

Digital Signage Market: Key Research Findings 2010

- Digital signage may bring innovative changes to the advertisement business and sales promotion strategies -

◆ Research Outline

Yano Research Institute has conducted a study on the digital signage market as described below.

1. Research period: February to May 2010
2. Research targets: Domestic digital signage system vendors, management enterprises, contents production companies, advertisement agencies (28 firms in total)
3. Research methodologies:
Face-to-face interviews with relevant personnel, supplemented by interviews via telephone and e-mail, and literature researches.

<What is digital signage?>

Digital signage means “a medium which transmits information from an indicator, like a display, located outside of homes, such as outdoor places, store-front or transportation facilities”, including “small-size” electronic POP to a “large-size” outdoor panorama vision system, that has been redefined as a broad-sense digital signage in this research, and narrowly-defined digital signage by excluding electronic POP and large size outdoor visions thereof.

◆ Key Findings

- **Digital signage market size in fiscal 2009 was 55.7 billion yen, about the same level as the previous year**

The domestic digital signage market size in fiscal 2009 was 55,708 million yen, which is 100.8 percent against the previous year. However, the market size of narrowly-defined digital signage, which is attracting attentions as a tool for promotion and advertisement, and for sharing information, was 34,360 million yen, which is 104.8 percent against the previous year.

- **Getting back to a growth track along with the recovery of economy, the digital signage market may regain its exploding growth**

In fiscal 2010, the digital signage market is expected to grow by 14.2 percent compared to the previous year, to 63,598 million yen, and the narrowly-defined digital signage market by 12.6 percent to 38,700 million yen, driven by the enhancement of locations such as the “introduction to a leading convenience store chains” and “extension of digital signage displays in railway facilities”, and the popularization of low-price digital signage (stand-alone types and ASP/SaaS types).

◆ Report format:

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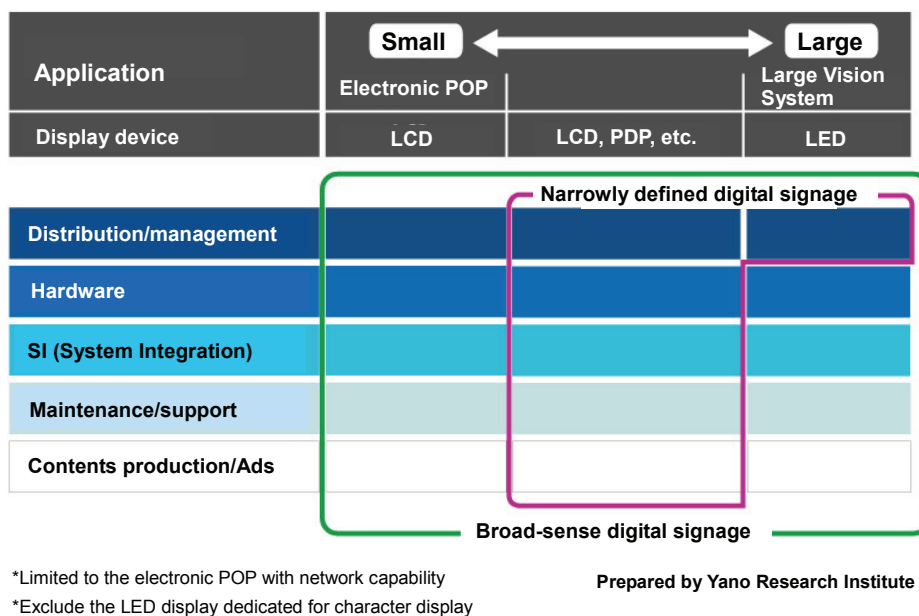
◆ Research Summary

• Definition of digital signage

Digital signage means “a medium which transmits information from an indicator, like a display, located outside of homes, such as outdoor places, store-fronts or transportation facilities”, including “small-size” electronic POP^{Note 1} to a “large-size” outdoor panorama vision system with LED (Light Emitting Diode) technology. In this research, this concept of digital signage has been redefined as a broad-sense digital signage.

Also, narrowly-defined digital signage has been defined by excluding electronic POP and large-size vision systems from the broad-sense digital signage. The narrowly-defined digital signage includes, as typical systems, “sales promotion tools and advertising media” with an indicator made of LCD (Liquid Crystal Display) or PDP (Plasma Display Panel). As to the contents distribution, the same contents distribution software for narrowly-defined digital signage is also used for “large-size” outdoor panorama vision systems. The size of contents distribution, however, has been calculated separately and included in the respective market sizes.

Fig. 1: Definition of Digital Signage



Note 1: POP (Point of Purchase advertisement) with LCD, etc.

1. Market trends

- Increased business deals and installations, but fewer large-scale projects in fiscal 2009 -

The broad-sense digital signage market size in fiscal 2009 was 55,708 million yen, which is 100.8 percent against previous year. The market size of narrowly-defined digital signage which is attracting attentions lately as an advertisement medium, and a tool for sales promotion and information sharing was 34,360 million yen, which is 104.8 percent year-on-year. Partly due to the improved visibility of narrowly-defined digital signage, there has been increased number of inquiries from various industries including distribution and public administration, which, however, has not led to the growth of the market.

Although “large-scale users” and “small-scale businesses looking for something new” were positive in introducing digital signage, they have not contributed to increasing the market size in fiscal 2009, due to the following characteristics and status of these users in introducing digital signage.

1) Small-scale demonstration experiments

Most of the enterprises with a plan to operate networked digital signage at an extensive scale are likely to arrange small scale demonstration experiments prior to full-scale implementation.

2) Downgrading of specifications

User enterprises who originally intended to build high-specification system had a tendency to downgrade their performance requirements at the time of actual installation, partly due to the impacts of economic downturn.

3) Stand-alone system

Introduction of stand-alone type^{Note 2} digital signage has progressed among the small business users including private store owners, and low-priced products for sale without service contract become popular.

Note 2: Stand-alone type is a system not networked and can be operated independently.

2. Future perspectives

- Recovery from stagnation, a sign of re-vitalization -

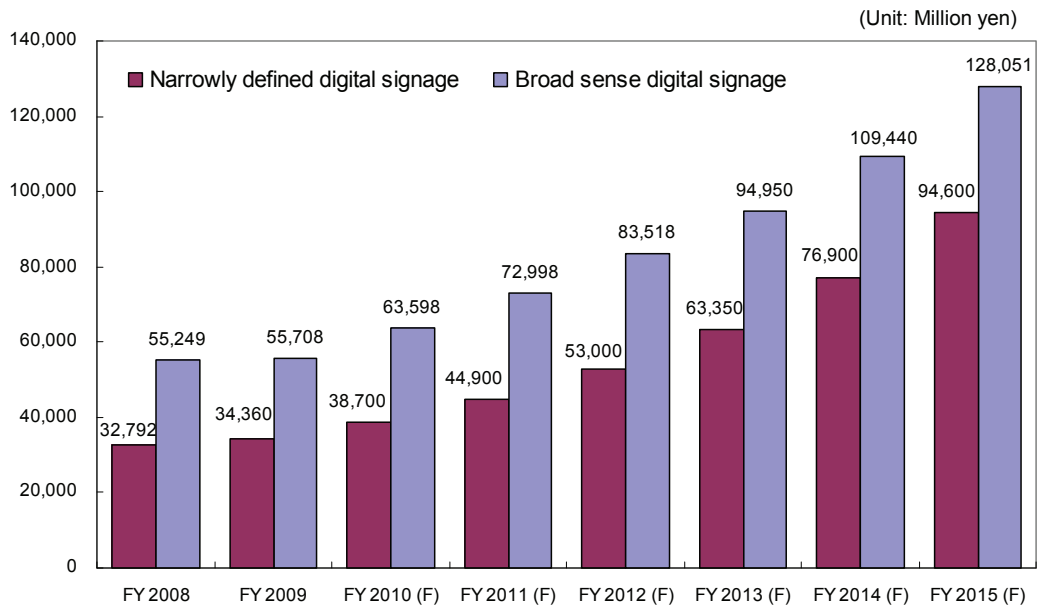
In fiscal 2010, the digital signage market is expected to grow by 14.2 percent compared to the previous year, to 63,598 million yen, and the narrowly-defined digital signage market by 12.6 percent to 38,700 million yen, based on the conditions 1) number of inquiries increased by more than 30 percent compared to the previous year, 2) introduction of digital signage by a leading convenience store chains, 3) extension of digital signage displays in railway facilities, which have been driving the market, 4) popularization of low-price digital signage (stand-alone types and ASP/SaaS types^{Note 3}), 5) introduction of digital signage in general private enterprises and public facilities as an information display tool, and 6) full-scale implementation of digital signage as a result of the demonstration experiments conducted in 2009.

Then, it is estimated that the market size will exceed 100 billion yen in fiscal 2014, and to reach 130 billion yen in fiscal 2015. As to the narrowly-defined digital signage, especially, the central government agencies are positively working on the vitalization of the market as a part of their telecommunication policy review. In consideration of these issues, it is estimated that the market with 34,360 million yen in fiscal 2009 will be tripled to 94,600 million yen in 2015.

In the meantime, although the market is expected to grow, there are many issues and challenges that need to be resolved, such as “cost effectiveness”, “standardization”, “copy right issue”, and “broadcast guideline”. In order to achieve the growth as described above, it is important that trade organizations and individual players, and government agencies as well, shall work together and resolve those issues steadily one by one.

Note 3: Service to provide users with application software on the Internet

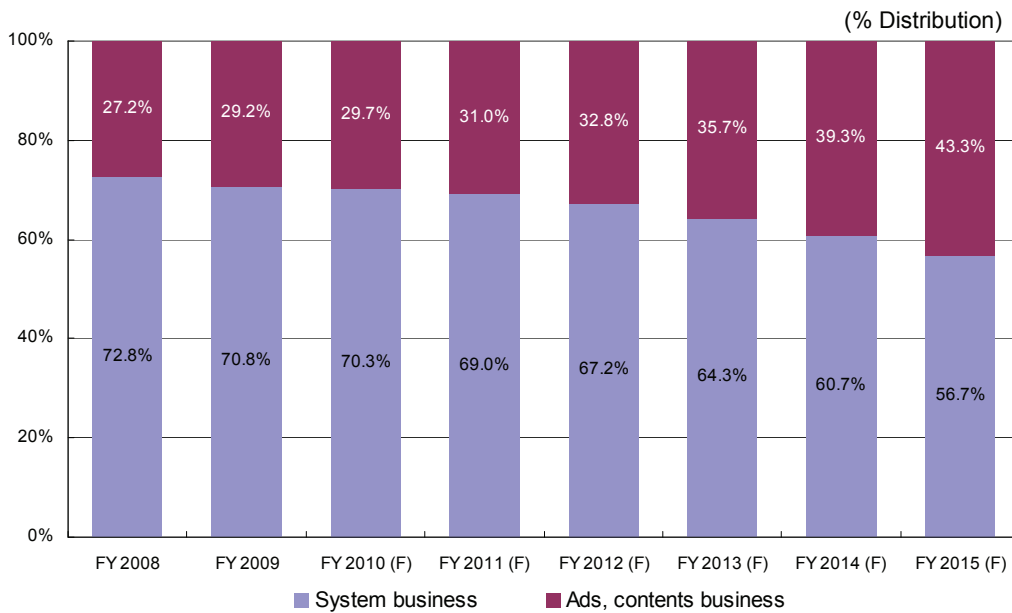
Fig. 2: Digital Signage Market Size Transition



Note 4: Based on the sales of vendors
 Note 5: (F) indicates forecasted figures

Estimated by Yano Research Institute

Fig. 3: Distribution of Narrowly Defined Digital Signage Market by Business Sector



Note 6: Based on the sales of vendors
 Note 7: (F) indicates forecasted figures

Note 8: System business is consisting of hardware, software, SI, distribution management, support and maintenance, while Ads/contents business indicates advertisement revenue and contents production.

Estimated by Yano Research Institute