

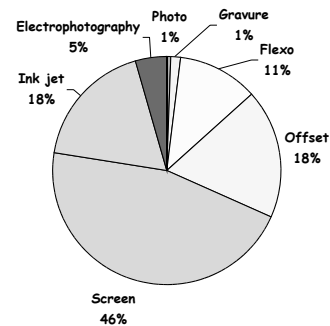
POP Markets Leveraging Narrow Format EP Technologies

In 2002, US consumers spent more than \$3.5 trillion at retail. Point-of-Purchase Advertising (POP) is considered to be the last three feet of the marketing plan -- the last chance of the manufacturers and retailers to influence the consumer to get some of those retail dollars. Additionally, many experts agree that 70% of purchase decisions are made in the store.

I. T. Strategies estimates that in 2002 world-wide print revenues to Print-for-pay (PFP) shops for POP advertising were \$44 billion and in 2007 POP print expenditures are expected to grow to \$56 billion. Narrow format print technologies, primarily offset and Electro-photography (EP), make up about 25% of print revenues (\$10 billion) today and are expected to grow to more than 30% (\$13 billion) of the market in 2007 driven primarily by the increased use of narrow format EP devices for this application. Currently EP generates about \$2 billion in POP print revenues and is expected to increase to more than \$ 5 billion by 2007.

Digital POP, including ink jet and EP, is growing faster than analog (11% vs. 3%) as time frames for producing POP campaigns decrease, as brand owners and retailers target POP materials more directly at demographic bases, and as retailers demand more specific POP materials thus reducing long runs for brand owners. EP has the opportunity to grow with the market and also to take share from other narrow format technologies, especially offset. Electrophotography is no longer a coherent document printing market. It now comprises a range of specialty applications such as POP printing. As a result, EP vendors are becoming keenly interested in tapping into these specialty sectors.

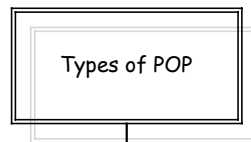
WW POP Advertising Expenditures by Printing Technology
Total Expenditures: \$43.7 billion
2002



Narrow Format POP Products

Narrow format POP products are printed primarily by offset and EP technologies.

EP printers are used to print a wide range of products from small signage, to labels, shelf talkers and tip cards. EP has the opportunity to grow at greater than 30% CAGR through 2007 growing incrementally and also through analog replacement.



Intended for longer than nine months. Intended to promote specific brand or product. Likely to be made of durable materials.

Permanent POP
Displays
Signs

Short term = less than six months
Medium term = six to nine months.
Generally constructed of relatively disposable material.

Temporary POP
Displays
Signs

1 day to two months. Generally constructed of relatively disposable material especially paper and vinyl.

In-store signage
Signage
Banners
Cards
Mobiles
Shelf talkers
Coupons
Labels
Other

Types of Substrates

Wood
Wire
Molded plastic
Neon

Foam core
Corrugated
Sintra
Paperboard

Paper
Fabric
Vinyl
Cardboard
Labels
Cards
Stickers

Did you know?

- One Xerox iGen 3 owner uses 3 iGen 3 digital presses for POP signage
- More than 700 Anheuser Busch distributors have purchased a digital POP system including a wide format ink jet printer and narrow format EP printer used to print small signage, labels and decals.