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CELEBRATE INNOVATION

LEARN WHY INNOVATION SHOULD BE
YOUR PRIORITY IN 2018

DIGITAL PRINTING INSIDER | MARCH 2018 | FOR COMMERCIAL AND INTERNET PRINTERS

DIRECT MAIL AND COMMERCIAL PRINT: 2018 BELONGS TO THOSE WHO INNOVATE AND EXECUTE!

Introduction

In the year ahead, changing customer demands, ongoing technological shifts, more intense market competition, and ever-changing communication trends will require print providers to make innovation a top priority. As disruptive forces continue to reshape the printing industry, ongoing innovations in business and technology strategies will transform the way your customers communicate in 2018. Service providers need to be at the forefront of innovation and execution for transactional printing.

Three Essential Components of Innovation

The year 2018 will require you to think about innovative ways to blend print with your customers' drive toward

digitization. There are three essential ingredients that will drive success with marketing communications:

1. Investing in the Right Technology

Technological investments must be made wisely and in the context of your organization's overall business strategy. When making investments for 2018, service providers need to understand that digital print will assume higher levels of importance, as customer requirements are shifting the demand for certain applications from offset to digital production. Key transition drivers include economics, changes in use, electronic replacement, demand for personalization, and moves to shorter runs.



Recent trends in the print industry are requiring printers to make innovation a priority in 2018. Learn about the potential effects of these trends and gain key insights on crucial business strategies to implement in 2018.

READ THE ROAD MAP:
ROAD MAP 2018: SUCCESSFUL FIRMS
INNOVATE AND EXECUTE! WHITE PAPER



Get a thorough overview of the Océ VarioPrint® i300 production inkjet technology and how it enables print service providers to consolidate monochrome and full color on one platform, migrate offset to digital, move toner to inkjet, and lower operational costs.

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Keypoint Intelligence — InfoTrends recently released its forecast data on the growth of digital color print pages. Impressions are projected to grow 12 percent annually, approaching 871 billion in 2021. The global forecast calls for cutsheet electrophotographic digital color pages to demonstrate a compound annual growth rate (CAGR) of 6 percent, while inkjet will have a CAGR of 17 percent.¹ The dramatic growth that inkjet is enjoying is the result of continued innovations in roll-fed technology, the introduction of cutsheet inkjet technology, new applications, a drive for more customized communications, and the cost-effective migration of offset volume to digital color (based on significant improvements in speed, substrates, quality, and cost).

InfoTrends' forecast indicates that color technologies, especially inkjet, will drive page migration to digital print devices across all applications, from books to marketing collateral to direct mail.

With all the advancements in technology, print service providers are asking not *if*, but *when* they should be making the inkjet investment.

Service providers need to be at the forefront of innovation and execution for transactional printing.

2. Products and Services that Are Aligned to Customers' Communication Preferences

Regardless of size or industry, all companies face the continual challenge of defining and developing products and services that customers want to buy. According to Anthony Ulwick, a pioneer of the Jobs-to-be-Done theory and inventor of Outcome-Driven Innovation® (ODI), "Only after knowing what jobs customers are trying to get done and what outcomes they are trying to achieve are companies able to systematically and predictably identify opportunities and create products and services that

¹ Source: *Global Production Printing & Copying Market Forecast: 2016-2021*, Keypoint Intelligence — InfoTrends, 2017

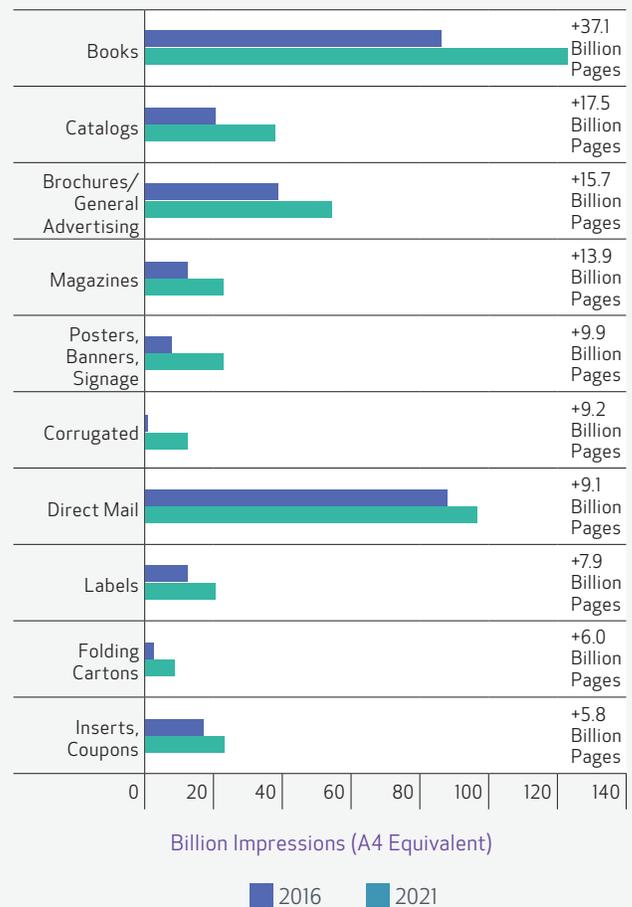
deliver significant new value. Only then can they figure out 'what customers want.'" Successful service providers are building out innovative portfolios that meet current and future consumer expectations for all forms of business communications.

For service providers, this translates into an opportunity to deliver the following services beyond printing:

Data-Driven Personalization

According to InfoTrends' research, marketers and communication decision makers use personalization because it delivers results. Thirty-one percent of the

Figure 1: Fastest-Growing Applications by Absolute Page Growth



Source: *U.S. Digital Production Printing Application Forecast: 2016–2021*, Keypoint Intelligence — InfoTrends, 2017.

700+ enterprises surveyed in InfoTrends' 2017 study entitled *In Search of Business Opportunities: Finding the Right Prospects*, reported a direct correlation between personalization and response rates. As enterprises sharpen their focus on data-driven communications, this correlation will improve.

The practice of personalized marketing is picking up pace. Marketers use personalization to cut through the clutter of marketing messaging, build brand awareness, and ultimately drive sales revenue.

More Media Channels

Savvy marketers have quickly recognized that one channel is no longer enough in today's world, and campaigns need to seamlessly navigate across all media channels. On average, the marketers that InfoTrends surveyed are projecting a 14.1 percent increase in direct marketing (print and digital combined) spending over the next two years. While print will remain an important component, digital channels are projected to consume more than 75 percent of budget dollars.

Service providers need a clear strategy to help customers reach clients on whichever set of channels they are using (print, mobile, social, or online) to get messaging across in a cohesive fashion and also participate in a much larger revenue opportunity.

Transforming Communications into Customer Engagement with Interactivity

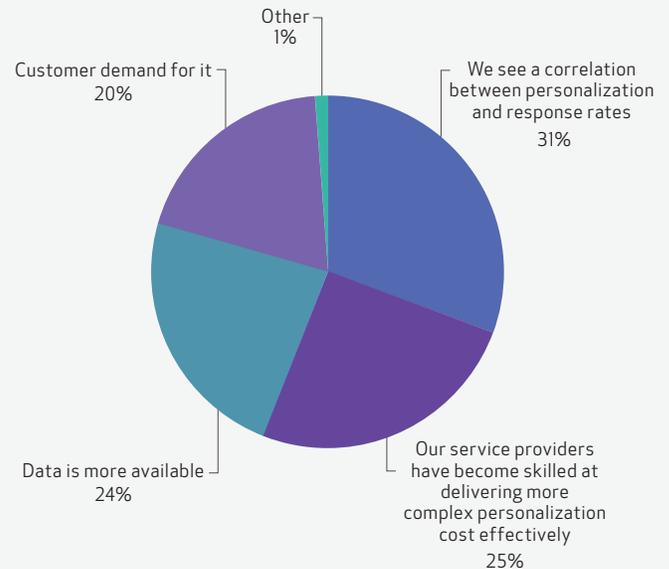
According to InfoTrends' research among enterprises with 500+ employees, the average number of media types used in a typical marketing communications campaign is three. Many of today's campaigns are combining print with mobile barcodes, mobile apps, text messages, augmented reality, links to personalized URLs (pURLs), and videos. In addition, more than half of print communications are being blended with digital channels like QR codes, NFC tags, and augmented reality.

3. It's Time to Execute!

Coming up with ideas, or "ideating," about new business models and opportunities is energizing as well as glamorous

Figure 2: Personalization Delivers Results!

What is the primary driver behind personalizing customer communications?



N = 707 Enterprise Respondents whose print communications include personalization

Source: *In Search of Business Opportunities: Finding the Right Prospects*; Keypoint Intelligence — InfoTrends 2017.

for many owners and executives. Ideation is the front end (or the beginning) of innovation, while implementation and execution are what convert innovative ideas into reality. Following through on plans is the behind-the-scenes dirty work. Even within the largest and most powerful businesses, big ideas won't go anywhere if organizations don't put the people, processes, and mechanisms in place to implement plans.

Chris Trimble and Vijay Govindarajan are innovation consultants and Distinguished Professors from the Tuck School of Business at Dartmouth College. Their bestselling business book entitled *The Other Side of Innovation — Solving the Execution Challenge* highlights five key steps in solving the innovation challenge:

Step 1: Acknowledge that the idea is just the beginning of the innovation process. True innovation requires discipline and the implementation of the right resources (technical, operations, and sales) for the hardest part — execution.

Step 2: Commit! Owners must be committed to driving innovation, and they need to accept the fact that ongoing operations will not last forever.

Step 3: Redesign your organization for innovation. Printing firms are structured to support ongoing operations and are under pressure to deliver revenue and profits. Create an innovation team to focus on new market opportunities.

Step 4: The innovation team cannot be isolated, so a team leader must be appointed. The team leader needs to partner with ongoing operations and establish a relationship of mutual respect.

Step 5: The team needs to run a disciplined experiment to truly test the market opportunity. Business innovators must certainly leverage gut checks and emotion, but in the end, that art must be subjected to the discipline of the experiment.

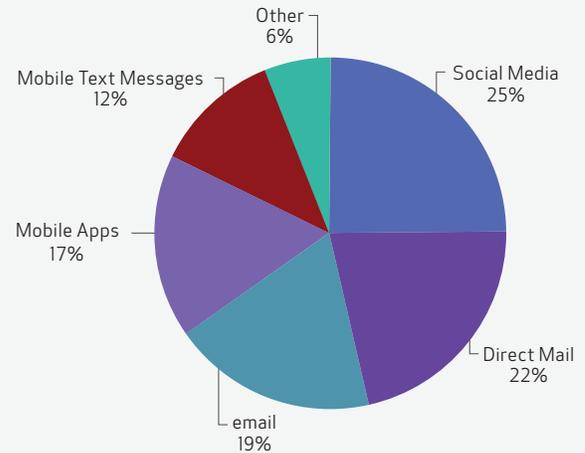
Print service providers will need to reinvent themselves in 2018.

2018 Belongs to Those Who Innovate and Execute!

Print service providers will need to reinvent themselves in 2018. They must come up with new ideas to keep operations, products, and services fresh and consistent with changing customer communications demands. Innovation isn't just for large companies with enormous development budgets — small book manufacturers can leverage their nimbleness to quickly drive new opportunities. Coming up with new ideas is important, but it's only one step in the overall process. Today's businesses have a much greater task in turning that idea into an actual product or service that will benefit customers during the execution stage. The winners of 2018 will be those who innovate and execute!

Figure 3: Future Direct Marketing Spend Distribution

What percentage of your direct marketing spending will be with the following channels in the next two years?

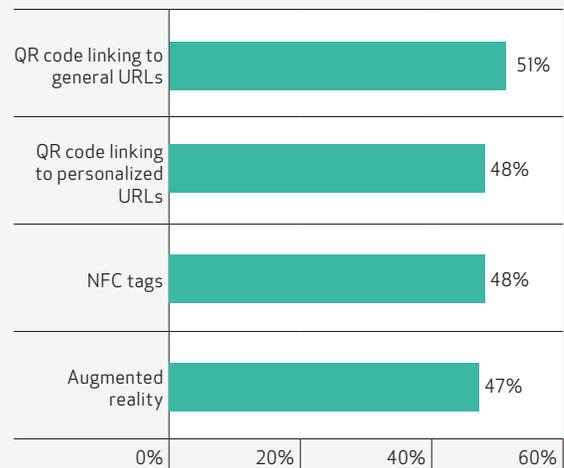


N = 288 Enterprises in the U.S. and Canada that spend on direct marketing

Source: Annual State of Marketing Communications: Business Survey, Keypoint Intelligence — InfoTrends, 2017.

Figure 4: Digital Links in Direct Marketing

What percentage of your print-based marketing messages have a digital link or interactive enhancement? (Means)



N = Varies; Base: Enterprises in the U.S. and Canada with print-based marketing messages that have a digital link

Source: Annual State of Marketing Communications: Business Survey, Keypoint Intelligence — InfoTrends, 2017.

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