

Report on the Digital Signage Market 2008

➤ **Research Outline**

Yano Research Institute has conducted a research on the digital signage market in Japan with following conditions.

1. Research period: April 2008 to June 2008
2. Research targets: Digital signage system vendors, digital signage operating companies, contents providers, etc. in Japan
3. Research methodologies:
Face-to-face interviews with relevant personnel were primarily employed, being supplemented by interviews via telephone and e-mail.

<What is Digital Signage?>

The digital signage is the media that transmit and disseminate information through digital display equipment installed in the places other than residential houses, such as outdoor, stores, public transport, etc.

➤ **Key Findings**

- ◆ **Size of digital signage market in 2007 was 29.7 billion yen, achieving more than 20% growth over the previous year**

Digital signage market in Japan turned out to be 29,675 million yen in 2007, 24.2% increase from the year before due largely to the sharp increase of the hardware sales in accordance with the increase of the installation sites of the signage. In particular, rapid increase of “Train Channel” offered by JR East (East Japan Railway Company) was noteworthy as long as the advertising media are concerned.

- ◆ **Dawn of digital signage advertisement**

We forecast that advertising business utilizing the digital signage increase in 2008 and thereafter based on the fact that it has already started to be recognized as “an advertising medium” as provision of information through video inside the trains such as “Train Channel” becomes popular.

➤ **Report format:**

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Price: 150,000 yen (7,500 yen of consumption tax will be additionally charged for sales in Japan.)

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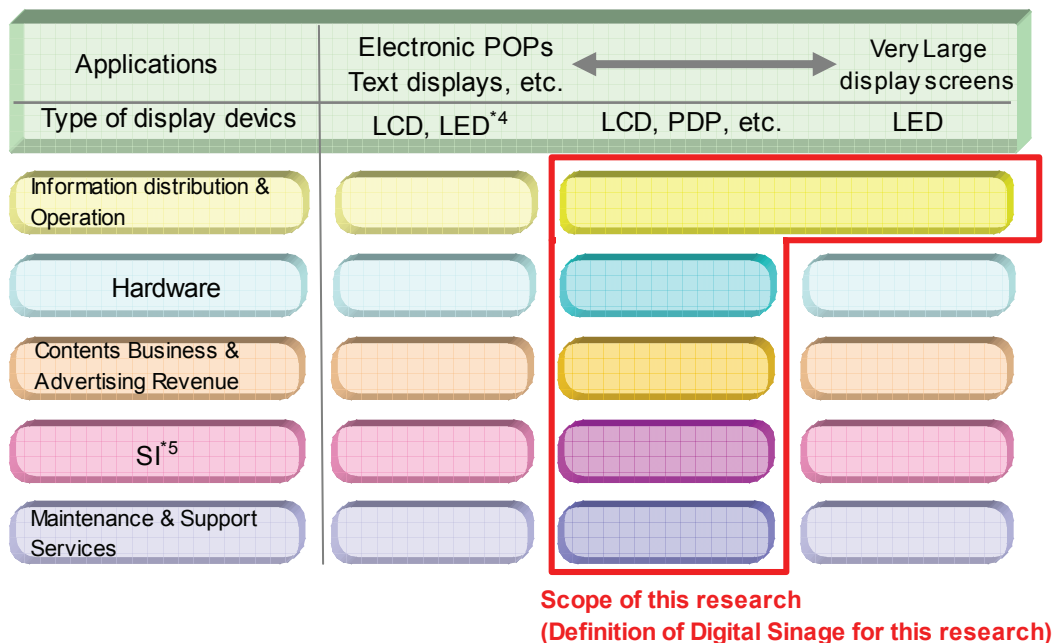
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➔ **Research Summary**

<Definition of digital signage>

- There is no unified definition of the digital signage and different companies have different interpretations. In the broad sense, the digital signage covers from “small” electronic POPs*¹ to “large” outdoor display screens. In the practical sense of business, however, there should be too much difference between the POPs displayed on store shelves and priced at several thousand yen and the several hundred million yen of large display screens installed on the building exterior walls.
- The definition of the digital signage market used in this report is the market where the display screens positioned in between the “small” and the “large” (mainly, LCD*² and PDP*³) are used as the display equipment. As for the distribution and operation of the contents, however, those for “large” size display screens are also included as the same distribution software is used.

Figure 1 Definition of Digital Signage Market



*1: Electronic POP: POP (Point Of Purchase) advertising displayed by way of LCD displays or some other equipment.
 *2: LCD: Liquid Crystal Displays
 *3: PDP: Plasma Display Panels
 *4: LED: Light Emitting Diode
 *5: SI: System Integration: Planning, of system introduction, and construction and operation of the system

1. Market overview and its background

- Digital signage market in Japan turned out to be 29,675 million yen in 2007, 24.2% increase from the year before due largely to the sharp increase of the hardware sales in accordance with the increase of the installation sites of the signage. In particular, rapid increase of “Train Channel” offered by JR East (East Japan Railway Company) was noteworthy as long as the advertising media are concerned.
- It is becoming more and more common for consumers to be exposed to multiple media at the same time with the advent of internet and some other forms of new media. While advertising expenditures for so called “four masses”^{*6} (newspapers, televisions, magazines and radios) have been decreasing, advertising companies are recommending their advertising clients to place ads with the key words of more “Contact points or Touch points”^{*7}, which means that opportunities for consumers to be exposed to advertisement should be further increased. Because of these factors, utilization of image information outside home, which could supplement the “four masses”, has been gathering attention.
- The factors that have accelerated the introduction of digital signage include easier network building due to “advancement of display quality and lowered price of flat panel displays”, “penetration of broadband”, “improvement in wireless communication technologies”, etc.
- The biggest feature of “digital signage” is that the information provided through the digital signage is highly appealing since it could provide easy to understand information in forms of still images, moving images, voices, etc., which is targeted to “people existing at specific areas and time”. Currently, the digital signage is becoming more popular mainly for use as “sales promotion tools (installed inside stores or just on store front for example)” and as “advertising media (displayed inside train vehicles for example)”.

*6: Four Masses: The four conventional major mass media of newspapers, TVs, magazines and radios

*7: Contact points/Touch points: Opportunities for consumers to be exposed to advertising

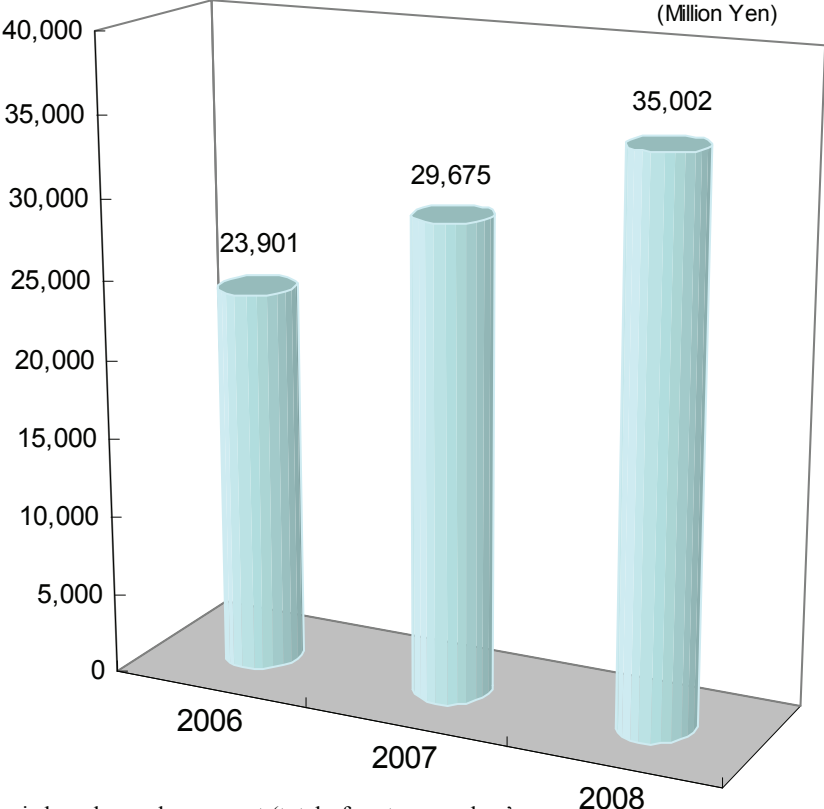
2. Future growth factors and forecast of the market

- We forecast the market will grow by 18.0% from the previous year to 35,002 million yen in 2008. Some of the factors that could raise the market size include 1) increase of revenue from advertising displayed at the places associated with railroad (in railroad vehicles, stations, etc.) and segmented places (such as driving schools, hospitals, medical clinics, video rental shops, taxis, etc.) and 2) popularization of such new forms of operation as ASP^{*8} (Application Service Provider) and SaaS^{*9} (Software as a Service), which could support small to middle size user companies in utilizing digital signage as a sales promotion tool.
- Rate of growth may more or less slow down in future although hardware sales should continuously grow.
- Growth of advertising business is anticipated in future in accordance with popularization of information transmission through video display screens installed inside trains such as “Train Channel”. In considering expansion of the digital signage market, some factors such as “increase in installation of hardware” and “increase of usage as a sales promotion tool” may instantly raise the market size. However, “success as an advertising tool” should be essential for full-scale expansion of the market.
- The market is forecasted to exceed 50,000 million yen in 2010 due to “more effective proposals of how to offer information or attract attention, and of how to utilize the digital signage”, “technological advancement”, etc.

*8: ASP (Application Service Provider): A rental service of business-oriented application software to clients via internet

*9: SaaS (Software as a Service): Software to be provided as a service through internet

Figure 2 Digital Signage Market: Market Size



*The market size is based on sales amount (total of system vendors' sales and the revenue from contents production and advertising).

*Projected for 2008
(Estimated by Yano Research Institute)