WHITE PAPER

Looking for BIG Opportunity in Graphic Communications & Speciality Printing

Research Report Executive Summary

PRODUCED BY:

International Sign Association

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INTRODUCTION

Sign, display, and speciality graphics are an attractive opportunity for print providers that are looking to expand into adjacent markets. Many providers have already invested in digital wide-format printing devices capable of producing those applications or are considering doing so. By adding sign, display, and speciality applications to the product mix, providers can broaden their service offerings, stand out from the competition, increase revenues, and improve customer satisfaction.

To learn more about print providers' wide-format investment plans, business priorities, workflow challenges, media/substrate usage, and application growth, Keypoint Intelligence – InfoTrends recently surveyed more than 300 companies, including commercial printers, sign shops, digital print specialists, screen printers, and ad speciality providers. This document highlights the key findings from that research.

SURVEY METHODOLOGY

An online survey was sent to commercial printers, digital print shops, screen printers, sign & display shops, and ad speciality providers. To qualify for the survey, respondent's organisations needed to derive some portion of their revenue from sign, display, and specialty graphics. The survey captured 304 responses, distributed as follows:

- Sign & display shops (38%)
- Commercial printers (16%)
- Digital printing specialists (16%)
- Advertising speciality (15%)
- Screen printers (15%)

In addition, 12 in-depth telephone interviews were conducted with wide-format providers and experts.

OBJECTIVES

The study's primary objectives were to:

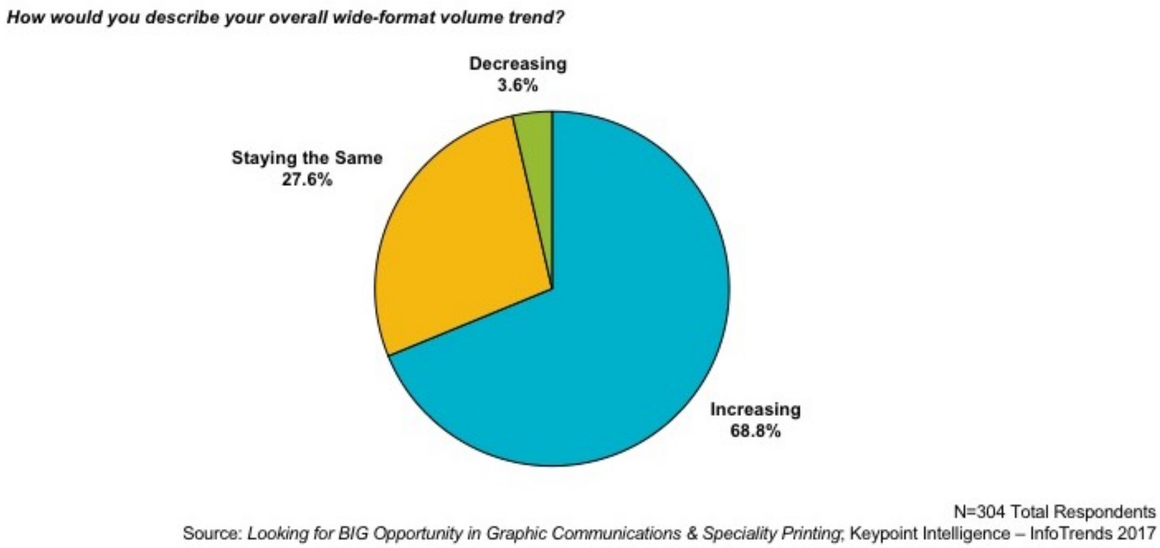
- Identify key equipment investment and market trends to pinpoint new opportunities for print providers and technology suppliers.
- Uncover the key reasons print providers are purchasing devices, software, and media products.
- Determine the best actions and hardware/software investments for print providers to support the growth of the current application mix and expansion into other application areas or markets.
- Define best practices for business growth.
- Identify the tools and information that wide-format graphic providers require from equipment and supplies manufacturers to grow their wide-format businesses.

KEY STUDY TAKEAWAYS

1. SIGN & DISPLAY GRAPHICS IS A GROWTH MARKET

A key finding from the research study is that wide-format print is a growth market. Overall, the majority of respondents reported that their wide-format print volume was increasing (Figure 1). In fact, respondents reporting increases in wide-format volume outnumbered those reporting decreases by 17 to 1. In addition, survey respondents expect wide-format print volume to grow 31% annually.

Figure 1: Wide-Format Print Volume is Increasing



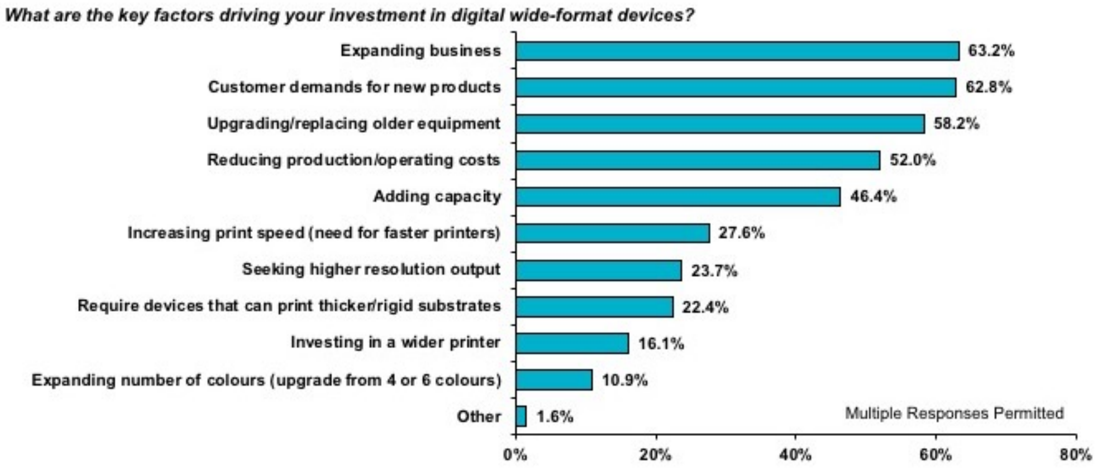
The firms that reported increasing print volume growth had the following similarities:

- They were expanding the applications they produced to appeal to new markets.
- They were adding services to become one-stop providers.
- They were focusing their marketing efforts on vertical industries.

According to survey data, some of the key industries that purchase digital wide-format printing include retail, advertising, education, real estate, construction, restaurant/food service, manufacturing, personal services, healthcare, and non-profit.

When respondents were asked to identify key factors that were driving investments, the top responses were expanding business, customer demands for new products, upgrading/replacing older equipment, reducing costs, and adding capacity.

Figure 2: Wide-Format Print Investment Drivers

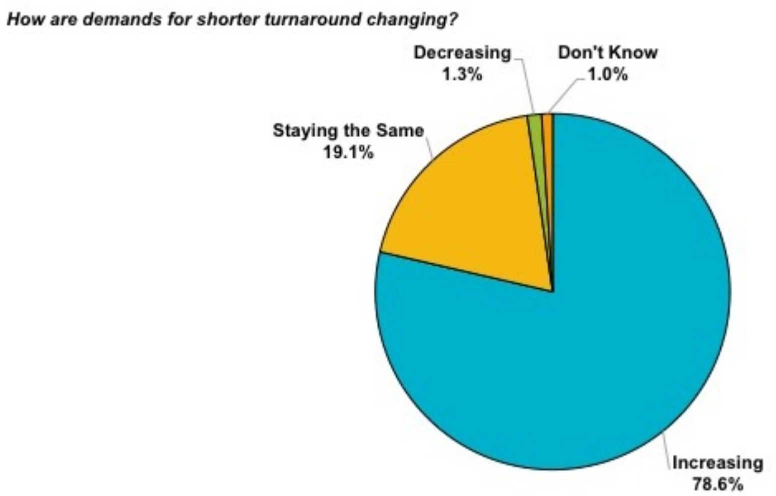


N=304 Total Respondents
Source: *Looking for BIG Opportunity in Graphic Communications & Speciality Printing*; Keypoint Intelligence – InfoTrends 2017

2. INCREASING DEMAND FOR SHORT TURNAROUND

Job turnaround requirements for wide-format print work are becoming shorter and shorter. For all company types surveyed, the majority of wide-format work is produced in less than 24 hours. In addition, respondents expected the demand for fast turnaround to increase.

Figure 3: Increasing Demand for Shorter Turnaround



N=304 Total Respondents
Source: *Looking for BIG Opportunity in Graphic Communications & Speciality Printing*; Keypoint Intelligence – InfoTrends 2017

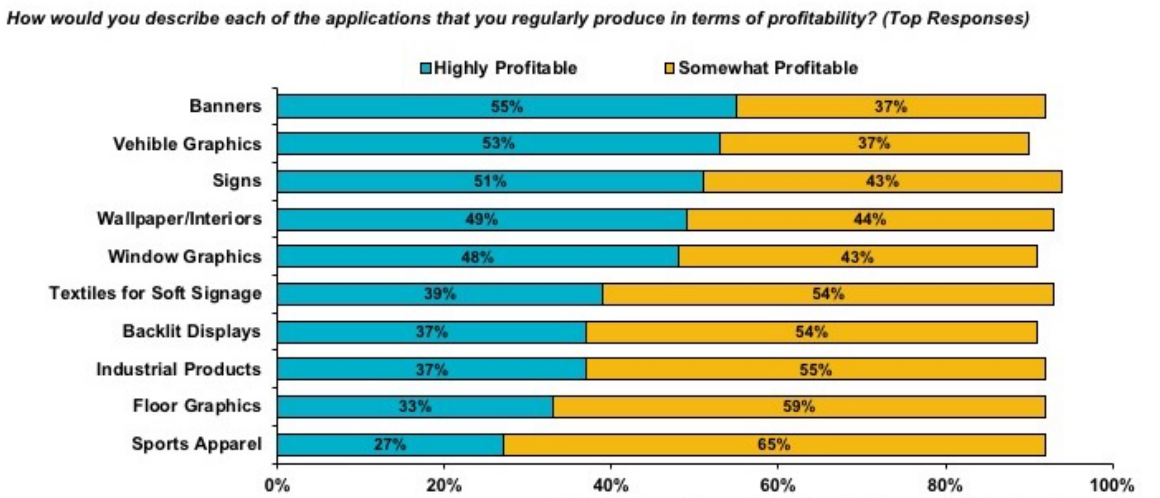
Many key wide-format buying industries (e.g., retail, advertising, events, and real estate) require fast turnaround because they are faced with staff constraints, compressed communication production cycles, and short delivery windows for finished signage.

Digital wide-format printing has changed print buyers' expectations for fast turnaround. While certain types of wide-format jobs (e.g., store remodels, large regional/national promotions, or events) have a long sales cycle, they will tend to have a short production cycle. Print buyers want to see the effects of their campaigns and change out signage more frequently as a result.

3. TOP APPLICATIONS BY TECHNOLOGY

Wide-format applications are becoming increasingly diverse, providing many opportunities for new entrants that are hoping to expand their offerings as well as for established sign, graphics, and visual communications companies that want to increase their market share. Respondents identified banners, vehicle graphics, signs, and wallpaper/interiors as their most profitable applications.

Figure 4: Most Profitable Applications



N=Varies; Base: Respondents who offer these digital wide-format applications
Source: *Looking for BIG Opportunity in Graphic Communications & Speciality Printing*; Keypoint Intelligence – InfoTrends 2017

Most respondents owned UV flatbed, solvent, and eco-solvent devices. Aqueous devices were more common among commercial printers, digital print specialists, screen printers, and ad speciality providers. Commercial printers, sign and display shops, and digital print specialists invested the most in latex devices. The top applications that respondents produced on various devices are summarised in Table 1, along with important technology considerations.

Table 1: Applications by Technology Type

Technology	Top Application	Technology Considerations
Aqueous inkjet	Posters	Aqueous inkjet is the most flexible technology in terms of image quality, but running cost is a major limitation. Also, outdoor graphics must be laminated.
Solvent inkjet	Banners, signs, decals	Solvent inkjet offers low running costs and outdoor durability without the need for lamination. The downside is the inks release volatile organic compounds (VOCs), which are precursors to smog/air pollution.
Eco-solvent inkjet	Used for a wide range of applications	Eco-solvent inkjet offers high quality and durability with reduced VOC emissions. The environmental impact is curbed but not eliminated.
Latex	Banners, floor/window graphics, decals, posters, vehicle graphics/wraps, signs, wallpaper/interiors, backlit displays	Latex devices produce durable prints suitable for outdoor and indoor applications. The water-based formulations of latex inks reduce the impact of printing on the environment. The downside of latex is the required power consumption to heat and dry the ink.
UV-curable flatbed	Signs, POP displays, and posters	UV offers high productivity because prints dry instantly. However, the devices may require a higher initial investment cost and may have compatibility issues with film-based media. Flatbed printers can print on sheets of flexible or rigid materials, or on any relatively flat item, generally up to 5.08 cm thick.
UV-curable roll-to-roll	Banners, floor graphics, signs	Offers high productivity because inks dry instantaneously. Material is fed into the printer and an uptake reel rewinds the graphics.
Source: Looking for BIG Opportunity in Graphic Communications & Speciality Printing; Keypoint Intelligence – InfoTrends 2017		

4. MEDIA TRENDS

A key benefit of wide-format devices is they can print on a wide variety of media types. This is especially true for flatbed printing devices, as they can print directly on materials like wood, metal, plastic, glass, fabric, and many other options. Wide-format media is either flexible or rigid. According to our survey respondents, 76% of wide-format output was produced on flexible media and 24% was on rigid media.

The survey then asked respondents about the percentage of their work that was produced on various flexible substrates, including paper, film (excluding vinyl), banner vinyl, pressure-sensitive vinyl, canvas, fabric/textiles, and polycarbonate. Overall, pressure sensitive-vinyl (33%) was the most used media, followed by banner vinyl (29%) and paper (21%).

According to the study, the most commonly used flexible media types varied by company. Specifically:

- Commercial printers, digital print specialists, and ad speciality providers most commonly used paper and banner vinyl.

- Sign and display providers and screen printers were more likely to print on pressure-sensitive vinyl and banner vinyl.

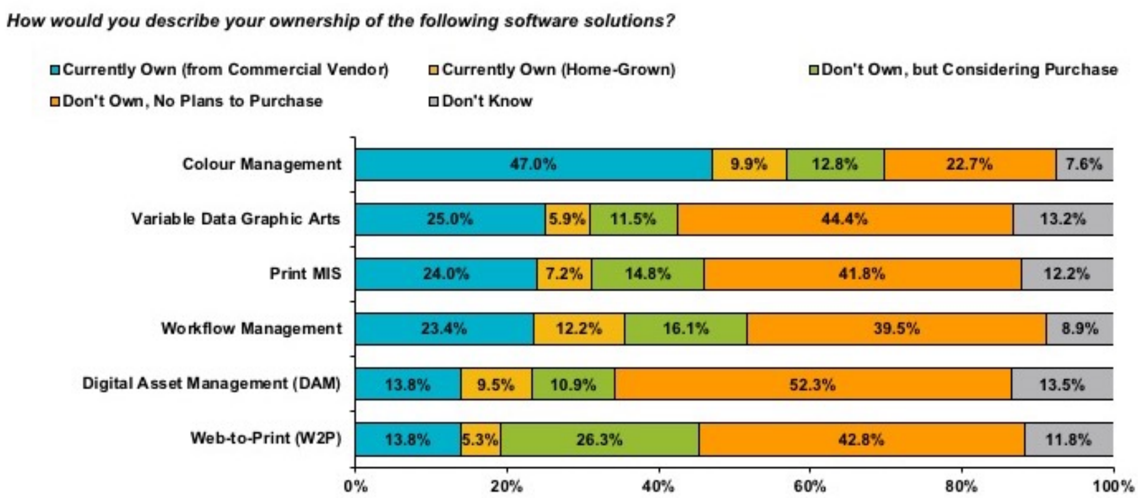
Across all company types, coroplast was the most frequently used rigid media. Rigid PVC was also popular across a variety of provider types.

5. WORKFLOW: THE UNTAPPED OPPORTUNITY

Workflow represents an untapped opportunity in the wide-format production process as many survey respondents have not yet invested in workflow tools to improve inefficiencies and automation (Figure 5). Respondents reported high ownership of colour management software, likely because colour profiling is essential given the wide range of substrates that are used.

Workflow management is an important software category that is largely overlooked in this industry; most operations do not own workflow management software. Commercial printers and ad specialty providers were more likely than the other company types to report owning workflow. It is worth noting that workflow software is firmly entrenched among commercial printers, largely because it is required for efficient production of the products that these companies offer.

Figure 5: Software Ownership



N=304 Total Respondents
Source: *Looking for BIG Opportunity in Graphic Communications & Speciality Printing*, Keypoint Intelligence – InfoTrends 2017

Workflow management software automates production processes, and it is needed to process an increasing number of jobs and efficiently support online ordering. As wide-format printers increase in speed, prepress and finishing are often the workflow bottlenecks. A key remaining bottleneck in prepress is file handling, which is often completed by hand.

Shops must automate to improve their customer experience and remain competitive. Online ordering with automated passthrough to the rest of production is key. Resources (materials, machines, and people) must also be optimised. Sheet optimisation via nesting/ganging of work to save material costs and production times offers quick cost savings that typically range from € 7000 to € 11,000.

Another software category that many wide-format providers are ignoring is the print management information system (MIS). A print MIS is the single system of record used to store and share business-critical information within the print shop as well as to all external constituents in a timely and efficient manner. A properly implemented print MIS solution functions as the pulse and brain of a print shop. Using an MIS system offers many benefits, including more accurate estimates, better job tracking, and identifying areas that need improvement.

RECOMMENDATIONS

CONSIDER ADDING OR EXPANDING OFFERINGS

Sign and display graphics is a growing market that offers many opportunities across a variety of industries. Print providers that are seeking to expand their product offerings should consider offering sign and display graphics, and companies that are already offering these products may have an opportunity to increase their market share by expanding their product lines or entering new market segments.

BE STRATEGIC

Although the wide-format signage and graphics market is expanding, the firms that serve it must uncover and implement strategies to ensure ongoing growth. Business growth is critical to a firm's long-term success, but print service providers in the wide-format segment are being pushed to pursue new applications, services, and customers. Successfully growing and expanding wide-format service capabilities starts with building on current capabilities and customers to develop new applications.

Target marketing is another important strategy for consideration. An interesting finding from the study was that many providers are embracing a vertical market strategy. Firms with a strong vertical focus can capture more attention in the market, become viewed as experts within their segments, market more effectively, and productively sell to a targeted client and prospect base.

AUTOMATE AND OPTIMISE OPERATIONS

Many providers have not invested in workflow software, so there is an untapped opportunity to automate production processes to improve the customer experience and remain competitive in this ever-expanding market. In addition, real-time information is critical to daily business decisions. Do you have the capacity? Can you drop your margin and still be profitable on a job? Software tools will become even more indispensable going forward! Wide-format shops that do not modernise their operations, including their business workflow, are sabotaging their future success.

CONCLUSION

Graphic communication providers are investigating new ways to grow their businesses. Increased competition has many firms looking to offer new products and services to increase business from current customers while also attracting new ones. Sign, display, and specialty graphics are important applications that can offer growth opportunities for commercial printers, sign shops, screen printers, and ad speciality providers. Many providers are also considering expanding into adjacent service markets where they can leverage their existing operational knowledge. To that end, firms are investing in wide-format printing devices, software, and media/substrates to further differentiate from competitors, grow revenues, and improve efficiency. Ongoing market changes and new developments in material science have forever changed the technology landscape. Many new avenues for revenue are surfacing as providers look to take advantage of innovations and leverage existing investments.

Sign, display, and speciality graphics represents a solid business opportunity for a variety of print service providers, including commercial printers, digital print shops, screen printers, sign shops, and ad speciality providers. Savvy printers are finding that adding wide-format applications to their existing offerings can enable them to grow sales with existing customers, strengthen customer relationships, and generate additional revenues. In addition, firms that are already offering these applications are investing in additional devices to expand growth, better meet customer demands, upgrade their offerings, improve efficiency, and add capacity. For existing players and new entrants alike, investing in wide-format devices can deliver big opportunities!

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