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WILL 2015 BE A PERFECT STORM FOR PRINT AND MARKETING SERVICE PROVIDERS?

It's prediction season again… but it doesn't take a crystal ball to know that the coming months will have no shortage of industry pundits contemplating your future—at least your future for print and marketing services. The term "perfect storm" is used to describe a rare combination of circumstances that impact a particular situation. Three forces are expected to converge during 2015, potentially creating a "perfect storm" for service providers:

1. Trends in marketing spend that drive new service provider requirements.

2. A focus on not just technology, but the innovative use of technology to open new application opportunities.

3. The availability of an affordable infrastructure to support print service providers in expanding marketing services.

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>
> *PRESENTATION FOR CMO SURVEY 2015: EYE ON THE BUYER* GARTNER REPORT

Marketing will truly be on the move in 2015. Although marketers received a healthy portion of companies' budgets during 2014, many will receive an even heartier serving in 2015. According to the Gartner report entitled *Presentation for CMO Survey 2015: Eye on the Buyer*, companies spent an average of 10.2% of their annual revenue on marketing activities in 2014. Half of the surveyed companies expect to increase this spend in 2015, reporting an average budget boost of 10.4%. In fact, market leaders that are currently outpacing their competitors plan to increase their 2015 marketing spend by 13.6%.

TRENDS IN MARKETING SPEND

During 2015, success for service providers will be linked to helping marketers with their cross-channel targeted marketing initiatives. Service providers will need to address a number of key trends in marketing spend, including:

• Increased demands for micro-targeting;

• The domination of mobile technology;

• The delivery of an interactive customer experience;

• The automation of the marketing process.

A FOCUS ON THE *INNOVATIVE* USE OF TECHNOLOGY

In today's world of nonstop change, service providers can't be "fast followers" because playing catch-up will prove difficult or impossible. Moving forward, the leaders will be masters of change with the ability to rapidly identify and adapt to new business opportunities that are enabled by technology. Innovation doesn't always mean spending thousands of dollars on the latest piece of equipment; sometimes it's about having the right ideas and deploying technologies that address new market opportunities. For example, there are a number of specialty substrates for digital printing in today's market, including polyester, PVC, vinyl, pressure-sensitive, magnetic, embedded, panoramic, and photo products. These offerings can affordably open new markets and place you on the cutting edge with your customers.

Now that vendors have added metallic inks to the mix, service providers can bring the brilliance of gold, silver, bronze, and virtually thousands of pearlescent and metallic colors to prints. Greeting cards, direct mailers, banners, signs, labels, packaging, decals, POP displays, vehicle wraps, and even decorated apparel can take on an upscale, eye-catching appearance with specialty inks. The possibilities are endless and limited only by the imagination.

In terms of inkjet printing, 2015 will see the increased availability of higher-resolution heads for single-pass printing, coupled with ink chemistry that can address a growing range of substrates. Taken together, these developments will allow higher-quality graphics to be produced on substrates ranging from plain

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papers to machine-coated offset papers. This will support market growth, including a greater range of marketing, and book and pamphlet printing applications. Inkjet will be used for new, more personalized applications and will also rival offset for traditionally printed volumes.

3D printing will be another game-changer for the industry. The technology is already well-developed and continues to advance, all while prices are falling. At this time, 3D focus is on one-off or small-run models for product design and industrial prototyping, but advancements in 3D printers, scanners, design tools, and materials are reducing the cost and complexity of creating 3D printed items. As a result, applications for 3D printing will expand further to encompass architecture, defense, medical products, and advertising specialties. 3D printing is on a fast track to mainstream adoption, so now may be the time to weigh in.

Large format will remain a growth opportunity for service providers of all sizes. Signage is a vital part of the marketing mix, and marketers recognize that business and advertising

signs are an extremely effective means of communication. Signs help people find businesses, they reach people who are passing by an establishment, and they present an image of the business. In short, signs inform people about an organization, its brands, and its unique selling proposition. In this decade of mobility, marketers will demand signage that can actively engage customers. Providers must learn how to integrate point-of-purchase displays, banners, billboards, and vehicle wraps with mobile elements to enhance the retail experience. Mobile technologies like QR codes, augmented reality, NFC tags, and SMS messaging also need to be incorporated to add even more freshness to large format communications strategies.

These same mobile technologies will have a tremendous impact across all types of print in 2015. One of the most important benefits of these interactive marketing solutions is brand engagement. Mobile is hotter today than it has ever been, and even major retailers (for example, Target and Starbucks) are seeking new ways to monetize mobile. Service providers must work with marketers on techniques and strategies for monetizing mobile brand engagement. Mobile offers a huge benefit to marketers because it helps drive awareness, in addition to uncovering what consumers are interested in. The back-end analytics collected by mobile tools can further enhance a marketer's knowledge of end-user behaviors. In the coming year, service providers will need to expand cross-media offerings to incorporate mobile elements.

THE AVAILABILITY OF AFFORDABLE INFRASTRUCTURE AND TOOLS
Industry experts talk about how today's production environments must expand beyond solutions that enable workflow automation and instead focus on those that provide value-added services to meet customers' evolving needs. Service providers are

taking this message to heart and investing in software tools and infrastructures to streamline operations and add new services. During 2014, InfoTrends partnered with the North American Publishing Company to monitor emerging software market trends. The research focused on determining the workflow automation tools and solutions that were currently in use. Out of 128 total participants, 72 were print-for-pay providers. The results point to where print service providers are putting their money to improve their operations. Leading print service providers have already invested in Web-to-print because it enables customers to quickly and easily place orders. The demand for customer storefronts is growing, and understanding how to sell and provide this service is becoming a necessity for printing businesses going forward. In addition to enabling print shops to become more efficient, Web-to-print provides a platform for introducing and promoting new products or services to existing customers.

Although marketing services and cross-media may not be the right path for everyone, many print service providers are finding value in investing in cross-media tools that enable them to become one-stop-shops for their customers' media and marketing needs. 28% of print service providers surveyed are already using cross-media software, and another 22.2% are considering a cross-media solution. Cross-media software makes it possible for print service providers to offer more complete services that meet their marketing customers' needs. These tools are becoming more and more robust and incorporating advanced mobile capabilities. 67% of print service providers have already invested in some kind of management information system (MIS) or workflow automation system, whether it is home-grown or purchased from a commercial vendor. Commercial solutions are the most common MIS system, but about 5% of print service providers have developed their own solutions.

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The key message for service providers is that cloud-based options will enable more affordable and easy-to-implement solutions. Cloud computing has become an alternative deployment model for business services that formerly ran on traditional IT infrastructures. According to McKinsey and Company, most IT and Web applications/services could be cloud-delivered or enabled by 2025, and most businesses could be using cloud facilities and services for their computing resources.

During 2015, savvy service providers will be focusing on adding value and streamlining operations, while also considering cloud-based tools for implementation. Cloud solutions can level the playing field for smaller service providers and accelerate innovation as well as business flexibility.

WILL YOUR BUSINESS SEE A PERFECT STORM?

Service providers should maintain a sense of optimism as we approach 2015. Innovations in printing, cloud, mobile, data analytics, and social networking will fuel new opportunities. Increased marketing investments, robust technologies, and affordable infrastructures have combined to create a perfect storm with opportunities as well as threats. Moving toward the future, industry leaders will innovatively deploy new technologies to create new opportunities.

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