



FESPA/InfoTrends  
Wide Format Stakeholder Survey  
on Economic Impact

July 2009



This report was developed by InfoTrends' Wide Format Printing Consulting Service in cooperation with FESPA.

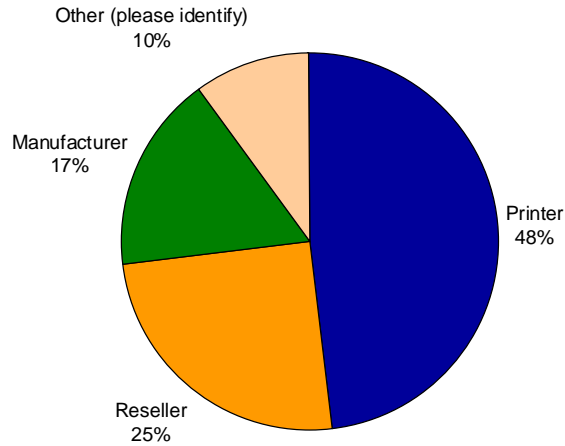
# Survey Objectives & Methodology

- Objectives
  - Measure impact of economic downturn on stakeholders in wide format print market
  - Understand operational and selling strategies employed to deal with downturn
  - Determine outlook for recovery
  - Develop comparable data in different regions
- Methodology
  - Electronic surveys
  - Worldwide (English) & Mexico (Spanish)
  - July 2009

Nearly every business has been impacted by the current global economic downturn. This study was developed with four major objectives all related to that impact on the wide format market. There were four major objectives of this research; the first was to try to measure the impact of the economic downturn on stakeholders in the wide format print market. The second was to try to understand whether wide format print service providers have adopted any new operational and selling strategies to deal with the downturn, and to identify what they have done. The third major objectives was to determine the outlook for recovery from the perspectives of the print service provider. The fourth major objective was to develop comparable data in different regions.

The data was collected via electronic surveys in July 2009 from English-speaking respondents on a worldwide basis and from Spanish-speaking respondents in Mexico. The survey itself was developed by InfoTrends and FESPA as part of the two organizations ongoing research partnership.

## Are you engaged in wide format printing as a printer, manufacturer, reseller or other?

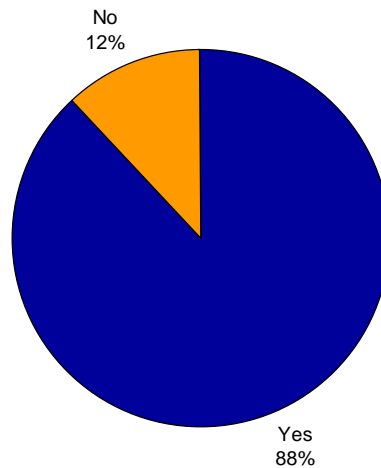


**N = 320**

Source: InfoTrends/FESPA Economic Survey 2009

The first chart illustrates which types of companies completed the survey. There were more than 300 respondents to the English version of the survey, and that includes print service providers, dealers of wide format printing equipment and supplies, and equipment manufacturers. The “other” category includes press, journalists, consultants, graphic designers and other stakeholders in the market who are not wide format printing equipment or supplies users, dealers, or manufacturers. Where it is useful in this analysis we will display the survey answers by the different groups of respondents.

Do you believe that there has been a recent economic downturn that has impacted many businesses, including wide format printing?



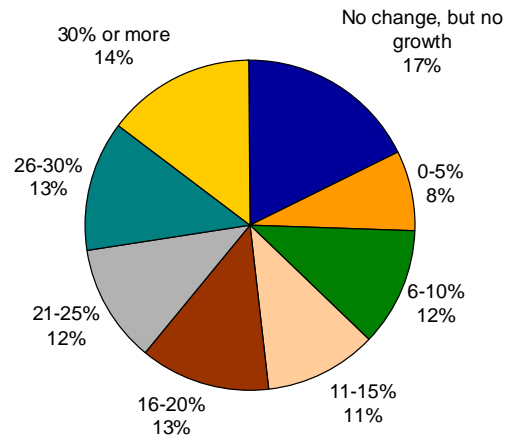
**N = 320**

Source: InfoTrends/FESPA Economic Survey 2009

The first step in this analysis is to determine the level of agreement that there even has been an economic downturn, and that it has impacted the wide format printing market. While it is understandable that the survey might find pockets of respondents that did not believe there even is a downturn, it would be very challenging to take seriously a survey that showed these in great numbers. Indeed 88% of respondents stated that they believe there has been such an economic downturn.

## How much has the economic downturn impacted your business?

Mean = 16%

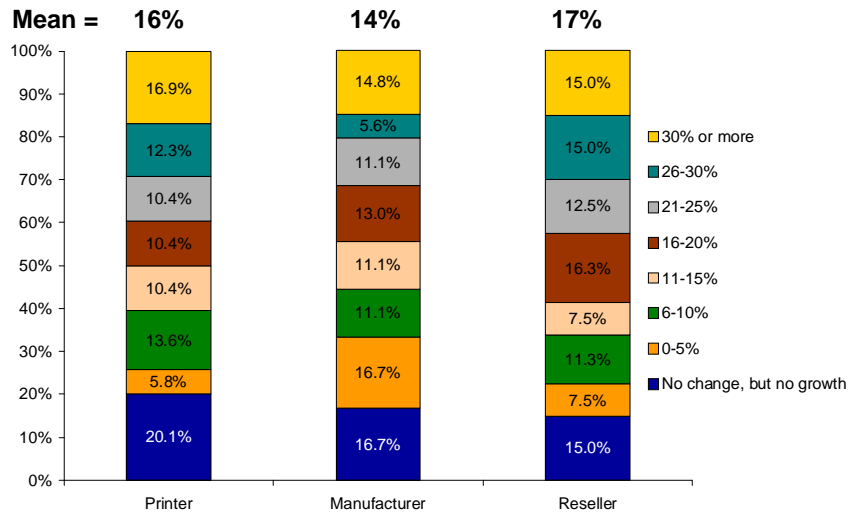


Source: InfoTrends/FESPA Economic Survey 2009

Among those companies that suggested that they believe there has been an economic downturn the mean impact is negative 16%. From an analysis standpoint there is a good distribution among the respondents, with there were those companies (17%) who reported that the impact of the economic downturn has been merely to limit the growth they expected. Another 20% reported that they believe the economic downturn has impacted their business by less than 10%.

Perhaps the magnitude of the economic downturn is seen if we “group” the respondents on the left hand side of the chart though, as it shows that nearly 40% of the respondents said their business has been impacted by 20% of more.

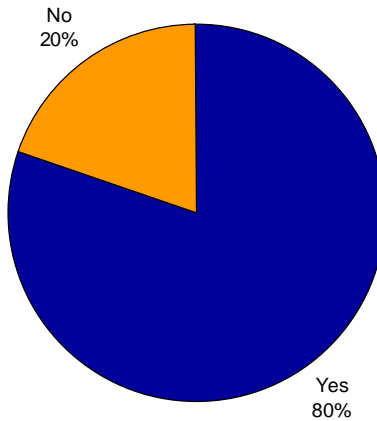
## How much has the economic downturn impacted your business?



Source: InfoTrends/FESPA Economic Survey 2009

The chart above shows the breakdown of the level of impact reported by the three groups of industry respondents. There is minimal difference between these groups, which helps validate the overall business impact.

Have you developed any production/operational strategies to help you compensate with this loss of business?

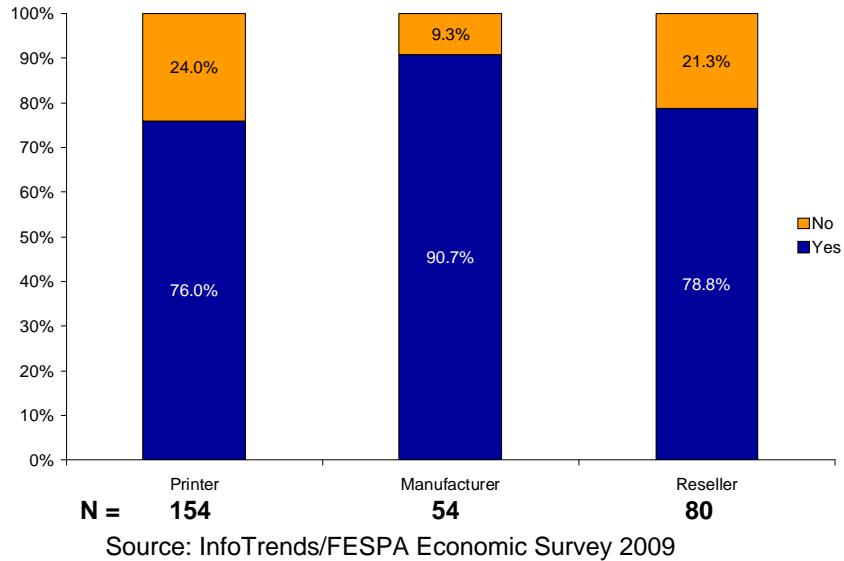


**N = 320**

Source: InfoTrends/FESPA Economic Survey 2009

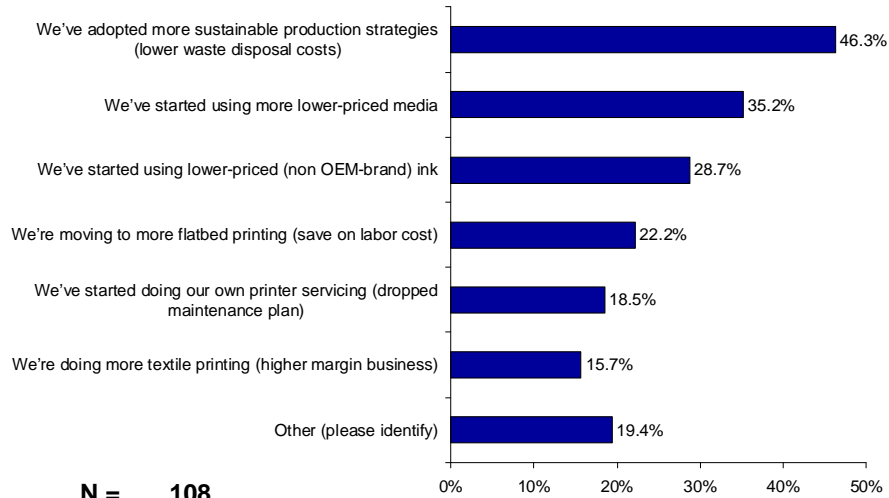
With such a significant decline in business we'd expect the service providers and their suppliers to take some actions to improve their operational effectiveness. 80% of the respondents reported that in fact they have developed some new production/operational strategies to compensate for their loss of business related to the economic downturn.

## Have you developed any production/operational strategies to help you compensate with this loss of business?



The chart above shows the split between the level of companies who reported that they have made some changes to compensate for their loss of business due to the economic downturn. This finding is interesting because it shows that manufacturers have been much more aggressive in terms of taking action to recover lost business than either printers or resellers.

## What production/operational strategies have you developed to help you compensate with this loss of business? Printers



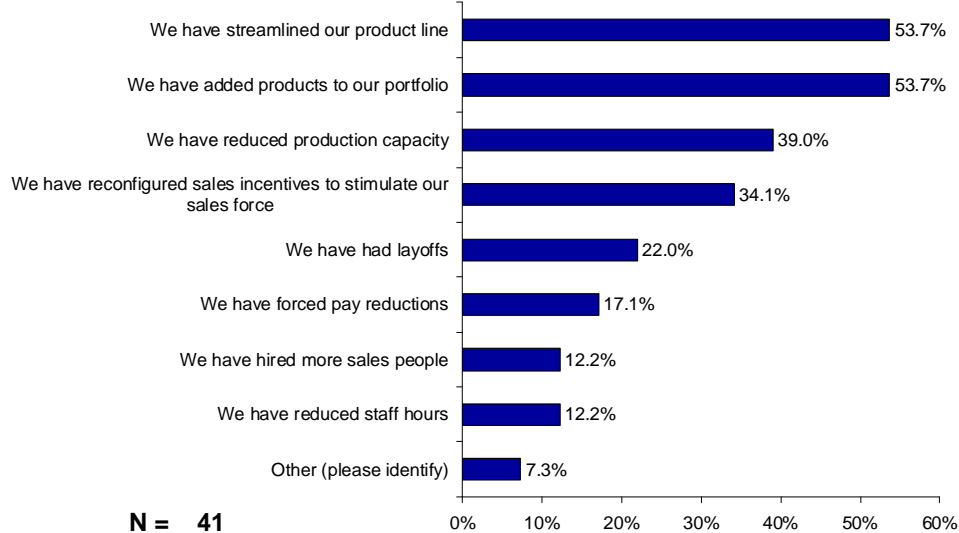
**N = 108**

Source: InfoTrends/FESPA Economic Survey 2009

So how exactly have companies been dealing with the downturn?

The printing establishments have taken a number of steps from a production/operation standpoint. The leading strategies included adopting more sustainable production strategies (thereby reducing waste disposal costs), using more lower-priced media, and using non-OEM brand inks which are priced as much as 60% lower than OEM brand inks. To a lesser extent they have adopted flatbed printing as a strategy to reduce labor costs and they have started doing their own printer service which would let them drop the maintenance or service plan for their equipment. Only a small number indicated they have started to focus more on the production of textiles, which might help improve profit margins.

## What production/operational strategies have you developed to help you compensate with this loss of business? Manufacturers & Resellers

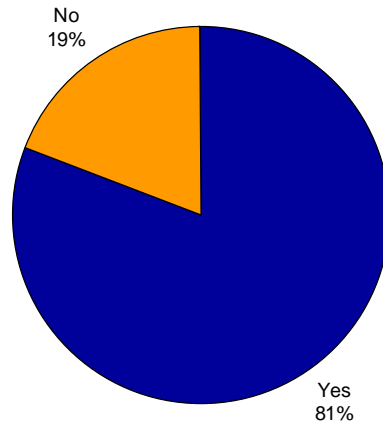


Source: InfoTrends/FESPA Economic Survey 2009

Manufacturers and resellers had a different set of operational strategies that they could adopt in order to offset declines in revenue from the economic downturn.

The data is interesting because it reveals two distinct sets of strategies, one is a cost cutting set of strategies while the other is positioning for business gain. For example, equal numbers of respondents (53.7%) indicated that they have streamlined their product line and added products to their product line. 39% reported they have reduced production capacity while 34% are trying to stimulate sales with revised incentive programs. While 22% reported they have had layoffs while 12% have hired more sales people.

Have you developed any selling strategies to help you compensate for this loss of business?



**N = 320**

Source: InfoTrends/FESPA Economic Survey 2009

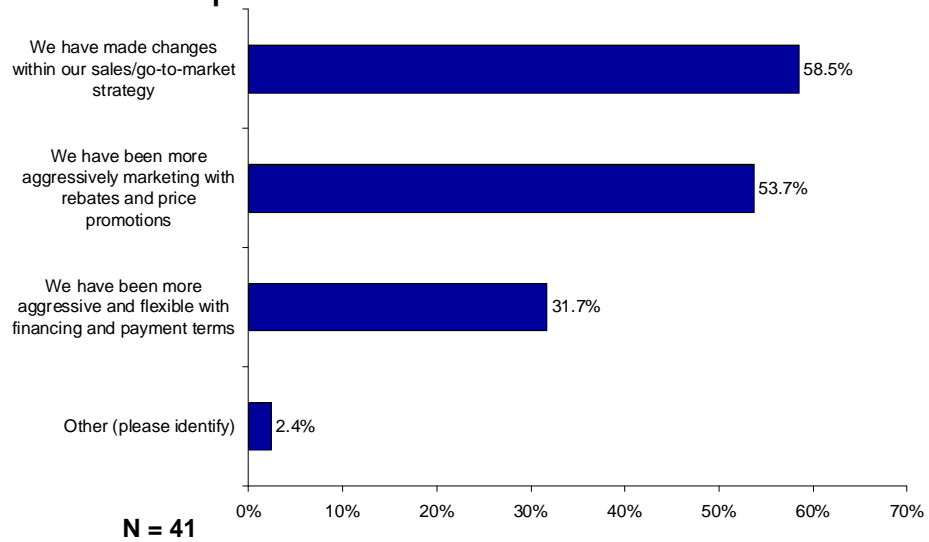
We also asked these companies if they have adopted any new selling strategies that would help them compensate for lost business due to the economic downturn. Again, 81%, or 4 out of five respondents have adopted new selling strategies.

## What selling strategies have you developed? Printers



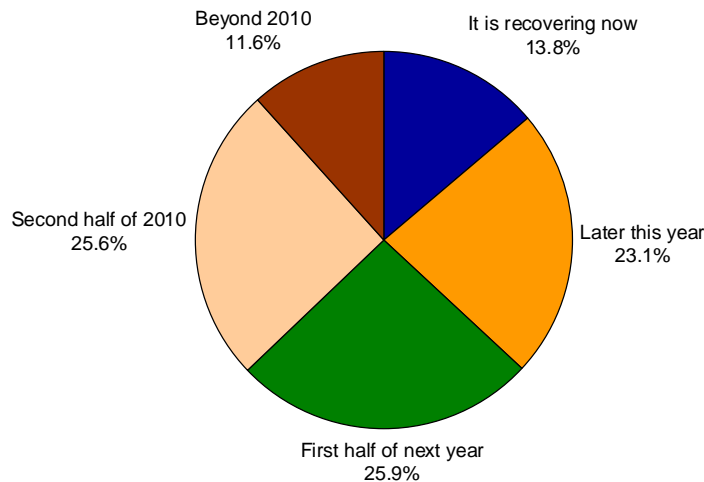
The printing companies that were surveyed reported that they have taken a number of steps from a sales standpoint. The top strategies were to get their sales force to focus on particular market segments, they have gotten more aggressive with rebates and price promotions as well as with financing and payment terms. 25% reported they are cutting prices to match some of the highly competitive prices they are finding on the market. 22% reported that they have hired a direct sales force

## What selling strategies have you developed? Manufacturers & Resellers



Source: InfoTrends/FESPA Economic Survey 2009

## When do you expect the wide format digital printing market to return to its higher levels?

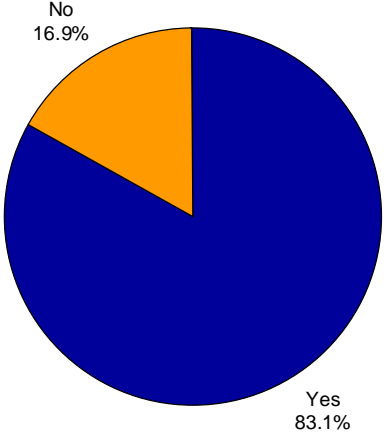


**N = 320**

Source: InfoTrends/FESPA Economic Survey 2009

The chart above shows that the majority of respondents do not expect the wide format market to return to its previous higher levels, or what some would term a “bounce back” until 2010. More than 62% of respondents do not expect the wide format market to rebound until the first half of 2010. There also was remarkable consistency across the different types of respondents (manufacturers, resellers, and printers) for their expectations.

Do you think you are well positioned to take advantage of the conditions if the market rebounds?



**N = 320**

Source: InfoTrends/FESPA Economic Survey 2009

In previous survey InfoTrends has noticed that wide format industry participants tend to be optimistic more about their own companies than about the wide format market in general. The data above shows that the survey respondents believe that, perhaps because of the operational and selling strategies they have developed or employed as a result of this downturn, the vast majority of survey respondents believe they are well positioned for when the market rebounds.

## Conclusions

- Economic downturn has had a significant impact on worldwide wide format market
- Stakeholders have been actively adopting operational and selling strategies to offset declines
- Rebound is anticipated for 2010 and stakeholders believe they are well positioned to take advantage of it.

There are three major conclusions of this survey. The first is that the economic downturn has negatively impacted sales for stakeholders in the wide format printing market around the world. Overall, the survey respondents reported a mean decline of 16% based on the economic downturn and a significant percentage reported a decline of greater than 30%.

Companies are adopting a variety of operational and sales strategies in order to offset the loss of business due to the economic downturn. From an operational standpoint companies seem to favor cost-cutting strategies as opposed to the kind of aggressive investment and repositioning that might help them grow or strengthen their competitive position. This could be partly because of the limited availability of credit that might be required to make these investments, but more likely we believe many companies have taken a less risky “belt-tightening” or “hunker-down” mode that has them more focused on reducing their costs.

Finally, InfoTrends expects the overall wide format market outlook to improve through 2009 and 2010 just as many of the industry stakeholders report that they expect their business to return to higher levels in that timeframe.

InfoTrends and FESPA would like to Thank all of the respondents to the survey for their valuable input.