that screen printing still thrives in emerging markets where labour costs are lower and the manufacturing base is larger – screen printing and industrial production are more commonly found in Asia for example, which explains the significant size of the Thai analogue sector. With regards to solvent in Thailand being so high, this is attributable to the 'fashion' or 'style' of production, the relatively low awareness of sustainable print production and the relatively low level of investment for solvent machines.

The World Wide Survey Top Findings – Digital Growth

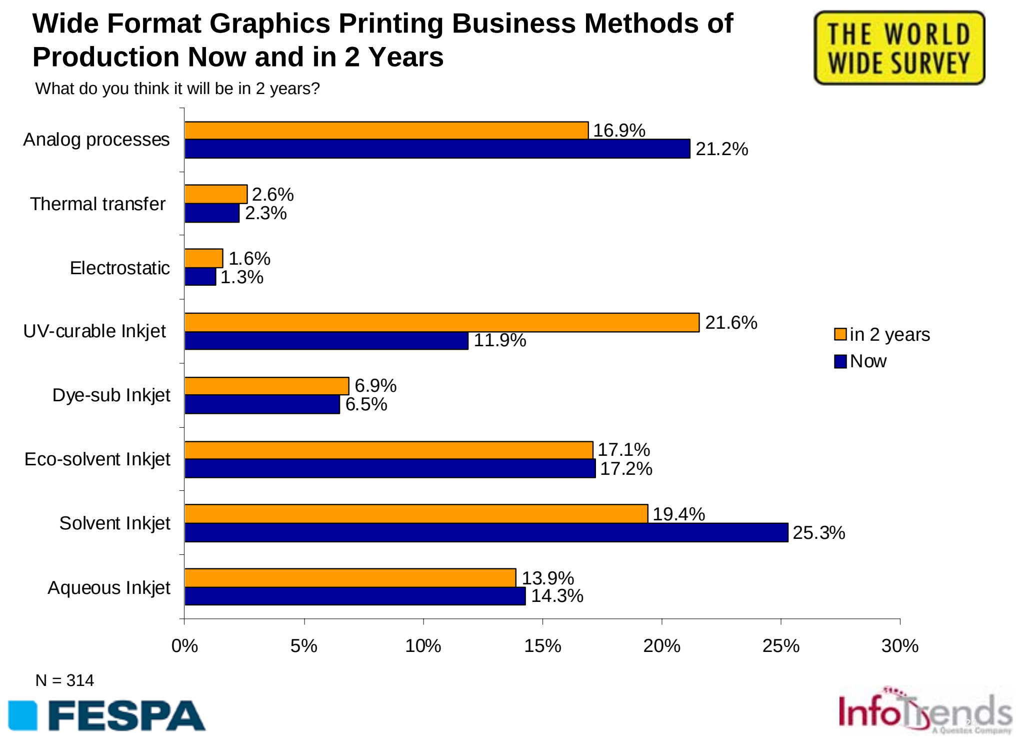
Roughly what percentage of your business/revenue is from digital wide format printing today and what percent do you think it will be in 2 years. Please include any printing done on digital wide format printers or on analogue printers such as offset presses or screen printing machines where the final printed area is at least 24 inches wide.



N = Today: 319; In 2 years: 322

Users were asked what percentage of their revenue is derived from wide format digital printing today and what percentage they expect digital wide format to represent in 2 years. The same questions was asked in 2008 as it was in 2007.

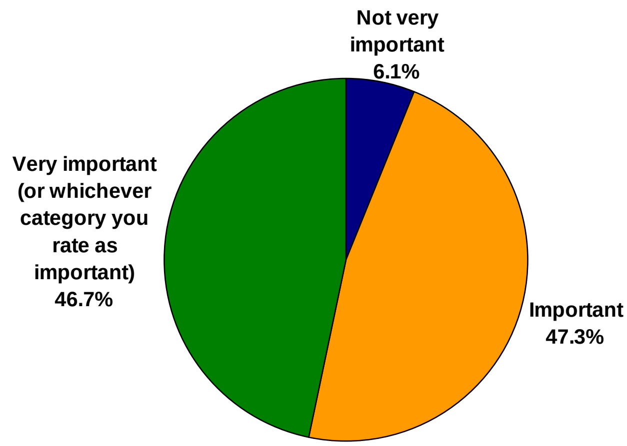
Print service providers report that they expect digital wide format printing to make up a larger piece of their revenue over the next 2 years than it is today, and are in fact even more optimistic about the growth of wide format digital in 2008 than they were in 2007.



The chart above shows the respondents view on which digital and analog production technologies they use now, and what they expect to be doing in 2 years. What it shows is that users expect a lot of growth in UV-curable, with reductions in the amount of analog and solvent inkjet they use today. This is consistent with the view that there is approximately 20% growth in the UV-curable inkjet market.

Importance of Inkjet Head When Sourcing Digital Print Equipment

How important is the inkjet head to you when sourcing digital print equipment?

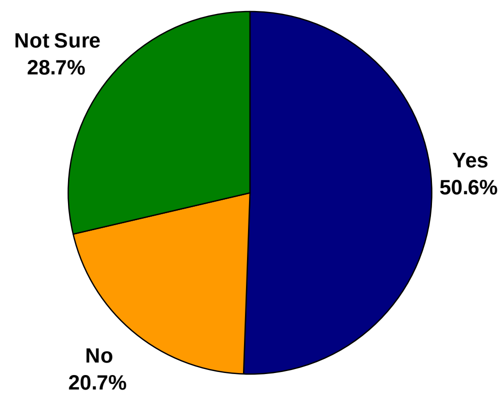


N = 330

Print heads are a critical technology component of wide format inkjet printers. 93% of respondents to the World Wide Survey reported that the print head that the printer is based on is either important or very important to them when they buy digital wide format printing equipment.

Plans to Purchase/Lease New Wide Format Printer in Next 12 Months

Do you plan to purchase or lease a new wide format printer in the next 12 months?

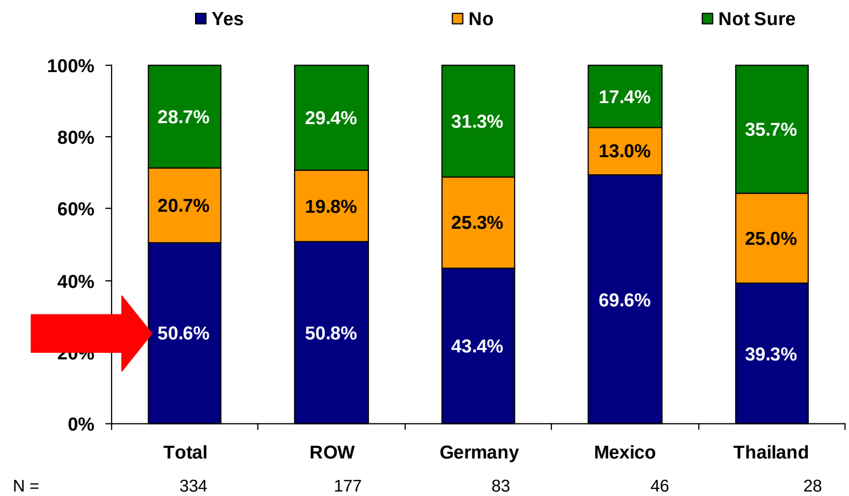


N = 334

Over 50% of the survey respondents indicated that they expect to buy a new wide format digital printer within the next 12 months. This is a very surprising number given the current economic climate but InfoTrends believes it reflects the print service providers recognition that it is important to stay current with the latest technology or risk being surpassed by another provider, and that they recognize the latest printing systems and technologies do offer significant improvements in terms of quality and overall productivity. FESPA believes that this bold statistic is indicative of a forward thinking community that expects recovery and still needs performance advantages gained by new technology investment.

**The Worldwide Survey Top Findings –
Plans to Purchase/Lease New Wide Format Printer
in Next 12 Months**

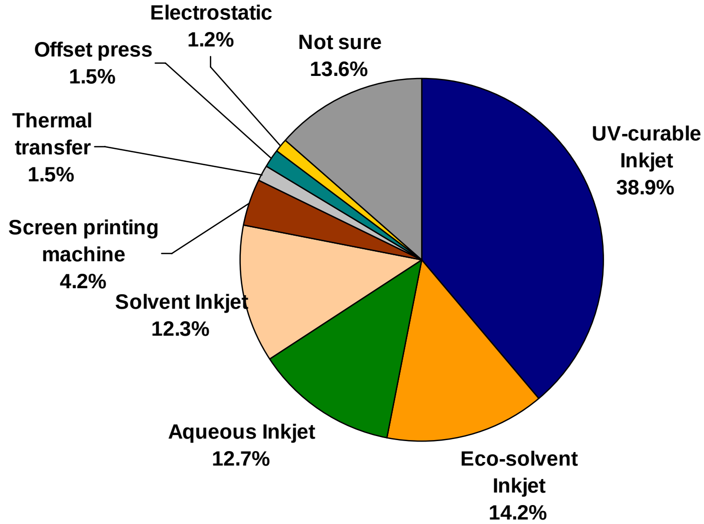
Do you plan to purchase or lease a new wide format printer in the next 12 months?



Among the regions, the respondents from Mexico were the most likely to indicate that they planned to invest in new wide format digital printing hardware in the next 12 months, with almost 70% saying that they would. The respondents from Thailand were the most conservative, although still almost 40% of respondents reported that they plan to invest in new wide format digital printing hardware in the next 12 months.

Type of Wide Format Printer Respondent is Most Likely to Purchase

Which type of digital wide format printer will you most likely purchase? Please choose one.



N = 332

Respondents that indicated that they intend to acquire a new wide format printer in the next 12 months were then asked what type of printer they expect to acquire.

Almost 40% of the respondents that indicated they were going to get a new printer in the next 12 months reported that they are going to get a new wide format UV-curable inkjet printer. These are the kind of numbers that are responsible for the fact that there are now more than 30 wide format UV-curable inkjet printer suppliers.

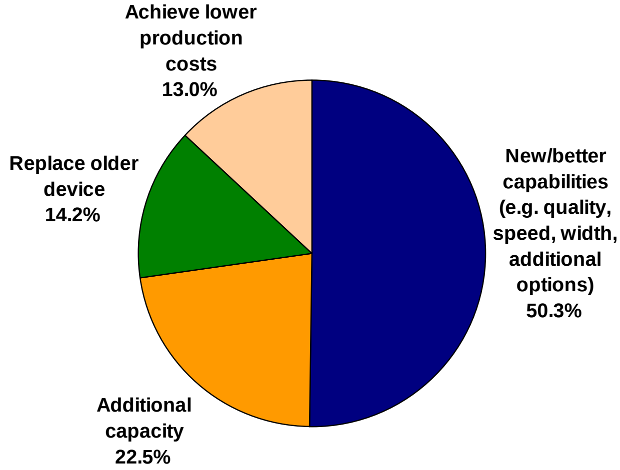
The second most common response was eco-solvent inkjet, with 14% of respondents reporting they are going to get an eco-solvent inkjet printer.

Almost 14% reported that they were unsure of what kind of printer they would acquire.

What is very notable here is that only 4% of the respondents that reported they are going to buy new printing equipment in the next 12 months reported that they are going to buy a new screen printer.

**The World Wide Survey Top Findings –
Print Service Providers are looking for new/better capabilities from their new digital wide format printing equipment**

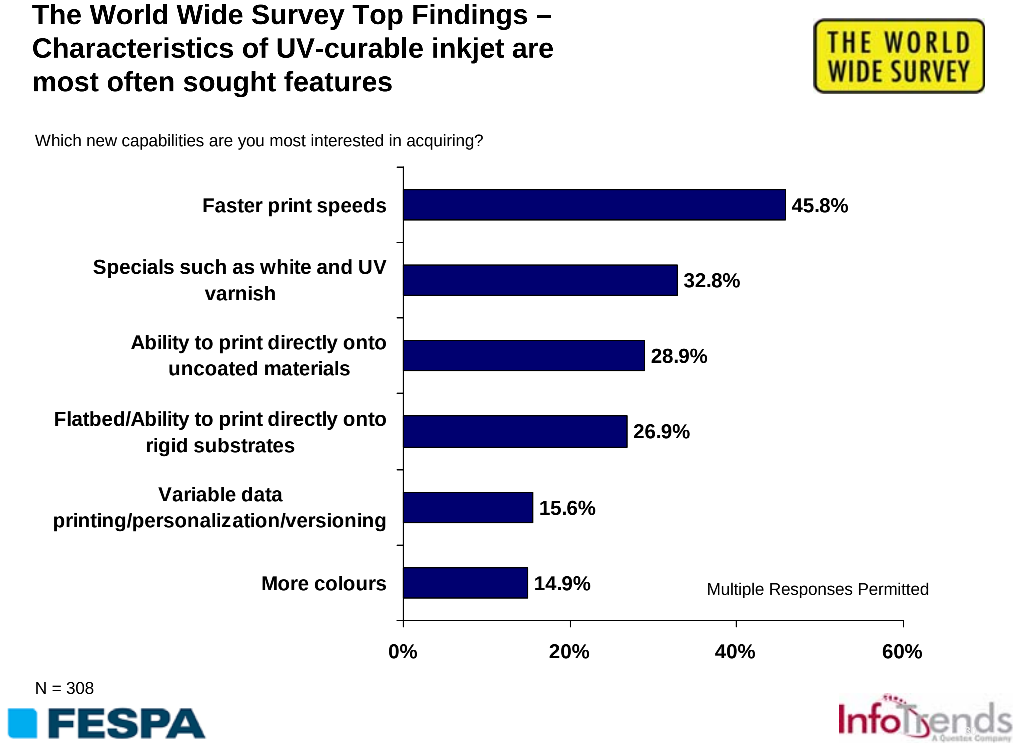
What is your primary reason for acquiring a new digital wide format printer?



N = 324

50% of users reported that the primary reason they are acquiring a new wide format printer is to gain access to some newer/better capabilities such as better image quality, wider, or faster printer. 22% reported they are investing in additional capacity. 14% indicated they are getting a new printer primarily to replace an older device while 13% are getting a new printer specifically to achieve lower production costs. FESPA believes that this again reinforces the notion that the market requires new technology to provide their business with the performance advantages the customer base is demanding.

The World Wide Survey Top Findings – Characteristics of UV-curable inkjet are most often sought features

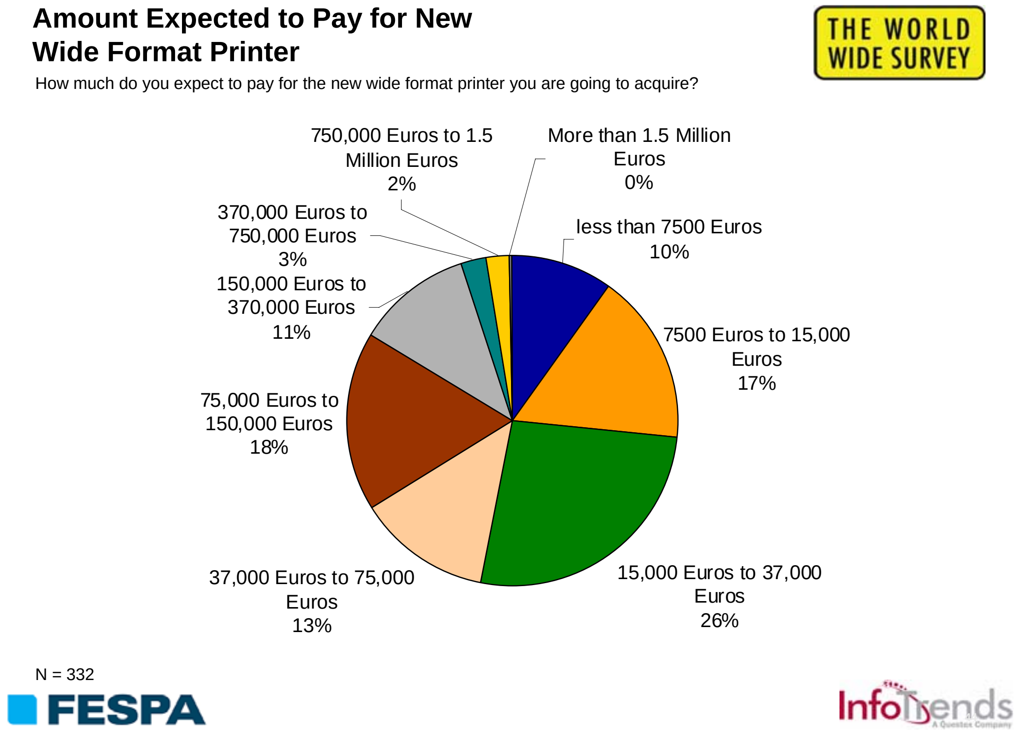


The respondents that reported that they are getting a new printer to gain access to some specific new capability were asked which capabilities they were most interested in acquiring.

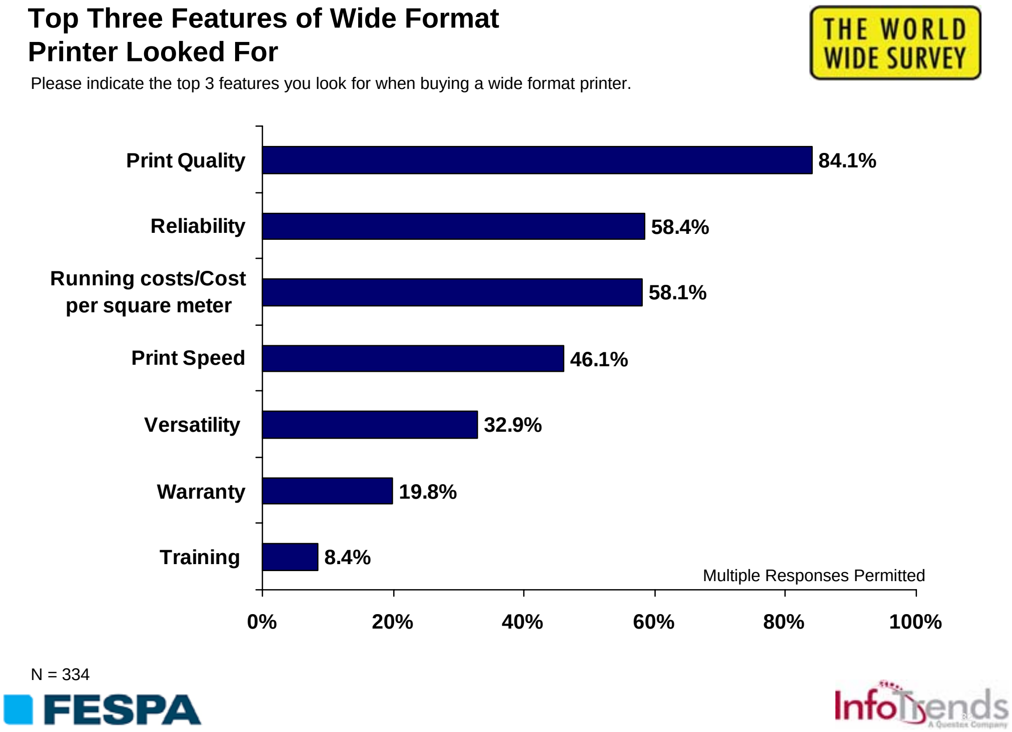
The chart above shows that respondents are interested in many of the features of today's wide format UV-curable inkjet printers. Wide format UV-curable inkjet printers are faster than the fastest solvent inkjet printers, many have the ability to print white or UV varnish, they have the ability to print onto uncoated materials (as do solvent printers), and they have the flatbed/rigid substrate printing ability people want. This gives them the opportunity to save labour costs for the mounting process as well as the ability to turn those jobs around faster.

Amount Expected to Pay for New Wide Format Printer

How much do you expect to pay for the new wide format printer you are going to acquire?



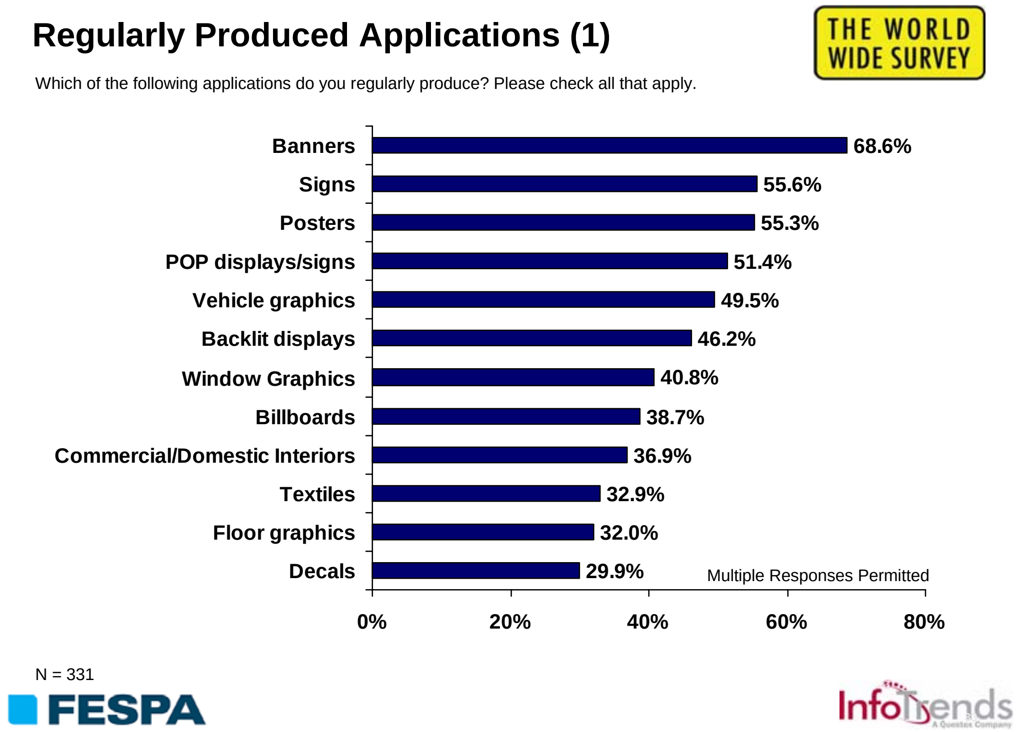
The fragmented nature of the wide format digital market is illustrated also in the level of investment respondents are planning to make in new wide format digital printing equipment. More than 50% expect to spend less than 37,000 Euro, which means they are considering an aqueous or eco-solvent inkjet printer. The low-end of UV-curable inkjet printers starts at around 37,000 Euro. There is the other end of the spectrum represented here too, 5% of the respondents indicated that they expect to spend more than 370,000 euro for high-end equipment.



Print quality was cited by 84% of respondents as one of their key criteria for buying a new wide format printer. It is somewhat surprising that that is not 100%.

Reliability was cited as the next most important decision criteria, by 58.4% of respondents, followed closely by running cost per square meter, cited by 58.1%.

Print speed is the fourth most important factor, followed by versatility, warranty, and the availability of training. These may be cited by fewer respondents, but InfoTrends believes manufacturers are increasingly using these additional characteristics to differentiate in a business that has multiple suppliers many of which base their printers on the same print head technologies.

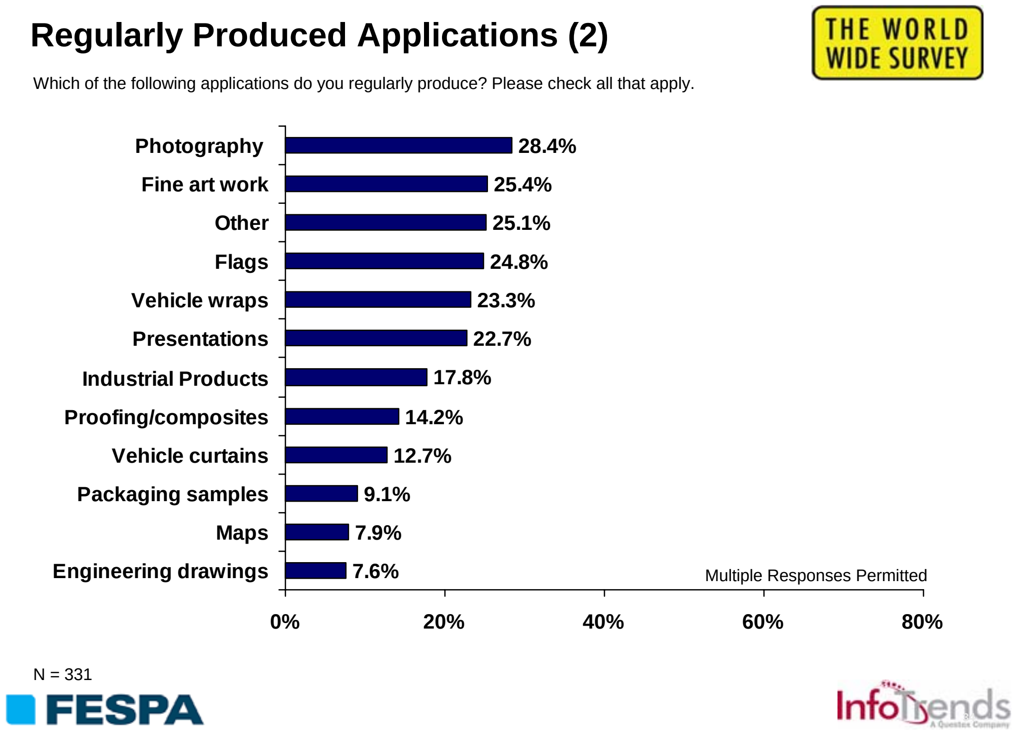


Respondents reported that their number one application is banners, which helps us understand the substrate and print media brand information in this report. The top five set of applications is comprised also of signs, posters, POP and vehicle graphics.

The application data suggests that there are a lot of applications, and a lot of suppliers of all – since nearly 70% of respondents indicated that they produce banners, 55% reported they produce signs, 55% said posters, 51% reported that they print POP, 49% reported they print vehicle graphics.

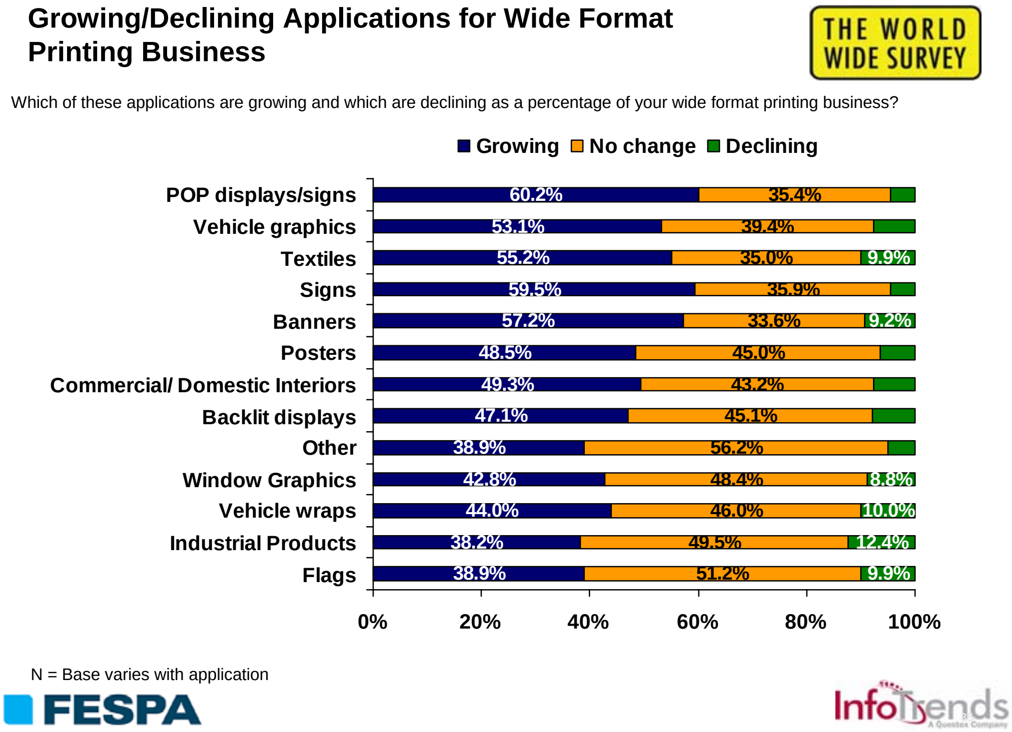
This adds up to a very competitive market, with many companies reporting that they produce a wide variety of applications.

In terms of drawing demand for textiles, commercial/domestic interiors and textiles used for other applications such as trade show graphics, POP, and other banner applications are now produced by more than 32% of the survey respondents.



The chart above shows the “second tier” of applications that respondents reported the commonly produce.

Growing/Declining Applications for Wide Format Printing Business



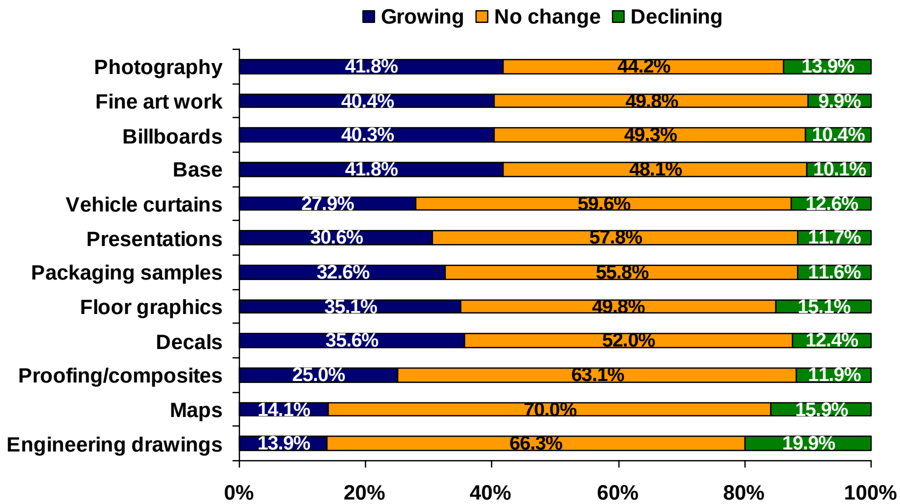
When asked the direction of these applications, users reported that the strongest applications, or the applications growing the most vs. others, are POP, vehicle graphics and textiles. InfoTrends finds these very important results because it reconciles some of the important overall market trends. POP is an important part of many companies' advertising programs, and when there is an economic downturn some companies spend more on their POP graphics because it is the last chance to influence buying patterns.

We're also seeing a lot of growth in vehicle graphics applications because unlike a lot of outdoor signage, it is a largely unregulated marketing opportunity that also provides the print service provider an additional revenue opportunity through the installation charges.

Finally, we're seeing growth in textile printing because textiles are lighter weight and easier to fold up into small boxes, and therefore less expensive to ship compared to vinyl prints and rigid substrate prints.

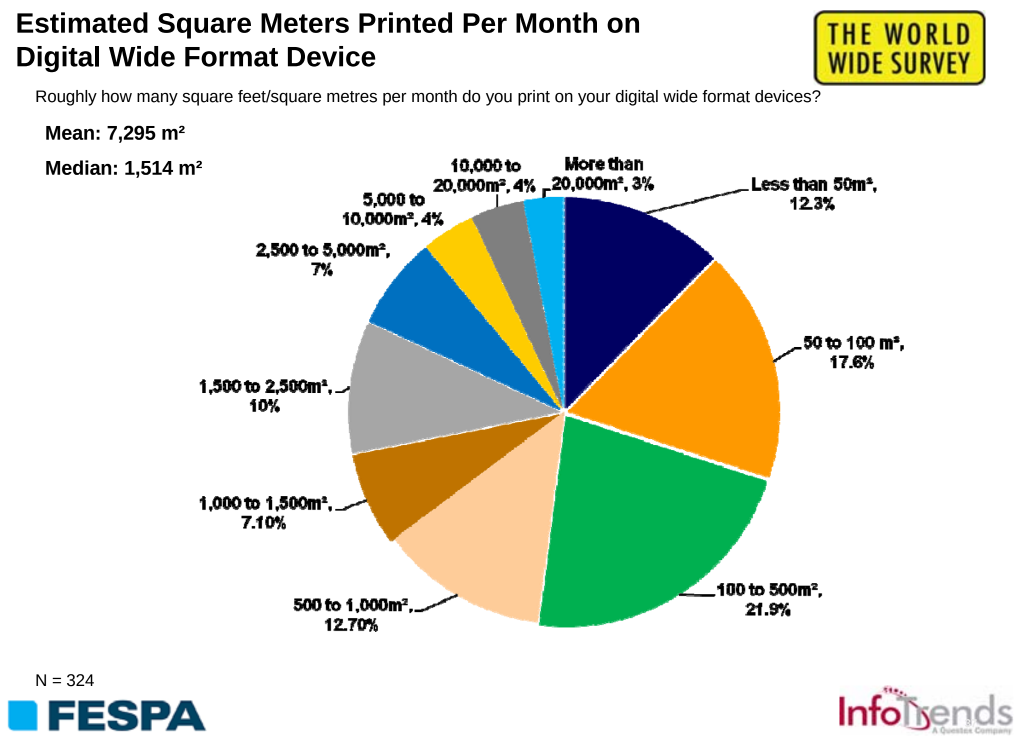
Growing/Declining Applications for Wide Format Printing Business (2)

Which of these applications are growing and which are declining as a percentage of your wide format printing business?



N = Base varies with application

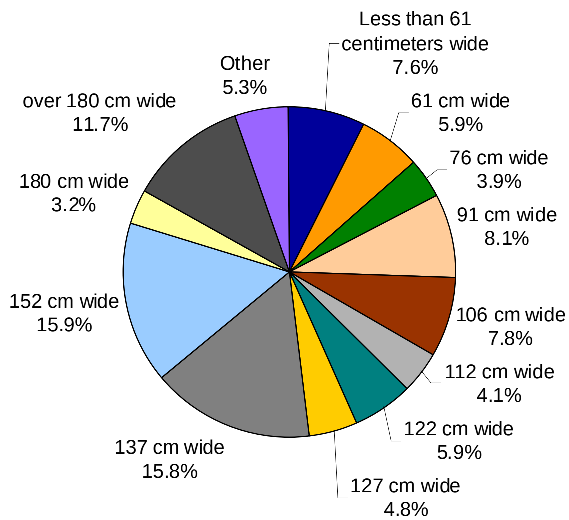
The data in the chart above reflects the “second tier” of applications which are not driving a lot of growth in the wide format digital printing market. Many of these were among the earliest wide format digital printing applications or are very competitive markets, such as billboards or presentation graphics.



The respondents reported a median production volume of 464 square metres per month. This overall number is brought considerably higher by those 10% that produce more than 5,000 square meters per month of course. 50% of the respondents print less than 500 square meters per month which is consistent with the set of relatively small companies that completed the survey.

Percentage of Digital Wide Format Output Widths

Roughly what percent of your digital wide format output is in the following widths?

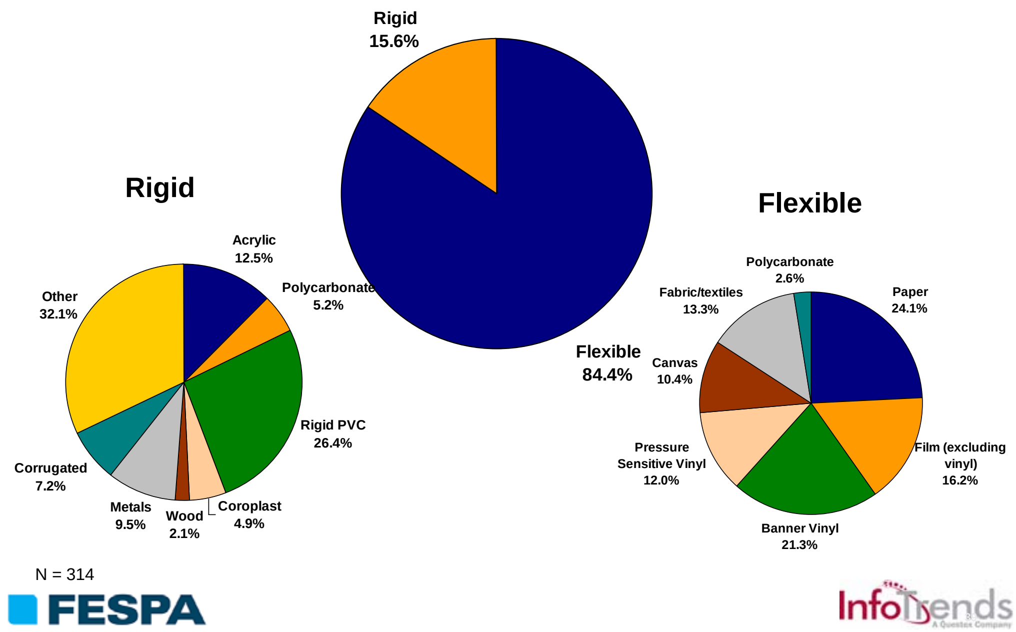


N = 308

The respondents reported that only about 16% of their output is bigger than 180 centimeters wide. This is a snapshot across all providers of course, because within the segments of print service providers there is a variety of concentrations. For example, billboard printing companies do the majority of their printing over 180 centimeters wide, while in-plant operations do all of their printing in much smaller sizes, and zero grand format printing.

Percentage of Wide Format Output in Following Media

What percent of your wide format output is on the following media?



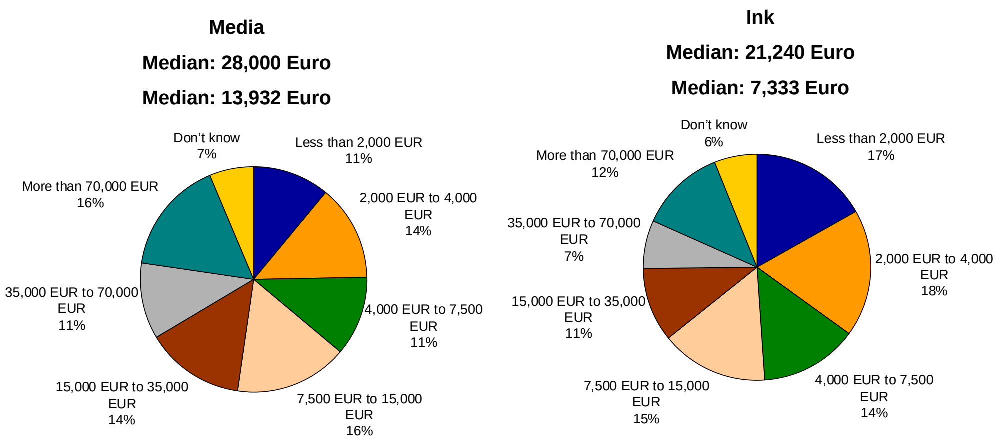
Wide format UV-curable printers are frequently used to print directly to rigid substrates. The respondents reported that they presently print more than 15% of their volume onto rigid substrates. This is very dramatic in terms of industry shift because in the past the process of getting a graphic to a rigid state meant printing then mounting onto the rigid substrate. The fact that all of this volume is now being directly printed has major implications for some of the companies that provide flexible print media.

The secondary charts above identify the mix of media used under those broader "rigid" and "flexible" headings. What these show is that there is a need for a wide range of substrates that enable the wide variety of applications produced by wide format digital printing equipment.

Amount Spent Annually on Digital Wide Format Printing Media & Ink

THE WORLD WIDE SURVEY

Roughly how much do you spend annually on digital wide format printing media (e.g. paper, film, vinyl)
And ink for your wide format printers?



N = 307

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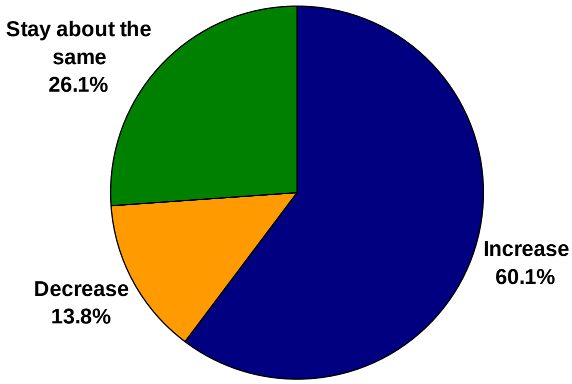
InfoTrends

For manufacturers, the sale of equipment is often just the starting point for maintaining a successful relationship with print service providers. It is vitally important for manufacturers to draw post-sale revenue from the sale of print media and ink for wide format printing systems. The respondents indicated that they spend a median amount of over 20,000 Euro on supplies for their wide format digital printing systems. Just as we saw in the volume and company size data there are those larger companies that produce very high volumes that spend many tens of thousand of euro that draw these overall volumes upwards.

The World Wide Survey Top Findings – Users expect to spend more on printing supplies too …

THE WORLD WIDE SURVEY

Over the next 12 months, do you expect your annual spending on digital wide format printing media and consumables to increase, decrease or stay about the same?



N = 349

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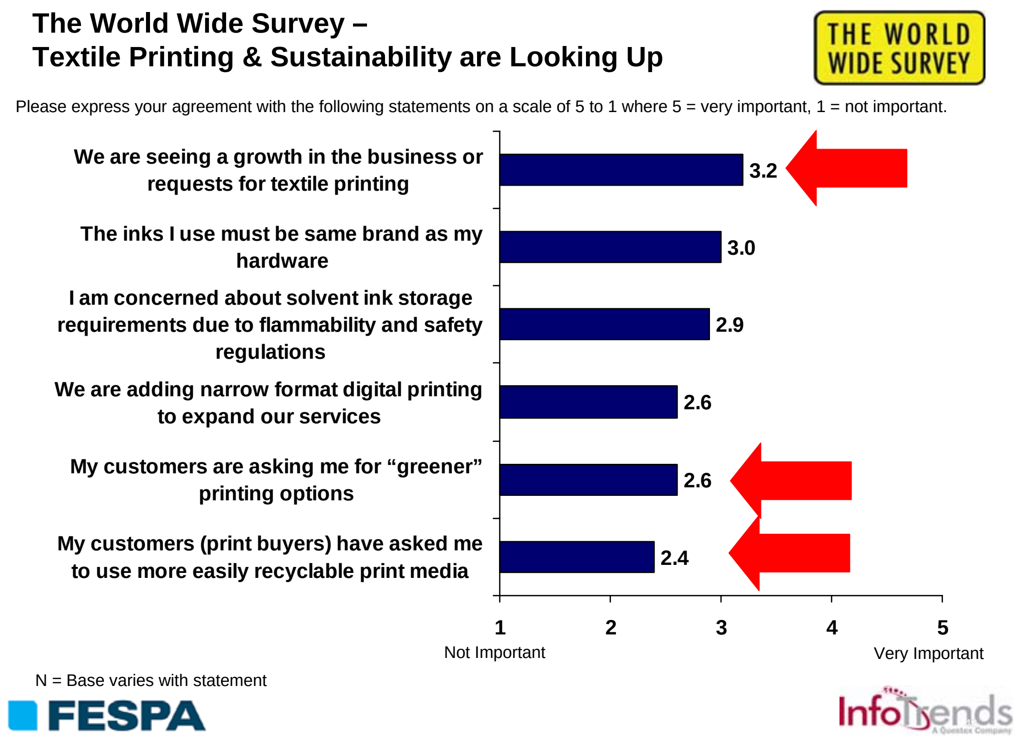
A Questex Company

60% of respondents expect to spend more on wide format digital printing supplies over the next 12 months while just 14% expect to spend less. This is another indicator that the expectation that digital printing will grow as a percentage of their work, and overall among the respondents to this survey. Among those that expect their supplies spending to grow, they expect an average of 20% growth. The strongest growth expectations are in emerging markets such as Mexico and Thailand.

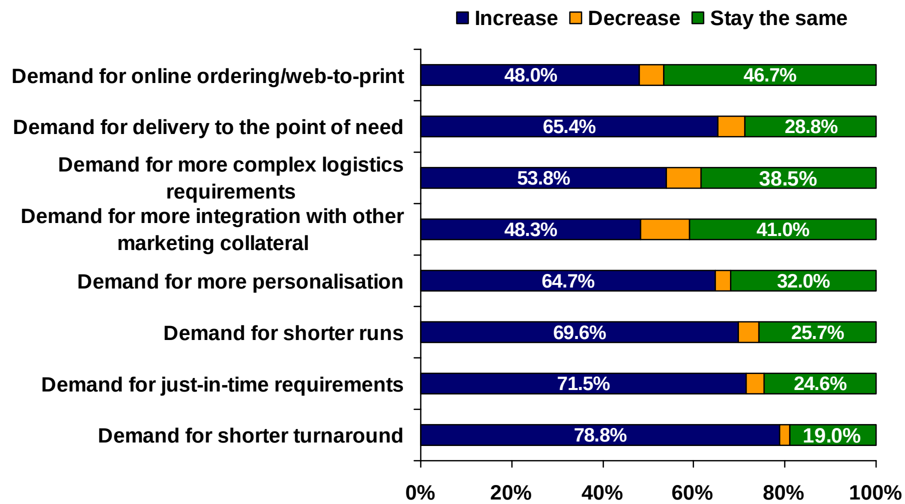


Respondents were asked to indicate their level of agreement with some key issues related to their wide format printing business. The red arrows point to three of the key issues in wide format, namely the use of textiles as a print media, the availability of greener printing options, and the customer demand for more easily recyclable print media. While the level of agreement certainly varies from region to region on all these issues, it is important to recognize that these are some of the key trends in the wide format marketplace today.

Of course, users were also asked about other issues and we found strong loyalty to OEM brand inks, relative high concern about the storage of solvent inks, and that they are adopting narrow format printing to expand the services that they offer their clients. This last point is interesting because the conventional view of the wide format market is that many narrow format print service providers add wide format to expand their services, this data shows that the market moves both ways.

Key Trends in Client Demands

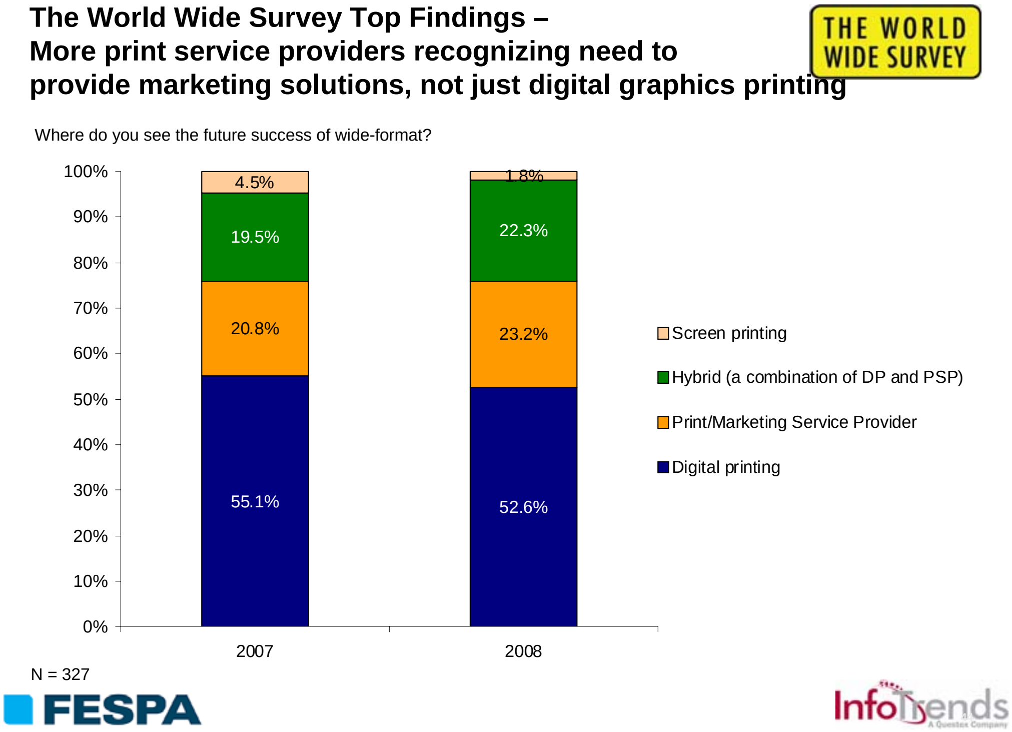
Please indicate if you are seeing the following key trends as far as your client demands are concerned?



N = Base varies with demand

The growth of digital wide format is driven by the trends in customer demand. Respondents reported that they are seeing an increase in demand for shorter turnaround times, increase in demand for just-in-time printing, increase in demand for shorter runs, personalization, and delivery to the point of need.

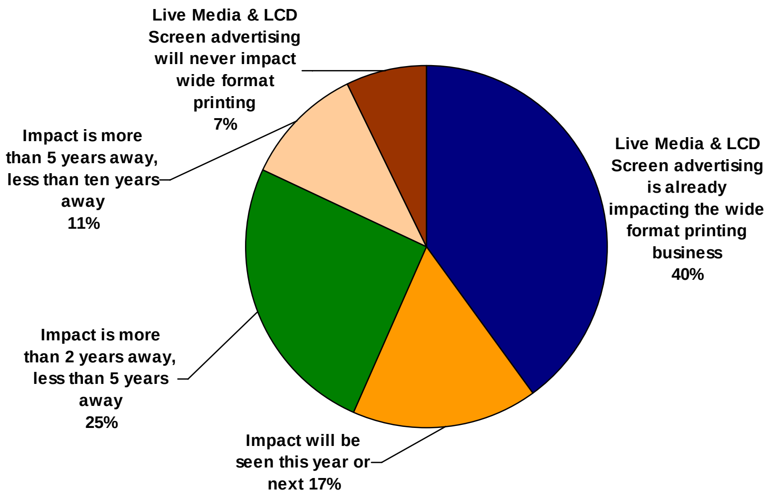
The World Wide Survey Top Findings –
More print service providers recognizing need to provide marketing solutions, not just digital graphics printing



Print service providers are increasingly recognizing the need to move up the value chain by providing not just printed graphics, but marketing solutions. This means providing consultative information on the most cost effective ways to communicate marketing messages. When asked where they see the future success in wide format, most (52%) print service providers see digital wide format printing as the key. 45% report that they believe becoming a services/solutions provider will drive success. This is higher than in the 2007 version of the survey where 38% reported they saw that becoming more of a services/solutions provider would be the key to success. FESPA believes that the modern print service provider is quickly adapting to the demands for greater value when producing print solutions for their customers. FESPA believes that this trend will continue to grow into the future.

Impact of Live Media & LCD Screen Advertising Systems on Wide Format Business

When, if ever, do you think Live Media & LCD Screen advertising systems will have an impact on the wide format printing business? Please select only one.



N = 315

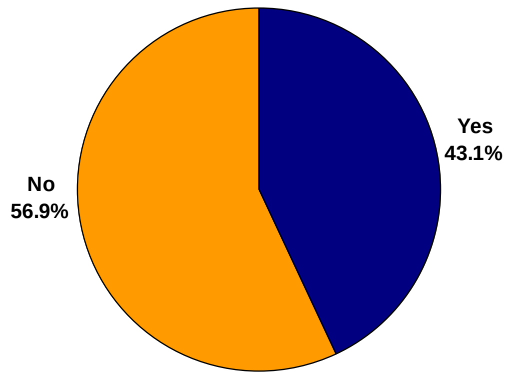
One way to think about the wide format digital graphics is to consider it a part of an overall visual communications business. Another way to communicate visually is through advertising on LCD screens.

40% of the survey respondents indicated that they believe that LCD screen advertising is negatively impacting their wide format digital printing business today. 17% reported that they see LCD screen advertising impacting their wide format business this year while another 25% of the respondents believe the impact is 2-5 years away still.

What is particularly interesting about this data is that there was NO meaningful difference between the respondents from different regions, meaning that any impact on the wide format market from LCD advertising may be felt worldwide.

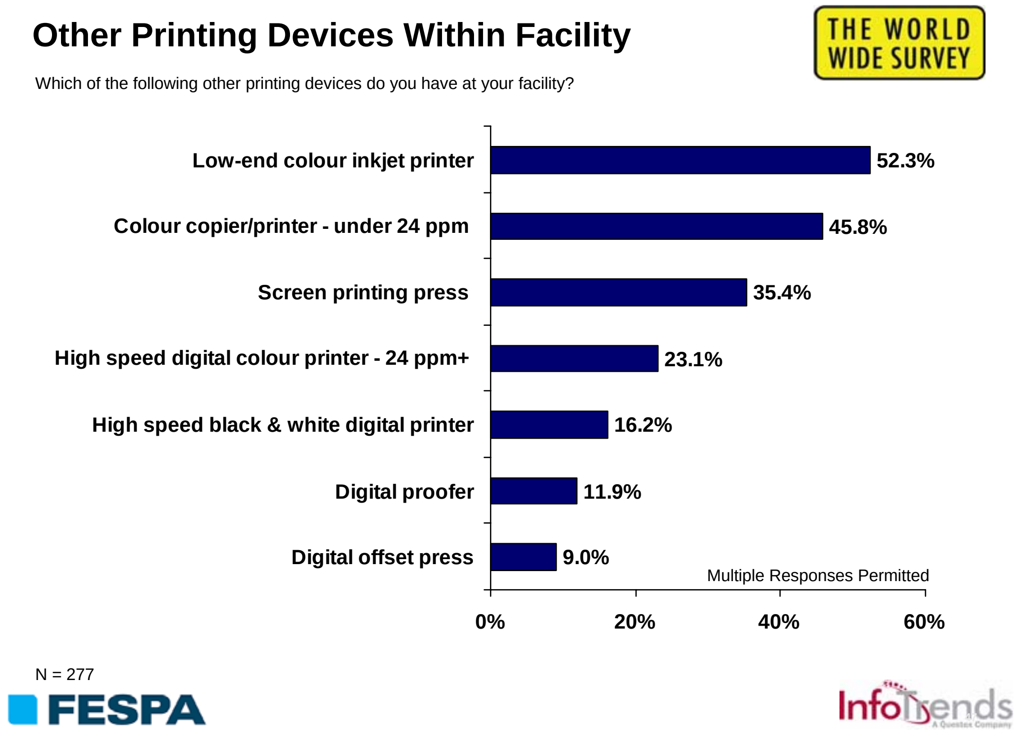
Plans to Participate in Live Media/LCD Screens Market

Do you have any plans or ideas in regards to your company's strategy for participating in the Live media/LCD screens market?



N = 318

The positive news about the growth of Live Media and LCD Screen advertising is that because graphics providers have a position in the development, fulfillment and management of signage and advertising, many print service providers are developing strategies to create a role in the Live Media/LCD Screen market. 43% of the survey respondents are developing plans to participate in this emerging market opportunity.



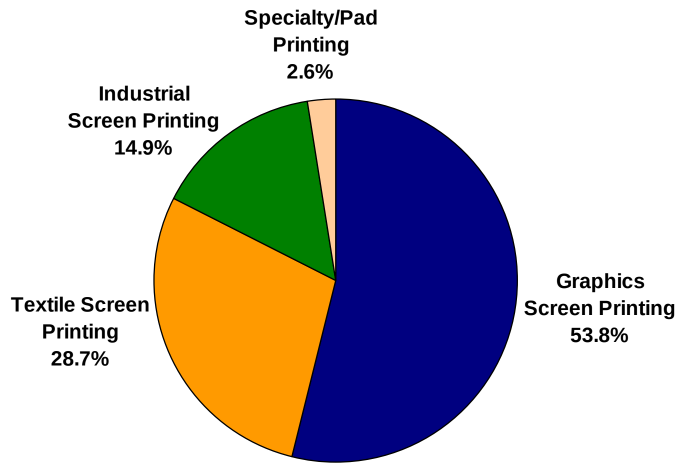
It is worth noting what other devices are installed in some of these printing establishments because these will often be used as proofing devices or as alternative production devices.

The chart above shows that the majority of establishments have low-end colour inkjet printers which are often used for printing screens and for proofing.

Almost half (45.8%) of these establishments have colour copiers, 23% have high-speed colour printers, and 16% have other high-speed monochrome printers. This diversity of equipment speaks to the broad cross-section of respondents.

Type of Screen Printing Primarily Produced

What type of screen printing do you primarily produce?

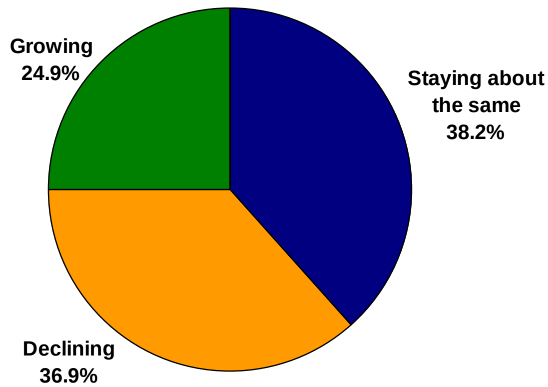


N = 195

Almost 200 of the 340 respondents indicated that they are screen printing. Of those, more than half, 53%, are printing graphics, 28% are printing textiles, almost 15% are printing industrial products such as printed circuit boards, and there is a relatively small number that are doing specialty/pad printing.

Growth/Decline in Screen Print Volume

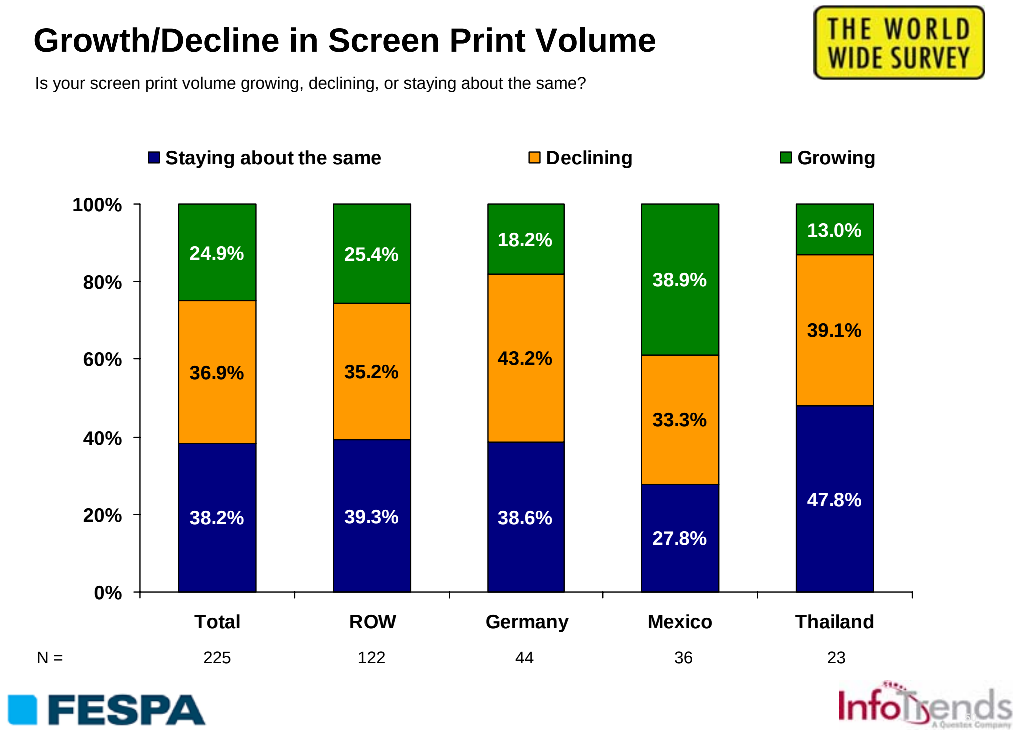
Is your screen print volume growing, declining, or staying about the same?



N = 225

For those companies that are screen printing, the overall volume is declining. While 38% reported that their screen printing volume is about the same, 37% reported that it is declining while 25% reported that their screen print volume is growing.

This data, combined with the previously described data on trends that are key drivers of digital technology, indicate that the market is moving towards digital processes in response to the demand for shorter turnaround times and the economics of short runs on digital devices vs. screen printing equipment.



This chart is a breakdown of the previous overall look at screen print volumes. What it shows is that while there are some differences, notably Mexico where they report that screen print volume are growing more than declining, the worldwide trend is away from screen printing. The German market is particularly indicative of this trend, with almost 50% of respondents reporting that they are seeing their screen print volume decline.

Major Conclusions

THE WORLD WIDE SURVEY

- Key trends in customer requirements and leading applications are driving digital market, reducing screen/analog volumes
- Wide format is a dynamic market, with analog companies converting to digital, print service providers serving other markets still entering wide format, and wide format digital specialists still emerging
- The World Wide Survey shows that Print Service Providers recognize need to invest to gain operational advantages and that despite economy, optimism is fairly high
- Conclusion: Many print service providers are expecting and planning for the market to bounce back

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The World Wide survey is intended to capture a lot of the current views on the wide format digital printing market from the print service provider perspective on a world wide basis. Over and over we see that the trends in terms of customer demand for faster cycle times, shorter runs, and different versions drives the wide format digital printing market.

The mix of respondents, and the nature of their equipment and usage behaviours, indicates that the wide format market is dynamic, with traditional screen/analogue companies investing in digital capacity, with companies from outside of wide format – such as commercial printer and copy shops, still entering the market, and of course with companies specialising in wide format still emerging. This is a very important characteristic of the market because it makes for a very competitive market which does in fact reduce the market value overall because of price reductions.

The data shows that many companies in the wide format digital market recognize the need to invest in the latest technology to continue to provide the best, most cost-effective print services they can. These technologies can provide operational advantages such as the reduction of labour costs and higher margins through fast turnaround service.

When all of the end user input is added together, it is clear that they expect the market to bounce back from what has been a tough 6-9 month period and they are planning and managing their business to accommodate that turnaround.