KEYPOINT INTELLIGENCE | InfoTrends

SERVICE AREA:

Business Development Strategies

ANALYSIS

ROAD MAP 2019

Business Development Strategies

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Introduction

With 2018 in the rear-view mirror, now is the time to reflect on and refine your investments and innovations in preparation for 2019. It is already shaping up as a year of growth for well-prepared businesses. From attracting and retaining top talent to preparing for automation and operational excellence, as well as focusing on value-added services and effective marketing activities, growth and refinement should be everyone's goals in 2019.

Every January, the analysts at Keypoint Intelligence – InfoTrends (InfoTrends) ponder the past year, contemplate the next, and compile a list of the key trends that we expect to have the greatest impact on print service providers (PSPs) in the months ahead. Our industry is facing significant disruption from a variety of forces, including the emergence of new technologies, sales strategies and training, print's changing role in the communications ecosystem, and the importance of data management in delivering personalized and relevant communications. PSPs can use this document to help guide business decisions, craft strategies, and implement plans to innovate their operations throughout the year.

Top Trends for 2019

1. Attracting and Retaining Top Talent is a Key Priority

Because delivering great customer experiences and driving profits starts with company culture, it has never been more important for firms to hire employees that are a good fit with their overall culture. Employees who work for organizations whose goals align with their own are happier, more productive, and more loyal. Delivering great experiences to customers and driving profits starts with company culture. Instilling and sustaining employee happiness through company goals and values helps create a culture that fosters employee loyalty and ultimately leads to happier customers.

The structure of all workplaces continues to evolve, and the printing industry is no exception. Many Baby Boomers have already entered retirement or are planning to leave the workforce soon, even as Gen Xers and Millennials continue to reshape the business environment. Meanwhile, the oldest members of Generation Z are starting their own career paths. Each generation has its own unique set of characteristics and preferences, and businesses must change with the times when working to attract new talent. Corporate culture is important to everyone, but the things that will matter to Baby Boomers are often quite different than the things that will matter to the Gen Zers who are just starting out.

According to a recent Wall Street Journal article, Gen Z workers appear more competitive and pragmatic, yet also more anxious and reserved in relation to Millennials. After growing up during recessions, financial crises, war, and terrorism, Gen Zers have a strong work ethic and crave financial security. Whereas Millennials enjoy collaborative efforts that enable them to work together, Gen Z workers are more responsive to individual recognition and extra pay. Although Gen Xers grew up with less adult supervision and became independent and skeptical employees as a result, Gen Zers grew up trusting adults. Many of them want managers who will step in and help them deal with uncomfortable situations. They also grew up surrounded by technology and social media, so while a YouTube-style video tutorial might be very off-putting to a Baby Boomer or older Gen Xer, it could be an ideal training tool for a new Gen Z hire. As we move into 2019 and beyond, more Baby Boomers will be approaching retirement and more individuals from Generation Z will be coming of age and entering the workforce. Employers must understand these demographic differences and ensure that their company culture and onboarding process will be appealing to the next generation.

2. Different Buyers Respond to Different Sales Techniques

Due to a wealth of information on the Internet, increased competition, a rising number of decision-makers, and a focus on price as the primary differentiator, selling is harder today than it has ever been before. To further complicate matters, buyers' expectations are changing. As a result, selling techniques must be refined. Smart PSPs are actively examining the needs of today's empowered buyers and structuring their processes and sales force to address changing buying practices. While some buyers will recognize that they have a problem and may turn to their PSP seeking a solution, others will need your knowledge and insight to highlight opportunities for improved results. These groups must be sold to differently.

In response to changing buying behaviors, more and more businesses may choose to implement a dual-focus sales team. "Hunters" and "farmers" have different skills, and having access to both types of salespeople can be a critical success factor. The hunters would be responsible for tracking down new business or winning back past customers, while the farmers would focus on cultivating relationships with existing customers to expand their buying potential.

The bottom line is that no salesperson can be all things to all buyers, so setting your sales team up for future success means establishing a team that is capable of selling the right solutions to the right set of buyers. Savvy businesses will tune their selling techniques to a variety of buyers' expectations as they expand into new services and product offerings.

3. It's Time to Prepare for Automation and Operational Excellence

Industrial revolutions are momentous events, and many historians agree that there have only been three to date. The first was triggered in the 1700s by the commercial steam engine, which mechanized much of the work that our ancestors were forced to do by hand. Electricity drove the second revolution at the beginning of the 20th century, leading to the birth of mass production. The third industry era came about with the introduction of computers after World War II. We are among those that believe that we are in the fourth industrial revolution, often called "Industry 4.0". A shift toward improved automation and operational excellence has been in the industry talk track for most of this decade. Now that the infrastructure is in place, it is time for PSPs to leverage the power of automation and build production workflows that automate as much as possible.

Leveraging the infrastructure means look at existing workflows and comparing it against what your competitors are doing. The trends in automated workflows are fueled by a number of factors:

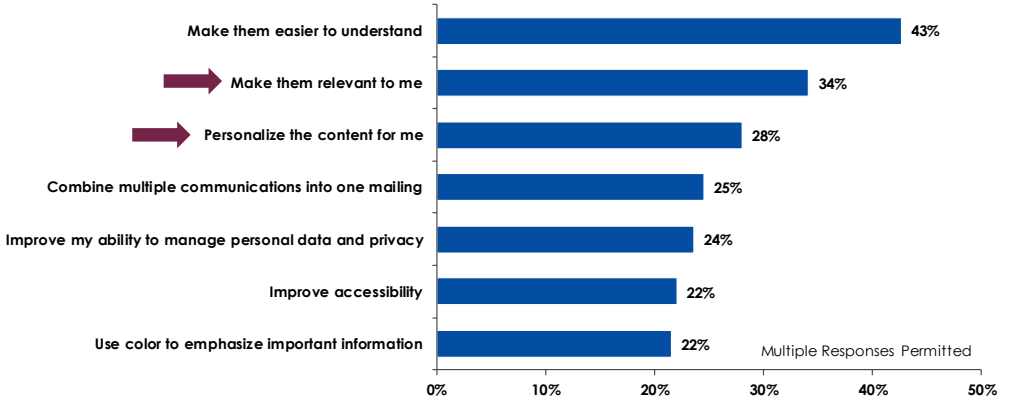
- The rise in data volumes and connectivity
- The increased need for data analytics and business-intelligence to run printing businesses as well as support customer applications
- New forms of human/machine interaction, such as touch interfaces and augmented reality systems
- Improvements in transferring digital instructions to the physical world with 3D printing

Management personnel within the print industry must lead the transformation in their shops to achieve the levels of operational excellence that will enable their businesses to grow. The technologies that are evolving within the industry will continue to become more automated, so PSPs must proactively embrace automation that eliminates touchpoints in the print shop. It is also important to minimize the spreadsheet-based management that can prevent operational excellence.

4. Personalization is Powerful

InfoTrends' research has consistently shown that consumers notice personalization, and it often plays a key role on how they interact with transactional and marketing communications. Over a third of respondents to a recent InfoTrends survey stated that transactional communications sent via direct mail could be improved by making them more relevant, and personalization is a critical component of relevance.

Figure 1: Personalization Improves the Effectiveness of Direct Mail



N = 4,000 Consumer Respondents in North America and Western Europe
Source: Annual State of Transactional Communications: Consumer Survey, Keypoint Intelligence – InfoTrends 2018

InfoTrends' research has also found that consumers will spend more time reviewing personalized content than generic content. This is especially true for younger consumers in the ever-important 18-34 age bracket. In fact, these younger individuals reported that personalized content was the factor that made them most likely to engage with direct mail as well as marketing e-mails.

Personalization clearly attracts consumers' attention and improves the customer experience. Savvy enterprises will use the power of personalization to their advantage, especially when attempting to reach younger consumers.

5. Print Increases Customer Engagement…But It's Not the Only Element!

As we move into another new year, an increasing number of businesses will be relying on tried-and-true printed communications to increase customer engagement. According to a study conducted by the US Postal Service and the Center for Neutral Decision-making at Temple University[1], print outperforms digital ads in several key brain activity categories, including review time, emotional reaction, memory retention, and perceived value. The bottom line is that physically printed ads are easier for our brains to process. Study participants spent more time with physical advertisements, showed more desire for a

[1] Source: "Engaging the Value of Mail: The Human Response", 2015

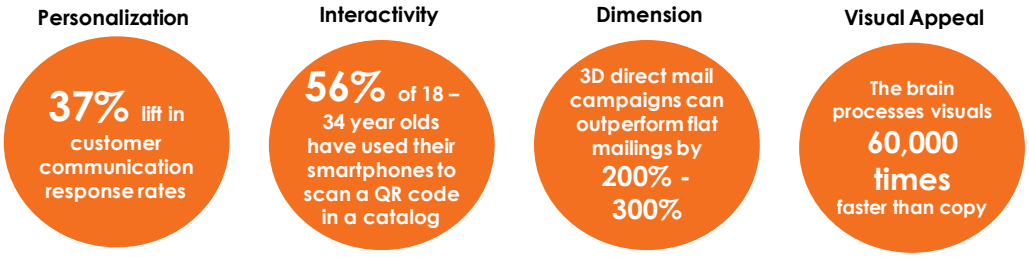
product shown in print, and were more stimulated by physical ads than by their digital counterparts.

Even younger "digital natives" still respond to print because our brains react differently to printed material than they do to digital media. In a study that gauged responses to physical and digital advertising pieces, the USPS/Temple researchers used brain imaging, biometrics (e.g., heart rate and respiration), eye tracking, and questionnaires to draw the following conclusions:

- Study participants processed digital ad content more quickly, but they spent more time with printed ads.
- Printed ads triggered activity in a part of the brain that corresponds with value and desirability.
- Study participants had a stronger emotional response to printed ads and remembered them better.

According to the same study, direct mail requires 21% less cognitive effort to process than digital media, suggesting that it is easier to understand and more memorable. In addition, brand recall was 70% higher among participants who were exposed to a direct mail piece versus a digital ad. Additional research confirms that consumer engagement can be fueled by a number of factors—including personalization, interactivity, dimension, and visual appeal.

Figure 2: Elements that Drive Engagement



Sources: Canada Post (performed by TrueImpact); *In Search of Business Opportunities: Finding the Right Prospects* and *Beyond CMYK: The Use of Special Effects in Digital Printing* by InfoTrends; Neo Mammalian Studios; Impact Communications; Response Rate Report; DMA

Print still plays a key role in driving customer engagement, but it is only one component of a truly immersive experience that must include a seamless combination of traditional, digital, social, and mobile interactions. The most successful PSPs are reviewing their touchpoint capabilities with an eye toward adding more capabilities directly or via partnerships. When marketing a new or existing product, consider all of the elements that can drive engagement for your campaign as well as the product itself.

6. Smart Print Manufacturing Using Hybrid Solutions

The communication landscape continues to evolve, leaving print to compete against the speed, cost, and targeting capabilities of digital channels. Competition remains stiff, even as the industry remains focused on reducing costs through automation. In 2019 and beyond, success will require redefining print manufacturing to make it smarter with automation and more engaged with digital delivery channels.

Smart print manufacturing (SPM) starts with streamlining inputs (e.g., customers, job onboarding, and production resources) to optimize every stage of production—eliminating or minimizing manufacturing inefficiencies and errors while maximizing uptime and execution. It combines all manufacturing methods (i.e., inkjet, toner, and the hybrid solutions that link the two) with industrial technologies to optimize all stages of print production. Adding subscription-based, cloud-based workflow tools can extend SPM capabilities without a huge investment. At the same time, print products can continue to compete against the speed, cost, and targeting capabilities of digital by creating hybrid communication solutions that link print and digital. Augmented reality and quick response (QR) codes are great solutions for any print organization to embrace.

As illustrated in the Figure below, SPM relies on a stack of technologies that is constantly changing and evolving. The Table that follows provides a list of these technologies, as well as a description and industry examples that are available today.

Figure 3: SPM Technologies

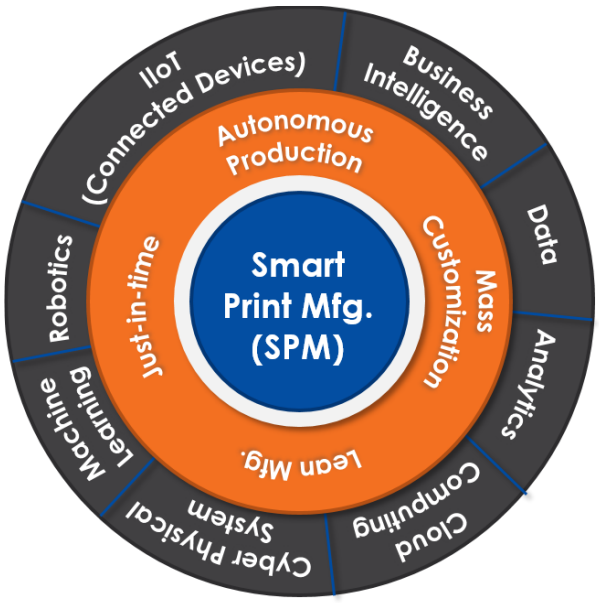


Table 1: SPM Technologies – Definitions and Examples

Technology	Definition	Sample of Industry Solutions
Analytics	Software to interpret and visualize data that can be customized to individual users	Canon PRISMAlytics, EFI Fiery Navigator, Kodak Analytics, ONYX HUB, SpencerMetrics Connect
Big Data	Massive amounts of data, often from multiple sources, requiring advanced software to capture, store, and analyze	Heidelberg (PTC Machine Cloud) and Pitney Bowes Clarity (GE Predix)
Business Intelligence	Software that combines production data with financial data; often an add-on module to a print MIS or ERP system	Avanti Executive Dashboards, EFI BI, Tharstern BI
Cloud Computing	An evolution of IT to pool and share resources (network, servers, storage, applications, and services) often via the Internet	Most cloud-based offerings in the print industry use a cloud computing service, such as Amazon Web Services and Microsoft Azure
Cyber-physical Systems	Smart machines that translate data into actionable information to interface with other machines, systems, and people	Autonomous robots for material movements
Industrial Internet of Things	A subset of the "Internet of Things" specific to manufacturing for increasing revenue via improved productivity, workforce transformation, and new business models; IIoT encompasses many other technologies in this list	No specific examples, although many industry solutions are necessary parts of IIoT
Robotics	The use of robots to perform tasks (often repetitive) that were previously done by a person	Several vendors use robotic arms for material movements (e.g., from palette to cutting table) from suppliers like KUKA Robotics

Print service providers of all sizes need to prepare, plan, and take steps to implement their own version of SPM that they can sell and productize, covering all applications including packaging, wide format, labels, flat printing, and finishing. Now is the time to act; those who wait will find it increasingly difficult to compete as the efficiencies of competitors trickle down to their cost structure and market pricing.

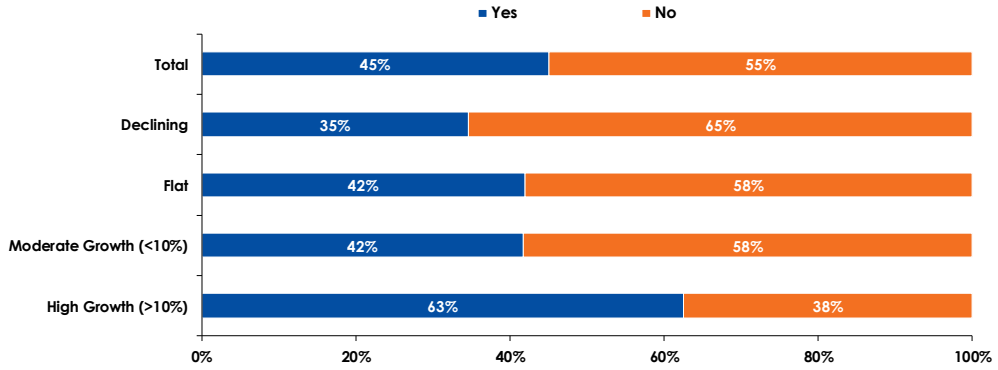
7. A Vertical Market Approach Can Pay Dividends

Realistically, printers cannot do everything and satisfy everyone's needs because resources will not stretch that far. Successful PSPs will target their offerings toward customers that need and want their services, while setting aside the customers that do not fit that profile. This often involves a vertical market focus that concentrates on a specific type of business within a single industry. For print service providers, the benefits of embracing a vertical market approach are clear:

- **You get more attention within your market space:** When you market to a specific group, it is much easier to get their attention. After all, you are talking about their challenges and their issues.
- **You can become an expert within the segment:** Being an expert in your field is a differentiator. The world of print is crowded, so expertise is equated to differentiated value-add in the minds of customers and prospects.
- **More effective marketing to a targeted base:** Once your marketing efforts become focused, your messages will sound right to the market segment. Prospective customers will view you as a partner that clearly understands them and their needs.

According to a survey that InfoTrends completed in 2018, high-growth commercial PSPs were considerably more likely to have a vertical market focus.

Figure 4: High-Growth PSPs Are More Likely to Have a Vertical Market Focus



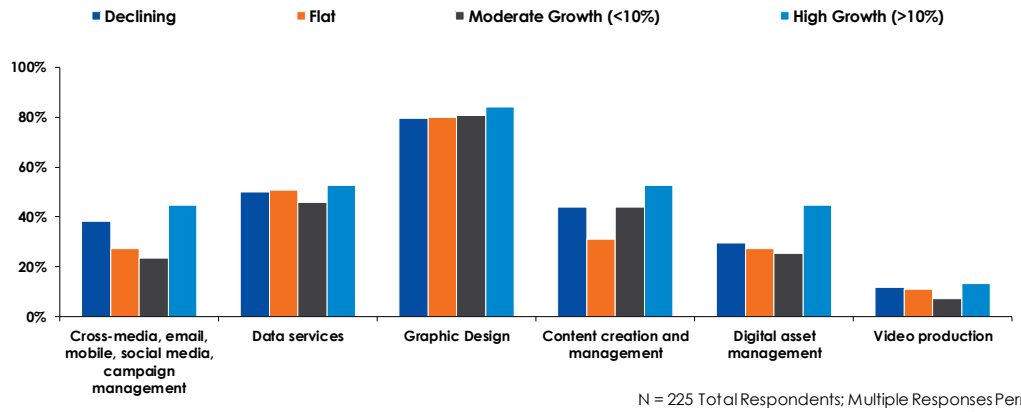
N = 149 Print-for-Pay Respondents
Source: *Winning in an Evolving Print Services Market*, Keypoint Intelligence – InfoTrends 2018

To differentiate themselves with a vertical market focus, savvy PSPs are ensuring that their salespeople understand the printing and service requirements of the industries they are selling into. Product and service marketing efforts must also address these requirements.

8. Focus on Value-Added Services and Effective Marketing Activities

Although all PSPs across the board are decreasing their focus on traditional offset printing, InfoTrends' research reveals that high-growth PSPs are concentrating on specific areas. When respondents were asked about the marketing services they offered to customers, areas like graphic design, data services, and video production were generally common among all PSPs—suggesting that these services are becoming table stakes for competing in today's market. Meanwhile, high-growth PSPs reported placing a particular focus on non-print related value-added services (e.g., cross-media, e-mail, mobile, social media, campaign management) and digital asset management. These options can increase customer loyalty and shift the relationship from service provider to partner.

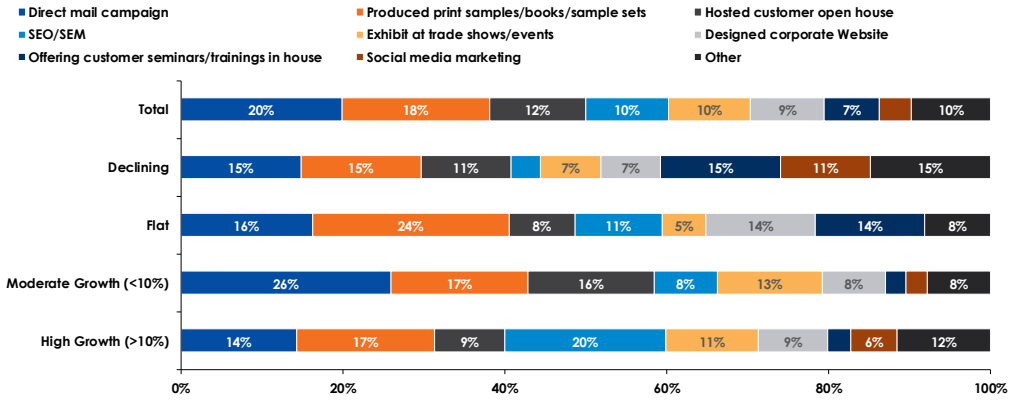
Figure 5: High-Growth PSPs Focus on Value-Added Services



N = 225 Total Respondents; Multiple Responses Permitted
Source: *Winning in an Evolving Print Services Market*, Keypoint Intelligence – InfoTrends 2018

Of the 225 PSPs that participated in InfoTrends' survey, over three-quarters (78%) had participated in marketing activities in the past 6 months. Of these respondents, the greatest percentage of high-growth PSPs (20%) cited SEO/SEM as their most effective marketing activity.

Figure 6: Most Effective Marketing Activity



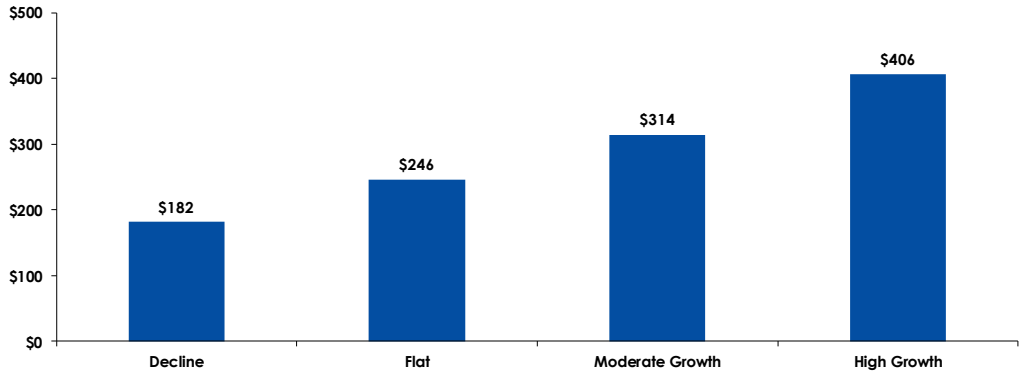
N = 176 Respondents who have participated in marketing activities in the past 6 months
Source: *Winning in an Evolving Print Services Market*, Keypoint Intelligence – InfoTrends 2018

9. How Are You Spending Your Training Dollars?

Today's businesses need a plan of action for training so they can develop the right expertise. Sales managers must educate their sales teams to set them up for success, and this starts with building a learning culture where each employee is held responsible for their own professional development. Ongoing training is vital to an effective sales management process. Training should cover the sales process, sales insight and skills, target markets, and relevant products/services.

According to InfoTrends' research, only 38% of total respondents had an annual budget for employee training; our survey results indicate that this is money well spent. Although the total sample size was too small to be statistically significant across the growth categories (e.g., declining, flat, moderate/high growth), it was clear that the growing PSPs were allocating more of their spend to employee training.

Figure 7: Average Annual Training Spend per Employee



Calculated by dividing the average total spend on training by the number of print production employees
N = 86 PSPs that have an annual employee training budget
Source: *Winning in an Evolving Print Services Market*, Keypoint Intelligence – InfoTrends 2018

High-growth PSPs also had the greatest share of respondents that expect to increase their training budgets. Great sales managers know how to create an environment where their employees are adequately trained to deliver growth year after year.

10. The Demand for a Broad Range of Services is Increasing

Over the past two years, enterprise clients have shown an increasing willingness to switch communication outsourcing providers. While this is partially driven by concerns over price, enterprises are also seeking to make the most of their communication budgets by working with a single provider that can offer the broadest range of services and access to a variety of delivery channels. Enterprises ultimately want one outsourcing partner that offers end-to-end communication services and operates as a "one-stop-shop."

Although clients and prospects are including provisions seeking support for digital channels and value-added services in their requests for proposals (RFPs), actual adoption remains low. Advanced services and digital channel support are often the table stakes of a communications outsourcing deal: Enterprises are working to future-proof their communication strategies by establishing partnerships that will bring them the flexibility to solve the problems of an evolving market.

A central component of an enterprise's forward-looking strategy is securing the outsourcing provider as a trusted advisor to act as a guide. To facilitate this change, enterprises are granting providers greater access to C-suite executives, marketing professionals, and senior operational personnel. Rising consumer expectations, shifting enterprise attitudes, and customer communication objectives have elevated an outsourcing provider's purpose from saving money on commodities to generating revenue through innovations in the overall customer experience.

Enterprises are seeking a partner with the skills, technology, and multi-channel know-how to future-proof their communication strategies. Service providers must find a way to elevate their purpose beyond helping clients save money on commodities and delivery. As we move into the future, providers that can empower their clients to generate fresh revenue through communication innovations and an improved customer experience will be best positioned for success in today's multi-channel market.

opinion

InfoTrends' Opinion

During 2019, print service providers must refine their sales strategies and business practices to generate growth. Our industry is facing a significant number of disruptions from a variety of forces, including emerging technologies, sales strategies and training, print's changing role in the communications ecosystem, as well as the importance of data management in delivering personalized and relevant communications. It is our hope that the strategies discussed in this document will enable you to make better business decisions, craft strategies, and implement plans to innovate your operations throughout the year.

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Comments or Questions?

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