



The digital printer and variable data - An
effective response to Web2Print

The printing industry

The printing industry is changing under the pressure of up-and-coming online players. New companies such as Vistaprint, Flyerzone, and PintCarrier compete on price, using web2print technology. These companies have websites that enable the customer to edit and send printing material easily, after which they get their order delivered. The workflow receives and delivers an order on autopilot and the whole process requires few or no staff. This automated workflow empowers these new players to grab market share by offering the lowest price.

This automated production process is highly effective for mass printing orders. Many traditional printers have not been able to respond. The combined causes of lost market share and the financial crisis make the printing industry suffer from rising unemployment and bankruptcies (A&O Fonds Grafimediabranche, 2013).

The type of mass printing that is now done by the low-cost players has razor-thin profit margins. Printers that are still in business have to adapt to these new volumes and prices.

Two ways of ongoing survival

The economic reality of diminishing profit margins brings traditional printers to a strategic choice. They have two options. The first route is to follow the low-cost players and lower their costs as well. They can trim their organization down and automate the workflow, in an attempt to follow along with web2print.

The second route to survival is differentiation and specialization. The existing competency of the printing industry is editing and multiplication of information. The processes of editing and multiplication are subject to technical progress, so information technology (IT) creates both opportunities and threats. Whoever wants to succeed in the battle with

the low-cost players will develop a new value proposition that is smarter than the mere sending a file to a printing machine. Printing companies that invest in new competencies can switch to offering specialized printing or additional services. They can differentiate from the low-cost players by boosting the marketing efforts of their customers with support for market segmentation and personalization.

Boost your reach by sending smart: personalization of message, channel and timing

One trend that printers can benefit from is personalized marketing. The goal is to reach the prospect with the right advertising message, through the right channel, at the right moment. One can approach the goal of personalization by using variable data. A common example is a letter with a customer's name in the opening words and a payment slip attached to renew his or her subscription. You send this letter just before the current subscription expires. Another example is the car dealer who sends you a special offer, just when your car is due for maintenance. Dataflows of unique customer features come together in printed materials that boost the effectiveness of a marketing campaign.

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Their possibilities of personalized 1-to-1 marketing are growing quickly. Traditional printing companies adopt this trend to take a position against the low-cost players that just offer mass printing. The challenge is to develop a new competency: directing variable dataflows. In a 1-to-1 campaign, each copy of printed material has unique features. This type of printing requires a workflow that is supported by IT.

Printing companies can differentiate or specialize using smart IT applications. They can respond to pressure on their profit margin from a position of an online service provider. This strategic choice leaves no alternatives. Like low-cost players that apply IT to mass printing, so other

printing companies can specialize and offer personalization by refining their workflow with IT.

A successful example of personalized printing comes from the American retailer Target. They use big data techniques to predict the wishes of a customer, based on their personal buying history. The customer will get coupons for items they probably want or need at that time. The practice has boosted the conversion rate from coupons.

For example, all the female customers have a 'pregnancy score' (Forbes, 2012). Target has developed a statistical model based on data of items bought by pregnant women. Apparently, pregnant women often stock up on large amounts of unscented lotion early in the third trimester and that the imminent birth shows in the buying of soap and cotton balls. Target's statistical model relies on facts such as these to assign each female customer a pregnancy score. When this score rises above a certain value, the woman will receive coupons for baby items.

Initially, these coupons for baby items were bundled in a single personalized delivery, but Target has changed this approach after an incident at a branch near Minneapolis. An angry father had complained to the manager that his teenage daughter had received coupons for diapers and a cradle. The manager apologized, but it turned out that the daughter was indeed pregnant. Many people find such personalized campaigns an invasion of their privacy.

Nowadays, Target places coupons for baby items between coupons for other items such as lawn mowers and wine glasses. They send such personalized coupons not just to the woman with a high pregnancy score, but also to the other people living on her street. That way the personalization remains hidden. It turns out the women often use the coupons, but only when they don't feel like they are being spied on.

References

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