

# The Opportunity of Digital Color Printing

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## Abstract

2001 will be seen as a pivotal year in the industry growth of digital color printing, and behind that growth will be many new print products and services.

Digital color printing is the enabler for new services and higher-value printing. Applications like quick turnaround, short run, Customer Data Management, Web fulfillment, e-commerce, and Customer Relationship Marketing open the doors to closer customer relations.

Digital color printing also allows for new one-to-one marketing tools that have been proven more successful than mass market collateral.

These applications eliminate cost in the total communication process and provide unique benefits to the print buyer and their end customers. There is great business potential for those companies that understand the new services that digital printing offers.

## The Question is No Longer "When"

The critical question for the digital color printing industry has been not if, but when -- when will the projected growth begin to be realized. For many in the industry, the answer is now.

Research of the worldwide market for digital color printing indicates an expected growth of 20 percent per year over the next five years. But although analysts have predicted imminent growth for years, technology to date has fallen short. Why? It was not reliable enough, the quality was inconsistent and the costs were too high by traditional printing standards.

Applications for digital color printing, however, — such as short-run and quick-turn-around jobs— are already in place. New, burgeoning applications — including on-demand color, personalized and Internet printing — are rapidly adding to the demand. With the introduction of true production-quality digital presses and truly open digital workflows, these new applications will fuel the growth we've been expecting.

Digital color printing is the enabler for new services in high value printing. Applications like quick turnaround, short run, Customer Data Management, Web fulfillment, e-commerce, and Customer Relationship Marketing open the doors to closer customer relations.

All these applications are emerging. They eliminate cost in the total communication process and give benefits to

the customer. Although this is a new market there is great business potential in the future for those companies understanding digital data management and printing.

## Digital Printing: A New Business Model

The traditional business of printing is primarily offset lithography, with digital printing used to address niche applications. In direct contrast, the new services of printing are primarily digital, where offset is used as a strategic complement.

The traditional business of printing is manufacturing based. The new services is knowledge based.

The traditional business is all about volume. The new services is all about value.

The traditional business is all about being a vendor that puts marks on paper. The new services is all about being a partner that delivers solutions... strategically relevant solutions that deliver real business value: the ability to help customers close warehouses of obsolete inventories. The value of a printing solution that dramatically increases direct marketing response rates. The value of a printing solution that can distribute a file anywhere in the world, translate it locally and print it On Demand.

## Digital printing benefits traditional print jobs

There are certainly benefits to be gained by printing traditional jobs digitally:

- Faster turn-around
- Economical short-run jobs
- No obsolete or wasted literature
- No warehousing issues
- Easy updates and reprints of materials

## New Digital Services Add Value

In addition to serving customers better on current jobs, digital color printing can help print providers build new relationships with new services.

- Convenient e-commerce interface
- Distributed, decentralized or networked printing
- On-demand and web-fulfillment printing
- High-quality color printing on very low print runs
- Faster turn-around, with consistent high quality
- Personalized, customized or 100-percent variable printing for one-to-one marketing projects

Printers who provide these services will delight their customers and strengthen ongoing relationships.

The result: New services. Higher value. Greater success for printing businesses and their customers.

### New Digital Services Expand Business

Variable data print jobs are the hard copy of the Internet economy, where communication is instant and marketing is personal. Increasingly, organizations want their printed fulfillment pieces to be as personal as their online communications, but with higher quality images. The new digital products are characterized by a variety of new services as well as consistent, high-quality printing and quick turnaround.

#### Short Run, High Quality Catalogs

An auction house, for example, prints 250-600 copies of a 200 +/- page catalog to encourage spirited bidding on high-end art objects for each auction it holds. The catalog has both cover and body paper stocks. Printing the color catalog digitally allows smaller run lengths and the most current information. The printer can offer the auction house consistently high quality images as well as last-minute changes and edits.

#### Versioned Product Brochures

Product brochures versioned with the resellers' name, address and phone number can also reflect dealer promotions and the different product mix offered in each dealer's location.

By printing relatively small quantities of each versioned piece, the printer provides large values to the manufacturer's distribution chain. Repeat work is fast and cost effective.

#### Print on Demand, Sales "Pitch Books"

Sales kits produced by a printer with a digital press feature professional quality in exactly the run lengths needed, and offer the distributor the ability to update pages frequently to cover promotional items and inventory changes on an "as-needed" basis.

#### Customized Product Information Guides

Filling customers' requests for information through an Internet site allows for every informational booklet to be targeted specifically to the preferences and needs of that customer by name, brand, model, local dealer, and price. In addition, with a distribute-then-print approach, the files for printing can be sorted and sent to multiple locations by geographic location to reduce response time as well as shipping costs.

#### True One-to-One Marketing

Marrying product information stored in an asset management system with personal information collected when an interested customer calls for information can result in totally variable text and graphics in a completely

personalized cover letter and brochure that includes logos, addresses, dealer locations, custom text, signatures, images, descriptions, feature sets, product dimensions, pricing, colors and promotions.

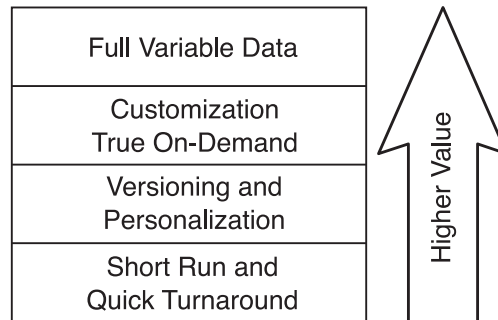


Figure 1. Jobs with variable content have higher value

### A One-to-One Study Proves Value

The success rate for fully customized direct mailings is nearly three times higher than standard mailings, suggests a study conducted by the International School of Management in Dortmund, Germany and sponsored by NexPress Solutions LLC.

Under the direction of the Institute of Information Economics at the school, the study compared two direct-marketing approaches to support a program offered by a municipal utility in Düsseldorf. The utility offered customers price advantages on gas and electricity in exchange for signing a one-year contract to purchase from the utility.

More than 1,400 customers were identified as prospects for the program. About half of the target group received a fully personalized brochure produced by a digital printer that incorporated the power-usage statistics of the prospect, and the specific savings they could expect to achieve. The other half of the test group received a conventional color brochure describing the program, with a cover letter that was personalized with the recipient's name and address.

The two campaigns were compared with regards to success rate, cost efficiency and job completion time. The personalized printing approach was more effective in every measure.

#### 25% Higher Cost, but 300% Higher Response Rate

More than 15 percent of the prospects who received a personalized brochure signed a contract within seven weeks – a success rate 2.9 times higher than the 5.4 percent who received the standard brochure and signed contracts.

The response rate for telephone inquiries produced similar results: more than six percent who received the personalized brochure picked up the phone to call for more information, a response 2.6 times higher than the 2.4 percent standard brochure response.

Of those who called, 71 percent of those receiving the personalized mailing agreed to sign a contract, which was 2.5 times higher than those who received the standard brochure.

According to Birgit Buisson, project manager for the digital-printing project, the total cost-effectiveness of digital printing in direct-marketing campaigns is clear, particularly when put into the perspective of the higher response rate.

"I am convinced of the advantages of digital printing," Buisson said. "One of the greatest advantages lies in its flexibility - last-minute corrections can be incorporated easily and right before or even during printing."

Digital printing as a basic prerequisite for one-to-one marketing has been a frequent subject of discussion in the professional printing industry for some time.

"Companies and agencies must be made aware of the subject of personalization in one-to-one marketing, as made possible by digital printing," said Frank Schiekofer, sales director, Düsseldorf municipal utility company. "However, that alone is not enough. The introduction of customer relationship management and high data availability is a fundamental prerequisite for any and all direct marketing."

#### **Higher Value. Greater Success.**

This translates to increased revenue for the utility—the commercial printer's customer—which clearly means that the personalized brochure has higher value and can command a higher price.

### **Conclusion**

Variable data printing is quickly finding its way into the world of graphic arts. Digital capabilities take printing to the next level, with pieces that generate better results and deliver higher value.

Organizations can have their product brochures printed on-demand, which eliminates warehousing costs and provides customers with the most current information. Print businesses can use intranet sites to let a customer's sales people order and customize their own pieces electronically. Catalog-marketers can use more color and more content variations to attract readers based on their specific interests and buying patterns. Direct-mail campaigns can use

customized pieces to generate three times the response of non-variable printing. Consumer-goods makers can vary packaging to reach different types of buyers. Printed information is more personalized, more relevant, more valuable.

Digital color printing is dramatically enhancing the value of the printed page for the consumer; and is allowing printers to create new, unique products and associated services for their clients, provide higher value, and achieve greater success. The real opportunities of digital color printing have finally arrived.

### **Biography**

Christopher J. "Chris" Payne is chief marketing officer (CMO) of NexPress Solutions LLC. NexPress is a joint venture of Eastman Kodak Company, a world leader in imaging and digital color technology, and Heidelberger Druckmaschinen AG (Heidelberg), the world's largest printing solutions provider.

NexPress was created in 1998 to develop new solutions for digital production color printing. These solutions will help printing businesses provide new services with higher value and thus achieve greater success. Payne, who joined NexPress in early 1999, is responsible for the company's worldwide market vision and strategy.

Payne previously served as Director of Marketing for Xeikon N.V., a leader in the digital color print market. Payne joined Xeikon in April 1996 as Vice President of Marketing for Xeikon North America Inc., where he successfully established Xeikon N.V.'s first overseas subsidiary operation in Chicago.

Before that Payne served in a series of senior positions at pre-press equipment manufacturer Crosfield Electronics Ltd. in the UK. He advanced to the position of Business Manager for the Output Systems group, Crosfield's largest business division. Payne was also elected as a full member of the Chartered Institute of Marketing in 1995.

Payne was graduated with top honors from Napier College of Commerce and Technology in Edinburgh, Scotland, where he studied Printing, Administration and Production. He later spent two years in sales for Web and sheet-fed printers prior to joining Crosfield in 1988.