

2010: A Year of Innovation for the Graphic Communications Industry

By Barb Pellow on January 14, 2010

Introduction

It's the time of year for publishers and industry experts to make predictions about the year ahead. This column and next week's will provide my market perspective for 2010 and discuss what print service providers (PSPs) and marketing service providers (MSPs) can do to participate.

The market perception is that the economy will improve within the next 12 months, and we are already seeing some signs of recovery. Nevertheless, credit and employment will remain tight, corporations will still be seeking deals on commodity items, downward price pressures will persist, and marketers will be focused on new customer acquisition as well as strong retention strategies with demonstrable ROI. The challenge for the graphic communications industry is that the print volume that was lost during the latest recession is gone forever. It has been replaced by new digital customized media options and alternatives. While print media is an integral component in the overall business communications cycle, companies of all sizes want it blended with online, social, and mobile solutions. Organizations that put the time and energy into building a digital foundation over the past two or three years will be rewarded because they are prepared to participate in the world of "interactive" customized communications. Those that did not will need to develop a solid "catch-up" strategy.

Steps for Survival

To survive in 2010 and beyond, print service providers will need to focus on innovative techniques to blend print with new media. Henry Chesbrough, a Professor at the University of California Berkley, wrote a book called *Open Innovation*. He defined innovation as the concept of combining external as well as internal ideas—in addition to internal and external strategies—and advancing competitively. Innovative graphic communications service providers must consider the surrounding forces to deliver new levels of innovation in 2010. They will need to implement innovative techniques that:

- Increase share in existing markets
- Add new value to existing client relationships
- Enter new markets

To be successful in 2010 and beyond, I believe that graphic communications firms must explore 10 key areas for delivering new and innovative strategies. This week's column discusses the first five strategies, which focus on increasing share with existing clients and adding new value. Next week's column will discuss the remaining five strategies, which focus on new market opportunities.

1.) Marketers and Customers Want Integrated Communications!

PSPs and MSPs must develop a new services portfolio to capitalize on changing media dynamics. Communicating internally with employees or externally with customers and prospects is no longer a matter of creating a messaging strategy and buying media. Companies are focused on crafting communications strategies that account for channels, media, and target mentality. Corporations want both targeted messaging and targeted media to generate desired customer behaviors, such as purchasing activities, engagement, or general communication. These corporations want to communicate and consistently represent their companies and brands across print, social, online, and mobile media.

This will challenge PSPs and MSPs to make significant product/service portfolio adjustments or establish partnerships that can fulfill the integrated marketing campaign value proposition. Aggressive service providers are also approaching the market with new models. For example, Chicago-based Tukaiz has repositioned itself as a results-driven marketing communications service provider. Through its three core business units, the company is providing imaging, print, and interactive services to advertising agencies and Corporate America. While Tukaiz is one of the largest HP variable data digital print producers in the United States, it is also a recognized expert in moving digital data and information to a variety of output devices. Companies like Rastar Digital Marketing and The Mahoney Company are pursuing similar strategies based on the realization that future revenue sources will be derived from non-print communication services.

2.) Robust Web-Based Integrated Campaign Portals Will be Essential to Success.

We've been talking about this for a long time, but being easy to do business with in a "connected" world is essential. Businesses of all sizes are used to leveraging Internet order entry. You must offer a customer-centric portal that can handle more than simple job submission. Internet services should include variable data inputs, online proofing, catalog and item segregation, credit card functionality, real-time inventory reporting, budget tracking, order confirmation, UPS tracking, and kit ordering. Multi-location organizations with distributed employees also need to support digital asset management. In many instances, service providers are expected to maintain repositories for customers' working files, collected files, graphics, logos, word documents, and PowerPoint presentations. Users should be able to convert files, check-in/check-out files, swap images, and more.

3.) It's about Conversations, NOT Campaigns.

Print must lead to interactivity. Marketers are focused on the “customer experience” and engaging their customers in a dialogue rather than a monologue. PSPs and MSPs must assess emerging technologies to establish a conversation and keep it going. Service providers need to be clever in the ways that they help their clients take advantage of the latest technologies, but they also have to keep it simple.

Quick response (QR) codes and mobile marketing techniques will gain traction in 2010 as part of this interactive dialogue. A number of major companies are using bar codes to engage their customers in a dialogue. Columbia Records and We Love Mobile are using mobile QR codes to support sales of *Manners*, the debut album by Passion Pit. The rich mobile codes feature artwork from the album and will be available via posters, flyers, and printed marketing collateral. This information will also be available via the Web on Passion Pit’s MySpace and Facebook pages. New codes will be posted in the coming weeks, and each will reveal a new free track or video.

In May and June of 2009, Coca-Cola Great Britain (CCGB) carried out a mobile coupon campaign in the U.K., powered by digital voucher company i-move. Using the PayPoint network, hundreds of thousands of bottles of Fanta, Sprite, and Dr. Pepper were distributed free using secure digital vouchers delivered to mobile phones. Select PayPoint stores were given eye-catching point-of-sale materials, including door posters, shelf blazers, and fridge-top stands, which clarified the simple step that customers were required to perform to receive their free drink. All they had to do was send a text message with the word “YES,” followed by their date of birth. Within a few seconds, valid voucher requests received a text message reply that included a unique voucher code that was validated by the retailer using the PayPoint terminal.

Service providers need to assess how to leverage the critical role that print plays in the multi-channel conversation. Those that do this will be able to expand their existing customer base as well as attract new customers.

4.) Data is King!

While successful marketing service providers have been using data as their “secret sauce” to drive, track, and measure the success of campaigns, more marketers and advertisers are planning to take a data-intensive approach in the coming year. It has been proven that targeting, personalization, and creativity increase relevancy among end-users, thereby improving response rates for marketers. Data-driven marketing also requires integrated data rather than siloed data. Data often sits in databases within various types of organizations, and different functions may have ownership of different types of data. For data-driven marketing activities to be effective, the various data sources must relate to one another. Data must also be managed across the customer lifecycle—for example, data on how customers are acquired can be analyzed alongside customers' long-term value or profitability. While the role of the PSP or MSP versus the agency and corporate enterprise relative to data is not clear, there must be an understanding of quality, integration, and lifecycle management to ensure that new campaigns are successful.

5.) Measurement is the Name of the Game

The smooth establishment of a measurement program requires a clear set of objectives as well as a strategy and a plan. The resulting plan should be flexible and evolutionary, and customers need to understand its value. Measurement should grow with an organization and not overwhelm the culture.

Several good examples of this strategy can be seen in today's market. The Girl Scouts Arizona Cactus Pine Council (GSACPC), which serves Girl Scouts throughout Arizona, was seeing a decline in donations and needed a way to cultivate new donors who might be willing to participate in an upcoming fundraising campaign. Phoenix-based Allegra Printing and Imaging implemented a cross-media direct marketing campaign that included variable data direct mail, e-mail, personalized URLs (pURLs), social media, and telemarketing. The campaign saw an overall response rate of 8.2%, and average donation amounts rose from \$50 to \$250.

During 2010, it will be critical to work with clients to build a measurement and metric system that is simple, meaningful, and easily measurable.

Conclusion

PSPs and MSPs must face the reality that there is no "business as usual" anymore. The printing industry that we knew and loved went away with the recession, and it's not coming back. To adapt to today's business realities, you must question all of your beliefs and assumptions, get comfortable with uncertainty, and adjust your expectations. For most, the new "business as usual" will be slow and sustained growth rather than a "hockey stick" curve. In addition, surprises will lurk around every corner.

Market innovators are exploring new techniques and breaking the rules. If you aren't breaking rules on a regular basis, your customers and markets have probably already left you behind. The new rule for today's chaotic markets is to constantly challenge the status quo. Don't assume that what made you successful in the past will remain effective in the future. Stay tuned next week, when I'll outline the top five new market opportunities that PSPs and MSPs need to focus on.