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INDUSTRY SURVEY 2003

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A signage snapshot

DDI's Signage and Graphics Survey reveals what's hot and what's not for store communications and graphics

By Julie Clark, Senior Editor

Methodology

Display & Design Ideas has compiled this Signage & Graphics Industry Survey to measure readers' use and appreciation of signage and graphics in the store environment. The Survey includes retailers' plans for signage and graphics purchasing as well as placement and desired use of in-store graphics. The survey was conducted online from May 22 to June 12 by Equation Research (www.equationresearch.com) with survey forms reaching nearly 2,000 randomly-selected DDI readers and resulting in a 9.3 percent response rate. Of the respondents, nearly 40 percent belong to retail organizations with more than 500 stores.

Display & Design Ideas has conducted a random reader survey to create a snapshot of how signage and graphics are used within the store environment and to identify the essential tools of the trade. The study's findings reveal that retailers prefer short, conventional print signs/graphics, large-format graphics and photographic-quality images to communicate to their customers. One survey respondent says, "I have noticed that people don't read anymore! Photographic signage, lights and symbols are what attract the eye." Below are the study's key findings.

Budgets and creative control

DDI asked our readers approximately what percent of buying decisions for signage and graphics are made at each level of your organization? The response holds no surprises. Corporate Level management holds the mass majority of power when choosing signage programs for its store, with nearly 80 percent of respondents saying that the Corporate Level makes 76 percent to 100 percent

of signage and graphics buying decisions. A distant second were those at the Individual Store Level, who make an estimated 11 percent of the buying decisions, while Regional/Divisional Level employees make only 9 percent of the buying decisions.

For many, signage and graphics budgets appear to remain strong, despite a struggling economy. The graphics survey shows that nearly 25 percent of respondents have an annual signage and graphics budget of more than \$3 million and that 40 percent of respondents have more than a \$1 million budget. On the other side of the spectrum, an estimated 17 percent stated they have a signage and graphics budget under \$50,000.

When it comes to signage and graphics fulfillment, retailers prefer to retain creative control over their in-store graphics. According to the retailers who responded to the survey, the highest proportion (37 percent) of retailers design graphics in-house and produce the graphics by an outside source. Second highest (29 percent) were retailers who designed and produced graphics in-house. Third were retailers who have their graphics pro-

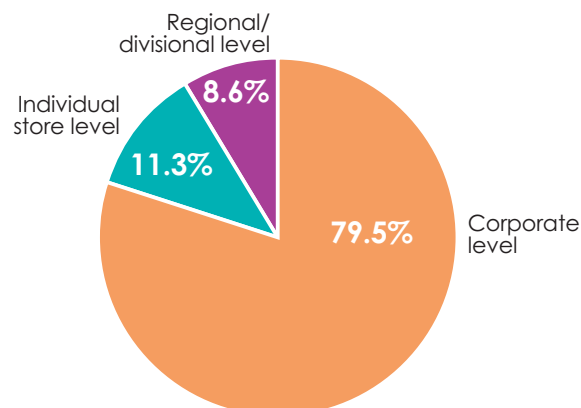
vided by an outside source (18 percent), and last were retailers who have their graphics both designed and produced by an outside source (15 percent). One survey respondent hopes to see a stronger partnership develop between retailers and their graphics suppliers: "In today's retail climate it is very important to have a partnership with signage and graphics vendors. I have found in the industry a willingness to go beyond what is necessary to find innovated solutions to standard issues."

What retailers want—and don't want

It appears that when the economy goes south, signage and graphics become more important than ever and are an essential tool for communicating with the customer. One respondent notes, "Cutting costs means fewer employees. Our POP (signage) becomes another salesman in our stores."

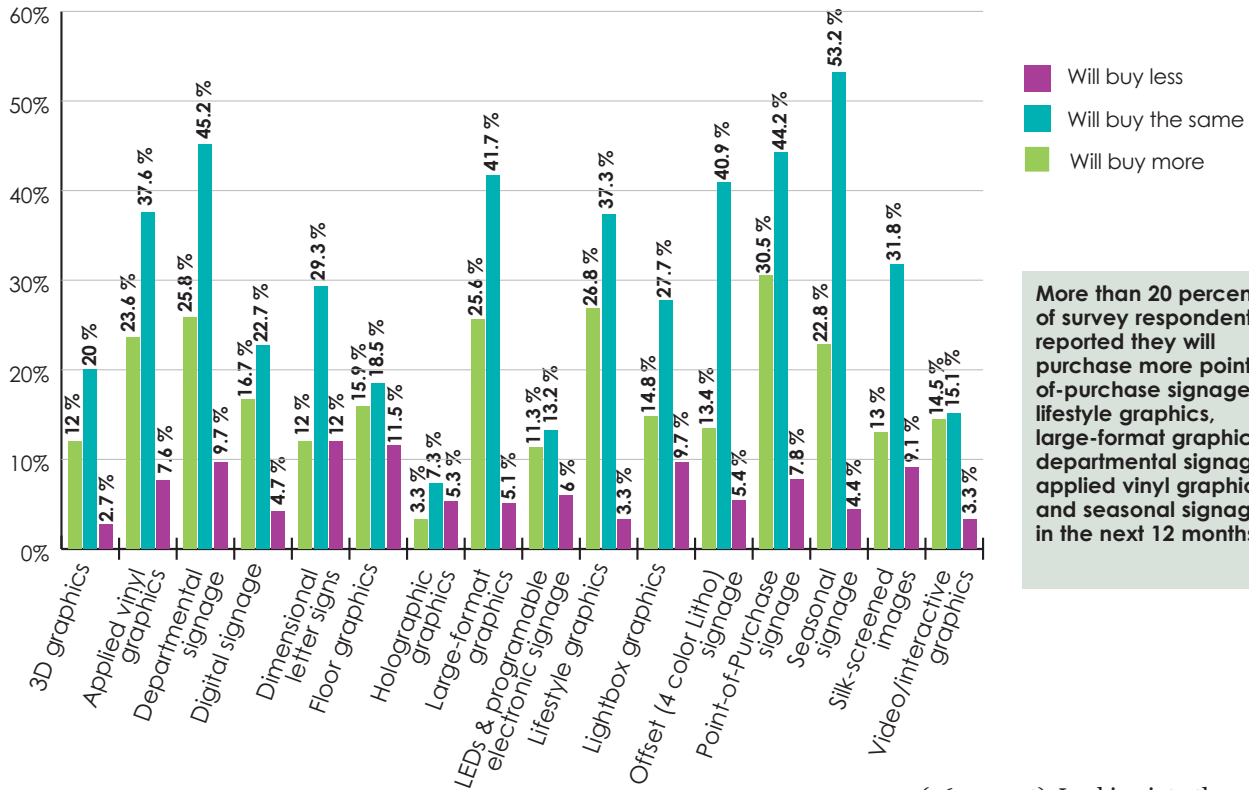
According to the survey, the top three forms of signage and graphics preferred for in-store visual presentation are: 1) short conventional print signs/graphics (58 percent); 2) large-format graphics (56 percent) and 3) photographic/Lamda-quality images

Buying decisions for signage and graphics



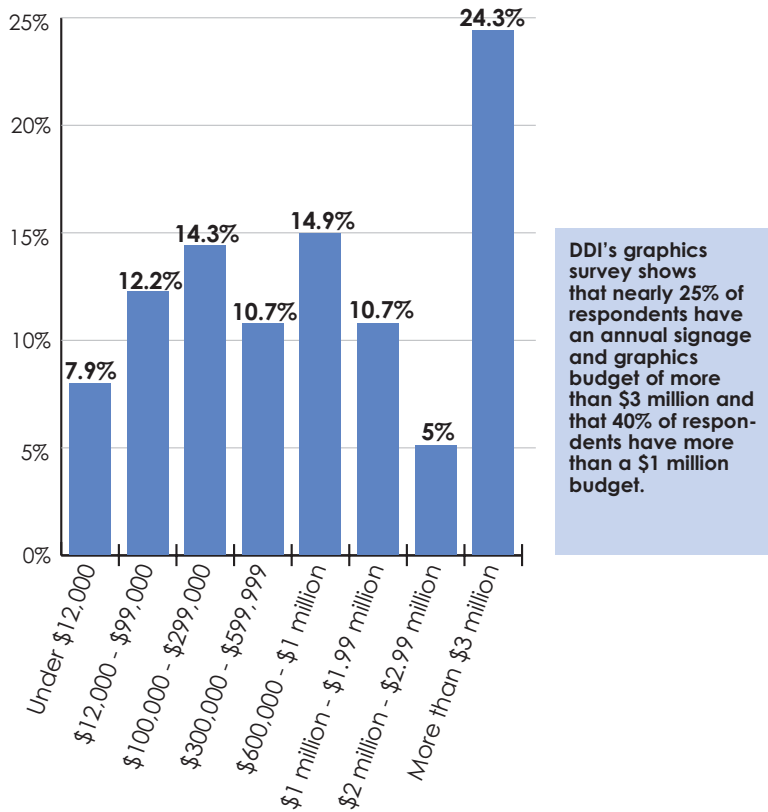
Survey respondents were asked who makes 76 to 100% of the buying decisions for signage and graphics. The response revealed that the corporate level makes nearly 80 percent of the buying decisions for signage & graphics. Individual stores comes in a distant second with 11.3 percent and regional/divisional level comes in last with 8.6 percent.

Planned use of signage and graphics in the next 12 months



More than 20 percent of survey respondents reported they will purchase more point-of-purchase signage, lifestyle graphics, large-format graphics, departmental signage, applied vinyl graphics and seasonal signage in the next 12 months.

2003 annual signage and graphics budget



DDI's graphics survey shows that nearly 25% of respondents have an annual signage and graphics budget of more than \$3 million and that 40% of respondents have more than a \$1 million budget.

(36 percent). Looking into the crystal ball, a significant amount of survey respondents reported they will purchase more POP signage (31 percent), Lifestyle graphics (27 percent), Large-format graphics (26 percent), Departmental signage (26 percent), Applied vinyl graphics (24 percent) and Seasonal signage (23 percent) in the next 12 months.

It appears retailers rely heavily on departmental signage, large-format graphics, POP signage and seasonal signage to communicate visually with their customers. When asked what forms of signage and graphics do you buy for your store, an overwhelming 83 percent stated they buy POP signage, 81 percent purchase Departmental signage, 80 percent buys Seasonal signage, 69 percent buys Applied vinyl graphics and 67 percent purchases Lifestyle graphics for their stores. A large percentage of retailers revealed they don't buy certain types of graphics. An estimated 84 percent do not buy Holographic graphics, 70 percent don't buy LEDs and programmable electronic signage, 67 percent don't buy Video/interactive graphics

Survey respondents sound off on signage

"There are many new and exciting formats available in today's market, but we have to constantly weigh the newness against our need to be cost conscious and our ever-pressing need for simple installation at the store level."

"Given the amount of visual noise in every consumer's life, you need to be 'creatively loud' in the marketplace in order to stand out and it has to be clever, not just loud, in order to get quality attention and be acted on by consumers."

"Signs and signage are paramount to inspiring the customer to action—to purchase."

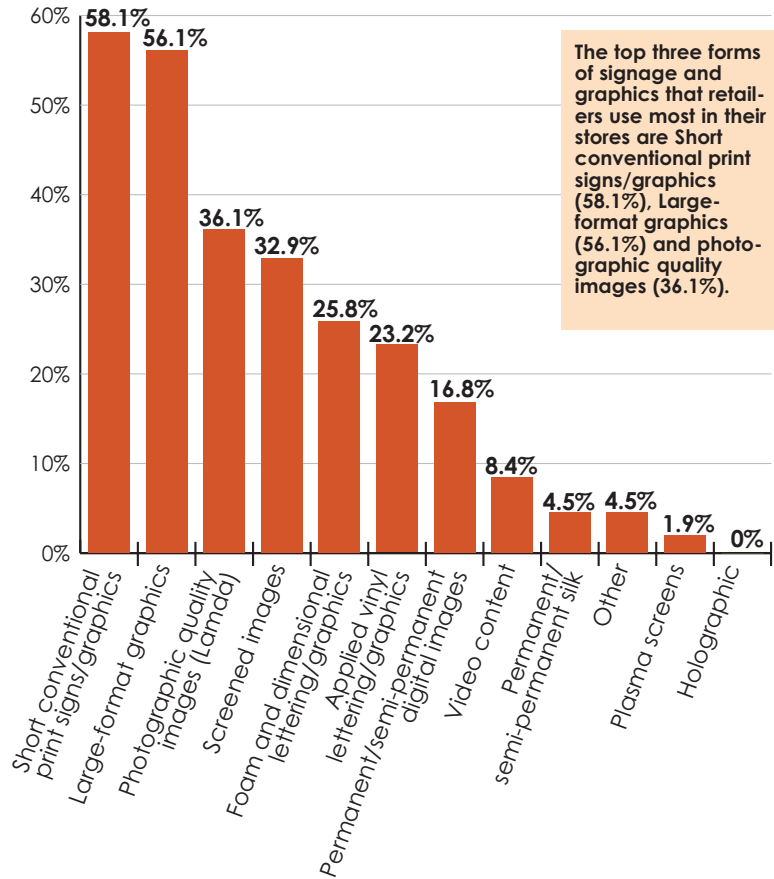
"We have challenged providers to design graphics that are more than décor; we require our displays to be wayfinders to help the customer find the merchandise she is looking for and to direct the customer to the items we are featuring and in which we have invested. In today's retail environment, every square inch must yield the maximum in sales support."

"Large signage and graphics have become the backbone for lazy visual merchandising. It is not less expensive nor is it as dramatic as good visual merchandising. Vendors, marketers and lack of talent has driven a spike into the heart of visual merchandising."

"In-store excitement is assisted by signs and in-store displays. The key to success is how you combine display, products and promotions. You need all three to be successful. It's almost like a three-legged stool—lose one leg and it's hard to balance."

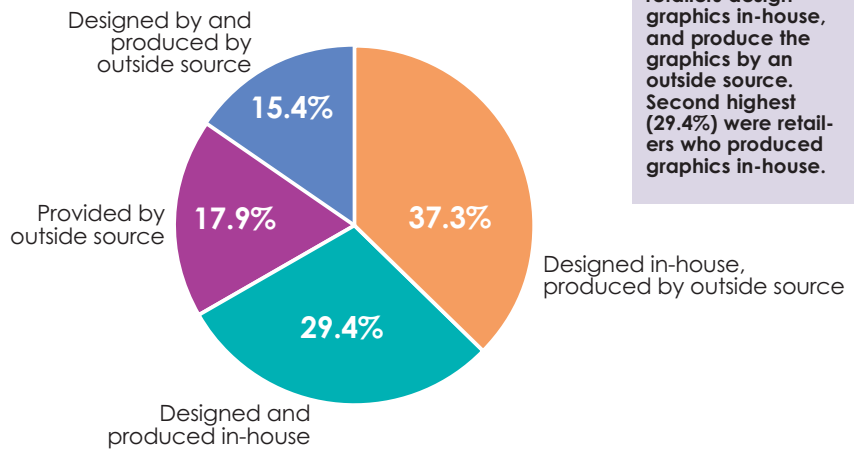
"Although technology has rapidly taken over some of the conventional types of signage and graphics, when it comes to large quantities to outfit hundreds of stores, 'good old' screening and Litho are still the most dependable and cost-effective methods."

Preferred forms of signage and graphics by retailers



The top three forms of signage and graphics that retailers use most in their stores are Short conventional print signs/graphics (58.1%), Large-format graphics (56.1%) and photographic quality images (36.1%).

Signage and graphics fulfillment



According to the retailers who responded to this survey, the highest portion (37.3%) of retailers design graphics in-house, and produce the graphics by an outside source. Second highest (29.4%) were retailers who produced graphics in-house.

and 65 percent don't purchase 3-D graphics for their stores.

When asked for which occasions does your organization prefer to use signage and graphics for visual display, retailers rated their top-five favorite graphic uses as Special in-store promotions (81 percent), Seasonal graphics (76 percent), Point-of-sale locations (68 percent), Window displays (66 percent) and Departmental signage (63 percent).

It appears that signage and graphics are still powerful tools when merchandising around the holidays. Respondents felt that the need for Christmas graphics were on the rise with an estimated 47 percent, seconded by Mother's Day which garnered 22 percent. However, the purchasing of holiday graphics were decreasing by more than 20 percent for Halloween (32 percent), Easter (25 percent) and Independence Day (24 percent).

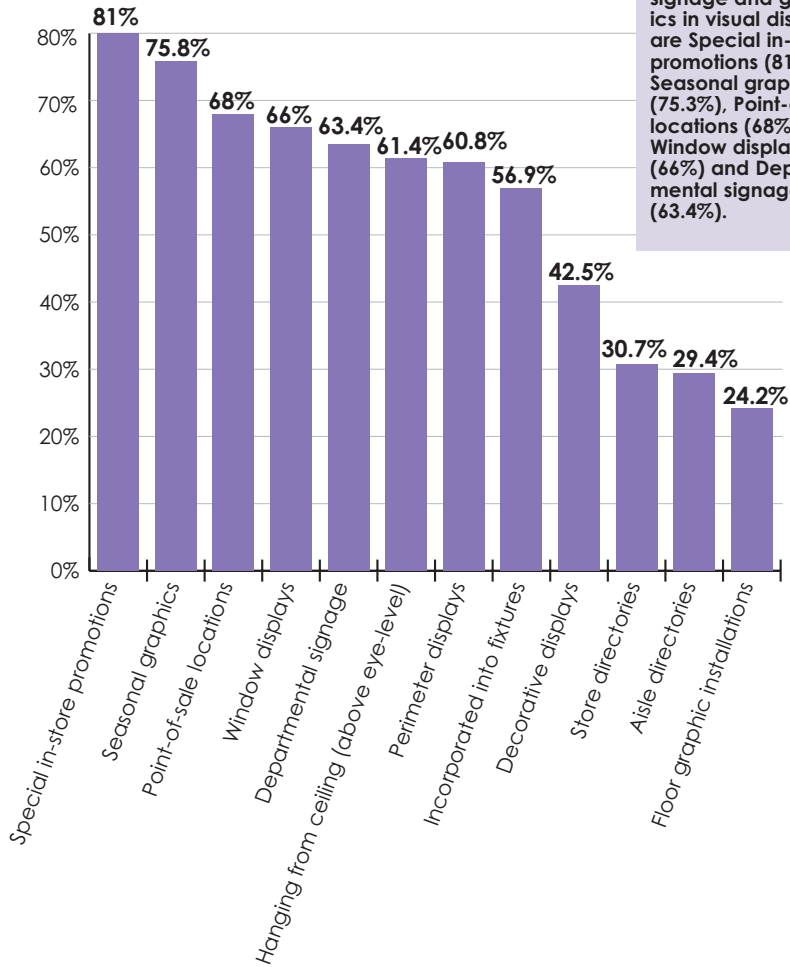
The newest signage and graphics technology that the industry is buzzing about is direct-to-substrate graphics. Direct-to-substrate offers a new advancement in printing graphics to virtually any substrate, such as wood, plastic or even bubble wrap. Nearly 25 percent of survey respondents have used the direct-to-substrate graphics, and of those retailers, 94 percent were very satisfied or somewhat satisfied. Only 6 percent said they were not that satisfied.

It appears from this survey that signage and graphics provide an invaluable service to the world of retail. With new advancement in technologies and a retailer's creativity, signage and graphics can be an ideal extension of a store's brand. As one survey respondent proclaims, "I think that this is an exciting time for signage and graphics. There are so many options available now, with a little imagination you can customize just about anything to fit your brand image."

For a free PDF version of the supplement, please visit www.ddimagazine.com.

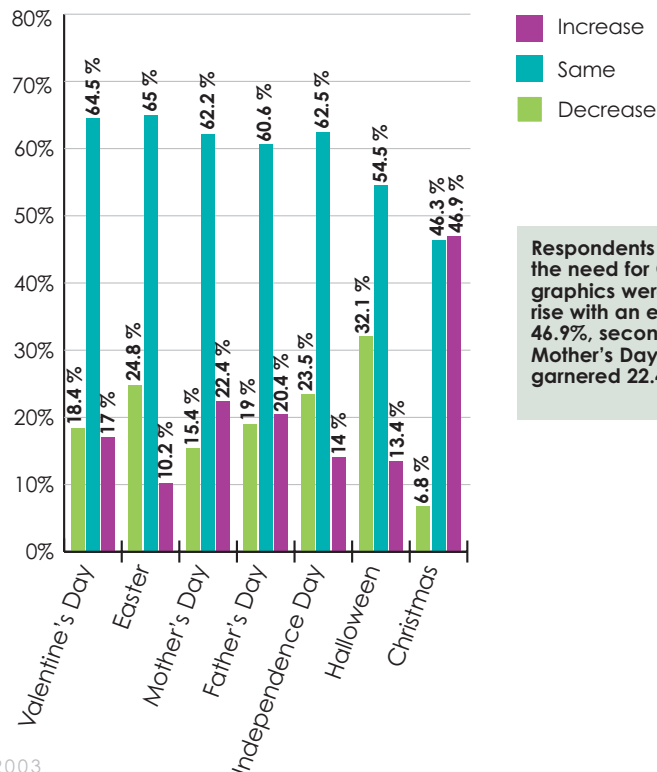
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Preferred use for signage and graphics in visual display



According to the survey, the five most preferred uses of signage and graphics in visual display are Special in-store promotions (81%), Seasonal graphics (75.3%), Point-of-sale locations (68%), Window displays (66%) and Departmental signage (63.4%).

Use of graphics in seasonal displays



Respondents felt that the need for Christmas graphics were on the rise with an estimated 46.9%, seconded by Mother's Day which garnered 22.4%.