
Reaching Today's Customers: A Guide for Wrap Shops

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INTRODUCTION

This document provides an in-depth discussion on advertising and using wraps. In addition to offering a brief overview about the history of wraps as a media for advertising and the most common applications, it explores the current state of the market and considers what the future might hold. Wrap shops and adjacent businesses that are considering expanding into this area can use this document to learn about current trends, common pitfalls, barriers to entry, and future areas of opportunity.

KEY HIGHLIGHTS

- Although many wide format applications have matured, wrap volumes are still growing. The volume of popular wrap applications (including vehicle graphics, wallcoverings, and window graphics) is expected to reach nearly 126 million square meters by 2023.
- According to Grand View Research, the global automotive wrap films market was valued at \$3.5 billion in 2019 and is expected to achieve a compound annual growth rate of 22.5% through 2027.
- Research from Geopath indicates that vehicle graphics can generate 101 impressions per mile and make up to 70,000 impressions per day.
- The vast majority of respondents (96%) to a study conducted by the American Trucking Association reported noticing truck-side ads.
- Perception Research reports that mobile advertising attracts 2.5 times more attention than a static billboard.
- RYP & Becker Group indicates that messages on mobile billboards have a 97% recall rate.

INDUSTRY OVERVIEW

WHAT IS A COMMERCIAL WRAP?

Commercial wraps use large decals—custom-printed vinyl panels—to completely or partially cover the advertising mechanism. Although vehicles are the most common applications, virtually anything that the vinyl will adhere to can be wrapped, including buildings, windows, walls, floors, and a variety of other smooth non-porous surfaces. Vehicle wraps are particularly compelling because they ultimately become “mobile billboards” that can serve to promote a brand. Whether wrapped vehicles are traveling down the highway or parked on the side of the road, their advertisements can reach thousands of consumers daily. Sprinter vans, buses, tractor-trailers, delivery trucks, service vehicles, and other larger road vehicles are popular applications. These vehicles make frequent stops in high-traffic areas, making them an ideal mechanism for mobile (and sometimes stationary!) advertising. Furthermore, because they move from place to place, they have the potential to reach a much greater pool of consumers than non-mobile items like billboards, signs, or banners.

Although they certainly aren't mobile like vehicles, buildings are another popular application for wrapping. In addition to being visible close-up, many building wraps can be seen from quite far away,

making them an eye-catching form of advertising for commuters and pedestrians alike. Perforated window films with graphics can be added to glass or other transparent panels for advertising or one-way privacy. Although the perforations enable people inside the building to see through the window to view the outside world, anyone outside the building would only see the image or advertisement. In this way, building wraps can maximize all usable space while also increasing the visual impact. This same technique can also be used for the side and rear windows of vehicles, but the front windows of the vehicle should never be covered for safety reasons.

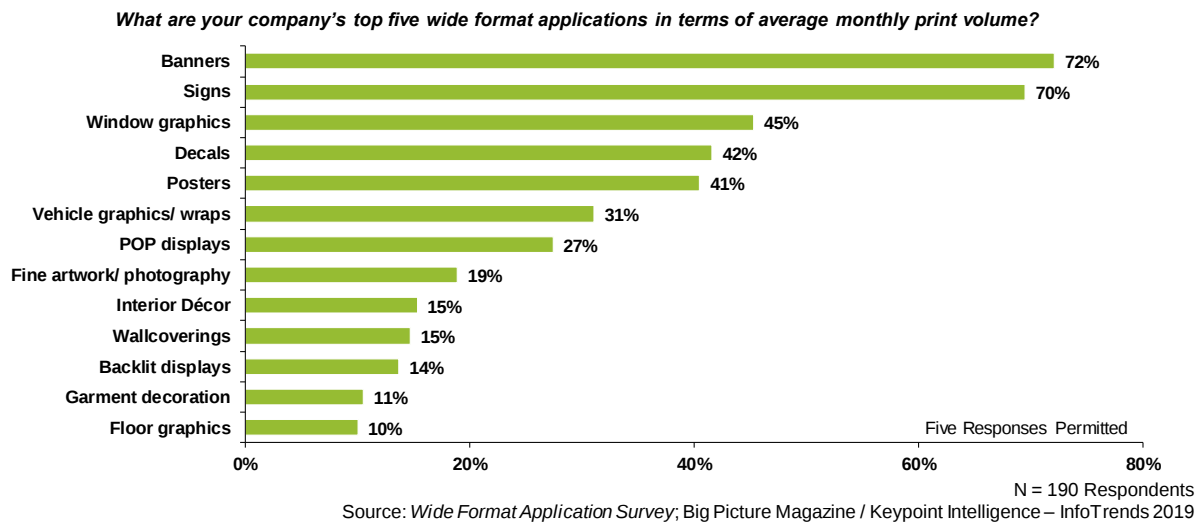
DIFFERENCES IN MATERIALS

Decades ago, the process of wrapping entire vehicles was challenging due to air bubbles, premature adhesion, and conformability issues. Thanks to vast technological improvements, today's pressure-sensitive adhesive vinyl is repositionable and can be firmly adhered to curves and recesses. Because the adhesive vinyl can be positioned as needed and then removed relatively easily with no damage to the original surface, wraps have become quite popular. Although the process is still intensive, it is now simpler to install and remove wraps than it was in the past.

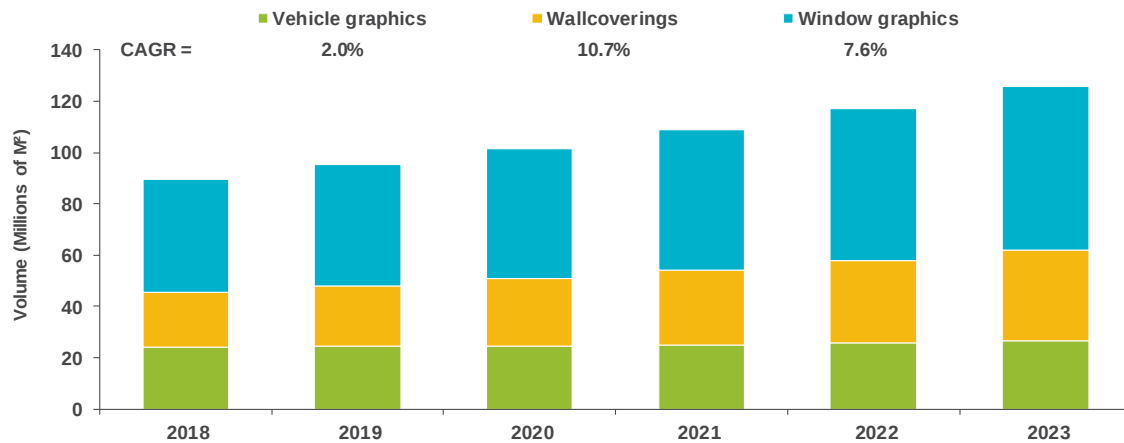
TRENDS IN WRAP ADVERTISING

According to recent research from Keypoint Intelligence – InfoTrends and *Big Picture Magazine*, vehicle graphics and wraps maintain a solid position in terms of print volume. As shown in the Figure below, nearly a third of respondents listed vehicle graphics/wraps as one of their top wide format printing applications.

Figure 1: Top Wide Format Printing Applications



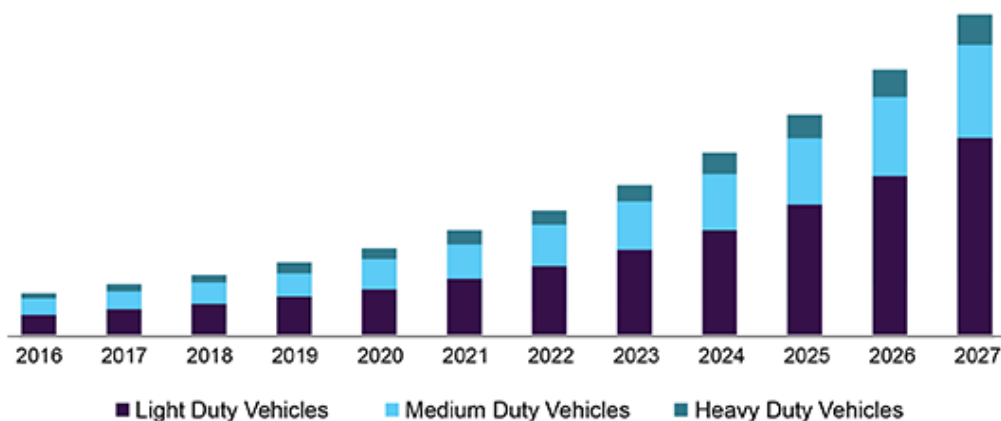
Although many wide format applications have matured, wrap volumes are still growing. InfoTrends' most recent forecast numbers indicate that the volume of popular wrap applications (e.g., vehicle graphics, wallcoverings, and window graphics) will achieve a compound annual growth rate (CAGR) of 7.0% and approach 126 million square meters by 2023.

Figure 2: North American Wrap Volume Forecast

Source: Value of Print Forecast; Keypoint Intelligence – InfoTrends 2019

ADDITIONAL INDUSTRY DATA

According to Grand View Research, the global automotive wrap films market was valued at \$3.5 billion in 2019 and is expected to demonstrate a CAGR of 22.5% between 2020 and 2027. This market growth will be fueled by further expansion of the sign & graphics industry, lower costs, and an increasing demand for mobile advertising.

Figure 3: U.S. Automotive Wrap Films Market Size by Application (\$Millions)Source: www.grandviewresearch.com

Additionally, the Outdoor Advertising Association of America, Inc. (OAAA) asserts that mobile advertising is extremely effective and efficient, reaching more consumers at a lower cost per thousand impressions than any other type of outdoor advertising. Research from Geopath supports this assertion, indicating that vehicle wraps require one of the lowest costs per thousand impressions but generate the highest number of impressions per dollar spent. On average, vehicle graphics generate 101 impressions per mile and can make up to 70,000 impressions per day. What's more, although other advertising

channels have their off times, vehicle wraps attract views and impressions 24 hours a day, 7 days a week.

Here are some additional statistics:

- Research from the American Trucking Association determined that vehicle advertising cannot be ignored, blocked, or intentionally overlooked. In fact, 96% of the respondents to this study reported noticing truck-side ads.
- According to a Nielsen Out-of-Home (OOH) Advertising Study, 91% of US respondents over the age of 15 who traveled in a vehicle in the past month noticed some form of OOH advertising.
- Perception Research reports that mobile advertising attracts 2.5 times more attention than a static billboard.
- RYP & Becker Group indicates that messages on mobile billboards have a 97% recall rate.
- Vehicle graphics advertising is considered a low-cost medium in relation to other methods. According to research from OAAA, industry insiders believe that the average cost per impression is about 15 cents for a vehicle wrap.

REAL-WORLD EXAMPLES: CAPITALIZING ON THE OPPORTUNITY

InfoTrends interviewed several wrap shops regarding current and future market growth opportunities, how wraps are sold to clients, barriers to entry, pricing structures, and points of differentiation. Although we are unable to provide specific details about the individual companies due to non-disclosure agreements, this section offers some insight into how wrap shops in the United States are capitalizing on the industry's opportunities.

GETTING STARTED

We interviewed wrap shops in a variety of locations and with different areas of focus, but they had one thing in common—all started out small and then branched out their businesses as time went on. Many admitted to struggling in the early days, but the owner of one small family-owned wrap shop in the Midwest reported that 2019 was his company's best year ever. He elaborates, "our business was built on doing what others say can't be done. We've always experimented with wrapping projects, and we've been able to create additional opportunities for ourselves by always pushing the boundaries."

A wrap installer who launched his own business 3 years ago echoes this sentiment, noting that an entrepreneurial spirit and a desire to push the envelope have served him well. He explains, "I've always been a printing geek and I'm very hands-on. Now that I've started my own business, I travel all over the country wrapping cars, walls... all sorts of things. The market has really expanded over the past several years. People want to wrap everything now, so I do my best to accommodate them! That's how I'm creating a name for myself."

EXISTING OPPORTUNITIES

The shops that we interviewed reported that this industry is ripe with opportunity. The co-founder of a wrap shop in the southeast believes that there is still much room for growth, particularly in the vehicle wraps market. He notes, “even though most businesses have company vehicles, many still don’t wrap their vehicles to advertise their services. We’re trying to spread the word that vehicle wraps get noticed more than some other types of advertising, so they’re a great way for companies of all sizes to get their names out there. What’s more, vehicle wraps are a great sales tool for our company too—our name stays on everything that we wrap, and our quality jobs have brought in a number of referrals through word of mouth.”

Our interviewees noted that networking is always important—particularly for small businesses—because the wrapping market is still emerging. Many wrap shops are spreading the word about their services via social media and other forms of advertising, but they’re also wrapping their own vehicles to show off their capabilities. One of our interviewees asserts, “sometimes people need to see our capabilities with their own eyes. Once they’ve seen the work we’ve done on our own fleet, they get really excited about the possibilities.”

All of our interviewees agreed that it is important to differentiate and make their presence known. One wrap shop owner says, “we do whatever we can to put ourselves out there. We participate in wrapping championships all the time. It’s also very important to educate our clients, because they don’t always understand the full extent of what we can do. Our clients can even watch an installation if they want to see the process in action before they make a decision.”

Regarding future areas of growth, many interviewees cited niche markets like wall graphics, partial wraps, reflective films, and architectural film applications.

PRICING STRUCTURE

For all the companies that we interviewed, \$10 to \$15 per square foot (not including installation) was the standard for a typical job. The average installation price is around \$50 to \$100 per hour. Of course, pricing will always vary based on product, location, and volume. For example, a vehicle with more compound curves would of course cost more than a box truck because the installation process is more complicated. An installer that we interviewed states, “the overall price of a wrap will always depend on the nature of the job itself. Our time is very valuable, so we try not to undersell our services.”

One wrap shop owner that we spoke with reported that architectural wraps were growing within his company. Because these applications are all on flat surfaces, installers can be trained faster and jobs are simpler when there are fewer curves and angles. Profit margins also depend on the type of wrap, but

one business owner reported a profit margin of over 50% for his total wrapping business in 2019. This speaks to the profitability that wrapping can deliver.

EQUIPMENT AND TRAINING

Having the right equipment is key to success for wrap shops. In the early days, the cost of equipment made it difficult to get into wide format digital printing. Now a firm can update its offerings or launch a new business for a much lower up-front cost. As might be expected, the shops that we interviewed reported having a wide variety of equipment to run their businesses. Most started with basic roll-to-roll printers or printer/cutters. As their businesses grew, they eventually moved on to devices with more specialized capabilities (e.g., white and orange ink) to differentiate themselves from their competitors. These shops also incorporated additional printers to meet demands for increased volume.

Although the list of options in today's market is vast, getting started does not require a complicated list of equipment investments. Shops that are new to wrapping will typically need the following:

- A printer or printer/cutter 60" or 64" wide with durable ink that will last up to 5 years outdoors
- A 60" wide laminator for applying the overlaminate as well as premask/application tape
- A large table (at least 4' x8') for graphics preparation
- A standard set of installation tools, including squeegees, razors, gloves, magnets (to hold the self-adhesive vinyl in place), and knife blades
- A propane torch (for trailers) or heat gun (for vehicle wraps)

This equipment list is fairly short, so even beginners can be up and running quickly. At the same time, however, the wrapping process itself can be tricky and mastery takes time. One of the shop owners that we spoke with stated that today's devices are simply capable of so much more than those of the past. Although this is a benefit in many ways, he warns, "it's so easy to become a jack-of-all-trades, master of none these days. It's great that the equipment is so capable, but you'll need to develop a thorough understanding of how it works to become an expert."

The good news for businesses who might be considering expanding into wraps is that the tools for learning about the industry are out there. For example, several companies in the sign and graphics market offer hands-on wrap training several times a year. These educational sessions cover all aspects of the wrapping process, including design techniques, printing, installation, business tools, and pricing. Courses like these can provide new wrap shops with a valuable set of tools and skills to jump-start their capabilities. To find wrap shops in your area that offer training, try searching for "hands-on vehicle graphics workshop" or attending display graphics tradeshow. One of our interviewees elaborates, "it's easier now than ever before to get started with wrapping. There are lots of classes, and the barriers to entry are low if you receive proper training."

With the widespread availability of wrapping classes, people can learn the tricks of the trade rather than trying to figure them out on their own. In many cases, professional training can be particularly valuable if it eliminates wasted materials and time that might be associated with attempting to get started without classes. Comprehensive workshops (like the Born to Wrap series from Roland DGA and Avery Dennison) take things a step further by sending attendees home with a free wrap kit (including print media and overlamine) so they can practice the techniques they learned when they are back in their own shops.

COMMON PITFALLS

Although vinyl film wrapping applications are expected to grow over time, it should be remembered that there is a technical complexity associated with installation. Consider the following factors:

- Placing a vehicle wrap perfectly requires specific environmental conditions; these wraps must be installed in a clean and dust-free indoor facility. Any dust particles that adhere to the vehicle's surface will show through the wrap, which compromises appearance as well as durability. The facility must also have temperature control to ensure ample workability with the material. The room temperature must be within the recommended range of 60° – 80° F. If the temperature is too cool, the material will become stiff and difficult to work with. If the temperature is too warm, the material will become too soft. The ultimate goal is to create a wrap that looks like paint.
- Printing a vehicle wrap can also pose a significant challenge because it must be extremely precise. On a flat surface, such as a delivery truck, each of the printed panels must line up exactly to create a natural, streamlined, continuous look. For a vehicle wrap with irregular curves and surfaces (e.g., a sports car or SUV), printed panels must be adjusted to fit the natural creases of the vehicle to create a seamless "wrapped" appearance.
- Installing a wrap correctly requires lots of practice and expertise. The installer must have experience working with different types of media because they all behave in their own unique ways. The wrap must also be designed and placed strategically so that vital information does not fall on curved/concave areas or other obstacles like bumpers and door handles. Cutting, trimming, and tucking any excess material requires a great deal of expertise as well.

When approaching clients in your local community, some foresight is required. For instance, temperature extremes can be a factor. Although properly installed wraps will provide a natural barrier to rain, snow, ice, and cold, it is important to remember that UV exposure can vary based on altitude and geographic location. UV also increases significantly during hot summer months, which can lead to browning, fading, shrinking, or cracking. Protective overlaminates that deliver a level of UV protection are always required, and other overlaminates may be necessary for vehicles that will frequently be exposed to extreme heat or intense sunshine.

CONCLUSION

The message is clear—vehicle and architectural wraps can be a great advertising mechanism. While some other advertisements can be short-lived, wraps can last for years while having the potential to create tens of thousands of unique impressions each and every day. Furthermore, industry research suggests that even though vehicle wraps have one of the lowest costs per thousand impressions, they generate the highest number of impressions per dollar spent. Perhaps even more importantly, wraps get noticed and are more difficult to block or ignore than other types of advertising.

Research from InfoTrends and other industry sources confirms that vehicle graphics and wraps are among the top wide format applications in terms of print volume. In addition, wrap volumes continue to grow even as many other wide format applications have reached maturity. The wrap shops that we interviewed agree that the industry remains ripe for new opportunity, now and in the future. The tools are available for businesses that are interested in expanding into this market, so now is a great time to get started!

ABOUT THE AUTHORS



Eric Zimmerman

Director

Eric Zimmerman is the Director of Keypoint Intelligence – InfoTrends' Wide Format Printing Consulting Service, developing annual global market forecasts for hardware and supplies used in the wide format printing markets. With over 20 years of experience in the wide format market, Zimmerman is responsible for conducting multiple primary research studies within the wide format market.



Eve Padula

Sr. Writer/Editor

Eve Padula is the Senior Writer/Editor for Keypoint Intelligence – InfoTrends' Business Development Strategies, Customer Communications, and Wide Format Consulting Services. Her responsibilities include the promotion and distribution of content, assisting clients and channels in building business development programs, handling data analysis for forecasts and research reports, and managing the editing cycle for many types of deliverables.



INTERNATIONAL SIGN ASSOCIATION

1001 North Fairfax Street, Suite 301 | Alexandria, VA 22314

info@signs.org | 703-836-4012 | www.signs.org