Budco

WHITE PAPERS

THE BUDCO PERSPECTIVE: INDUSTRY TRENDS IN DIGITAL COLOR PRINT AND PERSONALIZED COMMUNICATIONS

AI2 BUSINESS INTELLIGENCE CONTACT CENTER PRINTING AND PRODUCTION MAILING SERVICES TARGET CONNECT DIRECT MARKETING INFORMATION TECHNOLOGIES WAREHOUSING AND INVENTORY MANAGEMENT OPTI-COMM ESTORE 8.3 FULFILLMENT LETTERSHOP AND FINISHING CREATIVE SERVICES CD DUPLICATION OPTI-POST PLUS FINANCIAL SERVICES TARGET CONNECT DIGITAL PRINT TARGET CONNECT AI2 BUSINESS INTELLIGENCE CONTACT CENTER FULFILLMENT PRINTING AND PRODUCTION MAILING SERVICES DIRECT MARKETING INFORMATION TECHNOLOGIES WAREHOUSING AND INVENTORY MANAGEMENT OPTI-COMM PERFORMANCE MEASUREMENT AND IMPROVEMENT DIRECT MARKETING ESTORE 8.3 LETTERSHOP AND FINISHING CREATIVE SERVICES CD DUPLICATION OPTI-POST PLUS FINANCIAL SERVICES BRAND CONNECT DIGITAL PRINT LETTERSHOP AND FINISHING PERFORMANCE MEASUREMENT AND IMPROVEMENT FULFILLMENT CREATIVE SERVICES AI2 BUSINESS INTELLIGENCE CONTACT CENTER PRINTING AND PRODUCTION MAILING SERVICES TARGET CONNECT DIRECT MARKETING INFORMATION

Introduction

The Upside of the Downturn

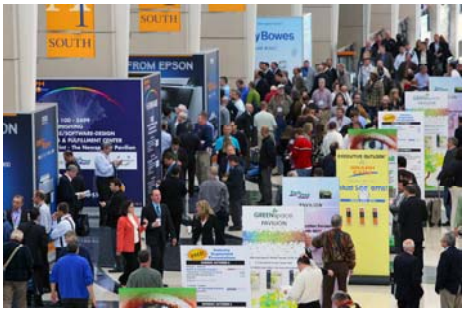
The economy continues to limp along, but technology continues to race forward. Together, these forces are pushing exponential change in the way businesses operate and how the general public consumes information. And because of this, like almost every other major vertical industry, the print industry continues to experience significant change.

But change inevitably results in innovation, spurring the development of new products and services. Marketers and service providers can benefit from the current change transpiring in the print industry by leveraging new, faster, better, cheaper methods of creating content and delivering it target audiences.

This document is a summary of some of the key trends occurring in today's printing industry, including the growth of digital color print and the impact of using personalized, data-driven communications to enhance fulfillment and direct marketing performance.

Having recently attended Graph Expo 2010, the largest graphic arts and print industry trade show in the Americas, combined with having studied related industry projections and statistics from InfoTrends and a new response rate study from Caslon, a PODi affiliate, the Budco team has its finger firmly on the pulse of the industry.

We hope you find the information compiled here to be insightful and useful.



Digital Print Continues to Make Good Sense

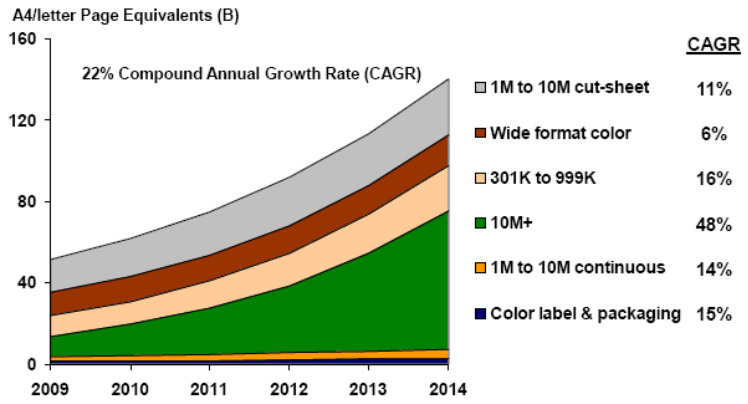
Digital print technologies have become mainstream, providing a viable means to produce high-quality output in a cost-effective manner for both short and long print runs. And many marketers understand that the use of color and variable data-driven personalization significantly improves response and marketing performance, so the demand for such solutions remains steady.

The focus on digital color print was evident at Graph Expo 2010 held in early October at Chicago's McCormick Place. With industry heavyweights like Heidelberg and Komori absent from this year's expo floor, center stage was occupied by the likes of Xerox, HP and others.

The show, labeled "the next generation of print" was clearly focused on digital as opposed to traditional offset printing and serves as a clear reflection of the same focus in the market today.

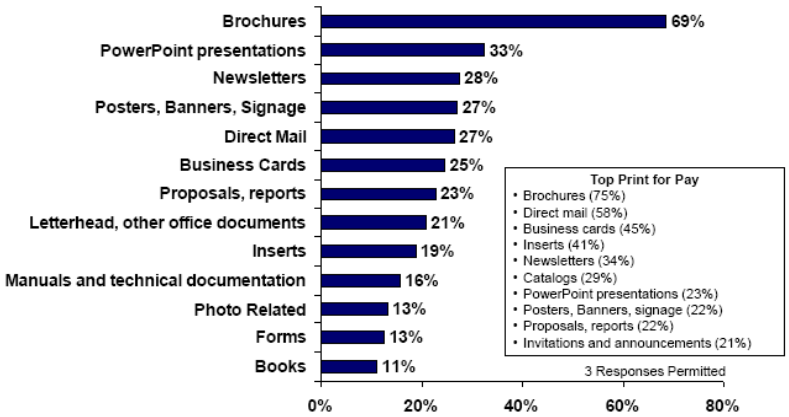
The following charts depict the projected growth of digital color printing in North America and the type of content being produced most using digital color print technologies.

Digital Color Volume Growth 2009 to 2014, North America



Top Applications on Color Digital Devices – In Plants

Q63: Please indicate the top 3 applications in terms of page volume that you produce on your Color Digital Devices.



N = 357 Users of digital color devices

Source: *In-House Production Printing – Critical Trends, InfoTrends, 2009*

Inkjets Move Far Beyond Addressing and Overprinting

Improvements continue on all fronts within the digital color market, but most notable are new innovations in inkjet technologies, including the use of cut sheet and continuous feed stock, wider print formats and the ability to print on more coated stocks and other substrates, pushing the inkjet well beyond traditional high-speed addressing and basic overprinting.

Key Points

- **Digital variable color output grows**
- **Inkjet technology continues to improve**
- **Larger format sheet size provides more options**

One example is the Fujifilm J Press 720. This is a four-up press that handles conventional offset coated paper (and only coated paper), and prints up to 2,700 sheets per hour. Sheet size is larger than traditional inkjets, measuring 29.5” x 20.8”.

The J Press 720 also has a built-in infrared dryer, so printed sheets come off the press ready for finishing. The result is offset quality and robustness, plus the versatility to handle short press runs.

The Kodak PROSPER 5000XL press is a full-color, high-speed, high-quality continuous feed inkjet device that offers full process color perfecting with a print width of up to 24.5 inches. This inkjet web press produces fully-customized direct mail, versioned catalogs, magazines and inserts.

Increased print speed with higher quality output and larger formats should provide printers and their customers with more options to meet market demands.

Xerox iGen Platform Continues to Impress

The Xerox iGen line of production printers continues to maintain a reputation for producing vibrant image quality with exceptional overall color management capabilities that ensures consistent, high-definition output for on-demand printing of books, high-end collateral, photo specialty products, brochures, flyers, postcards, newsletters, catalogs, manuals, point-of-purchase materials and sell sheets.

The iGen4 EXP – the latest model built on the award-winning iGen4 platform – gives users an immediate productivity spike with a host of new prepress and finishing capabilities. In addition to the expanded 14.33" x 26" output – the largest available on a cut-sheet device – users can also take advantage of the iGen4’s Automated Web to Finish solution, which eliminates manual job setup and operator intervention during production.

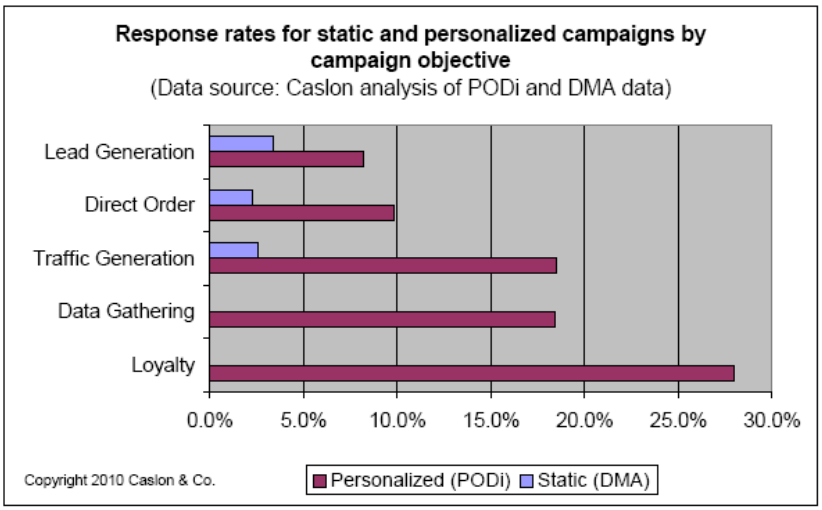
This all translates to very efficient, cost-effective production printing.

Data-Driven Personalized Content Makes the Right Connections

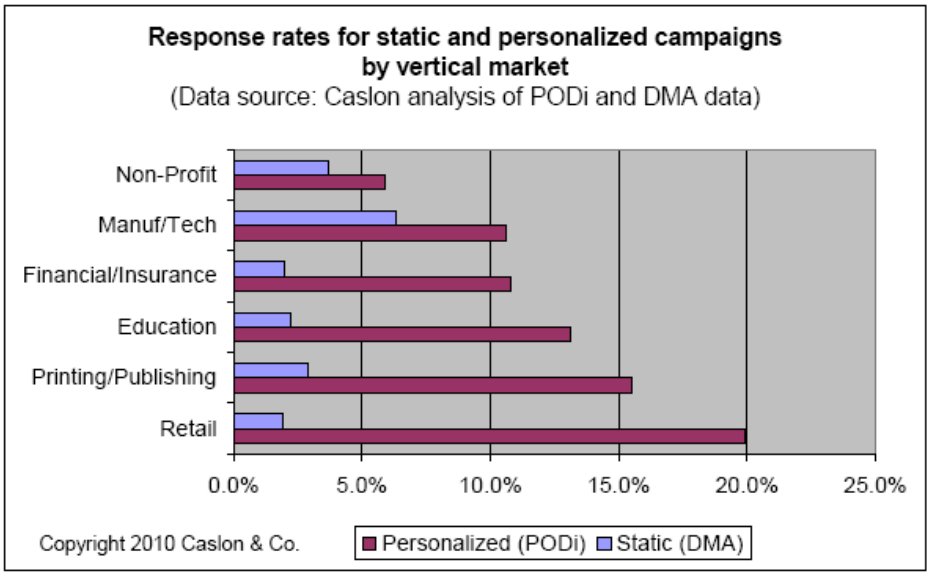
Along with the benefits of gaining in quality and cost efficiency, the advantage of digital output devices is the ability to produce variable, data-driven output that results in highly personalized content. Marketers know that when personalized content is made relevant by presenting the right offer to the right person at the right time, it can produce a highly engaging communication and drive exceptional response.

The data below highlights the power of relevant personalization in direct marketing.

This data is from a recently published report by Caslon, a PODi affiliate. PODi is a digital printing industry association with hundreds of member companies. The report compares response rates for campaigns using relevant, personalized content versus campaigns using only static content. The personalized campaign results are from a compilation of PODi case studies considered to be “best practice” examples. The static campaign results are from a study published by the Direct Marketing Association (DMA).



Note that no comparison data was available for Data Gathering and Loyalty campaigns.



Multichannel Communications a Key Strategy

The growth of online communication channels like social media and mobile is fundamentally changing the way we interact. It is also changing the role of traditional print media. Combining the use of online or digital channels, like eMail, the Web and mobile, with traditional offline content, like direct mail and printed collateral, is becoming a necessity. Marketers see the opportunity in presenting a message across multiple channels to create consistency and frequency and to also ensure that messages are delivered and received through the channel the recipient most favors.

Service providers see the use of eMail, personalized URLs and QR codes as ways to extend their offering and as potential new sources of revenue.

To download free case studies from PODi visit *www.podi.org*

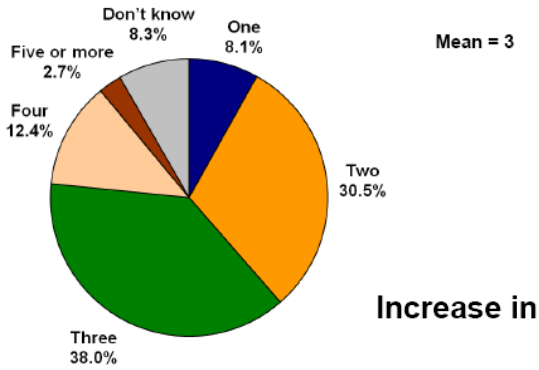
To see Budco's latest case studies visit *http://tinyurl.com/33fpl7r*

But it takes experience and know-how to properly combine and execute a truly effective multichannel approach. When done well, multichannel communications bridge the offline and online world and deliver a more engaging and meaningful experience.

The data below provides evidence that the use of a multichannel approach is growing and the effectiveness can prove to be quite significant.

Average Number of Media Types Used in a Direct Marketing Campaign

How many different types of media does your company use for a typical direct marketing campaign?

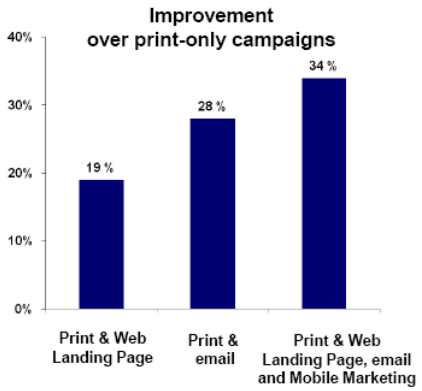


Mean = 3

N = 518

Source: Capturing the Cross Media Direct Marketing Opportunity, InfoTrends, 2010

Increase in Response Rate over Paper Only



N = 217 marketers

Source: Multi-Channel Communications Measurement & Benchmarking. InfoTrends, 2008

Conclusions

There is no doubt that the economic and technological forces of today continue to drive significant change across nearly every major market and vertical industry. The printing industry and its effect on fulfillment and direct marketing is no exception. From our perspective, current trends include:

- A growing transition from black and white to color print
- Continued expansion of digital capabilities and features leading to new high-quality, cost-effective output options:
    - Improved digital color quality
    - Expanded inkjet versatility
    - Larger sheet size and format options
- Highly personalized, relevant, data-driven content generates high performance marketing communications and the technique should be used to its fullest
- Multichannel communications continue to be a key method to bridge online and offline interaction, and well-planned initiatives prove to optimize marketing and communications performance

New solutions will continue to enter the market and change the way business is operated. Having an awareness of those solutions and an ability to apply them in the most appropriate manner is a key to remaining competitive.

If you have questions or would like more information about the trends, technology and ideas presented in this document, please feel free to contact us.

marketing@budco.com www.budco.com 1-888-BUDCO-40

About Budco: The Dialogue Company

Beginning in 1982 with a focus on fulfillment, Budco has grown organically by adding carefully integrated products in direct response to our customer's needs:

- Budco helps companies strengthen their relationships with key business and consumer audiences
  - We do this by creating solutions that encourage dialogue, the foundation of all successful relationships
- Our mission is to meet and exceed customer expectations by providing innovative, end-to-end business solutions that deliver results
  - We do this by designing custom product solutions supported by multiple in-house competencies

- Founded in 1982
- 500 employees
- Coast to coast operations
- Operations facilities and sales offices in California, Michigan, Indiana, Florida and New Jersey
- Headquartered in Highland Park, MI
- Integrated solutions supported by a wide variety of in-house competencies
- Custom approaches designed to deliver on customer's needs
- Cross industry experience with Fortune 500 companies
- Focused, innovative, client-centric culture

Budco World Headquarters:
13700 Oakland Avenue • Highland Park, MI 48203 • 1-888-BUDCO-40
www.budco.com • marketing@budco.com

Budco

AI2 BUSINESS INTELLIGENCE CONTACT CENTER PRINTING AND PRODUCTION MAILING SERVICES TARGET CONNECT DIRECT MARKETING INFORMATION TECHNOLOGIES WAREHOUSING AND INVENTORY MANAGEMENT OPTI-COMM ESTORE 8.3 FULFILLMENT LETTERSHOP AND FINISHING CREATIVE SERVICES OPTI-POST PLUS FINANCIAL SERVICES BRAND CONNECT DIGITAL PRINT AI2 BUSINESS INTELLIGENCE DIRECT MARKETING PRINTING AND PRODUCTION TARGET CONNECT INFORMATION TECHNOLOGIES WAREHOUSING AND INVENTORY MANAGEMENT OPTI-COMM PERFORMANCE MEASUREMENT AND IMPROVEMENT ESTORE 8.3 LETTERSHOP AND FINISHING FULFILLMENT CREATIVE SERVICES CD DUPLICATION OPTI-POST PLUS FINANCIAL SERVICES TARGET CONNECT DIGITAL PRINT LETTERSHOP AND FINISHING FULFILLMENT CREATIVE SERVICES PERFORMANCE MEASUREMENT AND IMPROVEMENT AI2 BUSINESS INTELLIGENCE CONTACT CENTER PRINTING AND PRODUCTION MAILING SERVICES TARGET CONNECT DIRECT MARKETING CONTACT CENTER CREATIVE SERVICES BRAND CONNECT INFORMATION TECHNOLOGIES OPTI-POST PLUS MAILING SERVICES

61278_xxp