The New Economics of Color Print

Production print and mail organizations now have more ways to cut costs, drive revenue and connect with customers.

WHITE PAPER

Pitney Bowes

Introduction

After years of promise, the balance has shifted toward action.

Market leaders in banking, insurance, telecommunications and healthcare are now generating statements, invoices and other critical customer transactional documents in color—in far greater numbers than ever before. While the benefits of color print have been documented for decades, the new economics of color print have only recently tipped from black and white to color.

On the expense side, a new and emerging category of printing devices can generate personalized color documents at significantly lower per-page costs. Technology offers new levels of integration, streamlining workflow and increasing productivity. Plus, significant savings are realized by reducing postage and by eliminating pre-printed paper stocks, promotional inserts and the accompanying inventory management.

On the revenue side, companies have capitalized on the high open and read rates of transaction documents by adding relevant, data-driven offers and promotional messages. By coordinating the look and feel of color print and digital communications, firms have improved the overall customer experience. New content dashboards have put marketers in control of one-to-one messaging in ways that provide for direct measurement of response and ROI.

Together, advances in hardware, software and workflow engineering combine to offer advantages to organizations that choose to harness the power of color print.

The advantages of digital color print

As we approach the close of two decades of digital color print, it's clear that the impact of data-driven digital color has created a new level of effective communications.

The market consensus on color is clear – it changes the effectiveness of communications:
- Color helps to enhance brand recognition.
- Making messaging "pop" not only strengthens calls-to-action, but can reduce error rates by making instructions clear and easy to follow.
- Color graphs and charts often convey concepts more quickly and effectively than text alone.

There is also a strong sense that adding data-driven color increases the "stickiness" of customer relations. Color creates communications that are clearer, directions that are easier to follow and messaging that speaks more personally to the customer. All of these factors combine to create stronger brand association and customers who feel more connected and more loyal.

In a March 2010 survey, 69 percent of consumers indicated that they would be more likely to open a mailpiece with color text and graphics before opening a plain white envelope without messaging. Commissioned by Pitney Bowes Inc., Leflein Associates conducted this survey of 1500 U.S. consumers.

The transition to high-volume color print has been slow in coming. Perceptions regarding speed, print quality and costs have until recently hindered the migration. Much has changed, however; and industry analysts at InfoTrends predict that inkjet technology will ultimately be a "big success in production printing." It pays to look closely at the reality of today's color print.

Understanding the dynamics of today's inkjet technology

Practical pricing

Once out-of-reach, high-speed, cost-efficient color print is now a reality. Though typically more costly than black and white, the cost curve on color print technology has reached a point where it is often highly practical. Couple that with the advantages of using color, and it's tough to justify a colorless approach.
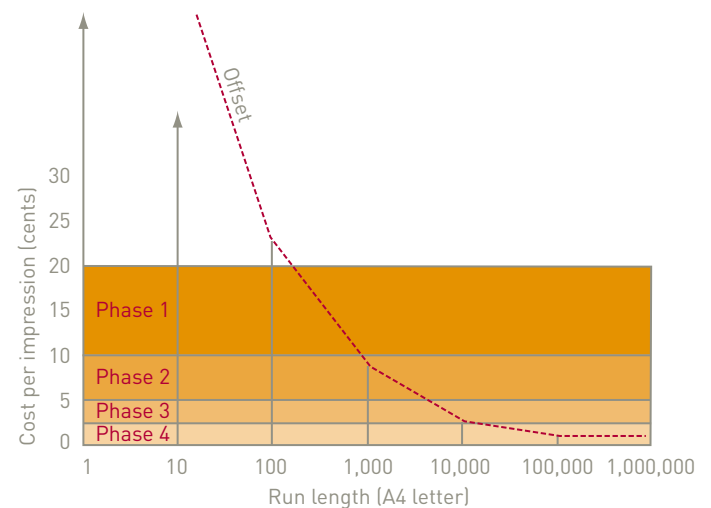
How much have prices changed? According to InfoTrends, the cost of digital color print today is a mere fraction of what it was in 1995 when color copiers and printers were introduced. In the last ten years alone, digital color costs have declined by 75%. This puts digital color costs far closer to that of black and white – and in range to challenge the costs of offset color print. (See graph – inserted below)

High-quality print

Advances in digital technology have enhanced quality even as price points have declined. For example, new digital print technology enables high-quality digital print even on standard paper stock. New and innovative printing systems pre-coat the paper just where the ink will be applied – so the look is expensive, but the paper is not. Continued investments in research and development point to an industry commitment to making digital the print standard of the future.

The four phases of digital color print cost

Phase	$/Impression	Example	Era
1	<$0.20	Early color copier/printers	1995
2	<$0.10	Early production color printers	2000
3	<$0.05	Cut-sheet digital color	Today
4	<$0.025	High-speed continuous feed inkjet color	Today

Source: Infotrends. Running cost: (1) includes cost of the equipment over expected life + plus service and supplies (2) excludes paper, labour, overhead

Simplified print requirements

When it comes to using color effectively, less is often more. Traditionally, businesses have introduced a touch of color by pre-printing color logos, letterheads and forms – then populating these digitally in black and white in a separate printing process. Or, they have added color by pre-printing color inserts to be collated into the envelope when mailpieces are being assembled.

With a full implementation of color digital print the whole process becomes simpler. Pre-prints aren't necessary. Color and black-and-white can be printed in one pass. And, color inserts can be printed right along with the rest of the mailpiece. In addition, new technology enables customers to print variable data and images in color right on the envelope.

Easing the transition to color

Businesses sometimes express concern about switching from forms-based black-and-white printing to full-color digital. Specifically, they worry the change will require significant restructuring of their established print and mail processes.

In truth, however, the switch doesn't have to happen all at once. Companies now are realizing that they can change equipment to digital color even as they continue to run their existing black-and-white pre-print processes. This enables them to exhaust their pre-print stock or utilize both pre-print and full color; and, provides them with time to smoothly transition to one-step full color.

The simpler one-step digital color print process offers a host of benefits. Eliminating the pre-print stage makes print production more efficient, more flexible and creates economies that aren't always considered in the total-cost-of-print equation:

- Eliminating/reducing pre-print inventories: When companies are tied to using pre-printed stock and forms, they either have substantial storage costs and a commitment to use the stock and forms as printed, or they need to build in additional print time to accommodate the two-step process. In addition, any change to the design of the pre-printed stock immediately causes obsolescence and waste. Using digital color print allows for just-in-time printing on white paper. Companies can be more nimble in adjusting their stock and forms, can reduce inventory costs, and eliminate costs associated with obsolescence and waste.
- Eliminating/reducing pre-print color inserts: Preprinting inserts requires overstock. Businesses that estimate well may invest in overruns of 10% or less, but it's not unheard of for overruns to be off by much more. With digital color print, inserts can be produced along with the mailpieces they will go in. There isn't the same need for overruns and, with this just-in-time approach, there isn't the same risk that the inserts will become obsolete before they're mailed. Businesses can be faster to market with new messaging and avoid the expense – and waste – that comes with planned excess.
- Eliminating/reducing forms management costs: Pre-printed forms require not just inventory, but considerable organization as well. With digital print, the forms can all be managed electronically. Not only is this more efficient, it also adds important flexibility to the print process. For example, businesses are no longer tied to doing print runs by form type. They have the ability to manage runs by ZIP code. This enables them to capture greater pre-sort savings and sort their mail digitally before they print.

Productivity and workflow integration

Forms management is just one aspect of the new print efficiencies provided by digital color print. Color print has now been fully integrated with database management, print stream engineering and mail creation – providing a seamless, end-to-end workflow.

With 100% variable printing, communications can be efficiently personalized – in color – like never before. Earlier, we mentioned the profound difference that a combination of color, personalization and prospect-level messaging can have on the effectiveness of customer communications. All of this can now be easily incorporated into mid- and larger-sized mailings courtesy of the increased speed and capacity of today's printing equipment and the intelligence of today's database and print stream integration.

Workflows can be consolidated too. Pre-printed stocks do not have be physically swapped in and out to accommodate different logos, forms and messaging; all of that can be programmed to take place automatically as part of one-pass printing. Mailpieces, inserts included, can be created and assembled together, increasing the efficiency of mailpiece production processes and getting communications to market faster.

This all translates to less manual labor, reduced down time and increased throughput. Today's digital equipment is so sophisticated that it self-monitors to a large extent, routing any exceptions to a separate stream for review and generating alerts for rare production errors.

Today's print stream engineering also enables businesses to redesign documents on the fly. With this flexibility customer communications can be more timely, and the coordination of cross-sell across business units a less arduous task. Form changes can be done with keystrokes rather than a whole new print run. And last-minute changes to messaging do not require a full-scale work stoppage to accommodate changes.

One of the biggest differences afforded by digital print is the ability to group print runs in new ways. Instead of being constrained by the need to organize runs according to the pre-printed forms and/or inserts involved, digital printing can switch seamlessly between form types and inserts. As a result, mailpieces can be generated in order to capture postal efficiencies, make better use of envelopes as part of the communications package, and/or "household" communications for a better "single face to the customer":

• The USPS is continually offering new ways that mailers can capture work-share discounts through mail preparation and presort. With digital print stream engineering, it is now possible to print mailpieces in accordance with their destinations rather than the format of their underlying forms or the inserts they contain. This means that mailpieces can come out of the print process already in ZIP code order – and smaller mailings can be automatically combined to capture discounts that either would have required an additional sorting step or might have otherwise been missed.

• Print-stream engineering can also coordinate the printing of envelopes and letters, matching these pieces in-line so neither has to be preprinted. This has a number of benefits: companies can eliminate the use of more expensive window envelopes; they can make better use of envelopes for tailored messaging; and, they can print postage on the envelopes on an as-needed basis as part of the print process.

• Print-stream engineering can also help to coordinate communications across households. For example, if a banking customer has multiple accounts of different types, they might ordinarily receive multiple versions of the same promotional insert or even, in rare cases, conflicting promotions. With the full integration of database information with the print stream, mailstreams can be merged, duplicates can be eliminated, household communications can be bundled, and rules can establish priorities in the case of conflicting messaging based on profile data. This makes for better customer communications, and, in the U.S. where weight is an important factor in determining mail- piece pricing, businesses can make best use of the allowable weight limits to bundle inserts accordingly.

Relevance and impact drive increased revenue

All of these efficiencies are all the more important because, together with effective use of color and messaging, they enable businesses to increase revenues.

Maximizing transpromo opportunities

Transpromo, or the integration of promotional messaging and materials into transactional mail, has become a major focal point for marketers and mailers in recent years – and with good reason. Transactional mail generally requires action by the customer, so it is significantly more likely to get opened and read. When it comes to transactional mail, therefore, customers are a captive audience, and this is an ideal opportunity to present promotional messaging knowing that it will be seen.

Adding color maximizes the impact of promotional messaging, leveraging the opportunity presented by these most-opened, most-read documents. And digital print stream engineering enables businesses to incorporate "on-serts," pinpointed messaging printed in color directly onto current transactional documents and envelopes. This data-driven messaging can be more customer-specific than ever before, reflecting household relationships with the company and limited-time opportunities.

Improving customer experience

Adding color and personalized messaging can not only strengthen specific promotions, it can also enhance overall customer relations.

Today's tech-savvy customers expect businesses to understand and value their relationships. Duplicate mailings, irrelevant communications, form letters and the like all indicate a lack of understanding; whereas, data-directed, personalized communications send the message that the business values their customers enough to truly personally address them and their needs.
Color and personalized messaging on the outer envelope can grab customers' attention faster. Effective use of color on the communications inside the envelope can ensure a better response.

With digital print-stream engineering, it becomes possible to synchronize messages and document formats across channels. This "single face to the customer" strengthens brand recognition, and enables customers to process different communications from the same company more quickly and efficiently. As a result, customers are more likely to respond more rapidly – and correctly – to calls to action and to maintain a more positive view of their relationship with the business.

Integrated tracking and measurability

All of these enhancements to print-stream technology may seem daunting to the uninitiated, but a whole host of user-friendly tools make it relatively simple to put the technology to use. What's more, going digital provides opportunities for tracking and measuring results faster and more accurately than ever before.

- User interfaces are designed with ease-of-use in mind. Directions are clear, straight-forward and logical.

- Marketing dashboards provide quick snapshots of communications and their performance – and these can be

presented by product, customer type, geography and more to help marketers gain better insight into performance among different segments.

• Content management tools help to automate the process of creating one-to-one, data-driven messaging that fully reflects complete customer relationships and can coordinate and bundle communications on different company products and solutions.

Utilizing digital print technology enables companies to link outbound mailings directly with in-bound data. As a result, market tests can be run more efficiently, results can be measured and assessed more rapidly, and decisions on deployment of new products and solutions can be made faster – and with better input. As a result, companies can increase their speed-to-market while at the same time feeling more confident in their actions.

Technologies that can make a difference

Technological advances have made high-speed color print more viable, economical and beneficial in recent years. To be successful, organizations need to understand which enhancements are transforming print and mailpiece production – and are ensuring that color is the way of the future for print.

Increased speed
Today's high-volume inkjet printers are faster than ever. Now some even have the capability to print four-up at speeds over 3,500 impressions per minute. These speeds, coupled with the fact that these printers can change from form-to-form and document-to-document on the fly without a pause to restock, means that digital color print speeds are rapidly closing the gap on offset and black-and-white printing.

New inkjet technologies
One of the key contributors to the higher costs of color print had been the need to use special, more expensive paper stock to ensure the brightness and quality of color production. However, today's new print technologies enable high-quality color print on regular offset paper stock. These printers can apply a specialized coating to the plain-paper stock only where the colored ink will be placed rather than requiring a special coating across the whole sheet. The result is high-quality color print at a fraction of cost associated with the specialized print paper.

Customer intelligence software
The trend toward viewing – and producing – software as a service is firmly in place in digital print production. Software that drives today's digital printing, inserting and mail creation is fast and easy to use, and it is designed to integrate with inbound data, providing important, insightful feedback on mailing performance in terms of both speed and level of customers' response. It helps businesses to coordinate data and customer communications across department and product lines, and ensures a more unified and effective face to the customer.

Production intelligence/output management
Even as color printing enhances customer communication, its digitally-driven format creates opportunities for efficiencies. Marketing inserts, for example, that previously could have taken 30-60 days in design and production and then would have had to be integrated into mail-pieces at assembly can now be produced as "on-serts" printed directly within existing transactional documents – or created on the fly and printed in coordination with the mailpieces they will become a part of, all in a much compressed time frame. Documents can also be produced based on their final destinations rather than the forms they include. And, envelope printing and messaging can become a standard part of more coordinated customer-oriented mailpieces.

Moving to color is a smart move in today's economy

Digital color print is the way of the future – that's where today's print-industry research and development dollars are going. This is little surprise: digital color print adds value to both transactional and promotional communications, making it easier for organizations to connect with their customers. Businesses can be more nimble, and get to market faster with more targeted messaging. They can also track mailpiece performance more effectively than ever before by making use of the same technologies that drive digital print efficiency.

Moving to color is a smart move on several fronts, but it means more than adding a splash of red, blue or green to a document. Data-driven automation provides better communications, better customer relations and increased mailpiece productivity—giving organizations a direct opportunity to drive efficiency and revenue through a single initiative. To learn more about high-speed color printing, Transpromo documents and production intelligence, contact Pitney Bowes at 1-800-536-2763 or visit www.pb.com/transactionprintandmail.

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