THE VALUE OF DIGITAL PRINTING

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By Canon Solutions America, Inc.

The numbers are impressive. Print industry trade association PODi says that the retail value of digital printing in North America is now over $30 billion per year, representing what it correctly calls "a huge market."[1] According to the Smithers Pira research group, digital printing is growing at a rate that will see it accounting for 17.4% of the value and 3.4% of the volume of all the world's print and printed packaging by 2020.[2]

This is good news for printing businesses with digital equipment and an open invitation to firms that haven't yet made the move to digital. However, the value of digital printing is about more than market statistics. It's also defined by the creative possibilities it opens up and the strength it can add to relationships between printers and their customers.

The value of digital print starts with the simple fact that it's part of printing—a medium with power that can be measured scientifically. Some academic studies, like the one conducted at San Jose State University in 2005, have concluded that people read more effectively from printed paper than they do from electronic screens.[3] Last year, the U.S. Postal Service and Temple University published the results of a collaborative neuromarketing study that found physical ads superior to digital ones in terms of time spent, emotional response, and ease of recall.[4]

Evidence like this helps to convince marketing professionals that print, and especially digitally personalized printing, deserves a prominent place in their multichannel campaigns. According to a 2012 study by InfoTrends, campaigns with high levels of personalization have correspondingly high returns on investment. Campaigns combining print, email, personalized URLs, and mobile messaging saw a response rate of 8.7% and a conversion rate (measuring actions taken by recipients) of 19%—music to any marketer's ears.[5]

A 2015 study by InfoTrends reports that the response-generating appeal of printed catalogs and direct mail points to "a huge opportunity for digital print."[6] Retailers, to be sure, have discovered that the synergy among precisely targeted printed catalogs, online shopping, and in-store purchasing translates into increased sales. Profiling the online retailing catalog market, The Wall Street Journal identified obvious applications for digital printing in catalogs personalized for individuals. According to the story, one such catalog was so precisely targeted that it offered one spouse 15% off and the other a discount of just 11%.[7]

Digital printing helps to bring the same kind of dynamism to direct mail. Data analyzed by Caslon & Company found that response rates to relevant, personalized direct mail marketing campaigns were over four times those of static, same-to-all campaigns.[8] Personalized mailing pieces outdid static ones by wide margins in lead

generation, direct ordering, and traffic generation. They also pulled strongly when used for data-gathering and loyalty-building programs.

Case studies of marketing success stories with personalized digital printing have one thing in common: measurable results. Here are a few from PODi's archives:

- For a Christmas campaign, the Latcham Direct marcomm agency sent clients a holiday-themed greeting card personalized with the client's name and a URL linked to a private landing page. The response rate was 59%, leading to numerous follow-up sales conversations.

- An educational organization called Reach Out and Read Colorado made its year-end fundraising appeal to donors with a personalized letter. The donors increased their giving by 44.3% over the prior year, and the campaign achieved an ROI of 200%.

- Wanting to attract new patients to its orthopedics practice, The University of Chicago Medicine sent a direct mailer that gave each recipient a personalized map with a route line from his or her home along with estimated travel time. It quickly led to a 43% jump in new patient visits compared with the previous year.

And then there is packaging, one of the most promising uses for digital printing. Smithers Pira forecasts that the world market for digital packaging and label printing, worth $10.5 billion in 2015, will grow at a compound annual rate of 13.6% through 2020.[9]

The applications that will drive the growth include seasonal, regional, group-specific, and event-related packaging variations; small runs of packages for prototyping, test marketing, and sales support; and anti-counterfeiting and product integrity protection. All represent new revenue streams and, equally important, new ways to serve existing customers and reach out to prospective ones.

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The customer service aspect of digital printing has been one of its strongest keynotes since the advent of digital production systems 30 years ago. Digital printing has a customer-centric business model in which cost effectiveness, speed, convenience, and flexibility are the cardinal virtues.

Media buyers like fast-turnaround digital printing because it makes print affordable in small quantities that would be prohibitively expensive to produce on conventional presses. They know that with digital printing, they can order as much printing as they want without ever having to take more than they need. This helps them keep their inventories manageable and their content from becoming obsolescent.

The benefits aren't only on the customer's side. A printing plant that installs a digital press adds a new dimension of efficiency to its production operations. Many printers are experiencing declining run lengths with corresponding increases in the numbers of jobs they have to deliver—a situation that can tie up conventional presses with short-run work that may not be well suited to their productive capacity. Adding a digital press can help to eliminate the mismatch and lets the plant put all of its printing assets to their highest and best use.

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According to NPES, the equipment manufacturers' trade group, the market for production digital presses accounted for two-thirds of the total market for printing equipment and supplies in the first half of 2015.[10] Digital press placements will continue to outpace offset press installations as more volume shifts from conventional to digital production—a trend gaining momentum in almost every product category of printing.

It means that even if a printing business is offset-only today, its future probably is going to be a hybrid one. It will be welcomed as a change for the better by every printing business that wants to claim its own share of the increasingly lucrative value of digital printing.

[1] Dave Erlandson, "Production Digital Printing Trends" (PODi Insights, December 3, 2015)

[2] "Insight: Three key trends in the future of digital vs offset printing" (Smithers Pira, October 2015)

[3] Annie Sneed, "Everything Science Knows About Reading on Screens" (Fast Company, July 8, 2015)

[4] "Enhancing the Value of Mail: The Human Response" (Office of the Inspector General, United States Postal Service, June 15, 2015)

[5] "The Pay-Offs of Personalization" (Print in the Mix, The Cross Media Innovation Center, Rochester Institute of Technology, April 2013)

[6] "Print Plays an Increasingly Important Role in a Multi-Channel World for Marketers According to InfoTrends Study" (InfoTrends press release, December 9, 2015)

[7] Elizabeth Holmes, "Why Online Retailers Like Bonobos, Boden, Athleta Mail So Many Catalogs" (The Wall Street Journal, April 16, 2014

[8] "1-to-1 Response Rate Report: Benchmark Information for Relevant Cross-Media Marketing" (Caslon & Company, 2012)

[9] "The Future of Digital Print for Packaging to 2020" (Smithers Pira, August 7, 2015)

[10] "Market Intelligence News: Trends in Shipments for Equipment and Supplies and The Total Market" (NPES, October 14, 2015)

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