Latest Print Industry Trends

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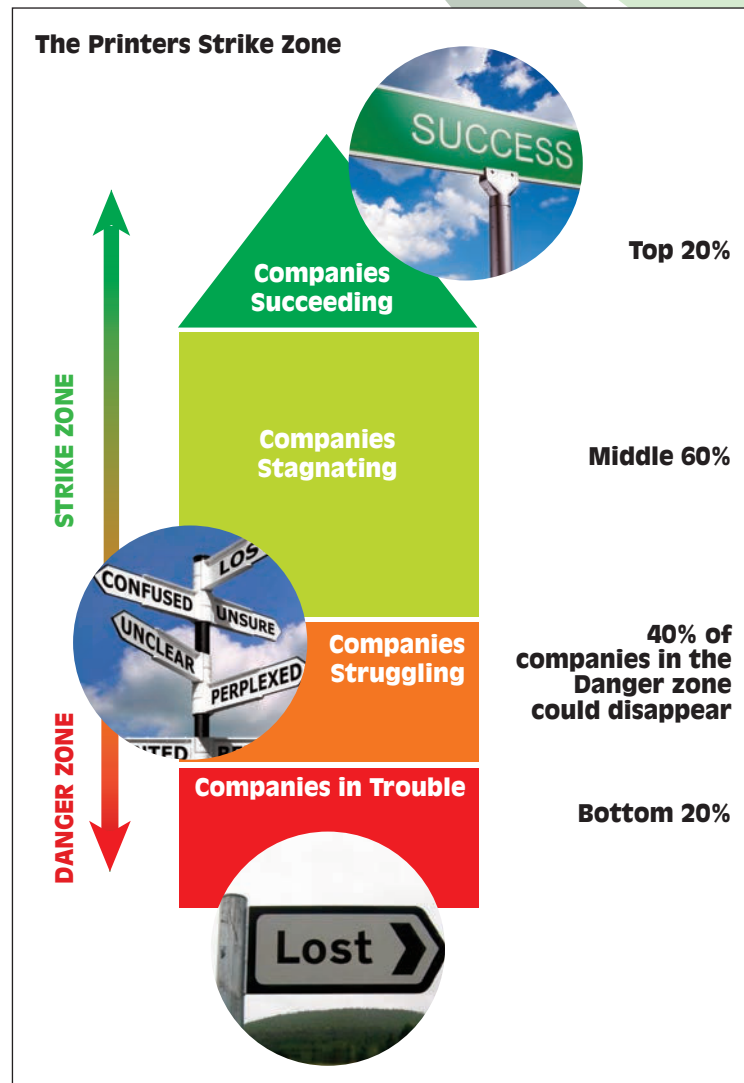# c o n t e n t s

introduction

Although the print industry faces many new disruptive forces and operational challenges, the overall message from print providers is optimistic. However there are some significant challenges to overcome in order to take full advantage of the new opportunities emerging through the integration of print and digital media. Commercial printing stands at the cross roads of major transitional and structural change, but for those companies willing to change and eager to grow, there has never been a better time to be in printed communications.

Some companies are adapting and have prepared a clear route for the journey ahead and others will simply lose their way. Recent Printfuture European research has shown that the print providers are divided into three distinct categories – the top 20% who are achieving profitable growth and diversifying their portfolio of services, the middle 60% who are stagnating and finding margins becoming constantly squeezed and the bottom 20% who are experiencing a decline in sales and margins. It is clear that for the middle 60% there is a fantastic opportunity to develop new services and grow their business but this will require a fundamental rethink of what is required of a printer in 2015.

The Printers Strike Zone

STRIKE ZONE
DANGER ZONE

Companies Succeeding
Companies Stagnating
Companies Struggling
Companies in Trouble

Top 20%

Middle 60%

40% of companies in the Danger zone could disappear

Bottom 20%

It is clear that for the middle 60% there is a fantastic opportunity to develop new services and grow their business but this will require a fundamental rethink of what is required of a printer in 2015.

What are the latest trends in the print industry?

In a recent drupa trend survey participants were asked to comment on the current economic condition of their company and 34% of the printers described their current condition in Autumn 2014 as good and just 13% said their condition was poor – a positive net balance of 21%. When asked about their

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prospects in the next 12 months, 41% of European respondents expected their economic position to improve and only 7% expected it to decline demonstrating an optimistic outlook for the future. However a more detailed look at the operating climate reveals a less optimistic picture.

Printer revenues rise

Printer revenues globally have improved for 39% of companies compared with just 22% who have seen revenues decline. But that positive net balance of 17% is significantly lower than the 27% reported the previous year. North America was the only region that saw a positive net balance in revenue growth from 51% last year to 60% this year.

Prices fall further

Although printer's revenues have increased, getting any price increases remains really difficult. Only 15% of the respondents reported achieving price increases in the last year whilst 38% stated that prices have declined. No global region reported an improved picture year on year. In the case of Asia the decline was dramatic where a net positive balance of 19% for price increases last year was turned into a net negative balance of 21%.

Margins are still declining

Turning to the resulting overall margins or profit levels, it is not surprising that just 16% of survey respondents were able to report that they had grown margins over the last year and 43% said that margins had declined. Only those from North America and the Middle East were able to report a net improvement while Asia was down from 28% last year to 15% this year. Further evidence that high growth emerging economies are finding it equally difficult to generate good results in a changing media landscape, compounded by turbulent economic conditions. The overall economic picture is slightly improved for most print providers with bad debt, access to credit and bank lending all showing a small improvement, however debtor days and the cost of lending still continue to have a negative impact on most companies.

Utilisation is growing slowly

It can be seen that the financial health of printers worldwide is dependent on ever-increasing utilisation, as we have had almost universal drops in prices and margins. In 2014 every measure surveyed had slipped backwards, sometimes by just a little and sometimes by a lot. 44% of the global audience were able to report improving utilisation this year (52% last year) and 20% reported declining utilisation (17% last year). Once again Asia was hardest hit with 63% reporting improved utilisation last year and just 38% this year. Being more efficient and

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utlilising equipment to the full is critical for print providers to remain competitive and cut costs in the short term but this only masks the problem of how to increase profitability long term.
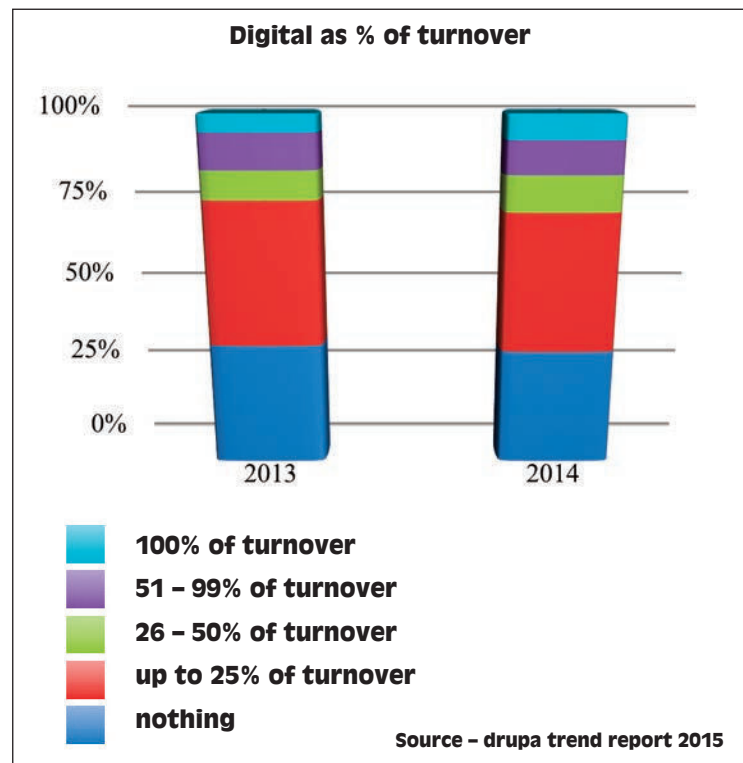
Digital cutsheet colour continues to thrive

For conventional print, the trend to shorter runs continues unabated and lead times now appear to have stabilised but the number of jobs being handled appears to be declining, as we see more jobs transferring to digital production methods.

It is striking to see the major swings in the print technology mix with high volume web

Global Production Mix

Source – drupa trend report 2015
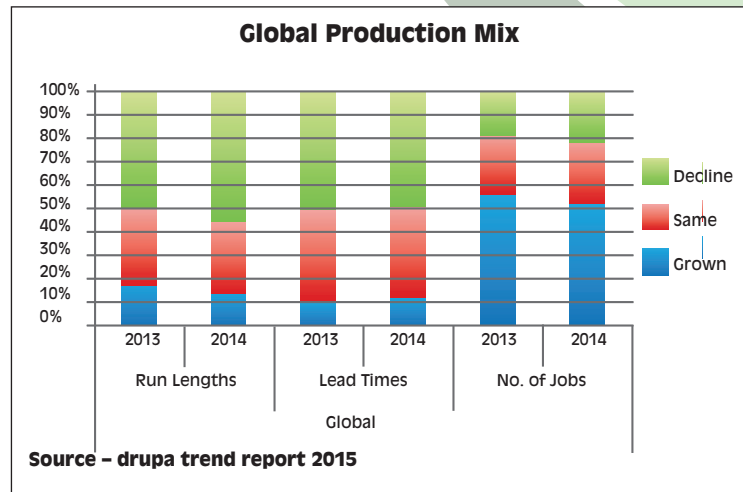
offset equipment in modest decline, sheetfed offset marginally positive and digital cutsheet colour very positive globally. The digital printing market will grow from $131.5 billion in 2013 to $187.7 billion in 2018, a compound annual growth rate of 7.4%, according to the latest research from Smithers Pira. Digital's share of the total print market will grow from 9.8% in 2008 to 20.6%

Digital as % of turnover

- 100% of turnover
- 51 – 99% of turnover
- 26 – 50% of turnover
- up to 25% of turnover
- nothing

Source – drupa trend report 2015

the impact of the internet and digital media on print

in 2018, with inkjet growing faster than electrophotography. Whilst the rapid growth of digital print shows no sign of slowing, it is important to note that for the majority it represents only a modest proportion of turnover – the vast bulk of cash for most companies is still being generated by conventional print.

There is no doubt that although digital print is growing it is also becoming commoditised as printers find it difficult to sell the true value of digital print and resort to competing on a cost plus model.

It is clear that print providers are not exploiting the opportunity that the latest technology provides ...

The impact of the Internet and digital media on print

Before the mid 1990s, virtually all, personal and business communications were analogue, in the main split between print and broadcast media. Print was the oldest communication channel and global demand for paper was strong and stable. The last 15 years has seen the arrival of digital technologies and an ever-increasing proportion of communications is now digital not analogue.

From the drupa annual trend survey, a total of 33% of commercial printers and 42% of publishing printers reported a downturn in demand. This had a knock on effect with a net balance of 9% reporting a decline in demand for paper over the last 5 years.

Advertising pays for the majority of print so the steady drift away from print to other forms of digital communications has had a compound effect over time. The relative decline of print is not across all markets but for some sectors it has been severe. Take newspapers, where in the US demand for newsprint has dropped 62% between 1999 and 2012. Over the same period print advertising fell by 60% as marketers swapped to digital channels. Marketing advertising spend is now aligned to the most effective channels, where a return on investment can be justified. This means that digital channels with online click throughs can be tracked, digital print can also be integrated with online and responses tracked but static offset print cannot be accurately tracked and therefore mass marketing through this channel is increasingly being made redundant.

An example of this is Adidas who will be shifting the majority of its marketing budget into digital marketing and media, including a focus on real-time content and online video. The sportswear giant is planning on directing its €2bn (£1.6bn) marketing into the digital space with the aim of quickly recovering its lost market share to Nike.

The digital spend will particularly go towards developing Adidas' Digital Newsrooms after claiming the tactic made it the most talked about brand during the World Cup. Alongside an increased focus on digital marketing, Adidas plans on dedicating significant funds into visual merchandising and creating a more coherent experience between its online and physical channels to amplify its marketing efforts.

However, a report from the Society of Digital Agencies (SoDA) reveals that one-quarter of global client marketers this year plan to reallocate existing budgets into digital, down from 39% last year. Another 14% are increasing their digital marketing budgets amid an overall increase in marketing spend. The IPA's Bellwether report which tracks marketing spending trends in the UK, found a more positive growth trajectory for main media (traditional channels such as TV, cinema, radio and press) than the internet, for the first time in slightly less than 3 years. In the Q1 report, that figure was 11.5% for main media, versus 8.5% for the internet.

The digital revolution

To understand the radical changes in communications, we must understand the revolution in digital technologies over the last 25 years. The ever-reducing cost and ever-increasing power of computer chips, coupled with the ever-increasing network speed and bandwidth has accelerated the number of Internet users. Add mobile technology and you see why digital communications increasingly dominate all other communication channels including print.

Over 35% of the world's population is connected via the Internet, although distribution is still not widespread. As for mobile phones, by 2013 there were 3.4 billion subscribers, equivalent to just under half the world's population. We have to accept that print is now part of the broader communications industry and printing companies need to be increasingly IT-led and focused on the internet for marketing and communications. However less than 25% of print providers are reporting an increase in IT

expenditure over the last five years and virtually all have difficulties in recruiting adequate IT skills. It is clear that print providers, are not exploiting the opportunity that the latest technology provides, they need to understand that:

- Digital communications are rapid, even real-time.

- Interactivity offers great advantages.

- Consumers have adapted to an 'always on' communications lifestyle.

With ecommerce being so crucial to society printers need to find more creative ways of selling and exploiting W2P.

- Consumers are mobile with access to multiple touch-points and channels.

The importance of ecommerce

Over 20 years the volume of ecommerce in many countries has grown from negligible to huge volumes that include virtually all companies and most consumers. The growth figures are just astonishing; with even the most mature market, the US, still growing at 8% per annum, with China due to overtake it in volume terms in 2015 and to triple its volume of online trading by 2020. There are many advantages to ecommerce that explain this explosion in participation, and the pace will accelerate further with increasing numbers of consumers using their Internet enabled mobile phones to participate in 'm-commerce'.

Ecommerce has had a huge impact on major industries such as music publishing, book publishing, retail and banking. Ecommerce now defines the way we do business and is integral to our lifestyles, however print has struggled to exploit the opportunities. There are notable exceptions like on demand book publishing but although around 51% of printers have web-to-print, only 14% report they use it to transact more than 25% of their orders. Generally, only one in four W2P installations is considered to be a success by the printers using them. With ecommerce being so crucial to society printers need to find more creative ways of selling and exploiting W2P. The rise in volumes of short-run digital production especially for marketing collaterals like catalogues, help to drive online sales, so print is a valuable ally for ecommerce when it becomes part of an integrated multi-channel process.

Shifting to VDP and customisation

The industry has seen a dramatic shift from mass production of static print to an ever-increasing proportion of small runs of digital print, down to individual runs of one. Digital communications has driven this shift, supported by sophisticated data management and workflows. Variable data print (VDP) is the essential prerequisite for customization. Approximately 75% of commercial printers offer VDP, however for the vast majority this is no more than very basic application of a name and address. There are very few printers offering full variability of text and images to personalize documents and even less providing interactive print (QR codes, augmented reality etc) that enables print to play a role in an online sales cycle.

One key driver of mass customisation is the ever-increasing volume of digital data that is being held. Online business data is forecast to grow at a compound annual rate of 40% and with the right software and skills to drive it, exact segmented marketing, down to the level of individuals, can occur – either digitally or by printing. This is a great opportunity for printers to manage and analyse customers' data for them, but few are taking up the challenge.

Print providers need to get much closer to their customers and end users, to capture data and understand how personalisation can be relevant, timely and provide added value.

The Internet has both increased the opportunities for personalisation and also the competition to win that business, as customers no longer have to meet the printer and printers can compete in an ever-wider geographic market. Customisation has added new products like photobooks to the conventional list of personalised products such as business cards and stationary. Targeted direct mail is growing, even though the overall trend for direct mail is downwards. Print providers need to get much closer to their customers and end users, to capture data and understand how personalisation can be relevant, timely and provide added value.

Managing with the Internet

Regardless of what you are printing, the Internet can assist printers in becoming more competitive. For example, it is fundamentally changing the way businesses are conducting their sales and marketing. There are new services which very few printers are selling

manner, so print providers must understand the advantages and use all these online tools to gain greater competitiveness and efficiency.

How have commercial printers responded to these challenges?

In growing numbers printers have looked for fresh revenue opportunities to supplement the decreasing historical core revenue streams. It is very striking to see how printers are diversifying and the wide range of services they are now offering.

Digital communications now represents 57% of daily media time, so a marketer seeking to get the best from their limited marketing budget would want to maximise the chance of getting the consumer's attention. There is repeated evidence that shows the necessity of using multiple marketing 'touch points' to prompt a consumer and get a response to a call to action. Marketers will now consider all the different channels available and choose those that fit with the budget and are most likely to generate an effective response.

Printers are starting to realise that with digital communications there is a growing opportunity for consumer segmentation i.e. collecting data and insights to more closely define the audience or individual, thereby increasing the relevance of the messaging and the likelihood of a positive response. We can see that the top 20% of print companies are exploiting these new opportunities and are having much closer relationships with their customers. However the vast majority are not responding and adapting their business to this new landscape and are finding it increasingly difficult to achieve any profitable growth.

successfully like database management, website analytics and social media. The best way to exploit these services is to use them in integrated campaigns but less than 20% of print providers do this.

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In customer service and production, only 55% of printers use automated pre-flight testing and 44% use digital asset management. Only around 20% of companies have a fully automated order processing system from enquiry to invoicing. As for other online business services, printers are not generally exploiting online purchasing, MIS, remote access, online training, recruitment, business intelligence and credit checking. The Internet allows us to do business in a cheaper and more efficient

## What are the consequences for the Print Community?

Whether publishing, marketing or communicating for personal or business purposes, there is in most cases a clear advantage of greater speed. Digital communications can be interactive and real time, whereas print on its own cannot. Publishing and marketing lead times can be compressed from weeks to hours or even minutes when we include web and social media platforms. In the case of transactional communications like banking or the purchasing of products online, this is reduced to one click and literally nanoseconds.

> *The trends have been set and the print industry needs to urgently respond to this changing media landscape and integrate its products with a multi-channel online world or suffer the consequences.*

The electronic age has radically transformed consumer behavior and this has had a major consequence for the print industry. If we take the US as an example since 1993, the number of printing and print service establishments has decreased by about 1,000 per year. Over the years, that 1,000 change has been consistent, but it represents a larger and larger percentage of a shrinking total. When there were 40,000 establishments, 1,000 represented only 2.5% of the total. In 2013 it's 28,000, and that 1,000 is now about 4% of the total. We have seen a similar pattern of decline in print company establishments and employees in Western Europe. In the UK alone the number of print

establishments dropped by 17% from 2000 up until the recession in 2008. During the recession up until 2014 the number of establishments has dropped by approximately a further 30%. This has meant that around 8000 companies have disappeared in the last 13 years. Although a slow economic recovery is now taking place the effect of weak demand and disruptive market forces like e-media mean the inevitable long-term trend over the next ten years, is further consolidation of the industry.

The trends have been set and the print industry needs to urgently respond to this changing media landscape and integrate its products with a multi-channel online world or suffer the consequences. During the recession corporate spending on marketing and advertising was severely curtailed and companies were forced to experiment with different communication channels to get their message across. Not surprisingly this trend towards using electronic media and exploiting the power of online platforms came at the expense of printed products. Overall print spend and print volumes have declined severely over the past five years and hardest hit has been offset litho production and print equipment sales. Sales of web offset equipment have dropped by nearly 50% in the last five years and sheetfed offset by approximately 25%. The vast majority of new equipment sales in this sector are for replacement equipment where printers are looking to replace two machines with one more efficient and productive press. Large run offset jobs are disappearing fast and being replaced by shorter run on demand digital production. This is good news for manufacturers and users of digital print equipment, as this trend is set to continue unabated for many years to come.
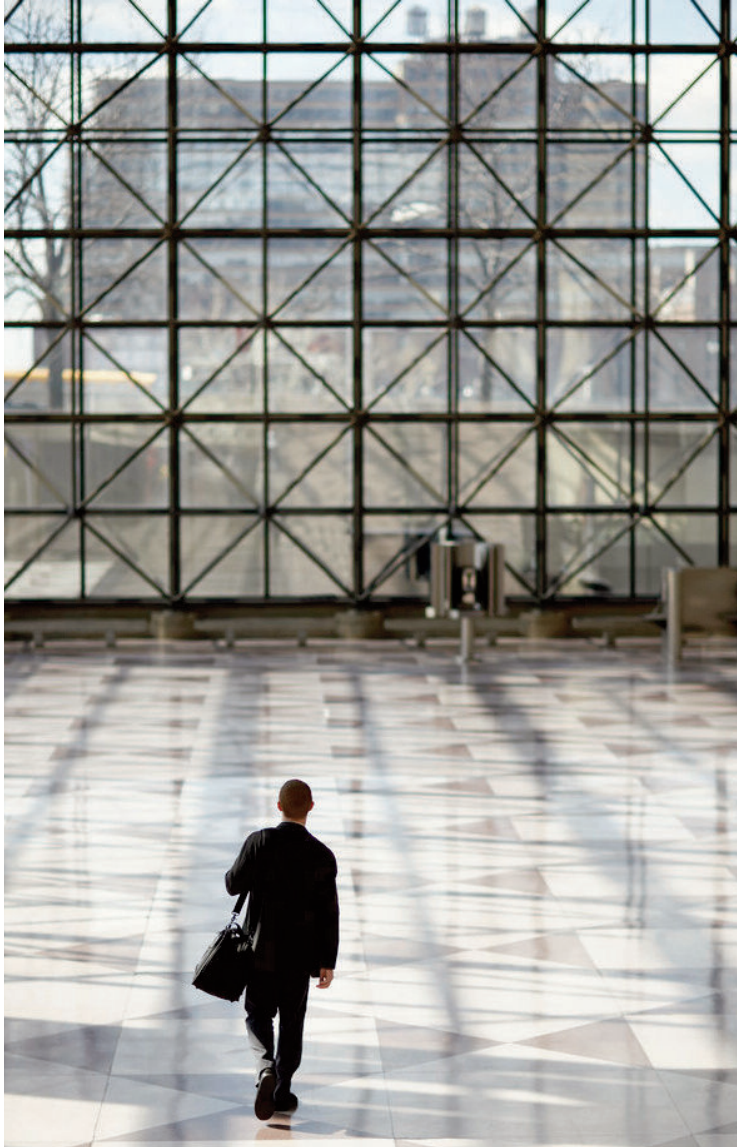
The key to growing sales is finding new customers and this is the biggest challenge because printers are not focused on adapting their sales and marketing approach to include conversations around new digital services and how they can integrate them with print.

- Process improvements to reduce wastage, meet Service Level Agreements and improve levels of compliance

- Development of e-commerce solutions to reduce administration and manage 'just in time' stock levels

- Re-engineering of production processes and product lifecycles

- Better targeted more relevant communications to reduce volumes of print

- Print that integrates with web based channels and social media to drive online sales and provide performance metrics

The challenges and opportunities for print providers

For print providers, the emphasis is now shifting away from centrally created content from a few dominant mass media sources to on demand user generated content using a variety of different channels and mediums. The shifting market dynamics coupled with a consumer driven 24/7 business environment, mean that the new USP's for print companies is now a diversified range of products services and solutions that go far beyond print:

- Fully audited supply chains for fulfilment, distribution and logistics

**Strong competition and a lack of sales are key challenges**

Strong competition and commoditisation are key challenges to growth for around 50-60% of print providers. Lack of sales is the next biggest issue followed by a lack of skills

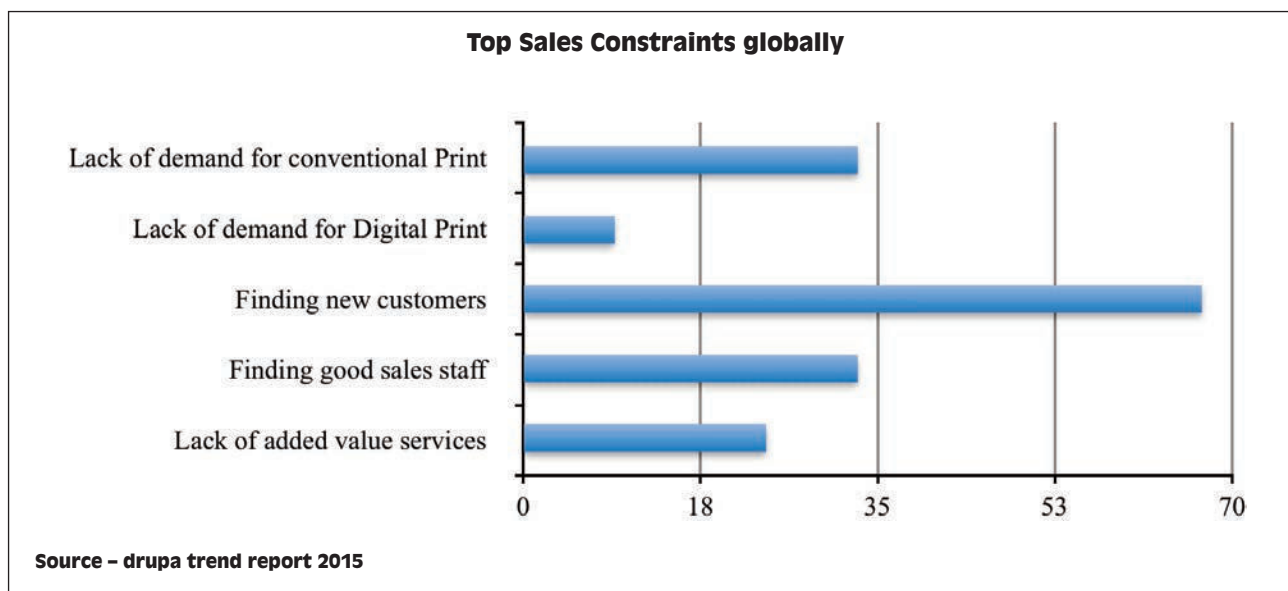# the challenges & opportunities for print providers

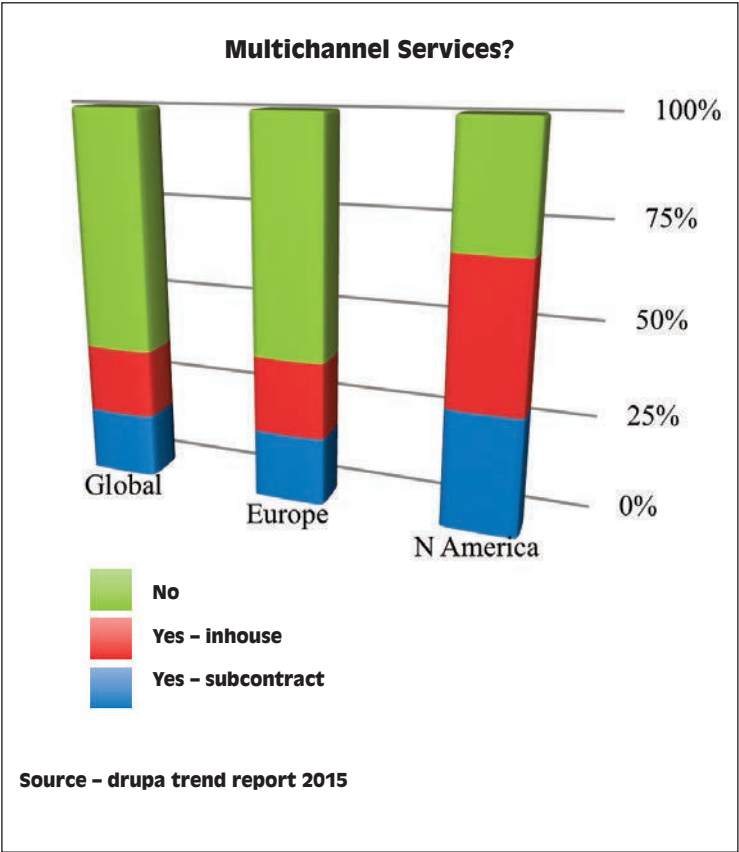in sales and marketing and being able to recruit the right staff.

The key to growing sales is finding new customers and this is the biggest challenge because printers are not focused on adapting their sales and marketing approach to include conversations around new digital services and how they can integrate them with print. Printers include lack of demand as a constraint to sales but they are confusing lack of demand with their inability to effectively sell the value of digital print and multi-channel services to the customer.

The major internal challenge for print providers is being able to transform their business and redefine what it means to be a printer and understand how they can deliver new services that will be relevant to their customers and add value to their relationship. Recent Print Future research has demonstrated that very few printers are ready for this journey. Around 35% of print providers do not believe they can make this transition and are going to stick to what they have always done, concentrating purely on print and they are prepared to take their

Global Constraints to growth

Source – drupa trend report 2015
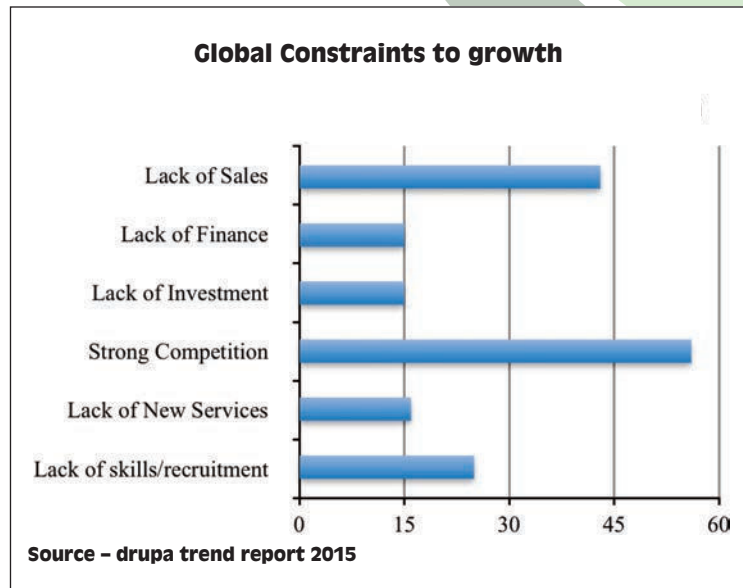
chances as the market evolves. A further 25% have indicated that they are aware that they need to make this transition and add new services but they haven't started the process yet. 30% of companies have started transforming their business but are only part way through and still have a lot of ground to cover. Only around 10% of print providers believe that they have completed the journey and now offer a full range of digital services,

Top Sales Constraints globally

Source – drupa trend report 2015

Multichannel Services?

- No
- Yes – inhouse
- Yes – subcontract

Source – drupa trend report 2015

Global Constraints to growth

- Strong
- Reasonable
- Weak

Source – drupa trend report 2015

> *With many printers facing severe decline in demand for their core print product, it is logical for them to diversify into fresh added value products and services.*

which create new revenue streams as well as supporting and complimenting their print activities.

The great news for ambitious print providers looking to grow their business is, that if they start the process now they can instantly become one of the top 40% of print companies. With some planning and investment they could quickly get into the top 20% of the market greatly enhancing the profitability and relevance of their business in the future.
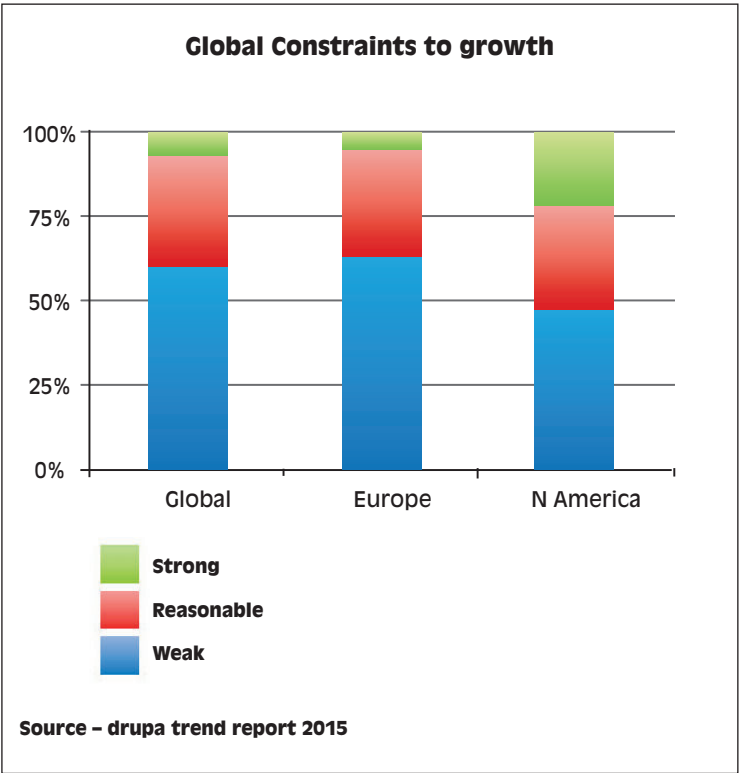
How can print providers evolve and adapt their business?

Getting your house in order

It is getting harder for buyers of print to differentiate their products and therefore they are starting to look at new innovative ways of engaging with an audience. For printers this means that providing services based purely on quality, service and price is no longer the key decision criteria for marketers when buying print. The economic recession has not been the cause of this decline but has been a key factor in accelerating the change.

Marketing spend is moving online and there has been a major shift from traditional

printed formats such as advertising in newspapers, magazines and for direct mail and a move to localized publishing, self publishing and reverse publishing. Online web marketing is now commonplace with the use of search engine optimization, news web sites and personalized URL's. These developments are now supported by user-generated content in the form of viral marketing, blogs and social media platforms. With many printers facing severe decline in demand for their core print product, it is logical for them to diversify into fresh added value products and services. This is no more clearly apparent than in the commercial print market, where there is a clear if modest increase in the % of companies offering additional services.

In the face of a radically changing market print providers have to change their approach and business model. The problem for printers is two-fold:

1. Electronic displacement and e-commerce solutions are moving too fast for the majority of print companies to keep up with

2. Most SME (small to medium size enterprises) customers are not yet demanding the use of these new communication tools

This is now a clear and present danger for 80% of all print companies who have less than 20 employees and are generally struggling to make ends meet. With falling profits and cash running out, making significant investments to future proof the business is going to be difficult for a lot of printers but an even bigger challenge is going

to be developing new skills and a new sales and marketing approach.

The overall global demand for print is increasing but this banner headline obscures several key facts:

- Emerging markets are growing

- Developed markets are in decline

- Packaging is a key component in print growth

- Digital colour and use of personalisation is growing strongly

- Data capture and data management is becoming an essential component

- Cross media tools are vital to engagement and enhancing the customer experience

In 2015 printers must embrace the new media landscape to maintain revenues and provide additional services that capture more of the value associated with a print job.
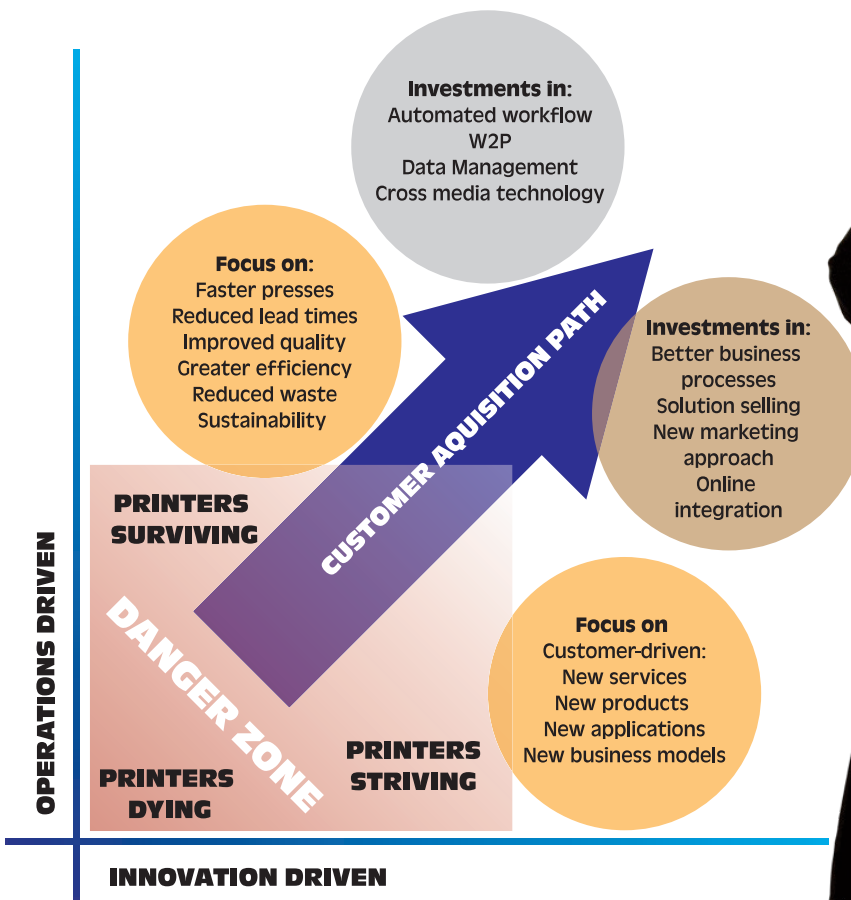
Adding New Services for Customers

In 2015 printers must embrace this new media landscape to maintain revenues and provide additional services that capture more of the value associated with a print job. In established print markets printers will have to become experts at helping customers sell

more of their products and services to their end customers, by exploiting all the new tools at their disposal. Print providers must now become part of the marketing and communication solution, by employing multi-channel communication platforms that integrate with their printed products. Consumers will have increasing choice and control dictating the medium and channel in which they want to be communicated with.

In the future it will be essential for printed products to co-exist with the online mobile world of their customers.

The Strategic Path for Print Providers

Investments in:
Automated workflow
W2P
Data Management
Cross media technology

Focus on:
Faster presses
Reduced lead times
Improved quality
Greater efficiency
Reduced waste
Sustainability

Investments in:
Better business processes
Solution selling
New marketing approach
Online integration

CUSTOMER AQUISITION PATH

PRINTERS SURVIVING

DANGER ZONE

PRINTERS DYING

PRINTERS STRIVING

Focus on
Customer-driven:
New services
New products
New applications
New business models

OPERATIONS DRIVEN

INNOVATION DRIVEN

Source: Printfuture 2015

Thousands of companies large and small are accelerating their Internet and social media efforts because conversations about your company, your products, your customers are happening whether you are there or not. That is why connecting print more closely and intimately with the recipient by creating an on-going dialogue and using emotional trigger mechanisms is becoming critically important. It is now a multi-channel world, love it or hate it and the days of market push from printed media is fast coming to an end and a new era of customer driven market pull is emerging.

Personalized URLs, video, augmented reality and near field communication combined with social media interactions are being used as part of a larger, more comprehensive strategy to prime the pump, follow up, reinforce the message and create a customer relationship and emotional attachment. However, it is important to understand that these tools are only technologies. They are sometimes simply the best response mechanism or one of several "best" response mechanisms, depending on who your target audience is. It is the strategy that supports them and the way that they are used and combined that defines how successful they are. It is finally starting to sink in that printed products need to respond to different audiences, who in turn respond to different channels and marketers don't want to lose responses by forcing customers into a single communication channel. Printers that are using a multi-channel approach find it easier to lock in the customer and generate additional revenue streams.

A single channel approach using traditional print in isolation cannot be used to capture data and learn about the prospect in a way that can be exploited to make follow up campaigns more relevant and effective. 1-1 Marketers and digital print service providers have begun to get their head around how to communicate more effectively with their clients and are beginning to educate them about return on investment and the value of increased response rates and customer profiling. Cross media elements and social media are now providing us with tools to engage customers like never before. This is good news for everybody in the print community, also our clients, their customers and prospects too.

As well as changing their sales and marketing approach and adding new services to enhance the overall customer value proposition, print providers need to give equal attention to the core business of producing printed products more efficiently. Average job value is decreasing as run lengths decline, so SME Print providers have to print more jobs just to survive and therefore improving operation efficiency is critical. The majority of SME print providers still do not have an automated workflow, so manual touch-points are costing them time and money everyday. Recent analysis by Printfuture has shown that SME print companies can create up to around £80,000 of additional print capacity, which can be sold by reducing downtime and set ups from installing a colour managed workflow. Most print providers are not good at measuring and managing waste and in the worst case scenarios this can be costing them tens of thousands of euros a year and be anything from 6% to 38% of total paper usage. Investing in the most appropriate digital printing and finishing equipment is also critical to ensure the majority of jobs are formatted and printed in the most efficient and cost effective way, by collating, binding and stitching inline.

What does the future hold for print providers?

Print providers have to face up to the fact that paper based communication is in decline and electronic communication will continue to grow and further disrupt the market. Traditional marketing and communication concepts using only one media channel will struggle to compete for consumer attention, however print is a popular and trusted source of information and therefore can become the most valuable and effective part of an integrated cross media campaign.

Print providers need to realize that the industry is going through a period of fundamental change and printing is not about ink on paper its about content on a substrate and that substrate might be a smart phone or computer screen, a POS display or a piece of packaging. Its now all about the message and not the medium, that's why printers need to be more flexible, marketing savvy and have more channels to work with.

Every print provider since Gutenburg invented the first printing press has been in the communications industry first and the print industry second. Print is fundamentally a communications and marketing business and as such, we now have more tools to use than ever before. Instead of only one channel we have a multitude of ways in which we can distribute our content and imagery. The printers who embrace this opportunity will

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practical steps to business transformation & profitability

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Buyers of print are increasingly concerned about their return on investment and environmental footprint. It is going to be essential that printers can demonstrate the effectiveness of print campaigns not just from a commercial outcome for the customer i.e. number of responses or product sales but from the environmental perspective of reduced waste, obsolescence, energy and distribution. This can only be done effectively by using data and analytics to provide customers with comprehensive job reporting and guidance on how they can improve the performance of their print and marketing campaigns in the future.

Practical steps to business transformation and profitability

Adding New Services for Customers

There are two main areas of focus for print providers, the operational side of the business and the need to deliver new innovative ideas and business models that provide differentiation and add value to their customers.

The print companies that are dying are making very little headway in either direction; they tend to be relatively inefficient, are not making any money and have no focus other than on the day-to-day operational battles. Time is running out fast for these companies.

The printers who are striving to grow and adapt their business realize that they must be focused and driven as much by innovation as operational improvement.

The printers who are surviving are focused on reducing cost and becoming more efficient. They have limited resources or appetite for investing in a new range of services for the future; they are sticking to what they know, instead of focusing on their customer's future needs.

These companies are now starting to introduce new customer applications supported by investments in web to print and data management. However all three categories of printer are in the danger zone and really need to accelerate their pace of change to ensure their long term survival.

The printers who are striving to grow and adapt their business realize that they must be focused and driven as much by innovation as operational improvement.

The printers who are really thriving have grown and increased their profitability even through the last few years of economic recession. The reason for this is that they have a customer centric approach to everything they do and provide solutions to a customers business problems, rather than selling them a printed product. By using this approach they have avoided the commodity trap and now have conversations about added value and return on investment instead of unit price of the printed product.

Thriving printers realize that this new customer centric approach supported by a range of new services creates better results and increased customer loyalty beyond service, quality and price.

> *The printers who embrace these opportunities will emerge as the new breed of communication service providers rather than just print providers.*

The thriving printers have an equal focus on the operational side and innovation aspects of their business. They have ruthless production efficiency with the latest most productive equipment and automated workflows. This allows them to reduce cost, waste and lead times as well as improving the environmental footprint of their business and their customer's products. They are continually investing in the latest technology to integrate print with the online world through Web to print, data management and cross media channels. They understand that this will integrate directly with customers in B2B and B2C environments and make it easy for them to place orders and get a great customer service experience.

Investing in this way makes them competitive for small batch production, as the average order value for print continues to drop and printers have to process more and more jobs just to stand still. The thriving printers have also invested in improving their sales and marketing approach and realize that solution selling takes more time and requires a greater understanding of the customer's business. They also realize that this new customer centric approach supported by a range of new services creates better results and increased customer loyalty beyond service, quality and price.

The technology is available to facilitate this change and there are many new exciting applications and growth opportunities to exploit. Printers just need to believe in the reality of a multi-channel digital future,

change their mind-set and invest accordingly.

There are some practical considerations and steps that printers can follow to ensure they get on the right track and start the process of transforming their business for the future.

Getting your House in order

Here are ten practical steps to focus on, which will deliver greater efficiency and profitability in your business:

1. Spend more time with your customers to understand their pain points and become a trusted advisor on communication effectiveness and return on investment. Spend less time focusing on products and technology.

2. Look at implementing the top ten ways to improve operational performance. They all have an impact on costs, profit and cash.

   • Work Space

   • Material Stock

   • Equipment Availability

   • Process Efficiency and Quality

   • Material Waste

   • Work in Progress

   • People and Productivity

   • Outwork

   • Delivery

   • Purchasing

3. Make it easier for customers to do business with you. Integrate your systems with theirs, use web to print systems so they can submit orders, proof online and have real time information and updates. Using web to print also allows you to easily process large numbers of small value orders in a business to business or business to consumer context.

4. Automate your workflow to streamline production operations and improve productivity of equipment and staff. Workflow is the key to remaining competitive by handling more jobs and reducing lead times.

5. Implement a colour-controlled workflow, which will ensure you achieve optimum quality print production as well as reducing downtime and cost. This type of investment will have a positive RoI.

6. Explore options for Digital print with inline finishing to simplify the production process, reduce set up time, waste and resources. Look at how many jobs can be produced in standardized formats to maximize productivity

7. Introduce variable data print and data management services as an added value service to create a new revenue stream. Focus on customizing products by making them targeted and relevant to the recipient, this will always make them more effective for the customer.

8. Identify new applications, which you can add to your portfolio of services such as photobooks, book publishing, packaging, displays and transpromo print.

9. Review your sales and marketing approach and look for ways that you can lock in the customer by being more focused on the pain points in their business. Develop solutions and campaigns that get you away from a price conversation and into a long-term value relationship.

10. Revisit your business plan: "Winners have a plan, but losers have an excuse". If in doubt use Konica Minolta's Digital1234 business development resources or external resources and experts. Digital1234 will offer self-help tools to do a health check of your business and templates for you to benchmark your business plan. You can also assess your readiness for new applications, so you invest at the right time to grow your business.

Using the Digital 1234 program allows print providers to conduct a health check to assess their company strengths, weaknesses, opportunities and threats. This will give them a benchmark and a great start in providing insight about their current situation and where things can be improved. By using these white papers and guides, it will lead to greater efficiency and allow you to quickly make improvements to your bottom line results.

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