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A World in Flux; But Is It Flat? *A Quick Look at the Future of Digital Graphics*

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For centuries it was generally believed that the world was flat. It took an enormous amount of courage some 515 years ago to prove otherwise. I am afraid that my job (and the task at hand) isn't quite as adventurous. But, like Christopher Columbus, I hope that the future is greeted by success despite possibly missing the mark on some of the details.

Many years ago, I was asked to provide some numbers for a particularly vocal owner of an exhibit house in Chicago. He wanted me to provide a 'reality check' on my past forecast numbers. He wanted to see how accurate my current figures were to those I predicted some half a decade earlier. After seeing my response in the form of the overall market figures, he said, "Well, you know, it's real easy to have your current make-believe numbers match the make believe numbers you made up five years ago." He grumbled on about some specific points on my forecast, saying that he didn't see this happening at his shop and how he could never charge that much to his customers. And when I stepped back I realized that he was right – well partially.

THE LARGER (AND REAL) PICTURE

At times it is perfectly unpleasant to be in the business of predicting future trends on dynamically emerging markets. Yogi Berra said it best: "It is difficult to make predictions...especially about the future." But to be fair we are pretty good at it. So how was I wrong with what I sent this friend of mine in Chicago? I sent him the growth figures of the U.S. market as a whole - including all wide-format imaging technologies. And those overall predictions were perfectly respectable – off by no more than 10 percent. In a market controlled by entry and exit of technologies every few years, that is quite good. But I need to be frank, as there is another side to the story.

This story happened to coincide with electrostatic's fall as a dominant technology in the printing of graphics. While the overall forecast model for this market was good, the parts weren't as accurate. The transition to inkjet was even faster than anticipated. So while we were correct about the bigger picture, the details about the future were more difficult to pinpoint. And that's fair to say. Our job is to identify and quantify specific trends in the market. But that is a sum of all the parts – your shop may be ahead or behind; above or below; lesser or greater. That's what generates statistics.

Someone once greeted me by telling me that there are 'liars, damn liars and market research consultants.' While I wasn't exactly enamored by the sentiment, I had to admit that he had a point. It is usually possible to make numbers fit an argument, and that can be dangerous.

I mention this because the overall wide-format graphics market, while growing nicely, is in a state of flux. We are seeing a decline in the market for aqueous inkjet equipment and supplies, and we believe we'll see a similar trend with solvent printers. The big question is when. And, to be fair, that depends on many things – some market related, some related to legislature, and some related to advancements in technology. We have a mixed bag of results for graphics screen printing. What about wide-format offset? How much longer will that market grow?

We believe that 2007 will produce no incremental growth in cut vinyl (by revenue terms). But that doesn't mean there isn't an opportunity -- as there are now magazines dedicated to vehicle wraps. It just means that the parts are changing (calendered products finding more success in applications historically performed by cast materials).

Then we come to the forecasted flat future of the world of graphics. For this I will include both flatbed inkjet printing as well as flat screen (active display) graphics. There is little question that UV-curable inkjet printing will be a force to reckon with in the future. That doesn't mean it will replace all other imaging technologies. And it'll likely take a bit of time to do so.

It will take even longer for the use of LCD and other flat panel displays to really make their mark. There might only be 500 of these digital signs, compared to the 450,000 traditional billboards in the U.S. For advertising, there are advantages of using an active image over a static one. One is effective for brand re-enforcement, while the other can capture attention for a specific promotion or other time-sensitive message. But this doesn't come without other complexities. Like printing with solvents, there will be regulations on the use of active displays. There are already places that limit the number of changes these signs can make along roadways.

So while the wide-format market may have a flatter future, it won't happen all at once or by a simple formula. There will be change, and success will be determined by the ability to meet and greet that change. A Chinese proverb reads, "Do not fear going forward slowly; fear only standing still." Maybe your future will be printing flat. Only time will tell.

Stay tuned.

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