

for Affiliates this month in Center research:

## Critical Enablers for Successful Digital Printing

The initial assumptions of the research report, "The Role of Value-Added Services in Successful Digital Printing" (PICRM-2003-02), were based on exploratory research conducted by the Printing Industry Center at RIT in 2002, which found that successful digital printers:

- understand their customer base well,
- define themselves as more than just printers by offering value-added services,
- have balanced business models, and
- have well-defined Internet strategies.

To understand digital printers more thoroughly, we surveyed a total of 147 digital and non-digital printers from a panel of commercial printers in 2003.

We defined "successful" digital printers as those who answered yes to the question, "Is digital printing meeting your expectations?" Of the 75 digital printers responding to the survey, more than 70% indicated that digital printing was in fact meeting, and in many cases exceeding, their business expectations.

### Understand the Customer

Firms that are experiencing the best results with digital printing are those that understand their customer base and develop solutions that are targeted at specific market segments. Almost one-third of the successful digital printers in our study built a business model that was targeted at a specific industry, while only 19% of those who were less satisfied had done so. Before they made a major investment in technology, the successful companies had identified customers and prospects. Successful firms build business based on customer needs.

### Add Value-Added Services

Print service providers have traditionally been defined by output technology, such as commercial color, sheetfed, web offset, and large format. But our research showed that, across the board, printers are increasing their focus on value-added services to protect their customer base, grow revenues, and increase profitability. In the survey, 53% of the successful digital printers reported significant increases in non-print services revenues over the past three years, versus 27% of those less successful with digital printing technology. The primary focus of successful digital printers is building service portfolios and positioning their companies to provide business communications solutions and services. The successful digital color printer has reoriented tag lines and market positioning in collateral materials and on its


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Presented by  
Dr. Sandra Rothenberg,  
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2 PM (EST)

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Internet site to clearly explain to customers and prospects that it is about more than printing—it is a business partner for solving communications issues (see Table 1).

Table 1: Examples of Company Tag Lines and Marketing Messages  
[click to view](#)

### A Balanced Business Model

A clear management vision early in the implementation of digital color led four successful digital printers we interviewed to build a support infrastructure consistent with that vision. The infrastructure was in place before they invested in a single print engine. They hired strong technical resources to deliver value-added services, and had the financial resources to stay the course. These digital printers are reaping the benefits of these strategies, as evidenced by double-digit revenue growth in a down economy. In analyzing these firms, we saw an extensive investment in databases, digital asset management, workflow, list management, and creative support for template-driven solutions.

We also found that digital printers continue to rely on multiple revenue streams, as shown in Table 2. However, successful digital printers rely less on traditional offset technologies in their overall revenue streams than do less successful printers and non-digital printers.

Table 2: Sources of Current Revenue for Commercial Printers  
[click to view](#)

### Internet Strategy

The Web is a critical enabler for streamlining processes that involve client interaction. The double-digit growth firms have embraced the Web and leveraged it to reduce operational costs as well as to expand reach. There was a significant difference between successful and less successful digital printers regarding the number of Internet services offered and the percentage of respondents who offered these services. These services included ordering online, FTP drop boxes, and integration with supply-chain management systems.

### Conclusion

Extended case studies of three successful digital printers, Royal Impressions, Digital Marketing, and Lexinet, show how they have implemented the strategies of successful digital printers. But our survey data also reveals that the level of implementation by the average respondent is still quite limited. To energize the market, firms would do well to identify target markets, assess how to fully web-enable their businesses, and seek help in acquiring the infrastructure they need to tap into the more complex personalized applications that can ultimately drive the digital color market.

It will take more than exciting new print technology for market forecasts on digital printing to become reality. Listening to the customer and translating technology into solutions will make the difference.

### 2003 Research Monographs:

To read about this research in detail, download the monograph

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### About the Center

Dedicated to the study of major business environment influences in the printing industry precipitated by new technologies and societal changes, the Printing Industry Center at RIT addresses the concerns of the printing industry through educational outreach and research initiatives.

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### **Next Month:**

Next month, we take a look at the investment requirements for digital color printing.



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