

The Reality About the Promise of Printing in the Digital World

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Introduction

The printing industry is in a quandary. It is in a state of perplexity or uncertainty over what to do in a difficult situation. For the first time in the history of the printing industry it faces uncertainty in light of new and emerging media, primarily the Internet and online alternatives to print. This situation is not of the printing industry's own making. The pervasiveness, meaningfulness, and detailed nature of print media had not changed. It is the perceptions of those that use media that has changed—advertisers, marketers, and related businesses. The simplicity, accessibility, and inexpensiveness of the Internet has lured media users to this new medium without first understanding the extent to which, if any, Internet advertising and marketing is more or even as effective as print has proven to be for centuries.

Printing was secure as a medium from the 1450s, when Gutenberg invented the process of duplicating movable type, until the 20th Century when radio and then television raised questions about the future viability of print. However, these two technologies were widespread enough (radio in the 1920s and television in the 1940s), and not immediately or easily available to the masses. This provided the printing industry enough time to assess radio and then television's impact on print, and to make adjustments to keep print viable. Two examples are:

1. Radio demonstrated the urgency to get printed information (particularly news) out in a timely fashion.
2. Television demonstrated the need to add appealing graphics to print and, later, to add color.

The printing industry had years to develop the technologies to make these adjustments before radio and later television was viewed as an alternative to printed information. In spite of the presence of radio and television, the printing industry experienced continued and unprecedented growth throughout most of the 20th Century. Investments in the industry grew, number of establishments grew, sales revenues grew, employment grew, and the number of products and titles grew. Those in the business world knew that print media was vital in commerce, and the general public continued to rely on print for education, entertainment, and information.

The printing industry now faces a new and different competitor—the Internet and the World Wide Web (WWW)—and must again prove its sustainability as an influential medium for advertising, marketing, and for the general dissemination of information in a meaningful way.

What is different between the Internet and printing is that the Internet, after a relatively short development period, has had a greater impact on how people and businesses receive and send information than the printing industry has had in over 500 years. With people and businesses increasingly experimenting with replacing print with non-print electronic

communication, print must once again prove its viability, as was previously the case with the introduction of radio and television.

The Studies

Cal Poly's Graphic Communication Department decided to take a look at this situation through eight diverse research projects exploring the impact of the Internet, new technologies, and the demands of those who use media on the printing industry, and the prospects of the printing industry's sustenance in the years and decades ahead. The eight studies covers:

Cross Media Periodicals

Advertising Technologies

On-demand Printing

Newspapers

Print as a Marketing Tool

The Renaissance of Media

Cost Effective Solutions for the Development of Promotional Materials

Ancillary Services in the Printing Industry

The eight projects are individual case studies that reveal some telling conclusions. The most broad-range and significant is that the printing industry will survive in the face of contemporary alternative electronic media. The printing industry is making some radical changes in its mode of doing business, the services it provides, and how it is marketing itself to media buyers and users to demonstrate print's effectiveness for advertising, marketing, and information quality.

The studies were conducted by senior students at California Polytechnic State University (Cal Poly) in San Luis Obispo, California. They are Senior Projects supervised by faculty members. Seven are by students studying Graphic Communication. One was by a student studying Journalism. The full titles and authors are:

The Impact of Digital and Online Technology on Cross Media Periodicals

by John Karp

How Have the Major Trends in Advertising Technologies Impacted the Printing Industry?

by Jenelle Howard and Nandita Patel

The Future of On-Demand Printing in the Printing Industry

by Tom Piraino

Taking the Paper Out of News: An extensive look at whether the *Mustang Daily* could live exclusively online and what the impact of that move would be.

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The Renaissance of Media
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By Bryan John Visitacion

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by Scott Watterson

The Research Methods

Collectively, the studies represent a broad range of approaches to assessing people's attitudes, feelings, beliefs, and desires regarding print media. The studies range from in depth information collected from professionals in industry, consumers (users of media), professors, and college age people who represent the future long-term market for media. Some of the studies focus on broad topics related to media use while others are very specific to college student interests. For example, one project is a case study of a university newspaper and another studies the selection of media for promotional purposes by a university fraternity. However, even in such esoteric cases, the information collected can be extrapolated to the broader general population.

Various research methods were used in collecting and analyzing the data. Surveys and interviews predominate though historical and descriptive research, and content analysis were also used.

In some studies surveys were administered to various demographic groups. Some were industry professions. Others were consumers of the general population and some were college-aged individuals representing the younger population.

Interviews were conducted of industry professionals considered highly experienced in the areas of media production and use. The Elite and Specialized interviewing method was used. This is a method of interviewing that takes on a conversational tone as opposed to simply asking a list of questions and recording answers. It is a method that provides for interaction between the person conducting the interview and the person being interviewed. It is a typical research method for interviewing individuals of importance or in a position of authority.

Historical research explored the background of each topic through extensive literature searches. And descriptive research described the situation representing each study as it exists today.

Finally, content analysis was used to convert the qualitative information gathered into quantitative results that are understood in the same way by anyone reading the results. Charts and graphics were included where appropriate.

Results

The results make it clear that print will survive as a medium of choice in advertising, marketing, and communication as the printing industry:

- Begins seeing itself and acting as a service profession.
- Begins increasing the extent to which on-demand printing is offered.
- Increases the degree to which variable data printing is provided.
- Adopts and embraces alternative media as additive, i.e., the Internet.
- Provides value added products and services, i.e., ancillary services.
- Increases its focus on niche markets.
- Becomes more personal and interactive in its product offerings.
- Invests in new technology that support the market desires for communication media.
- Markets itself better to customers, i.e., print buyers, advertisers, and marketers.

It is clear from these studies that print is viewed as a desirable and effective medium across the population. This is becoming increasingly so as printers make improvements in product offerings and diversity, and in the way the printing industry interacts with and services clients.

Other studies as well supports the premise of print's viability and effectiveness, and it is in the best interest advertisers, marketers, and other users of mass media to pay careful attention to what the evidence presents. Some examples collected by The Print Council (Washington, DC) and published in its "Why Print" brochure are:

A 2004 BPA Pass Along Audit of Ziff Davis Media's eWEEK magazine shows that on average subscribers pass along their printed issue to an additional 3.6 industry decision-makers. So even the elite of the IT world recognized and benefit from print. What's more, specific magazine content can be spotlighted and passed along on a one-to-one basis. A Magazine Publishers of America survey found that 24 percent of readers typically pass an article along to someone else while 23 percent save the article for future reference, and 13 percent visit a related Web site.

Sources:

Ziff Davis Media Inc, 2004.

Magazine Publishers of America. (2006).

Magazine Handbook 2006-2007. New York, NY.

Printing is particularly persuasive as direct mail. According to research by the Direct Marketing Association and the Wharton Economic Forecasting Associates, print's

performance through the mail can be measured in dollars and cents. The researchers found that U.S. advertisers spend \$167 per person in direct mail marketing to earn \$2,095 worth of goods per person, scoring a return on investment of 13 to 1. This is because people gravitate toward print. A total of 38 percent of households surveyed by the US Postal Service in 2006 found direct mail pieces interesting. That study also found that 85 percent of mail is either read or visually scanned by recipients. A study by the Rochester Institute of Technology Printing Industry Center found that 67 percent of respondents like getting mail about new products from companies they do business with.

Sources:

DMA press release Web site retrieval, June 2002.

United States Postal Service (2005).

Household Diary Study. Retrieved June 21, 2006 from

http://www.usps.com/householddiary/_pdf/USPS_FY2005.pdf.

Sorce, P. (2002). Relationship Marketing Strategy (Printing Industry Center Monograph PICRM-2002-04). Rochester, NY: Rochester Institute of Technology, Printing Industry Center.

The 2003 research published in the Journal of Advertising Research, which examined the advertising impact on weekly sales of a pizza franchiser, found that the best combination of media in driving sales is primary direct mail and national TV advertising used together. The print/broadcast duo doubled the impact of using any one medium alone. An American Business Media study adds more insight to the effectiveness of combining print with other media. According to that research, B-to-B magazines were viewed by prospects as more trustworthy and objective than non-print media.

Sources:

Stafford, M. R. & Lippold, E. M. & Sherron, C. T. (2003, June). The Contribution of Direct Mail Advertising to Average Weekly Unit sales. Journal of Advertising Research, 173-179.

ABM survey, 2006, retrieved at

http://www.americanbusinessmedia.com/images/abm/ppt/ABM_Full%20Report_Final.ppt.

A comScore survey based on 6,400 responses from online shoppers showed that online consumers who received a printed catalog from any particular retailer were nearly twice as likely to make an online purchase at that retailer's Web site. This is because consumers seek print when they are ready to buy. This fact is supported by a 2005 study by the Direct Marketing Association. Scoring the primary channels for generating orders, the research found that 60 percent came from printed catalogs, 24 percent were inspired by retail settings and only 9 percent arrived via Internet. Percent of sales by channel also showed print's pulling power. Paper catalogs accounted for 42 percent of sales, retail 20 percent, Web sites 26 percent, and other channels 12 percent.

In a 2006 study of newspaper readers sponsored by the Newspaper Association of America, 78 percent reported that they use newspaper inserts to plan shopping and 76 percent say that these inserts have helped them save money.

Sources:

comScore survey, retrieved from comScore.com.

Direct Marketing Association (2005). 2005 Multichannel Marketing Report. New York, NY.

Newspaper Association of America (2006). Report retrieved at <http://www.naa.org/research/newspaperreader-engagement-06.pdf>

An increasing number of marketers are leveraging print's high credibility by using custom publications to get their messages out and absorbed. More than 32 billion custom publications circulate annually in the United States, according to the 2006 Annual Report of Custom Publishing Review. Total expenditures on the medium amounted to \$29.9 billion for the year. The researchers also found that 66 percent of people surveyed read custom publications and that 80 percent agree that custom publications contain useful information.

Source:

Skinner, J. (2006). 2006 Annual Report. Custom Publishing Review. Volume 2, Number 3.

According to a 2004 report by Interquest, the response rate for customized color direct mail campaigns ranged from 6 percent to 75 percent, with an average of 21 percent. The response rates were, on average, 5.6 times higher for customized color versions than for simple mail merge applications. The more print is personalized the greater the response rate will be.

Source:

Interquest for the Digital Printing Council, PIA/GATF, 2004. Opportunities in Color Variable Data Imaging.

A study by the Magazine Publishers of America found that, for 36 brands that shifted ad expenditures from TV to magazines, media effectiveness scores doubled over time.

Sources:

Magazine Publishers of America. (2001). Measuring Magazine Effectiveness: Quantifying Advertising and Magazine Impact on Sales. New York, NY: Marketing Management Analytics.

The evidence of print media's advantages is clear. However, the perception is blurred by the intrigue of the Internet that does not come close to providing the credibility or response provided by print.

Conclusions

Cross Media Periodicals

Magazines continue to be an appealing medium across generations and, hence, a strong option for getting information and commercial messages to consumers. Newspapers are facing more competition from non-print media, i.e., the Internet, because consumers and businesses have lost sight of the impact that this medium has on providing credible information and advertisements that are remembered and often saved.

Magazines and newspapers each have their own benefits and flaws when related to new non-print digital technologies. In this study, when considering magazines, consumers expressed a sense of “intimacy” about them. The majority of consumers did not wish to make a complete transition to digital and online formats of magazines. However, printed magazines are more likely to be successful when applied to specific markets or interest groups. This supports the ongoing popularity of special interest magazines focused on specific topics as opposed to general interest magazines.

The important point is that magazine titles continue to grow because this is a medium desired by every demographic. Indicative of the continued interest in printed magazines is that past and present efforts to sell magazines online in digital format have primarily been a lost cause.

Magazine publishers have been practicing “tactical marketing” in an attempt to generate sales of printed publications through online marketing. This has been the basis for justifying the value of non-print technology. This tactical approach has been making a promising impact on printed versions, i.e., getting consumers to purchase printed magazines through online previews and advertising. If consumers are allowed to download the current issue or part of it to preview, the consumer is more likely to subscribe to the printed version of the magazine.

The majority of consumers surveyed have access to broadband Internet connections, thereby assuring the publishers that whatever online marketing approach they chose, consumers would have quick and easy access to it. The approach then becomes using the power and popularity of the Internet to sell printed subscriptions.

Newspapers, however, present a different situation. Consumers have come to expect the ability to access news at the click of a button. The Internet has allowed the consumer to easily obtain information faster than waiting for the next day’s newspaper or the next television or radio broadcast. However, consumers for the most part do not want to pay for online newspapers. News is hard to sell on the Internet. People would rather not pay for the news when so much is available to them on the Internet and is free or easily within reach. Yet there is a demographic pay for their daily and weekly newspaper subscriptions and will continue to do so in the foreseeable future. For example, older generations, such as the “Baby Boomers,” have justified the need for a printed newspaper to supply their

own needs of consumer familiarity and intimacy of the printed format. The desire to wake up to a newspaper and drink a morning cup of coffee is still prevalent in the minds and hearts of older generations, while younger generations have become accustomed to possibly waking up later and logging onto the Internet.

Younger generations in particular, however, are subscribing less and less to the printed newspapers. Hence, the study indicated that newspapers would still sell in the future, but in lesser numbers unless readers and advertisers come to once again understand the information quality and the marketing sustenance that newspapers provide.

Whether print helps or hinders the presentation of news is still indecisive. It is difficult to determine whether or not younger generations of consumers will grasp the idea of reading the newspaper as they grow older. They just might.

When looking at magazines and newspapers, the transition of news to digital and Internet format is far more widely accepted than online magazines. The printed magazine is still preferred. Therefore, magazines will continue to be safe ground for publishers and printers so long as consumer familiarity remains with the printed version.

For newspapers, if younger generations can justify a need to read the printed version daily, despite the ability to receive immediate news throughout the day, then publishers will continue to find reason to print them. Newspaper publishers are exploring avenues to give printed newspapers the appeal to young people that the Internet enjoys. For newspapers to continue to sell, marketing strategies must be directed and implemented toward younger generations.

The study points out that good print journalism may be the key to the survival of newspapers. If the more seasoned and experienced journalists moved strictly to online reporting, then clearly the survival of the printed newspaper would be in jeopardy. Hence, the saving point of printed newspapers may lie in the hands of good journalism and the consumers that see the importance of paying for well-written and compelling stories in print.

Advertising Technologies

Contrary to what many companies that advertise believe online advertising has not taken away from print advertising. Rather it has made the art of print publications more creative and informative as print strives to compete for the attention of online users. Instead of using print to communicate the specific details of a business such as addresses, phone numbers, and contact information, it is now used to communicate more concrete information about the business.

Through print, advertising directs customers to go online to access more detailed information. However, the reverse is also true that online advertisements direct people to print. In many cases, the two media, online and print, are moving to be complimentary as opposed to being competitive. For example, it is more cost effective and convenient for businesses to update information to Web sites rather than waiting for printed materials to

be reprinted. Web sites then drive viewers to request information that is often delivered in print because it is becoming increasingly apparent that the response rate to print, when done properly, is greater than the response rate to online advertising.

Every age group responds differently to various forms of advertising. The 17 to 28 year olds find online advertising to be an effective way to market a business or product. However, this age group also has an affinity to and liking of printed magazines, and their advertising within. When looking for a business or service, it was apparent that all age groups were more likely to search online for such information. Yet, all age groups surveyed do most of their shopping in stores, not on the Internet. Much of this shopping is driven by direct mail, newspaper, and magazine advertising.

Though print has declined in some areas as a result of the Internet, online advertising has not taken away from the printing industry in many segments, and there has been no profound change in the amount of printed materials requested by certain businesses. There has only been the addition of the desire for online Web sites and advertising to compliment and be complimented by print. It may only seem that online marketing and online advertising is eliminating the need for print. However, this is not the case. Online advertising is not eliminating print but merely impacting what print looks like and the information it conveys.

On-demand Printing

On-demand printing is a less expensive option for advertisers, marketers, and others who need print in a short amount of time. It provides print when and where it is needed and in the quantity needed. This is as opposed to the more traditional procedure of producing a large inventory of print and not knowing if the entire inventory will be needed. It makes buying printing convenient and economical.

On-demand printing uses digital presses that are typically more affordable and have a smaller footprint than traditional presses, and a growing number of printers are making this printing option available to print buyers. It has become a technology adopted by not only traditional printing companies but also by businesses that typically would not get in to their own printing using traditional printing technology. Fundamentally, digital presses and on-demand printing has expanded the printing industry by creating printing centers and printing companies that would not exist without such technology. The ability to print when and where needed, and in the exact quantities needed, is a way that the printing industry is competing with the rapid delivery of information provided by non-print media. In recent years digital print quality has improved to the point where it competes favorably with traditional printing methods, such as lithography, on the basis of quality. There is a large and growing market for this quicker form of printing.

The on-demand printing market supports and is supported by online businesses. It is largely dominated by online print providers that offer high volumes of print at quick turnaround times. Advertisers and marketers are benefiting from the benefits of combining on-demand printing and with online selling approaches. Small and large printing companies are considering their future viable markets and are gearing up to

provide on-demand printing as a standard service.

A full commitment to offering on-demand printing services requires investing the necessary resources to purchase digital presses, hire and train workers, and developing an Internet based ordering system. More and more printers are doing this. Here again, the integration of the Internet and printing represents the basis of the business model for this contemporary printing service. These printers understand the value of multimedia approaches to selling and many have sophisticated Web sites. They realize that advertising on the Internet is key to a company's success in on-demand printing because this is where print buyers are looking on an increasing basis to locate printing services.

On-demand printing technology will continue to improve in the future and the market for this type of printing will continue to grow. It allows a printing company to be a full service print provider for companies wanting to optimize their marketing programs.

Newspapers

Previously it was noted that newspapers face increasing competition for the Internet, and the lure of the Internet has detracted readers and businesses from the advantages that newspapers offer.

This is a case study exploring the attitudes toward newspapers for a college-age population regarding printed vs. online newspapers. The study focuses on the Cal Poly *Mustang Daily*, the only university daily newspaper in the United States that is fully written and printed on campus by students, and in full-color. The finding of this case study can relate to daily community newspapers in general.

The main finding is that the newspaper cannot currently survive if moved totally online in the very near future; earliest predictions were for five to eight years. The *Mustang Daily* may benefit from having a twice-weekly paper while publishing only online for non-print days. This may recover advertising revenue lost from going totally online. Most advertisers will not support a totally online newspaper but see the benefits of print, particularly in reaching local markets.

Regardless of how or when the *Mustang Daily* decides to go completely online, there are going to be advantages and disadvantages to the transition. On the up side, the *Mustang Daily* would be able to develop expertise in Internet journalism, which is where the newspaper industry seems to be headed. Publishing on the Web allows for constant updates, breaking news, and the use of multimedia. If a story is published in print with an error, there is no way to fix it unless a correction is corrected in a later edition. When published online, those errors can be immediately corrected so subsequent readers will only see perfected stories.

Breaking news was practically meant for online journalism—developing stories can be updated as they unfold; readers can follow the progression from home or work; and readers do not have to wait until the morning paper for the story, which is often hours after it unfolds. In addition, some stories break after deadline, meaning people cannot

read about them until a day-and-a-half later. If those readers check the Web site, they can view the story instantly.

The availability of multimedia in online editions is a huge advantage over printed newspapers. Readers like to be engaged and participate in the news, and the Internet allows them to do that more than ever before. Readers can take polls and see results instantly, view photo slideshows of more visual events, listen to podcasts on the go, click on links to related stories, etc. The multimedia platform is one that print just cannot compete with.

Despite all the advantages to publishing online, there are several drawbacks.

Advertising support is a huge issue in the industry right now. Even though the Internet offers an infinite number of pages and archives, small businesses are still hesitant to advertise online because they feel there is little local impact. Since readers see a newspaper's Internet home page first, that's where advertisers want to be. However, there is only so much ad space available before the page becomes cluttered and unreadable.

Interestingly, with all of the hype about the Internet, the study indicated that 81 percent of students have never been to mustangdaily.net, the online version of *Mustang Daily*, and about the same number would be upset if the *Mustang Daily* stopped printing. In other words, in spite of the rhetoric about newspapers being replaced by the Internet, people still want printed newspapers, including young people. PDAs (personal digital assistants) could bridge the convenience gap for students and readership habits could change. But for now, that convenience issue remains a disadvantage.

The *Mustang Daily* could lose 90 percent of its advertising revenue if it decided to go totally online. It would suffer if editors decided to move it exclusively on the Web. Readers and advertisers are not ready. At some point in the future, the newspaper could make the transition to Web exclusivity but that time probably will not come for another five to eight years at a minimum. For the time being, readers' habits are too fixated on the tangible version.

A simple walk through campus shows when students read the newspaper most often: while waiting or doing solitary activities where computers are not present. This can include while waiting for the bus, waiting for class to start, eating alone, waiting for friends, etc. Until those habits change or until the *Mustang Daily* can find a way to still reach students during those solitary times, the newspaper will suffer if it becomes online-only. Editors were shocked to discover that 81 percent of students surveyed had never been to mustangdaily.net even though 82 percent of students read the *Mustang Daily* at least once a month.

The newspaper industry in general is currently in turmoil trying to figure out what to do about its print edition, citing that younger generations are attached to the Web; but they are missing a key point: students still really enjoy taking the newspaper with them wherever they go and reading it at their leisure.

The question was raised: If the *Mustang Daily* decided to stop printing the paper every day and only published online, what would your reaction be? Fully 75 percent of students said they would be upset and would not consider adapting to the online version and another 8 percent mirrored those sentiments with their own comments, which expressed frustration and devastation. Despite the college students' fixations with the Internet, the findings indicate that students are still very much attached to paper and ink. Until those habits change, the *Mustang Daily* should remain in print.

One thought was to scale back the print version to twice a week and supplementing breaking news on the Web site. Doing this would allow advertising income to still pour in through the print edition while giving students more of an incentive to visit mustangdaily.net. A twice-weekly paper would be larger than the average daily issues to allow for more ads, more feature stories, and in-depth reports. However, the big issue with online newspapers is retaining advertisers. If the *Mustang Daily* moved totally online next week, the paper would automatically lose 80 percent of its business. Advertising sales would plummet and the newspaper would be lucky to pull in \$50,000 annually. Local businesses just do not advertise online. Overall, people do not walk around reading their newspaper on their laptops. Readers still like the tangible newspaper that they can take with them wherever they go and read it whenever they want. For this reason alone, from an advertising perspective for local businesses print ads are more effective.

Newspapers need to change their business models to retain advertisers. They have to become problem solvers for their clients, help with marketing, manage information, and help advertisers target their markets. Local advertisers believe that they can better target their audiences through print rather than through online media but need help from the publishers in doing so.

In the case of this study, if 81 percent of students have never visited the *Mustang Daily* site in the first place, getting them to use the Web site over print will not work in the short term. Until students are at least open to the idea of a Web-only *Mustang Daily*, and until advertisers realize that they are under using the Internet's resources, moving exclusively online will fail. A premature move could be catastrophic—people would give up on following campus news; advertising would sink; reporters would not be equipped with the right knowledge for new media; student editors would not be prepared for print newspaper jobs; and ultimately, the *Mustang Daily* would find itself struggling to survive.

Editors should closely monitor reader opinions and advertiser desires. Those two groups are key to the newspaper industry's direction. If the market is not ready for exclusively online newspapers in five to eight years, editors and publishers should continue their focus on printed newspapers while making appropriate adjustments to satisfy reader and advertiser interests.

Print as a Marketing Tool

Print such as catalogs, brochures, and direct mail still continue to boost return on investment. However, personalization is key for results in a marketing campaign, and digital print allows for this. Though email and the Internet are increasingly perceived as an inexpensive way to market, they have proven to be the least effective for marketing because of their low response rate. In and of itself, the Internet lacks in the characteristics that make print media more effective. However, the Internet provides a marketing advantage when used to support or supplement print advertising. Integrating print and non-print forms of media in any marketing approach is the most cost effective and memorable way to gain and influence the purchasing decisions of customers.

This study shows that of the three top shopping preferences, online shopping is ranked third below in-store shopping and the use of printed catalogs. The majority of respondents, 73.8 percent, claimed that they prefer to shop in-store, but in-store printed in-store signage and other printed promotional pieces, such as catalogs, are crucial for their buying decisions and for brand awareness.

In general, customers look to make purchases during a sale. The survey showed that 26.3 percent hear about sales and learn about products through newspapers, and 11.3 percent through direct mail advertising. Whether catalogs, direct mail, or newspapers, each drives traffic to stores or even to Web sites where purchases can be also be made. While most of the people surveyed were between the ages of 18-25, it was apparent that this demographic uses many channels of media in order to receive information on products, so that even though 100 percent use email and 100 percent know how to use the Internet, they still want to gain information from print media.

Although many use the Internet as a research tool for possible purchases, 54.4 percent said that they make a purchase online less than once a month. This alone suggests that for effective selling, marketers and advertisers need use a multi-dimensional way to reach customers. Print ads in magazines and television commercials prove to be the most memorable with Internet ads drawing a low response rate. Print is colorful, usable, portable, and relatively cost-effective when the objective is to reach a large target audience.

This study points out that overall print is effective. However, it is often overlooked and taken for granted, and the printing industry must do more to market itself and remind advertisers and marketers of print's advantages in selling products and services. The printing industry needs to market itself on results and final products, not on how many impressions per hour it can run and how make-readies can be shortened. Clients do not care about this. They care about results. Using print, supported by multimedia such as television, radio, email, and the Internet, provides the marketing results that drive and build companies in today's competitive business world. This study shows that print media is an important component of cross media marketing.

The Renaissance of Media

There are mixed feelings towards advertising online. Big advertisers such as Google have focused their efforts in online advertising, but consumers do not favor this trend. In this

study, consumers almost unanimously shared that they prefer printed advertisements versus online advertisements. They also said that they would be upset if their favorite publications went out of print and went exclusively online. Although there is a growing move by companies to advertise online, the public prefers printed advertising. Through print, consumers can focus on advertising of interest when and how they care to. Unsolicited Internet advertising is seen as intrusive and annoying, and drives consumers away from purchases rather than encouraging them. Print advertising such as direct mail and catalogs do not result in the negative response that Internet advertising generates.

The question then is, why has print not capitalized on this strength? If consumers say that they prefer printed material, they would be more likely to make purchasing decisions from print ads.

The printing industry needs to advertise its strengths. It needs to reveal to the public and to advertisers why print is preferred. Advertising agencies are being lured away by the Internet as a trendy vehicle for communication. However, there is no evidence that the Internet is more effective in selling products and services than is print. In fact, there is evidence to the contrary showing that print, and particularly with its present variable data one-to-one marketing capabilities, draws a significantly higher response rate than any other form of mass communication. Although print does have consumer support, it needs to align itself again with advertisers by demonstrating its benefits. Advertisers must be reminded of the added value of print. What print media must do is demonstrate a style and format that generates the same popular appeal of the Internet. This will keep advertisers and marketers focused on the advantages that print media offers.

The printing industry has consumers on its side with the public's trust in print media. If advertisers are reminded that consumers' loyalty and media preference lies in print, they will further support the medium and reap the benefits provided.

Cost Effective Solutions for the Development of Promotional Materials

This is another case study focused on college-age people and marketing for a non-profit organization. The finding can relate to any non-profit entity or for any marketing campaign having budgetary restrictions. The study addresses the question: Can print media still be used in a marketing campaign with budget restrictions? The answer is a resounding yes. While there are those in the graphic communication industry that would lead one to believe that print is dying, this study has proven otherwise.

The nonprofit organization of study, Alpha Phi Omega, still spends much of its time and money on printed goods or word of mouth advertising, both on the national and local levels. Non-print marketing is seen as secondary, a mere supplement to printed information.

As a result of this study, it has been advised to the local chapter of Alpha Phi Omega to employ the use print media in its push to market the organization. Supplemental information and registration will take place online through the repurposing of the content given on the marketing collateral. Print, however, will be used for inter-chapter

marketing where as the organization's Web site will be used for general information that needs to be changed on a daily basis.

Ancillary Services in the Printing Industry

Ancillary services offered by printers and publishers is what is going to keep the print media viable, needed, and the medium of choice of advertisers and marketers in the years ahead. Ancillary services are service not directly related to printing but adds value to the customer such as digital asset management, database management, mailing, fulfillment, interactive media, creative design, and Web design. While ancillary services currently make up only a small percentage of printers' total revenue, that percentage is expected to increase significantly as ancillary services are increasingly recognized as being a legitimate opportunity for printers to service their customers. These are tremendously vital services for advertisers, marketers, and other businesses that recognize the value of print and desire assistance in managing their print campaigns.

Presently, for every dollar spent on print, six to eight dollars are spent on ancillary services in conjunction with printing. Until recently, the printing industry has ridden a wave since Gutenberg, with continual growth, sufficient for the industry to expand and prosper. The printing industry's next round of growth will come through innovative and productive services for its clients. This is what ancillary services provide.

Printing companies that have expanded their services to include ancillary services have a defined mission and vision that is proactive, focuses on customers needs, provides flexibility to adapt to customers dynamic needs, and focuses on the future. These printers have considered the demand for the service, competencies required to efficiently and effectively provide the service, and the pricing strategy for the service. They are proactive in recognizing needs and creating services to meet them. They have not waited for customers to demand an ancillary service, nor did they offer services before discovering a need. They first recognized and understood the service's respective competencies, and then acquired them to effectively and efficiently provide the ancillary service. Depending on the circumstances, they chose to either purchase the competencies, or learn and develop them. Pricing strategies for ancillary services is difficult to establish. A logical approach is to use the customer's reactions to determine a price that is mutually beneficial to the printer and the customer.

Opportunities in ancillary services exist in every market of the printing industry. There are essentially two ways that printers have discovered potential opportunities for ancillary services, and they can be used either independently or in conjunction with one another. The first method only requires a basic understanding of the print market's respective supply chain and the time and creativity to dedicate to discovering ancillary services. By analyzing the supply chain of a printed product, the printer breaks down every value-added phase of the product. Any phase above or below the printing/binding processes that adds value is a potential ancillary service for the printer.

The second way that printers have discovered potential ancillary services is through creative problem solving. They have become more involved in their customers'

businesses. Once printers can gain a deeper understanding of their customers' business strategies and overall direction, they can better develop creative solutions through their services. This requires a different selling strategy for such printers and encourages them to move beyond the title "printer" to a broader title that encompasses the flexibility to alter services to match their customers' needs.

As traditional ink-on-paper gains more competition from electronic and other forms of media, progressive, service-oriented, printers are preparing themselves for a respective change in their customers' needs. Although this requires some fundamental changes and creative, visionary minds, it is providing opportunities for printers to increase revenue, provide additional services, and to enhance customer loyalty. With many "profit leaders" already successfully offering various ancillary services, other printers are sure to follow. Those that really benefit are the printers' customers—advertisers, marketers, and other businesses that benefit from the use of print media.

The Impact of Digital and Online Technology on Cross Media Periodicals

by
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Abstract

This study explores whether digital and online periodicals are helping or hindering their printed counterparts. The study gives insight into the future of the printing industry, as well as the ability for digital/online periodicals to stand the test of common consumer acceptance. Further, the study investigates what the consumer saw as important or worthy of purchasing in the way of periodicals and what the printing industry sees as important and worth marketing.

One hundred consumers answered a ten-question survey regarding where they receive their information from and how much time they spend on the Internet as compared to reading a printed periodical. Meanwhile, Peter Meirs of TIME Inc. discusses his ideas on how to implement online/digital periodicals into a marketing tactic for selling printed versions. A second interview was held with Cynthia Schur, publisher of the Central Coast (California) *Santa Maria Times*. She discusses the danger that the newspaper industry is facing with younger generations not buying newspapers, while addressing the need to develop consumer desire for a Web site to promote local news.

The results of the survey shows that the majority of consumers wish to receive their news online, yet read their magazines and other entertainment periodicals in print. This shows that the magazine industry is still viable in producing magazines in printed form. Meanwhile the newspaper industry has an undetermined future. The newspaper industry runs dangerously close to losing a battle with the Internet's immediacy of news since younger generations are turning to the Internet for the majority of their information. In order to save this industry, printers and newspaper publishers must decide upon better marketing strategies that are directed toward younger generations who will help keep their sales and demand for printed newspapers alive.

Chapter I – Introduction

In the midst of a diversifying printing industry, competition is key and technology allows the industry to move forward. If paradigms are not shifted, companies die out. With this in mind, various publishers of periodicals have decided to increase sales by offering digital or Internet-based enhancements to their already established newspapers and magazines. Digital periodicals may be downloaded and viewed via a specified program or simply viewed on a Web site through hypertext markup language (HTML).

The capability of building connections between a traditional form of media and a digital counterpart opens new opportunities that were previously unheard of. Digital formats for periodicals allow for late-breaking updates to printed material, links to related articles, and a wide variety of interactivity.

Newer generations of society have embraced the Internet and computers more than ever. Because of the Internet's virtually limitless array of information, nearly every major publication has chosen to create a Web site. Meanwhile, large conglomerate publishers such as Time Warner and Harris Publications have chosen to test technology's capabilities with digital versions of their more popular titles. This leads to the question: What effect do digital and online publications have on their traditional hard copy versions? More specifically, are digital and online publications hurting or helping the printing industry and marketability of traditional printed periodicals?

The age demographic of individuals is a deciding consideration in this study. New generations of consumers are more likely to embrace the newer technologies than older generations. However, the market may not be ready to accept magazines in digital form, whereas newspapers are more likely to be accepted due to the desire for immediate news. Digital magazines are less likely to be accepted because of the ease of travel for them. A computer is less likely to be taken to a restroom as a magazine would. Lastly, the feel and presence of a magazine's physical characteristics may entice some to not make the switch to a digital alternative for quite some time.

The purpose of this study is to show that newspapers and magazines available on the Internet help enhance the target audience's experience while driving the sales of printed versions. It is a cross media strategy, the purpose of which is to further an understanding of the benefits of interactivity and quick production not available in a mere printed magazine by itself. Certain magazines have already given bonus online access through buying or subscribing to a printed version of the periodical. Embracing a cross media strategy will be a worthwhile breakthrough for the printing industry. Digital versioning will drive sales and give incentives to buy the printed material because consumers know they will receive more than a one-time read periodical for their hard-earned money.

Chapter II – Literature Review

Growth of Internet-Based Periodicals

Almost a decade ago digital periodicals and more particularly magazines—also known as “e-zines”—were a new and exciting territory for the more adventurous publishers. The cost was low and the Internet was still a fairly new technology for households. Troy Strader and Michael Shaw of Iowa State University performed a study on the impact of electronic technology on various markets in 1998. They indicated that e-zine publishers expected a bevy of losses before they would eventually turn a profit. Looking at the future, they believed that there would be an influx of advertisers who would start knocking on their doors as the Internet became more comprehensible. Eventually common folk would accept and become dependent upon this new technology. (Strader, Shaw, 1998) The use of Internet periodicals and Web sites for research documentation has continued to grow over the last 10 years. This brings up the issue of validity in Web-based information. A series of undergraduate term papers were analyzed between 1996 and 2000:

Web citations [between 1996 and 1999] increased from 9 percent to 21 percent. Web citations checked in 2000 revealed that only 18 percent of URLs cited in 1996 led to the correct Internet document. For 1999 bibliographies, only 55 percent of URLs led to the correct document. The authors recommend (1) setting stricter guidelines for acceptable citations in course assignments; (2) creating and maintaining scholarly portals for authoritative Web sites with a commitment to long-term access; and (3) continuing to instruct students how to critically evaluate resources. (Davis, Cohen, 2001)

The validity of Internet resources has always been a question of debate for scholarly writing. Despite Web sites such as Wikipedia that are able to be written and edited by virtually any individual with a free membership, there are still a handful of resources for scholarly-based information. Such information can be found in electronic journals—or “e-only” journals. These journals are published exclusively for the Internet to make researching and distribution of scholarly information easier. Electronic journals also allow for direct interaction between the author, editor, and readers. E-journals have “produced an advanced method of scholarly interaction in the sense that individuals can respond instantaneously to the articles and their responses can be published as soon as editors receive them.” (Jones, Cook, 2000) Currently, E-only journals as well as journals with a traditionally printed counterpart are very common in online library cataloging systems.

Digital and Online Magazines

Why do magazines go online? In 2003, Ulrich Kaiser from the University of Southern Denmark at Odense asked this question. He concluded that there are a few reasons that

contribute to making this decision. The first and most important of these is the number of advertising pages in a printed magazine. The desire to reach new markets through advertising is an important decision to take into account when taking a magazine online. If a magazine has a high number of advertising pages, the push for online advertising is much greater and more valuable to the publisher. Advertisers pay large sums of money for space in the printed magazine. With the ability to repurpose an advertising campaign to reach a larger market, advertisers are more willing to support publishers with a desire to venture into online publishing. (Kaiser, 2003)

The new millennium saw the publication of some of the first PDF exclusive magazines available for download. PDF, created by Adobe, stands for Portable Document Format. The concept of the PDF has revolutionized how both consumers and businesses alike handle their documents. Since the PDF preserves formatting and images to be viewable the same on every computer with the free *Adobe Acrobat Reader* installed, it is quite natural to see magazines look in this direction. Prior to *Adobe Acrobat 6* and high-speed Internet access, online magazines were considered senseless by common consumers, especially with PDF files reaching into double-digit megabyte file sizes. In 2003, *Adobe Acrobat 6* was released to the public. With more versatility and technological advancements than its previous versions, businesses were able to use a bevy of new features. The multimedia capabilities were now far more advanced, making the PDF a more marketable asset to publishers. In 2004, two notable magazines were released exclusively in PDF format: *Design In-Flight* and *InDesign Magazine*. Both of these publications were pay-by-issue or pay-by-subscription and considered huge successes for their valuable content. The publishers made use of the new technology and high speed Internet access available to consumers in the new millennium. Both magazines were optimized for maximum download speeds and high quality print. *InDesign Magazine* is still running strong despite its steep price. Both of these magazines have taken advantage of advertising-free and knowledge-enriched content. (Potts, 2004)

Meanwhile, in the latter part of 2004, *Graphic Exchange (gX) Magazine* decided to employ the advanced multimedia capabilities of *Adobe Acrobat 6*. (Foss, 2004) With this decision, *gX Magazine* created one of the first content-rich and vibrant PDF magazines. It was called the “embedded full-version” which contained 360-degree virtual reality viewing, short QuickTime-based videos, and Internet-accessible hyperlinks. The entire magazine with all video content was downloadable at 78 megabytes (MB) for high-speed Internet access. To preclude limiting its customer-base, *gX Magazine* also created an 8 MB “basic version” for *Acrobat 4* and *5* that lacked the extra multimedia. Another new feature particular to *gX Magazine* was its format. It used landscape viewing as a primary view for pages. This is due to its emphasis on screen-only viewing of its “embedded full-version.”¹

One of the latest tools for publishing digital periodicals is the widely popular Zinio. Zinio is a free downloadable program that simulates real printed periodicals through interactive page turning as well as cutting-edge features such as video advertising that are only

¹ *Graphic Exchange Magazine*: <http://www.gxo.com>

available through digital versioning. Many of the world's largest publishers have turned to Zinio's technology to publish their digitally formatted magazines and textbooks. The result is lower distribution and production costs, as well as expansion of customer bases.² Zinio has enlisted some 70 plus publishers with thousands of publications to choose from. All four case studies provided on Zinio's Web site – *BusinessWeek*, *VNU*, *PocketPC*, and *International Investor* – address the issue of advertisers and cost efficiency. *VNU* notes that they have reached a niche market with little to no effort on their part, except by putting their trust in Zinio's *expertise*. They also note that advertisers are delighted over reaching new markets through more cost efficient methods.

Large advertisers like IBM Corp., Sun Microsystems and Cisco Systems were enticed to “bolt” new products onto the electronic copies through a variety of rich media techniques. The growth in circulation, the ability to reach audiences in new ways, including video ads and upcoming plans to sell digital-only split runs – all this has helped VNU grow overall ad revenue. Rate increases reflecting this new, broader reach are also on the horizon.³

VNU claims that they have reached a wider audience with their Zinio digital versions. They note that their target audience is a “very senior group who travel frequently.” *VNU* publishing director, John Barnes, follows up this claim with a brief note: “A paper copy of a publication that lands on their desk when they are only in the office one or two days per week is a very crazy, 19th century proposition.” Barnes believes that this is a promising step forward with already 13 percent of *VNU* publication circulations being digital in 2005. (*Zinio case study of VNU*, 2005) The 2005 case study *PocketPC* claims that “over 5 percent of total qualified circulation and nearly 15 percent of paid subscribers are digital.”⁴ All four case studies proved to be at least minor success stories with promising futures. Zinio is currently one of the largest online newsstands for the distribution of digital magazines and textbooks. (About Zinio, 2006)

Digital and Online Newspapers

Publishers of magazines are not the only ones to see the advantages of Internet and digital periodical publication. Newspapers have found their way to the Internet as well, especially when scooping late-breaking news.

Early publications of newspapers on the Internet were simple with little variation from their printed counterparts. They lacked dynamic multimedia characteristic of today's Web-based periodicals. Few newspapers desired to push the limits of the technology from the mid to later 1990s. (Bieble, Duck, Neuberger, Tonnemacher, 1998)

² *Zinio*: <http://img.zinio.com/corporate/>

³ *Zinio case study of VNU*: <http://img.zinio.com/corporate/pdf/VNUCaseStudy.pdf>

⁴ *Zinio case study of PocketPC*: <http://img.zinio.com/corporate/pdf/PocketPCcasestudy.pdf>

Studies performed on Germany's online newspapers in 1997 showed how newspaper publishers used the Internet during early attempts of online publishing. The results showed that the majority of newspapers polled rarely (45.6 percent) edited articles from the original printed version, while only 17.5 percent said they always edited the online versions. Meanwhile 42.1 percent of newspaper articles were shortened on their online versions. Overall, little change was recognized across most online newspapers, including the lack of related links and emails. (Bieble, Duck, Neuberger, Tonnemacher, 1998)

The largest demand for online newspapers lies in immediate news. During the 1998 study on German online newspapers, polls showed that 22 of 27 publishers made the news available online before the printed version. Meanwhile, only four updated several times per day. One of the key purposes of online publishing's lack of repurposing or updates during the earlier years of the Internet is download times. Of newspapers polled, 45.1 percent noted this to be a flaw in the online publishing system. (Bieble, Duck, Neuberger, Tonnemacher, 1998) In recent years, the importance of download times has decreased due to faster and more flexible Internet connection speeds. (Boczkowski, 2004)

In more recent years, the use and efficiency of online newspapers has increased significantly, including new layouts, dynamic content, and additional up-to-the minute information. Despite the new abilities and content of online newspapers, their demand is still in its infancy. "Newsprint can basically be read in any place at any time. The reader can absorb the information offered at his own pace. Even the fact that the reader can touch and feel the printed paper while turning the pages may be of some importance." (Bieble, Duck, Neuberger, Tonnemacher, 1998) Although, with younger generations and active business folk using printed material less, new opportunities are rising in the online news market.

The credibility of a news source is constantly questioned now more than ever. Internet-born news Web sites are looked down upon when compared to print-born competitors. Individuals are more likely to gather information from The New York Times's *Times on the Web* than an Internet-born site such as Geocities or Yahoo. This is due in part to the already established news experience of The New York Times and other such print-born online newspapers. Despite the differing of opinions from individuals upon the credibility, online newspapers are an integral step towards the future of information gathering. (Boczkowski, 2004)

Chapter III – Research Methods and Procedures

The research methods used in this study were descriptive research and elite and specialized interviewing. Descriptive research, more precisely, a survey for the common consumer, is a method of study that allows the researcher to describe the nature of a specific situation as it currently exists. This enables developing an understanding of what the current trends and opportunities are. The survey took the form of ten-question questionnaire administered to 100 people who are likely readers of newspapers and magazines of varying ages and backgrounds.

The questionnaire did not explore why the respondent had a particular opinion, only what the opinion was. This provided a sense of whom the digital and online market was directed to and helped to formulate conclusions on effective marketing strategies for publishers.

The second research method was elite and specialized interviewing. This involved interviewing individuals within the publishing industry. It is a method used in research when gathering information from industry professionals and people who perceive themselves to be experts. The interview takes a conversational tone. The questions are often open-ended and open to refinement as the interview continues. The interviews explored how the publishers viewed the use of their digital versions of publications when compared or used in conjunction with the printed versions.

Through these research methods was it possible to understand the consumer and the publisher points of view.

The initial research involved a survey consisting of easy to understand questions. The survey was distributed to 100 people at random who were familiar with the Internet. This included varying age groups thereby simulating the periodical market as a whole. A list of prospective participants was developed from acquaintances that had access to names representing a diverse section of the population. A link to the survey was also posted for a variety of online communities and forums.

The survey was put on the Internet via the online survey company SurveyMonkey. It was distributed to friends and family, and in-turn, spread to their own friends and family. This was done through popular Web sites such as MySpace and Facebook, as well as via email, forums, and instant messaging.

The survey contained information regarding an individual's interest in online and digital periodicals. More specifically it questioned the desire to read on screen or from a hard copy. It asked the surveyed individual if they would be more inclined to purchase an online or digitally formatted periodical over its printed version. It also questioned the desire to purchase a periodical that contained additional content available through a Web site exclusively for an individual who purchased the printed version.

Lastly, the age and gender of the individual was requested. The survey was multiple-choice. The final statistical information was presented in the form of histograms and correlation diagrams. The survey questions were:

1. What is your primary source for receiving news?
 - a. Newspaper/Magazine
 - b. Internet
 - c. Broadcast (Television/Radio)
 - d. Word of mouth
 - e. Other
2. Have you ever read a newspaper or magazine online or in digital format?
 - a. Yes
 - b. No
3. Would you prefer to read online/digital periodicals over printed versions of the same publications?
 - a. Yes
 - b. No
4. If a printed publication advertised more information available on its website concerning an article of interest, would you have a desire to access the website?
 - a. Yes
 - b. No
5. Would you be more likely to subscribe to a printed publication if you were allowed to preview the current issue online in digital format?
 - a. Yes
 - b. No
6. What is your current Internet connection speed?
 - a. Dial-up (56 Kbps or less)
 - b. Broadband DSL/Cable
 - c. T-1/DS-1
 - d. T-2 (or higher)
 - e. Other
7. Have you ever been influenced to read a printed periodical due to online advertising?
 - a. Yes
 - b. No
8. On a weekly basis, to what extent do you read things on screen (including daily news, blogs, message boards, and other online/digital items)? Pick the best answer.

- a. 76-100%
 - b. 51-75%
 - c. 26-50%
 - d. 0-25%
9. On a weekly basis, to what extent do you read things that are printed (including newspapers, magazines, and books)? Pick the best answer.
- a. 76-100%
 - b. 51-75%
 - c. 26-50%
 - d. 0-2
10. What is your gender & age?
- a. Male - Under 18 years
 - b. Female - Under 18 years
 - c. Male - 18-25 years
 - d. Female - 18-25 years
 - e. Male - 26-35 years
 - f. Female - 26-35 years
 - g. Male - 36-45 years
 - h. Female - 36-45 years
 - i. Male - 46-60 years
 - j. Female - 46-60 years
 - k. Male - 61+ years
 - l. Female - 61+ years

The second research method involved interviewing two publications with known digital/online versions as well as newsstand traditional versions. The first person interviewed was an individual from Time Inc. Many of the Time publications have online accessible content. In particular, the online and newsstand versions of *Sports Illustrated* have often worked hand-in-hand. The second interview was held with an individual from a local newspaper in San Luis Obispo (Calif.) county, *The Santa Maria Times*. There was recent news of the newspaper's Web site gaining a moderate amount of success. This interview contrasted that of a mainstream larger newspaper because it showed how local and smaller companies in the communication industry have handled changes to technology. Both of these interviews focused on the current success of their digital and online versions. I also asked if these digital and online editions had affected the overall sales of their newsstand versions.

Chapter IV – Results

Descriptive Research – Survey Results

In the first question, when asked where the individual receives the majority of their news and information [Figure 1], a predictable 66 percent claimed the Internet to be their primary source. This percentage was a landslide compared to the second option: broadcast (radio/television) at 21 percent. Printed pieces such as newspapers and magazines were used by only 10 percent of individuals surveyed.

The second question asked only if the individual had read an online/digital magazine or newspaper [Figure 2]. An overwhelming 79 percent of individuals surveyed claimed to have read at least one of them. Meanwhile, 63 percent said they would not like to read an online or digital periodical over the printed version [Figure 3].

When asked if a printed periodical advertised that there was more information about an article of interest on its Web site, 80 percent of individuals surveyed admitted they would visit the Web site [Figure 4]. The next question asked if the individual would be more inclined to subscribe to a periodical if they are allowed to preview the current issue online [Figure 5]. A majority vote of 63 percent expressed interest in subscribing if given this opportunity.

The next question addressed Internet speeds in order to get a better idea of where the consumer technology currently resides [Figure 6]. An overwhelming 85 percent of those interviewed currently had a broadband (DSL/Cable) connection. Meanwhile, the next question was to get a sense of how the Internet may be helping printed periodicals. The question asked if advertising online has ever directed the individual to a printed periodical or printed piece of information [Figure 7]. The results were not in favor of print, revealing 65 percent of individuals surveyed responding with an affirmative “no.”

The next two questions were to compare the percentage of printed to on-screen reading that an individual may do in one week’s time. The first questioned the percentage of on-screen reading, revealing 50 percent of individuals surveyed claimed to read 51 to 75 percent in one week’s time [Figure 8]. The follow-up question asked the percentage of printed items read in one week’s time, revealing the majority to be 63 percent of individuals claimed to read less than 50 percent of their information in printed form [Figure 9].

The final question in the survey asked the gender and age of the individual [Figure 10]. The majority (58 percent) was male and female between the ages of 18 and 25. The result was expected, both due to the places the survey was posted, and due to the vast majority of Internet users being younger generations.

Elite and Specialized Interviews – Peter Meirs

The first individual interviewed was Peter Meirs of Time Inc. Meirs' position in the company was to provide expert information and head the majority of projects involving alternative digital media techniques. He has been at the forefront of industry's various forms of digital versioning and was more than happy to provide information pertaining to this research.

Meirs discussed industry's early experimentation of digital versioning with the introduction and imminent failure of electronic books, also known as "ebooks." He explained that this proved to the printed periodical industry that the technology was fully capable of handling digital versioning, yet the consumers were not ready to accept the change. Meirs further discussed that this led to the experimentation of online and digital magazines. A variety of methods were used, from downloadable readers and PDFs to strictly online Flash and Java-based periodicals. During the early 2000s much of the consumer base was still using dial-up connection speeds and this made downloadable files particularly difficult to justify using.

Meirs went on to discuss the ideology behind creating digital versions of periodicals. He explained that a publication must validate its claim of circulation. This leads to the authorization to create specific pricing for charging advertisers. The paid rate is based on the number of buyers of space within the publication. He further explained that if publishers are able to provide information in regards to the circulation and sales of digital versions, they might also add these statistics to the overall circulation numbers. This is able to slightly boost the circulation numbers and justify saving money on print. The more a digital publication circulates, the less a publisher needs to spend on printing, while still being able to keep specified advertiser rates. This brings in more revenue per issue for the publisher.

Meirs explained that there is a small downfall with regard to digital versioning of periodicals. He explained the emotional and physical connection between consumers and the ability to hold a magazine in their hand. Consumers were not familiar with reading something on screen that was most likely in the end going to be printed. This made it difficult to sell digital versions in larger quantities. Although, despite the downfall, he had concluded that digital versions were by no means considered "worthless."

Time Inc. plans to advance consumers in the printed market by tactically using digital versioning. Meirs spoke of this as a remedy for the failure of digital periodicals in the past. He said the technology is excellent and definitely worth using. He further explained that Time Inc. has expressed interest in using digital versions of their periodicals primarily as a means to sell subscriptions and issues of their printed versions. An example Meirs gave was the ability to download a current issue immediately with the purchase of a subscription to the specified periodical of interest. This is a way to target individuals that may be too busy to pick up a magazine that recently caught their attention on a newsstand. The consumer will be able to download and read the magazine immediately in digital format upon subscribing to the publication. Similarly, Meirs spoke of having a preview of the current issue available online to give consumers an idea of

what the magazine is about prior to subscribing. As noted in the survey, 63 percent of consumers surveyed had already expressed interest in this form of marketing.

With such marketing in mind, Meirs was questioned on the popularity of Zinio. He spoke of being on its advisory board since the early 2000s. He also spoke of his recent departure from the board due to being ignored when giving his opinions. He said that in order to gain success in the digital/online publishing market, Zinio must make its service strictly online rather than being a downloadable program. He went on to explain that the vast majority of online consumers have PC computers at work without administrator rights. This meant that the majority of consumers were unable install Zinio's software prior to downloading a specific publication. Meirs said that, despite Zinio's popularity in being the largest supplier of digital publications from a variety of publishers, the sales are most likely too low to justify the effort.

To close out the interview, Meirs gave some ideas on creating digital and online publications. He emphasized that when choosing between exclusive and repurposed content, exclusive content will always win. An example that Meirs gave of this was People Magazine's online content. He explained that People Magazine was entirely exclusive in its online format, whereas the majority of Time Inc.'s online versions are either repurposed or semi-exclusive in content. His next point was to make sure that if the content was repurposed or only semi-exclusive, it is important to keep interactivity in mind. He revealed that the majority of Time Inc.'s publications try to implement the ability to watch videos or interact. Lastly, Meirs expressed the importance of keeping an online magazine online. He said that the majority of online publications, both repurposed and exclusive, use Flash and Java-based technology. These plug-ins, though in the past had to be downloaded, are almost always supported by mainstream Internet browsers. Meirs concluded with the following few examples of successful and well-developed online publication sites: Olive Software, Texterity, NXTbook Media, Mag Werk, and the United Kingdom-based Monkey Magazine. All of these were examples of online Flash and Java-based publications.

Elite and Specialized Interviews – Cynthia Schur

The second interview was with Cynthia Schur, Publisher of a local San Luis Obispo newspaper, *The Santa Maria Times*. Schur spoke briefly of the importance of reaching customers and the immediacy of news in today's culture. She explained that the first time she had experienced a digital newspaper was in 1992, almost ten years prior to magazines. This was when she realized that the possibility of immediate news was within reach. She went on to explain that there has been much acclaim in regards to *The Santa Maria Times* since its debut on the Internet. She also expressed a strong belief in the importance of the printed version. Much like Peter Meirs, she agreed that there is a certain unexplained intimacy that the consumer has with the printed version. She explained that this was particularly so with older generations and early morning or late night readers of the newspaper.

Unlike magazines, Schur believed that the quality of the writing is more important than the overall design and layout of the newspaper. With this in mind, she foresaw sales to continue so long as excellent stories were being written. Schur also recognized the newspaper's main competition for local news to be television's KCOY News. She had gathered statistical information to show that the newspaper was still number one when compared to the primetime news station. Unfortunately, she also recognizes that the main focus for future sales was lying upon younger generations to adapt the usage of the newspaper in printed form rather than online and television. This is another reason for the success of the newspaper turning to online.

Schur mentioned the importance of maintaining the Web site, including hiring and paying for full-time web designers and programmers. She explained that in a larger region, the ability to charge for online usage would be far more plausible in order to balance the funding for this maintenance. Such examples would include *The San Francisco Chronicle* or *The New York Times*, both requiring memberships to access particular content. With a smaller region such as the Central Coast of California, Schur cannot justify charging for online memberships. Schur said that fewer people would want to pay for the local news in a smaller region. Schur also said that there is less advertising dollars put into the online version. With this in mind, Schur explained that she must try to maintain sales in the printed version to ensure the life of the online version.

Chapter V – Conclusions

The results of this research were mixed depending on the subject matter. Magazines and newspapers provided results that were both similar and differing. Each had its own benefits and flaws as traditional and online media.

When considering magazines, the consumer still had what was described as a sense of “intimacy” about them. Majority of consumers did not wish to make a complete transition to digital and online formats of magazines. As noted in the survey, magazines were more likely to be successful when applied to the market as what Peter Meirs described as a tactical approach. Past and present efforts to sell magazines online in digital format have primarily been a lost cause. Meirs claimed the industry was taking a turn towards tactical marketing in order to justify the technology. If the technology is upon us, we should use it to promote sales where sales can be found. Currently, very little sales are found exclusively in digital and online magazines. This takes us back to the original question: Are digital and online publications hurting or helping the printing industry and marketability of traditional printed periodicals? In the case of digital and online magazines, industry’s tactical approach has been making a promising impact on printed versions. If the consumer was allowed to download the current issue or preview it, the consumer was more likely to subscribe to the magazine. As noted in the survey, the majority of consumers had access to broadband Internet connections. This gave industry the means to apply technology to its marketing strategy without the previous fears and excuses of slow download speeds.

When looking at newspapers, the immediacy of news became a largely decisive topic. Consumers have come to expect the ability to access news at the click of a button. Again, the Internet has allowed the consumer to easily obtain information faster than waiting for the next day’s newspaper or the next television or radio broadcast. Younger generations in particular were subscribing less and less to the printed newspaper. Cynthia Schur believed that the newspaper would still sell, but possibly in lesser numbers. She followed up this statement with a desire to grab readers from younger generations. She also claimed that news was hard to sell on the Internet. People would rather not pay for the news when so much available to them on the Internet is free or easily within reach. Meanwhile, despite this idea, people have continued to pay for their daily and weekly subscriptions to the printed newspaper. On the other hand, older generations such as the Baby Boomers, have justified the need for a printed newspaper to supply their own needs of consumer familiarity and intimacy of the printed format. The desire to wake up to a newspaper and drink your morning cup of coffee is still prevalent in the minds and hearts of older generations, while younger generations have become accustomed to waking up later and logging onto the Internet. The final verdict of print helping or hindering news was still indecisive. It is still hard to determine whether or not younger generations of consumers will grasp the idea of reading a newspaper as they grow older. It was quite evident from this research that the transition of news to digital and Internet format was far more widely accepted than magazines in recent years.

The research showed that when considering the longevity of magazines in printed format, there was still quite a large majority who preferred it to digital or online versions. Magazines will continue to be safe ground for printers so long as consumer familiarity remains with the printed version. As for newspapers, if younger generations can justify a need to read the printed version daily, despite the ability to receive immediate news throughout the day, then printers will continue to find reason to print them. Cynthia Schur described the importance of good journalism as a selling point for newspapers. Unfortunately, if the great journalists justified the desire to move strictly to online reporting, then clearly the newspaper would see a possibility of dying out. If Schur is right, the saving point of printed newspapers lie in the hands of good journalists and the consumers who see the importance of paying for well written and detailed stories. This means that in order for newspapers to continue to sell, marketing strategies must be directed and implemented toward younger generations. If Schur believes that good journalism is a key to success, then marketing must start with promoting this idea. Although relevant to the subject, the marketing of newspapers is not covered in this study and may be subject for further study by future students or industry professionals.

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Figure 1

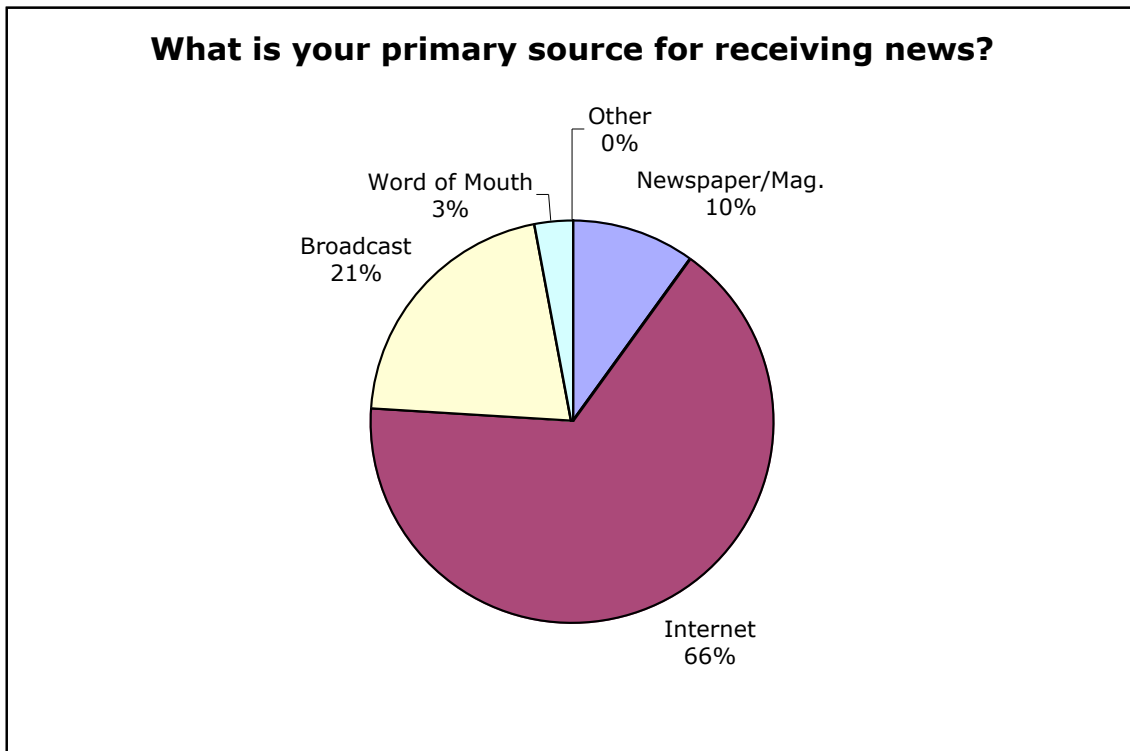


Figure 2

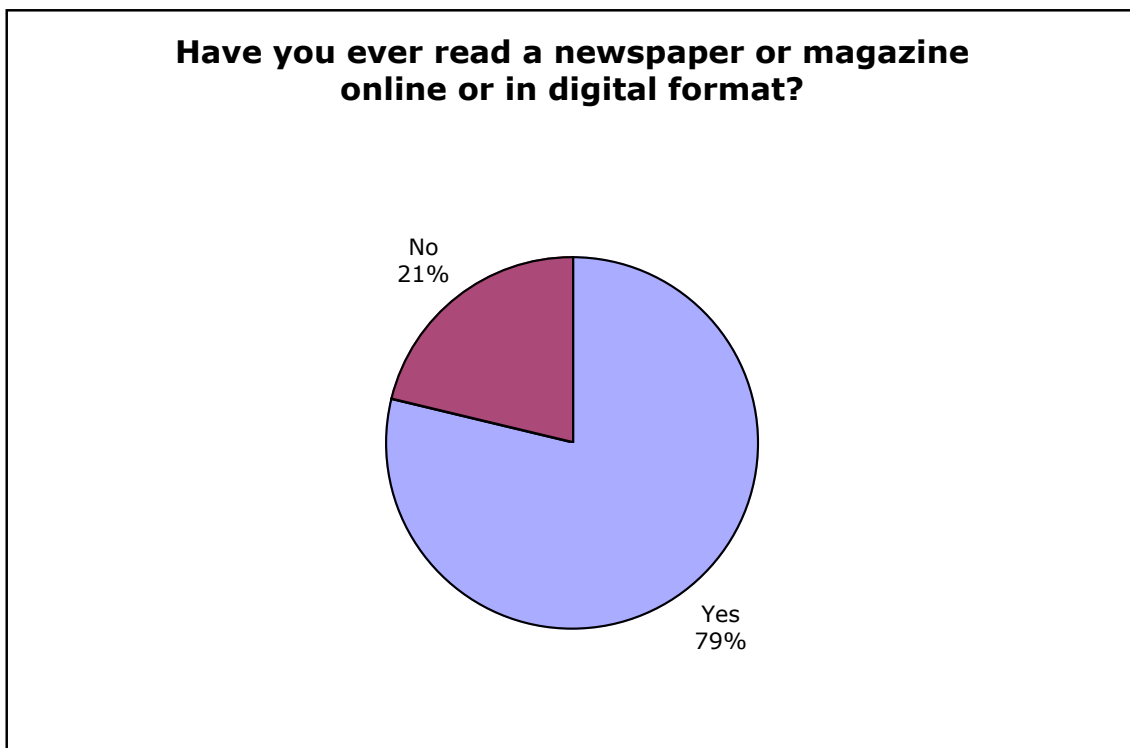


Figure 3

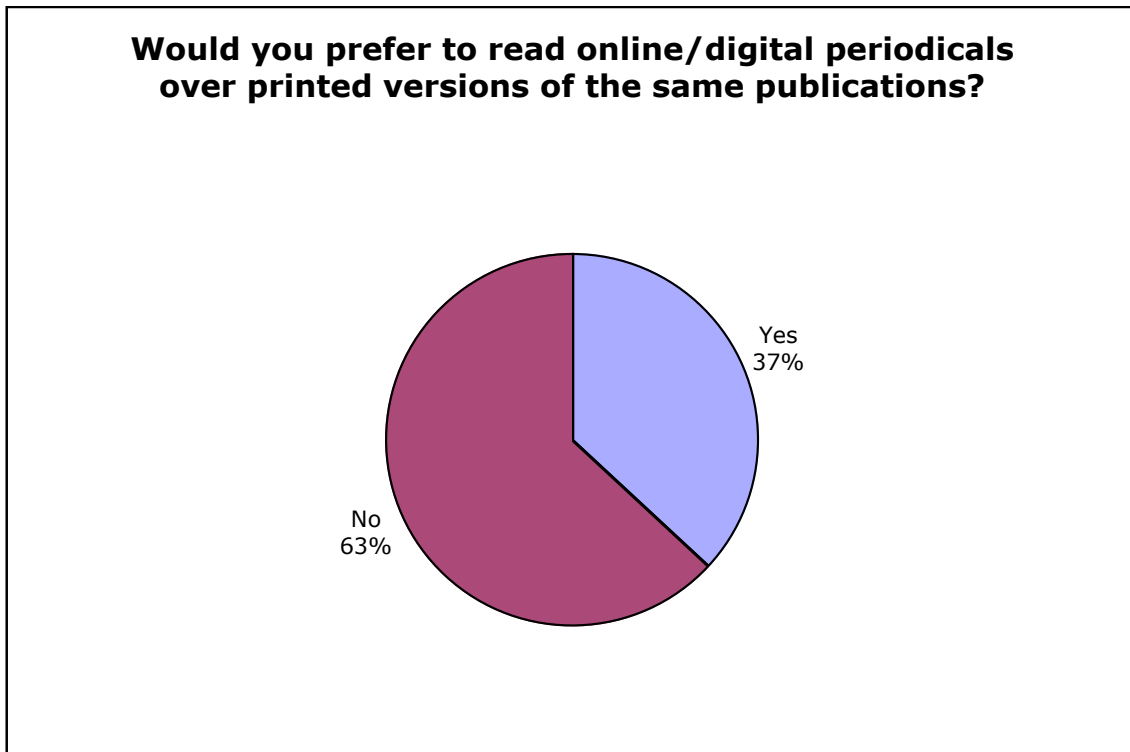


Figure 4

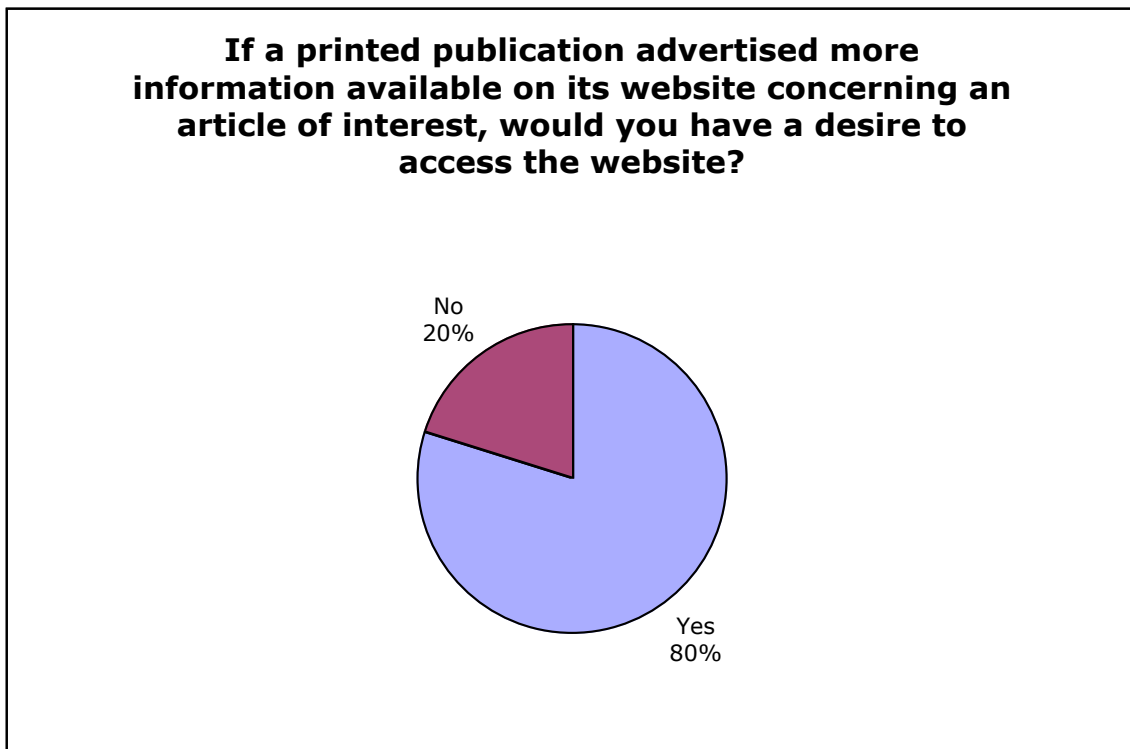


Figure 5

Would you be more likely to subscribe to a printed publication if you were allowed to preview the current issue online in digital format?

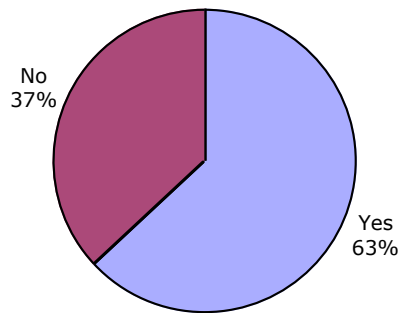


Figure 6

What is your current Internet connection speed?

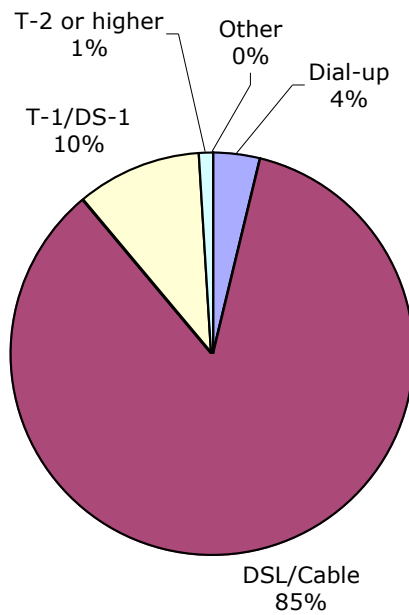


Figure 7

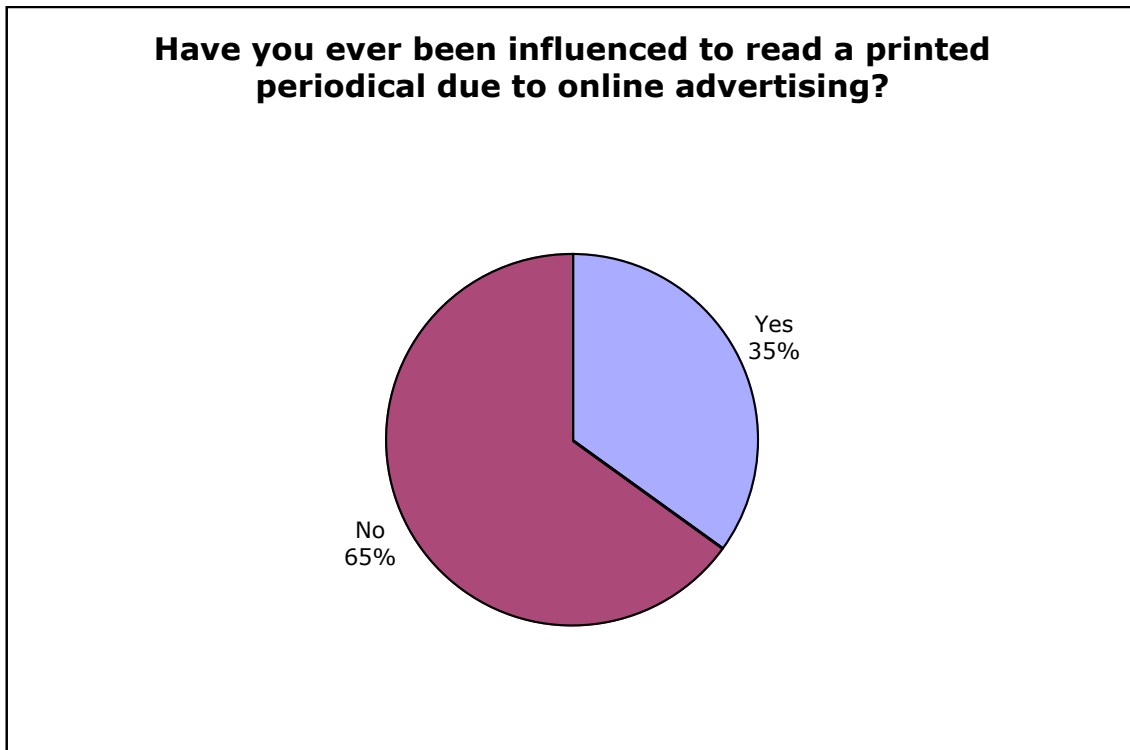


Figure 8

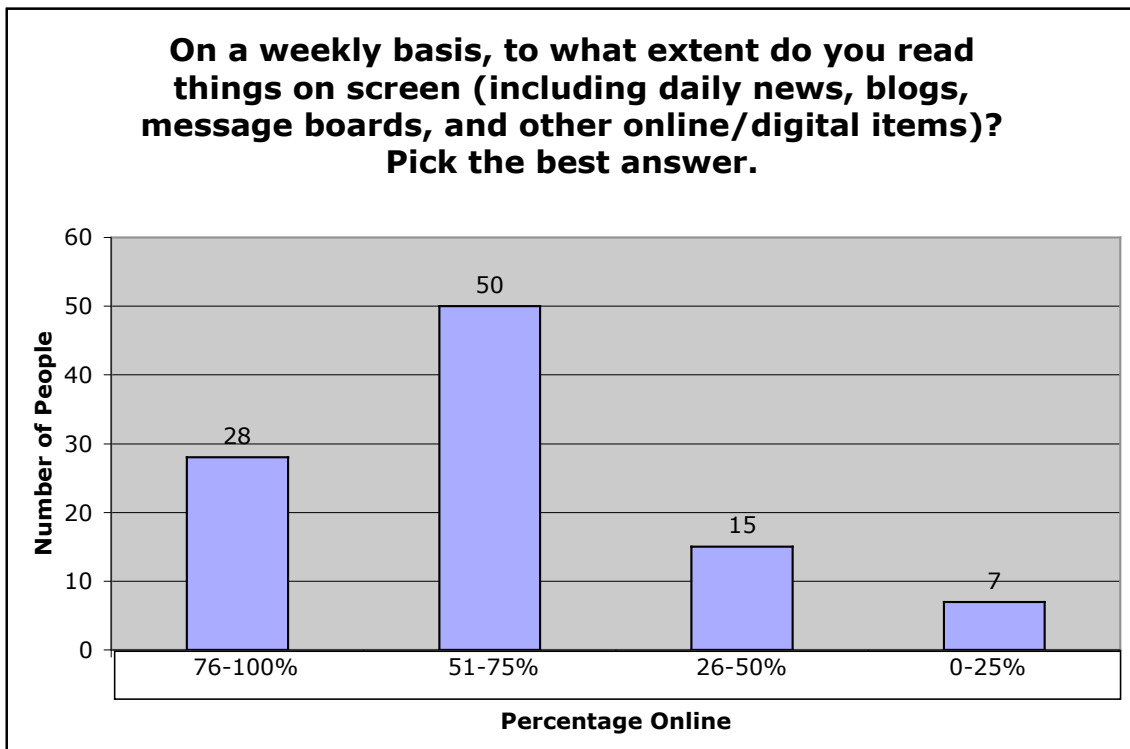


Figure 9

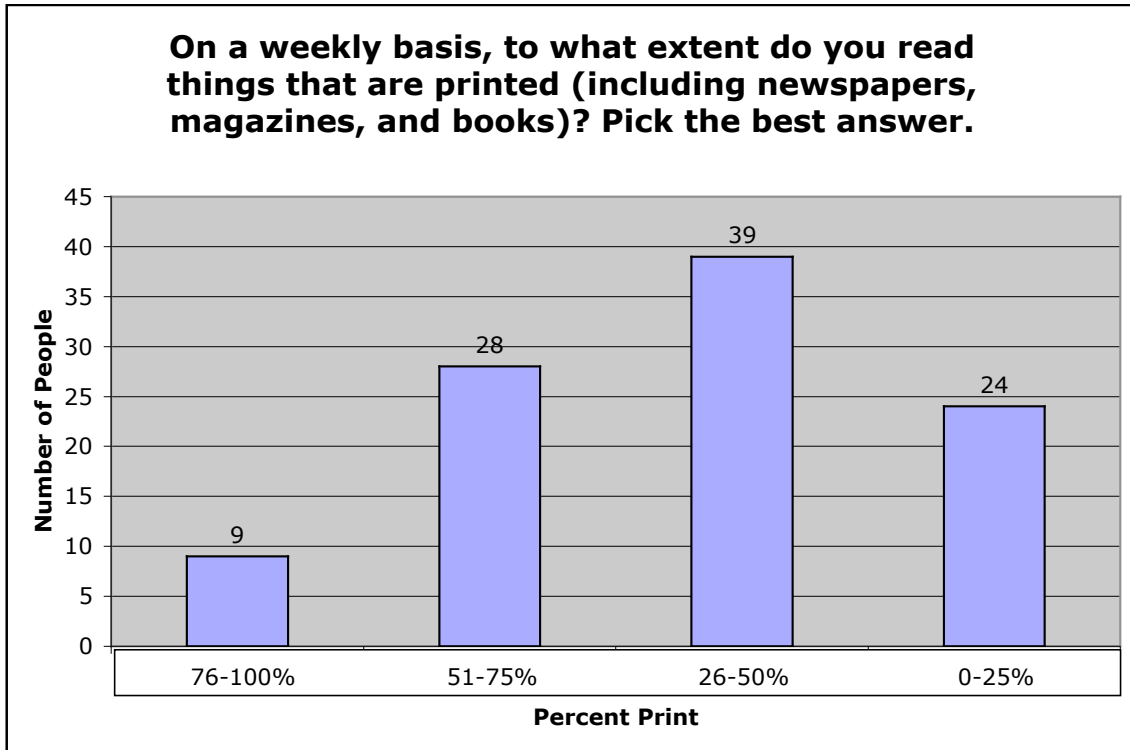
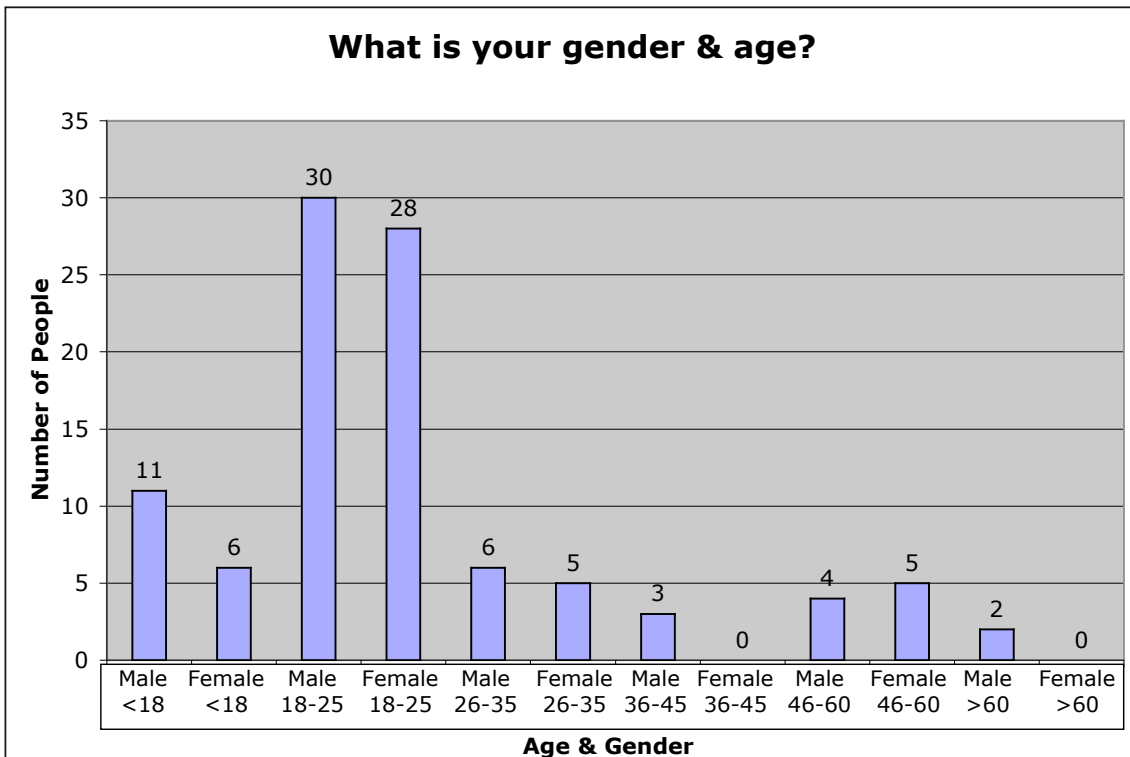


Figure 10



**How Have the Major Trends in Advertising Technologies
Impacted the Printing Industry?**

by
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June 2007

Abstract

The purpose of this study is to assess the impact that the advancements in advertising technologies are having on the printing industry and to evaluate the future trends in advertising. The creation of the World Wide Web has forced printers and advertising agencies to revolutionize the way in which they reach their target markets. By an investigation of current and future trends in advertising, both industries will be able to evaluate what changes need to be made in order to stay competitive within the advertising and printing industries.

This study investigates the recent online advertising trends and the impact they are having on the future of the printing industry. With the use of historical and descriptive research, industry interviews, and surveys, this study evaluates an important part of the future of the printing industry.

Results from industry interviews and 154 surveys shows that the advancements in advertising technologies, and the increased use of the World Wide Web, has not affected the need for print advertising. These changes have merely reformed the way in which print advertising is used, by making it a more creative and artistic process rather than being detail oriented. It appears that this trend will continue well into the future.

Chapter I

INTRODUCTION

Background

Print advertising used to be the main source of reaching a wide range of consumers. However, advancements in technology have forced advertisers to revolutionize the way in which they reach their target markets. One of the most influential advancements in technology is the creation of the World Wide Web. Before the Internet, consumers spent a substantial amount of time reading newspapers and magazines as their main sources of information. Therefore, advertisers spent a majority of their budget on reaching audiences through print. Because of the increase in the amount of time consumers spend in front of the computer, advertisers have been forced to invest more of their time and money into reaching online audiences. Since the Internet has become a part of everyday life, most people are depending on the World Wide Web for things such as news, shopping, general information, and interaction with others. With this growth of the Internet the consumer demand for printed publications has decreased.

The increase of online users has forced companies to invest in advertising online to promote their products and services on the Internet. Online advertising is cost effective and allows businesses to target potential audiences in comparison to traditional forms of printed publications. Online advertising allows customers to look for what they need by searching specific keywords, categories, and browsing. With advances in online advertising technologies, businesses can interact with visitors to their Web sites through email, newsletters, and promotions on Web sites. There are many forms of online advertising including search engine advertising, desktop advertising, online advertising directories, and advertising networks. The ever-increasing audience of online users will likely continue to be a major advertising market.

With the growth of the Internet, advertisers have taken a new stance on marketing. Advertising used to be a single printing element, but the growth of e-commerce and online marketing has forced many companies to add the use of online advertising campaigns. Previously, advertisers used to depend on printing companies to satisfy all of their marketing needs through magazines, newspapers, flyers, directories, and brochures. However, companies are now hiring designers with a background in Web design in order to help meet their online marketing needs.

Problem

Consumers are slowly moving towards an Internet-based life style. This includes shopping online, searching online directories and receiving up-to-date news briefs through Internet publications. Due to this shift in consumer behavior advertisers are finding that it is more effective to use online advertising techniques compared to traditional printed publications. This study asks the question: What are the major changes in the advertising world and how are they affecting the printing industry? The hypothesis

of this study is that the online advertising market has grown substantially in recent years and many printers are being impacted negatively by this transformation.

Purpose of Study

The purpose of this study is to show the change from primarily print to online advertising, how this change has affected the relationship between printers and advertising agencies, and what printers have done in order to compete. This study also examines the future of advertising, and what role the printing industry will play in advertising's future.

Chapter II

LITERATURE REVIEW

The growth of the Internet has initiated an ongoing debate regarding the future of advertising and what impact it will have on the printing and advertising industries. *Graphic Arts Monthly* notes, "The advertising and marketing environment is improving. Ad pages and ad revenue are creeping upward especially in the consumer segments, primarily among automotive magazines, which tend to be the healthiest of all the magazine markets. But some trends are working counter to a printing industry recovery. More and more, advertising is moving on line. Growth in on line advertising is outpacing demand for magazines or other print advertising, according to several surveys conducted within the ad market."⁵

The Internet provides numerous marketing benefits to the consumer and advertiser. "Among many important features provided by the Internet, such as interactivity, irrelevance of distance and time, low setup costs, targeting, global coverage, and ease of entry, interactivity has been considered one of the main reasons that the Internet is a unique marketing communication medium in comparison with other traditional media." The Internet brings about interactivity tools to strengthen brand relationships with customers regardless of physical locations. It also allows consumers to actively participate in the advertising campaign by controlling the browser menu. They can decide whether or not to close pop-up menus and respond to an online advertisement.⁶

In an issue of *Psychology & Marketing* an experiment was used to test memory for two forms of information--ad copy (persuasive) and consumer information (non-persuasive) presented in print and screen media. For both forms of information, print outperformed screen on recall but not on recognition. The results suggest that print information is easier to retrieve but also that screen information is available in memory. Differences between print and screen media are persistent and not readily explained by any of the obvious individual considerations: comfort/familiarity, preference, and reading time. Other results with implications for marketing communication decisions show that brand name is poorly recalled from the screen relative to the printed page and that the non-persuasive consumer information is better remembered than is persuasive ad information.⁷

The news media continues to move broadcast/cable-ward, but the Internet is a force to be reckoned with when it comes to how people get their news, including on-line magazines,

⁵ "Web to Challenge Print More Boldly Next Year." *Graphic Arts Monthly* Dec 2003: 16.

⁶ Manuera, Jose L., Salvador Ruiz, Maria Sialia. "Effects of Interactivity in a Website." *Journal of Advertising* 34.3 (2005): 31-45.

⁷ Jones, Marilyn Y., Robin Pentecost, Gabrielle Requena. "Memory for Advertising and Information Content: Comparing the Printed Page to the Computer Screen." *Psychology and Marketing* 22.8 (2005): 623-648.

other news sources, and even Web "blogs" (frequently updated Web-based journals). These are important as they provide another place for people to advertise that does not involve print. According to *Graphic Arts Monthly*, "We will be marked by a tug of war between those forces that will promote the buying of print and those that will not--a battle the likes of which we have not seen before. Realistically speaking, once the economic tide comes in, not all boats will be lifted. In the short term, however, although we expect there will be a rise in print buying, print buyer budgets should remain somewhat tight."⁸

American Printer reports, "Despite the rivalry from e-media, all is not doom and gloom for the American commercial print sector, if other forecasts are to be believed. According to Chuck Richard, VP and lead analyst with industry evaluators Outsell, print spending continued to grow by 3.3 percent in 2005. Magazine advertisement revenues in 2005 increased 7.2 percent to \$23 billion, with advertisement pagination repeating the trend, up from 234,000 pages in 2004 to 243,000 pages in 2005, an increase of 0.5 percent. John Gillen, president and regional manager for Stora Enso's North American division, said, print is now the largest driver of traffic to the Web, underlining the connection between fiber space and cyberspace."⁹

Bill Mickey of *Folio* says, "Media market watchers these days are intensely focused on online ad revenues. Reports are measuring double- to triple-digit growth in online ad spending. Some observers, however, cannot resist the urge to compare this upswing to the more sluggish progress of print advertising in such a way that implies one will replace the other. A recent CEO survey revealed that 42 percent of respondents still receive no revenue from online sources, even while 35 percent acknowledge that online was the fastest growing part of the business last year. Sean Finnegan, US director at OMD Digital, says his company brokers \$23 billion in annual ad spending, \$1 billion of which will go into the online marketplace this year. Yet it is not just about where the money goes."¹⁰

Publishers have heard the news that Internet advertising will be swamping magazine advertising within three years. Five years ago, it was predicted the explosion of online advertising should have happened already. The news that online advertising will overtake magazine advertising is wrong and based on a flawed premise.¹¹ *Psychology and Marketing* reports, "Many firms today view the Internet as a key way to disseminate information that allows them to provide better customer service and also to enhance the image of their brands. Thus, it is unclear whether one medium is superior to another for evoking consumer responses and whether this would differ depending on the type of

⁸ "Web to Challenge Print More Boldly Next Year." *Graphic Arts Monthly* Dec 2003: 16.

⁹ Scott, Andy. "Fiber space vs. cyberspace." *American Printer* June 2006: 14.

¹⁰ Mickey, Bill. "Reality Check." *Folio* 35.6 (2006): 62.

¹¹ Hammock, Rex. "End of the Magazine World...Again." *Folio* 33.9 (2004): 8-9.

message--persuasive or informational."¹² The question remains whether ad buyers, who already have reservations about print media, will keep the original headlines in mind.¹³

Todd Fields of *Mediaweek* says, "Newspapers will achieve only modest advertising growth in 2007 as circulation woes continue, although the same online phenomenon sapping readership should boost revenue from Web ads, according to forecasters."¹⁴ According to PricewaterhouseCoopers LLP, newspaper Web site advertising will more than triple over the next five years, generating 45 percent of the growth in total newspaper advertising. The Newspaper Association of America, a non-profit group that represents daily newspapers, estimates that online advertising will represent more than six percent of newspaper revenue next year. Prospects seem brighter in classified, which is close behind retail as a leading category. Together the categories comprise roughly four-fifths of newspaper ad spending online.¹⁵

"The proliferation of media has probably caused the greatest amount of change in terms of budgeting and the expense of it," says John Kamen chairman and CEO of Radical Media. "As the Web reaches beyond personal computers, the impact on consumer behavior will take surprising turns".¹⁶ "Things are changing so quickly, it's truly a brave new world out there," says David Lang, senior partner-director of programming at MindShare Entertainment.¹⁷ Overall, the views on the future of print and online advertising are varying; many see the growth of the Internet as a threat, while others view it as an opportunity.

¹² Jones, Marilyn Y., Robin Pentecost, Gabrielle Requena. "Memory for Advertising and Information Content: Comparing the Printed Page to the Computer Screen." Psychology and Marketing 22.8 (2005): 623-648.

¹³ Hammock, Rex. "End of the Magazine World...Again." Folio 33.9 (2004): 8-9.

¹⁴ Shields, Todd. "On Site." Mediaweek 25 Sep 2006: SR18.

¹⁵ Sigmund, Jeff. NEXPO 2007 To Focus on Newspaper Operations in Multimedia Era. 08 Mar 2007. Online. 09

Mar 2007. <<http://www.naa.org>>.

¹⁶ Mayo-Smith, John. "Courting the Mind of a Different Kind." Advertising Age 05 Feb 2007: 16.

¹⁷ Mayo-Smith, John. "Courting the Mind of a Different Kind." Advertising Age 05 Feb 2007: 16.

Chapter III

RESEARCH METHODS & PROCEDURES

The goal of this study was to examine the major developments in advertising technologies and their impact on the printing industry. The study investigated the recent online advertising trends and the impact they will have on the future of the printing industry. With growing concern of the decline in use of print advertising, it was imperative to research the history, current, and future trends in order to determine print media's future. With the use of historical and descriptive research, industry interviews, and surveys this study developed an educated understanding regarding the future of the printing industry. The final step in analyzing the research was to use content analysis in order to quantify the data as well as draw conclusions from the combination of the research methods used.

This study involved historical research, which examined the current and historical developments in advertising. Analyzing historical and current trends in print and online advertising provided reasons for future changes and developments. Historical research is an attempt to establish facts and arrive at conclusions concerning previous events. A historical researcher must systematically and objectively locate, evaluate and interpret evidence available for understanding the past. Analyzing historical data provided evidence that explained what has contributed to the growth of online advertising and how this will affect the printing industry. Part of this research included studying what has been hypothesized by leading industry professionals in printing and advertising companies. Analyzing trends in advertising aided in predicting the future of the industry. Historical research investigated how much print advertising has changed in recent years and how much of this advertising has shifted to online techniques.

Although researching historical developments in the advertising industry explained varying predictions relating to the future of print, it was important to interview industry professionals in order to gain a better perspective of current trends. Elite and specialized interviewing was used. This interview method requires asking precise but open-ended questions. Elite and Specialized interviewing seeks to find comprehensive, plausible, and consistent responses. The researcher must establish a relationship with the interviewee in order to form a conversation. The interviewer strives to develop an intellectual conversation without a formal sequence of questions. Interviews were held with advertising agency representatives to gather a broad spectrum of information. The following companies were interviewed for this study: Melissa Gillette, from Lombardi & Associates, and Pamela Lee, from Web Feet Marketing. These professionals provided various viewpoints regarding the present and future trends in advertising.

The following questions were asked: How long have you been in business? When did you begin providing on line advertising solutions? If you do not provide online advertising services, when did you choose not to? Does your company focus more on print or online advertising? If you focus on one, do you find that your customers ask you to provide the other? If you focus on both, which do you find your customers are most looking for?

How have your clients' needs changed over the years? How has the addition of online advertising changed your employee's job descriptions? (Appendix A)

After looking into the history and current issues involving the evolution of advertising, it was equally important to investigate what lies ahead in the future. A surveys helped in gathering such information. This study focused on surveying the student population of California Polytechnic State University in San Luis Obispo, because students are present and future consumers. Each participant was asked to complete a survey inquiring what forms of advertising they are most familiar with and what they believe is more effective in influencing their buying habits (see Appendix B).

The survey asked: What is your age? What is your gender? What is the average number of hours you spend online each day? How many days a week do you read the newspaper? How many magazines do you subscribe to in print? How many magazines do you buy off the newsstand? How often do you find yourself responding to an online advertisement? If you had your choice of paying to advertise your business or product, rank the method you would choose from greatest to least: on line, direct mail, newspaper advertisement, magazines. Rank your primary source of shopping from the most to the least: online, in-store, catalogs, other. Rank what form of advertising you find most effective for you from greatest to least: online, direct mail, newspaper advertisements, and magazines.

Once the surveys were completed it was necessary to do a content analysis in order to convert the subjective data into quantitative data. Content analysis quantifies qualitative information gathered from elite and specialized interviewing, historical research, and descriptive research. The steps to analyze such data are to first categorize the content in a precise manner so that different people can analyze the same content and get the same results. The results of the analysis are then expressed numerically and are presented as graphs and charts depicting what form of advertising consumers prefer responding to.

With the evidence gathered we determined which methods of advertising are effective and the impact these methods have on the printing industry.

Chapter IV

RESULTS

Web Feet Marketing ***Interview with Pamela Lee***

Web Feet Marketing has been in business for seven years. It is a full service advertising and marketing agency. Web Feet creates marketing packages for clients which can range from publicity, marketing for new products new employers and/or company events. Beyond print advertising it offers full service Web site development and online marketing services for its clients. It also offers image and brand development to tailor clients' target market. Online advertising is a focus of Web Feet. They believe that the company Web site should meet a majority of its marketing needs, and the client should not feel the need to spend an excess amount of money on advertising in other directories such as newspapers and Yellow Pages. Web Feet has found that local and national clients rely on advertising differently. Local clients ask for both print and online advertising. However, national clients focus more on advertising through their Web site using online campaigns. Web Feet views its Web site creations as online brochures for its customers. Unlike printed material, Web sites can be changed overnight and clients do not have to waste time and money waiting for printed materials. However, they do not believe this has cut back on their clients' need for print. The company found that Web site development has allowed its clients to be more creative with their print campaigns. Instead of being concerned with updating major details on a daily basis, companies can rely on print to convey a specific message and direct people to the Web site for additional information.

S. Lombardi & Associates ***Interview with Melissa Gillette***

S. Lombardi & Associates has been in business for thirty years. It uses graphic design, media research and strategy, public relations, broadcast production, direct mail and e-commerce solutions to represent a variety of clients. Lombardi began providing online solutions for clients three years ago but the company primarily focuses on providing print campaigns. It is a full service advertising agency with all departments in-house. When a client comes to them the most likely combination of services they are interested in are TV, radio, and print. If clients want a Web site designed they usually do not ask for other services. S. Lombardi & Associates has seen an increasing number of clients ask about Web sites and those who currently have Web sites demand that theirs be up-to-date and eye catching. Clients realize that the Web is the new advertising frontier and that they will have to look into it eventually, but many are still holding out. Print continues to soar. With the increase in Web site development an in-house graphic designer is now educated in creating and designing Web sites.

Surveys

The surveys were distributed throughout the Cal Poly (San Luis Obispo) campus as well at public locations in San Luis Obispo, California. Over 100 people were surveyed. The

results were grouped according to age; 17-20, 21-24, 25-28, 28 and over. The first category of those surveyed were 17-20 years old (Appendix C). A majority of this group were females that spent an average of 0-3 hours on line every day. Most of them manage to read the newspaper 1-2 days every week and a majority of them subscribe to at least one magazine in print. With regard to their advertising preferences, most said they rarely respond to online advertisements. When asked to choose which form of advertisement they would be most likely to use, this age group decided that online advertising would be best to market a business or product. Direct mail would be the least effective way of advertising for this group. In-store shopping was chosen as the primary form of shopping, and online shopping came in a close second. Overall 17-20 year olds find that magazine advertisements are most effective, followed by online advertising. The least effective way of advertising for this age group was direct mail.

The largest group surveyed were 21-24 year-olds (Appendix D). This age group spends between 3-5 hours a day on line and majority of them read the newspaper 2-3 times a week. Over 50 percent of this age group subscribe to less than one magazine. However, over 50 percent of them also said they buy 1-2 magazines from the newsstand a month. This age group rarely ever responds to online advertisements. If they had their choice of advertising their business or product they would choose to advertise in magazines first. Online would be their second choice, followed by newspaper, and direct mail would be their last choice. This age group primarily shops in stores and online. The most effective way of advertising for this age group is through online advertisements, followed by magazine advertisements. Direct mail and newspaper is the least effective way of advertising to this demographic.

The smallest group surveyed was 25-28 years old (Appendix E). The majority of this group was male. Every one of the individuals surveyed said they read the newspaper every day of the week. A majority of them subscribe to at least 2-3 magazines in print. They all buy less than two magazines from the newsstand a month. One hundred percent of them said they never respond to online advertisements. This demographic decided the most effective way of advertising their business or product would be through online advertising followed by magazine advertisements, with direct mail being least effective. The primary source of shopping for this age group was in-stores or online. The most effective way of advertising to this group would be through online or magazine advertisements.

Chapter V

CONCLUSIONS

Through the interviews and surveys it is apparent that online advertising has not taken away from print advertising, rather it has made the art of print publications more creative and informative. Instead of using print to communicate the specific details of a business such as addresses, phone numbers, and contact information, it is now used to communicate more concrete information about the business. Through print advertisements customers are directed online to access more detailed information. It is more cost effective and convenient for businesses to update information on Web sites rather than waiting for printed materials to be reprinted.

The surveys have shown that every age group responds differently to various forms of advertising. The 17-20 (Appendix C) and 25-28 (Appendix E) year olds find online advertising to be the most effective way to market a business or product. In comparison, the 21-24 (Appendix D) year olds find magazine advertisements to be most effective. However, the survey also found the 17-20 year-olds find the most effective way to market to them is through magazines. All other age groups said that online advertisements were the most effective. This difference can be attributed to the fact that those between the ages of 21-24 spend the most amount of time online while those younger have the most subscriptions to magazines.

When looking for a business or service it was apparent that all age groups were more likely to search online for this information. However, it was also a clear that all age groups do most of their shopping in stores.

The study shows that online advertising has not taken away from the printing industry but has changed the way print ads are used. Overall, there has been no profound change in the amount of printed materials requested by businesses. There has only been the addition of online Web site advertising to supplement print.

It may appear that the trend in advertising is toward online marketing and eliminating the need for print. However, this study has shown that this is not the case. Online advertising is not eliminating print, it is merely recreating its image.

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APPENDIX A:
Questionnaire

1. How long have you been in business?
2. When did you begin providing online advertising solutions for your clients? If you do not provide online advertising services why do you choose not to?
3. Does your company focus more on Print or Online Advertising?
4. If you focus on one, do you find that your customers ask for the other services as well? If you focus on both, which do you find your customers are more often looking for?
5. How have your clients needs changed over the past years in terms of their need for print versus online advertising?
6. How has the addition of online advertising changed your employee's job descriptions?

APPENDIX B:
Survey

1. What is your age?
a. 17-20 b. 21-24 c. 25-28 d. 28 +
2. What is your gender?
a. Male b. Female
3. What is the average number of hours you spend online a day?
a. 0-3 b. 4-6 c. 7-10 d. 10-13 e. 14+
4. How many days a week do you read the newspaper?
a. 1-2 b. 3-4 c. 5-6 d. 7-8 e. Never
5. How many magazines do you subscribe to in print?
a. 0-1 b. 2-3 c. 4-5 d. 5+
6. How many magazines a month do you buy off the newsstand?
a. 0-2 b. 3-5 c. 6-8 d. 8+
7. How often do you find yourself responding to an online advertisement?
a. Always b. Most of the time c. Sometimes d. Rarely e. Never
8. If you had your choice of paying to advertise your business or product, rank the method you would choose from greatest to least, 1 being the greatest.
_____ Online _____ Direct mail _____ Newspaper advertisement _____ Magazines
9. Rank your primary source of shopping from the most to least, 1 being the greatest.
_____ Online _____ In store _____ Catalogs _____ Other
10. Rank what form of advertising you find most effective for you from greatest to least, 1 being the greatest.
_____ Online _____ Direct Mail _____ Newspaper Advertisements _____ Magazines

APPENDIX C:
Ages 17-20
n = 26

Gender

Male 2
Female 24

Average # of
Hours Spent
Online Per Day

0 - 3 hours 14
4 - 6 hours 12

Of Days per Week
Newspaper Is Read

1 - 2 days 16
3 - 4 days 10

Of Magazines
Subscribed to in Print

0 - 1 mags. 24
2 - 3 mags. 2

Of Magazines
Bought from Newstand per month

0 - 2 mags. 22
3 - 5 mags 4

The Following Responses were recorded based on average for each:

If you had your choice of Paying to
advertise your business or product, rank the
method you would choose from greatest to least.

Rank

1. Magazine
2. Online
3. Newspaper Ad
4. Direct Mail

Rank your primary source
of shopping from the most
to least, 1 being the greatest.

Rank

1. In Store
2. Online
3. Catalogs
4. *Other*

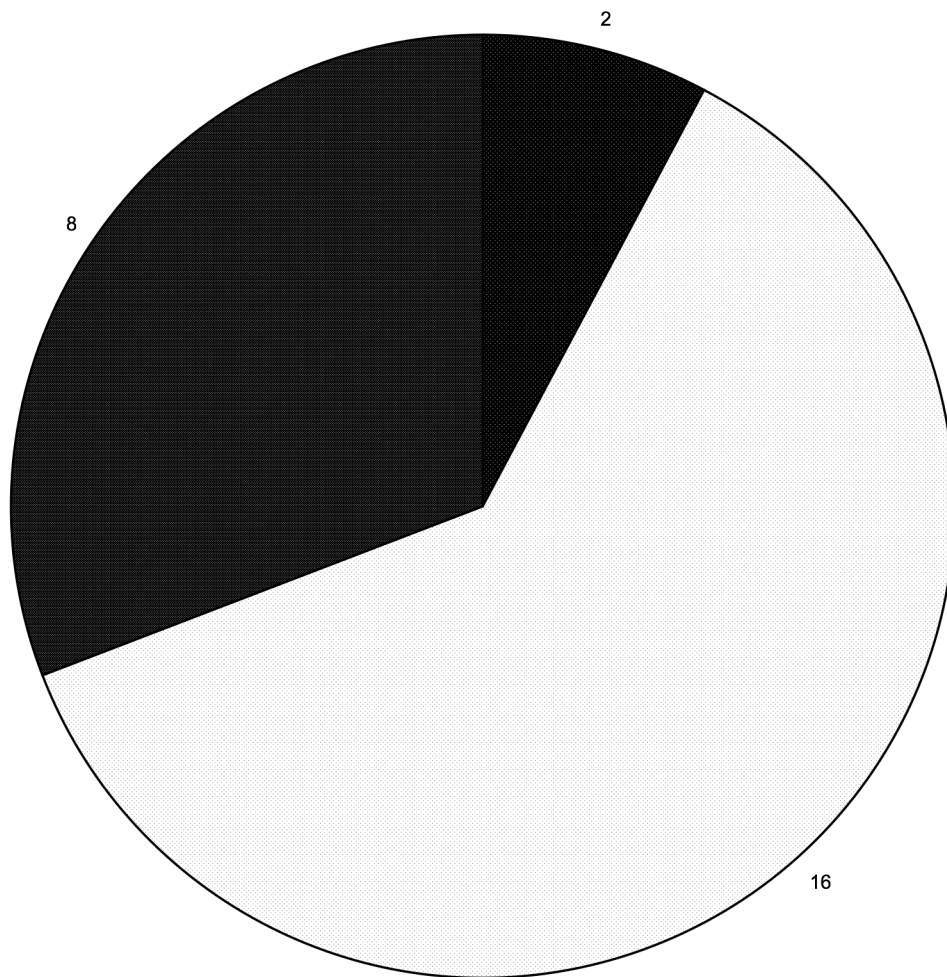
Rank what form of advertising
you find most effective for you from
greatest to least, 1 being the greatest.

Rank

1. Online
2. Magazine
3. Newspaper
4. Direct Mail

Age 17-20
How often do you respond to Online Advertisement?

■ Sometimes ■ Rarely Ever ■ Never



APPENDIX D:
Ages 21-24
n = 122

Gender

<i>Male</i>	68
<i>Female</i>	54

Average # of
Hours Spent
Online Per Day

<i>0 - 3 hours</i>	56
<i>4 - 6 hours</i>	42
<i>7 - 10 hours</i>	16
<i>11 - 13 hours</i>	6
<i>14+ hours</i>	2

Of Days per Week
Newspaper Is Read

<i>1 - 2 days</i>	56
<i>3 - 4 days</i>	34
<i>5 - 6 days</i>	8
<i>Never</i>	11

Of Magazines
Subscribed to in Print

<i>0 - 1 mags.</i>	88
<i>2 - 3 mags.</i>	32
<i>5+ mags.</i>	2

of Magazines Bought
From Newstand Per Month

<i>0 - 2 mags.</i>	102
<i>3 - 5 mags.</i>	16
<i>6 - 8 mags.</i>	2
<i>8+ mags</i>	2

The Following Responses were recorded based on average for each:

If you had your choice of Paying to
advertise your business or product, rank the
method you would choose from greatest to least.

Rank

1. *Online*
2. *Magazine*

3. *Newspaper Ad*
4. *Direct Mail*

Rank your primary source
of shopping from the most
to least, 1 being the greatest.

Rank

1. *In Store*
2. *Online*
3. *Catalogs*
4. *Other*

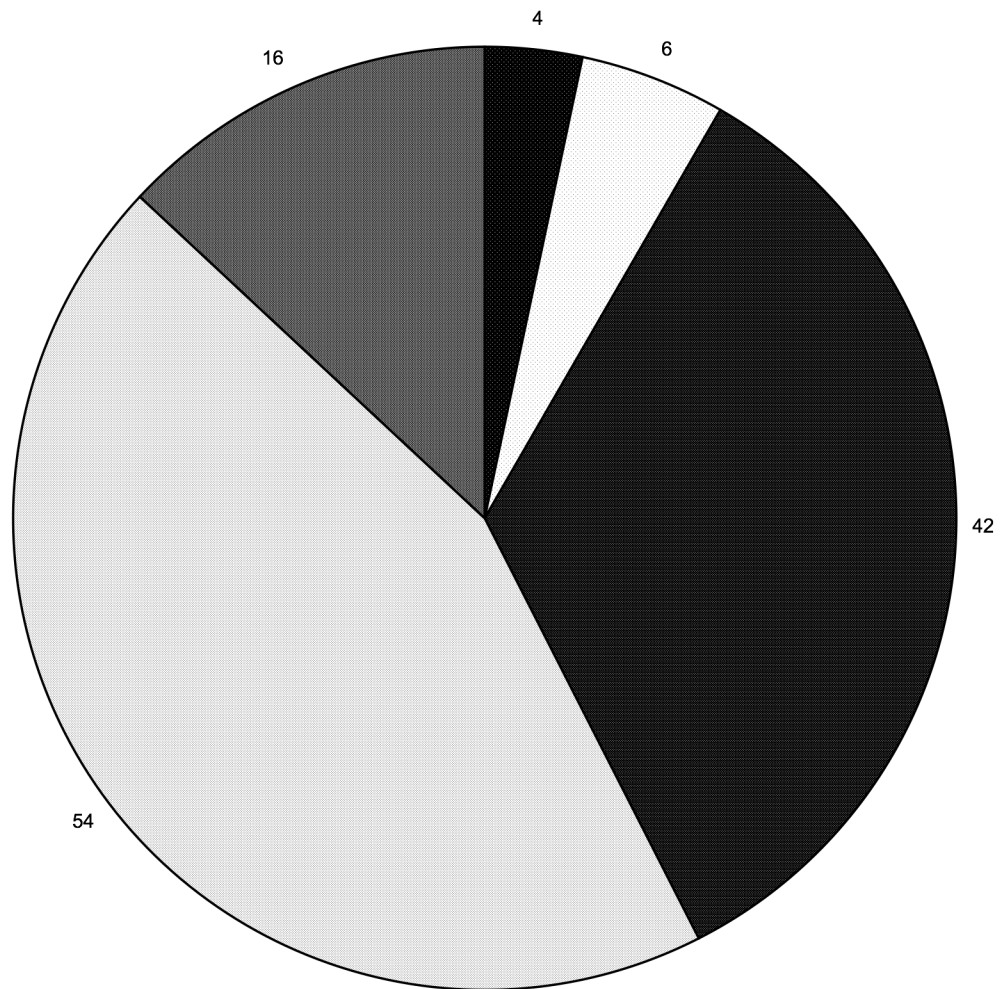
Rank what form of advertising
you find most effective for you from
greatest to least, 1 being the greatest.

Rank

1. *Online*
2. *Magazine*
3. *Newspaper*
4. *Direct Mail*

Age 21-24
How often do you Respond to Online Advertisements

■ Always ■ Most of the Time ■ Sometimes ■ Rarely Ever ■ Never



APPENDIX E:
Ages 25-28
n = 6

Gender

Male 2

Female 4

Average # of
Hours Spent
Online Per Day

0 - 3 hours 4

4 - 6 hours 2

Of Days per Week

Newspaper Is Read

Never 6

Of Magazines

Subscribed to in Print

0 - 1 mags. 2

2 - 3 mags. 4

of Magazines Bought

From Newstand Per Month

0 - 2 mags. 6

The Following Responses were recorded based on average for each:

If you had your choice of Paying to
advertise your business or product, rank the
method you would choose from greatest to least.

Rank

1. *Online*

2. *Magazine*

3. *Newspaper Ad*

4. *Direct Mail*

Rank your primary source
of shopping from the most
to least, 1 being the greatest.

Rank

1. *In Store*

2. *Online*

3. *Catalogs*
4. *Other*

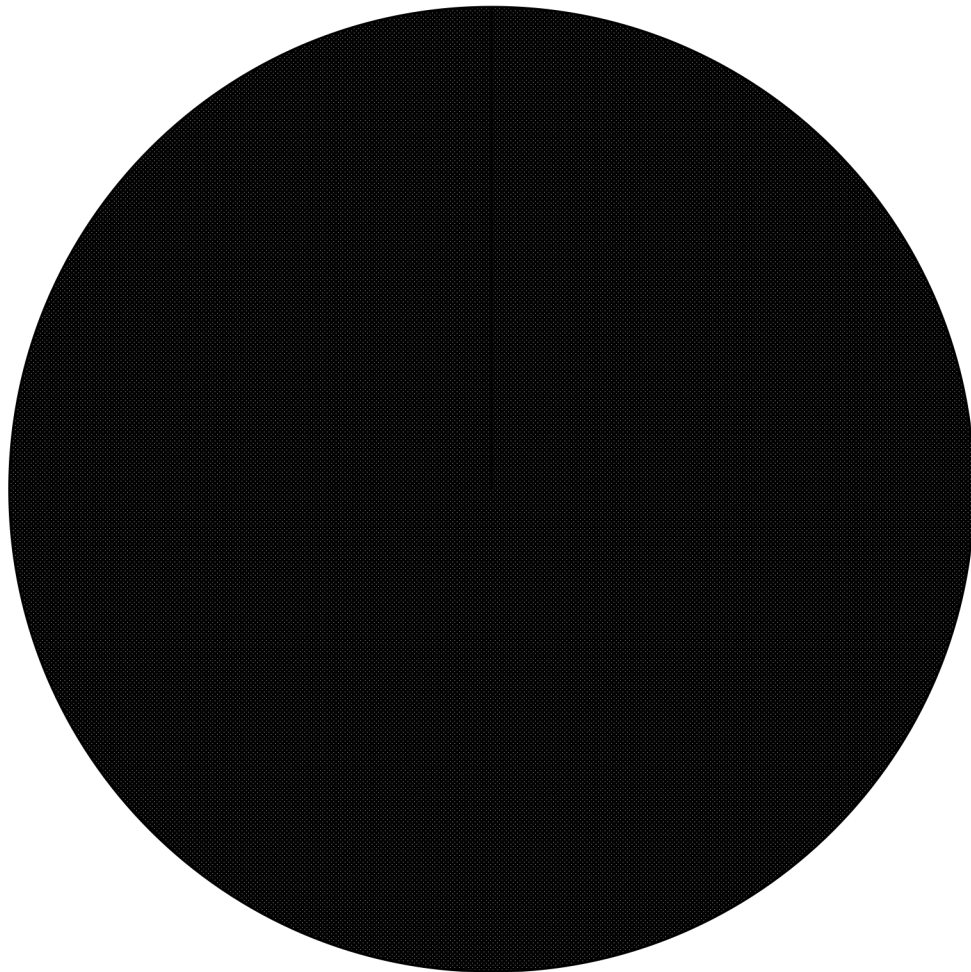
Rank what form of advertising
you find most effective for you from
greatest to least, 1 being the greatest.

Rank

1. *Online*
2. *Magazine*
3. *Newspaper*
4. *Direct Mail*

Age 25-28
How often do you Respond to Online Advertisements

■ Never



6

The Future of On-Demand Printing in the Printing Industry

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Abstract

This project explores the future of on-demand printing and its impact on the printing industry. On-demand printing uses digital equipment that allows for commercial printing in a speedy manner. Printing companies with on-demand capabilities are advertising online in order to attract clientele to the on-demand concept. This is changing the market's perception of how fast a printed piece can be produced and at acceptable quality. The advantages of on-demand printing are evident for large and small printing companies alike.

This project researches how large and small printing companies are handling the demand for faster printing. On-demand printing can be a profitable service provided by any size printer, but the company must have the means to purchase the appropriate equipment as well as conduct the training necessary to operate and service the equipment efficiently.

The results of this study, including interviews with industry professionals, point out that on-demand printing will become a more popular form of printing as digital equipment becomes more affordable and as quality improves. The transition to on-demand printing will be a tougher task for a small printing company due to the cost of purchasing equipment. Large printing companies can benefit greatly from on-demand printing because it allows a company to expand its market as well as the variety of printing services it can offer.

Chapter I: Introduction

The printing industry is influenced by technology as much as any other industry. New technology is focused on making current printing processes faster and more efficient. As a result, on-demand printing technologies are beginning to take over a part of the printing industry market share because of its quick turnaround times. On-demand printing companies can now print books and have them bound in a matter of minutes. On-demand printing technologies make it easy for customers to have small lots of books printed instead of hundreds or thousands. This is more cost-effective and allows for less risk in the retail market. This trend will continue into long run applications as on-demand printing technology continues to advance.

This study asks the question: What is the future of on-demand printing and how will it influence the printing industry? On-demand printing will continue to grow rapidly. This will force companies using traditional forms of printing technology to make major changes in order to keep up with the market demand. This study helps to understand how this transition will impact printing firms using traditional forms of printing technology. The results will show that printing companies will need to changes at a rapid rate and embrace on-demand printing services in order to be competitive in the printing market. This study explores what the future holds for on-demand printing technologies and how it will impact the rest of the printing market.

Chapter II: Literature Review

The printing industry is greatly influenced by new digital technologies that emerge each year. New technologies are focused on creating printing with higher efficiency and lower cost. Printing firms that are able to adopt such new technologies are seeing growth in their sales figures. Firms that are not able to implement such new technologies will not be around for much longer. Printing firms that focus on offset printing alone will result in lower margins and less business. Print service providers who ignore digital technology and related value-added services will become extinct. As a percentage of total revenue, revenues from value-added services will increase, while revenues derived from simply applying ink or toner to paper will decline. Print service providers need to redefine themselves as business communication service providers.¹⁸ Successful printing companies will focus on efficiency in their establishments as a means of reducing costs and reversing the trend toward declining margins.

On-demand printing can be profitable to large and small printing firms. Success in a printing market requires more than printing faster and less expensive than the competition. The high-growth digital color providers offer value-added services, including making printing companies more accessible to Internet interfaces, offering simple software tools and templates for the novice user, providing digital-asset and

¹⁸ "The Evolving U.S. Digital Color On-Demand Printing Opportunity."
www.capv.com/public/Multiclients.html. November 2005.

content management, and integrating into their client's customer-relationship-management solutions with variable-data supports.¹⁹ Depending on a printing firm's targeted market, the infrastructure investment can be substantially greater than the original investment in digital color equipment. Printers moving into the on-demand market need to consider all costs needed to participate, not just the costs of equipment and consumables costs.

The influence of digital technologies can be seen in three different market segments. The smallest digital markets are quick printing and in-plant printing departments. Quick printers that use digital color equipment focus on the delivery of less expensive, faster, and more colorful documents through retail storefronts. Quick printers generally focus on printing business cards, stationery, presentations, proposals, and short-run, on-demand manuals and brochures. This type of work requires limited investment in infrastructure at the local store or franchise level. This allows for quick printers to make changes to their market strategy quickly, adjusting to market trends.²⁰

The commercial printing market generally focuses its digital technology investments towards short-run, quick-turnaround, on-demand jobs. It emphasizes delivery of "virtual litho" quality with digital color technology. Simple replication of the same image is cost-effective for runs of up to a few thousand. Using inline collation and two-sided printing allows commercial printers to run complete booklets of multiple pages as fully collated "sets," delivered off the press ready for trimming and finishing. Many companies have incorporated a document database for repetitive print-on-demand capability. The objective for commercial printers using digital technologies is to become an integral part of the customer's supply chain for marketing materials. Commercial digital printers have found success by offering clients comprehensive marketing programs that maintain brand integrity but allow for customization. Some firms provide document management, fulfillment, and distribution. By incorporating these services in-house using digital technologies, these companies have been able to establish strong relationships with customers and increase profit margin.²¹

On-demand Internet printing is a profitable service in the printing market. Internet on-demand services are Web-to-print marketing tools that allow corporations to create high-value, customized marketing collateral while reducing costs and maintaining brand integrity. These systems provide an easy-to-use browser interface that enables sales, marketing and customer-service departments to customize collateral to specific groups, then personalize them with the recipient's information from a database. For large corporations, local marketers ensure the content is relevant to market characteristics. This business model has proven successful for many large companies. Some use digital presses to produce custom-built materials for large insurance and real estate firms with

¹⁹ American Printer. February 2004, pg. 18

²⁰ American Printer. February 2004, pg.19

²¹ American Printer. February 2004, pg.20

outside agencies and are enjoying increasing revenues as a result.²²

The most successful digital printers understand that information technology is becoming a driving force in the world of printing and publishing. According to Barbara A. Pellow, a former administrative chair of RIT's School of Print Media, there are a few key considerations when moving to digital. Identify the target market and application mix. The printer can then assess the real level of investment required to meet that market's needs. Expanded service levels integrating database supply-chain-management is linked to high volume growth potential. This requires support infrastructure and appropriate information technology staffing.²³

Production color will continue to be the growth engine for the on-demand market. The most competitive battles will be over unit placements of lower-end products and share of the growing print volume on higher-end products. Most print providers understand the opportunity; the issue is getting them to make investments in digital color. Research data from recent commercial print multi-client study indicates that print providers will make investments in digital color devices, often at the expense of traditional offset equipment. In fact, the study indicated that survey participants intend to change their print volume from offset to digital.²⁴

	Somewhat Agree	Completely Agree	Total Sum Agreement
My digital color print volume will grow by more than 20% per year for the next three years	34.7%	24.0%	58.7%
I will migrate print volume from offset to digital	37.6%	23.9%	61.5%
My customers are moving work to full color from B&W and 2 and 3 color work	43.2%	22.2%	65.4%
Digital color print quality is sufficient for the vast majority of our work	41.4%	19.2%	60.6%

The impact of the Internet, as well as the open file format standards that support it, are tipping the balance away from production and giving more power to creative's and print buyers. Improvements in digital workflow management for print production are having

²² American Printer. February 2004, pg. 21

²³ American Printer. February 2004, pg. 22

²⁴ American Printer. February 2004, pg. 23

²⁵ "InfoTrends." The Evolving U.S. Digital Color On-Demand Opportunity. www.capv.com, November 2005.

an impact as well, and the result is increased use of digital printing.

No longer is geography a production stopper. Commodity buyers can easily switch suppliers based on their speed, flexibility, and price parameters. The Internet, in combination with JDF and PDF-based solutions, enables better visibility into production cycles for print service providers and their customers.²⁶

According to Info Trends/CAP Ventures study, printers who stick with business models from the past will not be around for much longer. A continued focus on offset printing alone will result in lower margins and less business. Print service providers who ignore digital technology and related value-added services will become extinct. As a percentage of total revenue, revenues from value-added services will increase, while revenues derived from simply applying ink or toner to paper will decline. Print service providers need to redefine themselves as business communication service providers.

"This is an ever-changing business, and you either evolve or die," says Doug Haefele, vice president of digital strategies for Maximum Graphics. "Whether you are integrating the workflow from start to finish or completely separating the solutions, there are going to be challenges. We have attempted to take a hybrid approach to the integration question." The hybrid approach consists of using offset and digital workflows and classifying individual jobs to the most efficient method of print. Haefele expects to see growth in offset and digital, but more so in digital: "It's tough to grow the offset side of the business. We have been able to over the last few years, due in part to being able to provide many customer solutions under one roof. Other companies such as Palmer Printing use a hybrid approach for their printing needs. Palmer Printing's conventional work grew about 17 percent in 2005 while the company's digital work grew 50 percent. "Digital is growing faster than conventional, says Ed Rossini, president of Palmer Printing, "but my conventional isn't backing down—it is still a majority of my work." Rossini admits that incorporating digital doesn't work for every firm; it has to be done in the right way by examining the market trends.²⁷

"Other key factors driving inkjet and laser printing technologies include growing demand for cost-efficient quality prints and the increasing need and use of color printing," notes Technical Insights Research Analyst Subrahmania Janakiraman. "These apart, wireless printing, document management systems, and the increasing use of multi-functional devices (MFDs) are likely to play a crucial role in the growth and development of these technologies.

²⁶ "InfoTrends." The Evolving U.S. Digital Color On-Demand Opportunity. www.capv.com, November 2005.

²⁷ American Printer. May 2005, pgs. 23-25

According to industry analyst firm InfoTrends, overall U.S. revenues for digital presses in the high-volume, “1M+ average monthly impressions” category is expected to grow from \$3.5 billion in 2006 to \$13.5 billion by 2010.²⁸

“HP is addressing industry market growth by continuing to take a leadership position in R&D and product development, as well as in offering its customers comprehensive business development services so that they can also target high-growth application areas,” said Charlie Corr, group director, InfoTrends. “Achieving the 10 billion impressions milestone demonstrates how the advantages of HP Indigo digital print technology, such as personalization, short-run quantities and elimination of inventories, are helping HP lead the transformation from analog to digital,” said Alon Bar-Shany, vice president and general manager, Indigo Division, HP. “Our customers are discovering that the real profit opportunity in digital comes from offering the best quality, and this is especially apparent in direct mail and marketing collateral markets as well as rapidly growing niche markets such as books-on-demand, photo merchandise and label printing.”

Marketers, publishers, consumer product companies and consumers are increasingly using digital print technology to produce everything from marketing collateral and direct mail to photo merchandise and books and manuals. Digital print technology offers great value and convenience with its ability to print in small runs while also providing offset-quality imaging. They are widely used in the production of personalized direct mail and marketing communications materials. According to an InfoTrends survey, marketing collateral and direct mail are the top two segments for high-volume digital color printing, collectively accounting for 44 percent of high-volume digital color press pages. They cost-effectively produce full-color and mixed monochrome/color texts on demand, eliminating the minimum run lengths required for offset printing. Customers such as Amazon, which installed multiple HP Indigo presses in 2006, are using digital to increase the number of available titles, including texts that were previously not available on demand.²⁹

Overall, printers are optimistic and believe that digital printing is a real business growth opportunity in the near-term and for the future. They see this as a value-added service rather than a replacement for offset. This is especially evident in the commercial sector where the adoption of production digital printing is rapidly increasing. Attributes such as short runs, fast turnaround and personalization are some of the drivers that are increasing the market demand for digital printing. Owners report that, job-by-job, digital printing is more profitable than offset.³⁰

²⁸ InfoTrends, Inc. “U.S. Print On Demand Market Forecast, 2005-2010,” August 2006

²⁹ “InfoTrends.” The Evolving U.S. Digital Color On-Demand Opportunity. www.capv.com, November 2005.

³⁰ Bland, PRIMIR Managing Director

Chapter III: Research Methods

The research methods used for this study are historical and descriptive research. Historical research was used to look into what events in the past have affected the printing industry. Researching past events allows for predictions to be made of the future. This study looked at what technologies have impacted the industry and how companies of all sizes were affected. This research attempted to establish facts and arrive at conclusions by considering previous trends and research on the topic of on-demand printing.

This research systematically located evidence available for understanding the past in hopes to show what may become of the printing industry as it relates to on-demand printing. The research determined the nature of the printing industry as it exists in today's market and took into consideration the variables and conditions that have previously or currently affected the market to predict the future of on-demand printing in the printing industry.

Descriptive research involved examining case studies and conducting interviews in order to gather information and gain knowledge on how companies are operating in today's market. This research method took into account previous methods as well as future methods of operation. From such type of research, conclusions were drawn on how on-demand printing will affect the printing market.

In developing a better understanding on how on-demand printing will impact small firms, a case study was conducted on Poor Richard's Press, a local printing firm in San Luis Obispo, California. Poor Richard's Press offers many printing solutions using traditional and on-demand printing methods. By studying how this company has handled shifts in printing technology in the past, it was possible to conclude how on-demand printing will affect Poor Richard's Press in the future. This study was conducted through the knowledge and expertise of Doug Speer, the manager of a local branch of Poor Richard's Printing Press in Santa Maria, California. This investigation gathered data about the company's present state, past experiences, environment, and how these conditions relate to each other. An interview was also conducted with Paul Jorgenson, a print manager for Diamond Printing Services. Diamond Printing is a large print company that provides on-demand print services in Northern California. Research was conducted on the methods of on-demand printing this company is currently using as well as future plans to purchase on-demand printing equipment.

From this research, conclusions were drawn on how on-demand printing impacts the small and large printing companies.

Chapter IV: Results

I. Small Printing Company Interview: Doug Speer, Manager of Poor Richard's Press

According to Doug Speer, his company chooses not to offer any on-demand printing services because of the market on the central coast. Most of his clients prefer a full-service printer that can assist with everything from the design of the work to the physical delivery of the finished product. The clients for Poor Richard's Press are not looking for quick turnaround times on their orders. Doug says that his cliental are looking for high quality printing more so than quick returns on their orders. This is the reason why the ten presses that Poor Richard's owns are offset presses.

I asked Doug if his company has ever explored offering on-demand services such as an Internet based ordering system. Doug mentioned that Poor Richard's did have an Internet-based ordering system that was created for the sole purpose of driving in new clients. However, this system was never used because of difficulties with the company that had created the program.

Doug said that there were no plans for his company to move to on-demand technology. He stressed that the costs to move towards becoming an on-demand printer were much higher than the return that his company would see. Doug believed that besides that cost of the new equipment, he would have to hire many more employees in order to effectively operate this new service. In order to take full advantage of the equipment, the company would have to operate 24 hours a day in order to process orders that come in from the Internet and get them printed as quick as possible. Doug mentioned that because his market desires quality printing over quick printing, Poor Richard's Press would not be able to fully use and take advantage of on-demand printing. A printer must fully commit to providing an on-demand service in order to be successful.

According to Doug, a large printing company has many more resources than a small print company which is crucial for implementing an on-demand service. A large printing company would be able to take the necessary steps to start offering this type of service such as hiring more personal, purchasing high-volume digital presses, and training the personal to operate the equipment. A company would also need to establish an effective Internet ordering system that would allow for customers to place and track the status of orders. Doug explained that establishing such a system could be difficult. A company must effectively advertise its services online in order to compete against established on-demand printers. Because of the vast number of current on-demand printers, Poor Richard's Press has no interest in attempting to enter this market. Doug stressed that the on-demand printing market is dominated by "Internet printers." For his company to take a share of this market would require many new resources including personnel, presses, and a large amount of advertising. A return on this type of investment would take quite a while and for this reason Poor Richard's Press chooses not to offer on-demand printing services.

II. Large Print Company Interview: Paul Jorgenson, Sales Manager of Diamond Printing

Diamond Printing offers a large number of printing services including business cards, postcards, flyers, magazines, calendars, booklets, posters, and invitations. Diamond Printing uses direct sales techniques as well as an Internet-based ordering system to drive in sales. Paul Jorgenson emphasized that the addition of the Internet-based ordering system has brought in many new clients. However, most of the company's print sales still come from recruiting new customers in the Northern California market. Paul believes that on-demand printing is a very saturated market currently because of the number of print companies that offer services on the Internet. However, Paul emphasized that on-demand printing services are still in high demand and a company can take advantage of this by effectively reaching the market through good advertising and by offering a large variety of services. Diamond Printing uses an advanced online ordering system that allows customers to select the type of printing, quantity, and bindery options as well as how fast the order needs to be shipped. Most of Diamond's printing services can be printed and delivered within three working days. This type of quick turnaround allows Diamond Printing to be successful in the on-demand market.

Paul emphasized that in order for Diamond Printing to effectively offer on-demand printing services, the company had to invest a large amount of money into printing resources as well as an Internet-based ordering system. Paul said that the transition required a large amount training in order to effectively implement the on-demand services. He emphasized that the transition was a tough task because in order to be profitable with on-demand printing the company must effectively use its time and resources to its fullest potential. Paul said there was a period of "hit and miss" where the company would try to find new ways to lower the costs of producing the orders that came in from the online ordering system. Diamond Printing was able to combine multiple orders into one run in order to keep costs down and to better use the presses.

Paul believes that his company's on-demand services are profitable and effective but emphasized that the future will greatly change this market. He believes that the quality of on-demand printing will get much better in the future. When such improved technology is available, Diamond Printing will adopt it in becoming more well-rounded as an on-demand printer.

Diamond Printing is still using mostly traditional offset presses and printing techniques because the quality is much higher than most digital presses. From Paul's experience in both the direct sales market and on-demand market, he has noticed that the demand for quality is taking a back seat to turnaround time. He believes that the lowered demand for quality is due to the fact that an individual can save a substantial amount of money by using on-demand services as compared to a more traditional form of printing. Paul believes that on-demand printing is a better option for most of his clients that are looking for printing services. However, he says there is still a need and demand for traditional forms of printing. In fact, most of his company's sales come from the traditional printing services. Paul emphasized that direct sales is still the most effective form of selling print.

He believes that this will probably not change in the near future and Diamond Printing will continue to focus on offering a full spectrum of printing services.

III. Study of On-Demand Print Services on the Internet

A common theme through the interviews is that on-demand printing requires the use of an Internet-based ordering system to allow customers to place orders. There is vast number of companies that offer this type of printing service. Companies such as "Rush Printing Services", "DeHart's Printing," and "Cafe Press" offer on-demand printing services that include business cards, postcards, newsletters, posters, folders, manuals, and even books. Each of these companies promises quick service and good quality digital printing. Their ordering systems allow customers to fully customize their digital printing needs from the design of the piece, the quantity needed, and the delivery of the finished product. Many of these companies offer a team of designers that can design the piece based on specifications that the customer provides. Other online printing companies offer very similar services.

The most successful on-demand printing companies offer a larger variety of services that are similar to what a local print company would offer. These services cover a full scope of printing solutions that include packaging and finishing services, design services, and a number of different media for file submission. These online printers offer the versatility of printing solutions that a local printing company can offer. The advantage that on-demand printing companies have is the ability to attract a large market by advertising online. A small printing company such as Poor Richard's Press is limited in its market size. Another limiting condition is the cost of operation for a small printing company. Because Poor Richard's Press is located on the Central Coast of California, the cost of owning or leasing property in this market is substantially more than many online printing companies that can locate in less expensive parts of the United States while still attracting customers in this market. The money saved in doing this can be put toward offering less expensive printing services to the same market that Poor Richard's Press is selling to. In other words, providing online and on-demand printing services does not require that the printing company be located in the same geographic location of its customers.

Chapter V: Conclusions

The purpose of this study was to determine what the future holds for on-demand printing and how it would impact small and large printing companies.

On-demand printing is a less expensive option for those needing printing in a short amount of time. On-demand printing uses digital presses that are able to produce printing quicker than most traditional forms of printing processes. The downside is a loss of print quality as compared to traditional forms of printing. There is a large market for on-demand printing and the technology is evolving to improve the quality of printed material. The on-demand printing market is largely dominated by online print providers that can offer high volumes of print at quick turnaround times. This impacts small and

large printing companies alike. There is a growing demand for quick printing services and printing companies are faced with decisions on whether to offer on-demand print services in their more traditional printing plant facilities.

The effects of on-demand printing will have a large impact on small printing companies. Small printing companies may not have the resources to offer on-demand printing. This is particularly the case for printing companies that have been in operation for a long period of time because most of the equipment represents traditional forms of printing techniques and a major capital investment would be needed to expand into the on-demand market. Small printing companies that choose to offer on-demand print must invest a substantial amount of money in order to purchase digital press equipment and to hire properly trained personnel to operate the equipment effectively. This can be difficult if the company does not have the means to fully invest itself into the equipment or the resources needed. A small printing company must also consider the market that it will sell to. As in the case of Poor Richard's Press, there is not a large enough on-demand market in the Central Coast of California for this company to serve. And considering that the company does not want to introduce Internet-based marketing, its market is restricted to the geographic location in which the company resides.

On-demand printing will have an impact on large printing companies that offer a large variety of printing services. The impact will not be as dramatic as compared to a small printing company because larger print companies generally have more resources available for a transition.

On-demand printing will allow a large printing company to expand the printing services offered to its clients. Diamond Printing began offering on-demand printing services over five years ago and it proved to be a successful investment. Diamond Printing was able to fully commit to offering on-demand printing services by investing the necessary resources needed to purchase digital presses, hire and train employees, and purchase an Internet-based ordering system. By acquiring all of the resources needed in a short amount of time, Diamond Printing was able to make an easy transition into on-demand printing. Because of the large amount of on-demand printing services available on the Internet, advertising was key to the company's success in on-demand printing.

On-demand printing technologies will continue to improve in the future and the market for this type of printing will continue to grow. With appropriate investments in resources, on-demand printing can allow a company to become a full-service print provider and can greatly expand a company's market.

In sum, getting into on-demand printing could be a tough transition for small printing companies if they cannot fully commit the investment needed to acquire the appropriate resources. There may not be a need for many small printing companies to make this transition, however, as there is still a large market for local printers to offer high quality printing services using traditional forms of printing. But as the quality of on-demand printing continues to improve, and as more clients request it, a transition to digital presses may be crucial to a small print company's survival in the future.

Entering the on-demand printing market may make more sense for larger printing companies having the resources that must be invested. By entering this market, some larger printing companies have broadened the services they offers and have increased their market share as a result.

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**Taking the Paper Out of News: An extensive look at whether the Mustang Daily
could live exclusively online and what the impact of that move would be.**

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Abstract

This is a case study of a daily university newspaper, the California Polytechnic State University (San Luis Obispo) *Mustang Daily*, the only daily university newspaper that is fully written and printed on campus by students. While this is a case study of one newspaper, the findings can be extrapolated to represent the plight of small community newspapers nationwide.

This study explores the impact that the Internet is having on printed newspapers and the pressures that newspaper publishers are facing to move news content online. However, the industry is facing a “double-edged sword” in that while people are leaning to accepting and expecting news online, advertisers are not yet ready to support online newspapers in the way that they support printed newspapers.

Through surveys and interviews it was determined that the *Mustang Daily* would not survive financially if it moved entirely online. It is estimated that it will take another five to eight years at the minimum for the public and advertisers to be ready to accept fully online newspapers. There are advantages to printed newspapers that the public and particularly local advertisers are not ready to give up.

Introduction

What is the future of journalism?

That is the question many in the media industry are scrambling to answer ever since the Internet inherently changed the way we gather and report news. Although the exact future of journalism is hard to predict, one thought has been common among many in the profession: newspapers are a dying breed and the Internet will consume them in the near future. Perhaps newspapers will launch exclusively online; perhaps the major wire services and networks will be the biggest news providers for the Web. Those possibilities are likely in the next decade — but what does it mean for the small, community-oriented papers? Some have speculated that they have more of a chance to survive in print than the metropolitan papers. Other small newspapers are trying to start a trend by already publishing exclusively online.

Cal Poly's newspaper, the Mustang Daily, has a daily circulation of 6,000, meaning it falls into the community newspaper category, as it links the 18,000 students and 5,000 staff and faculty members five days a week. So what would happen if the Mustang Daily chose to publish exclusively online? This project will explore that possibility, while looking closely at the impact it would have on those tied to it: advertisers, readers, printing services, reporters, and editors.

What is learned about a college newspaper having a daily circulation of 6,000 can be extended into the realm of community newspapers anywhere.

Publication exclusively on the Web is a groundbreaking idea for the Mustang Daily, which has existed in different print forms since 1916. The paper's survival inherently relies on people's free time: they read it as they are eating alone, waiting for class to start, waiting for the bus, waiting for friends to arrive, while taking a coffee break, etc. They may be interested in the content, but accessing it is often a “fill-in” between other activities. Its removal as a printed newspaper could cause many to be upset initially and then forget about it altogether, causing the Mustang Daily's downfall.

To explore the feasibility of publishing only online both now and in the near future, this research explores those that have already made the jump (The Campus Lantern of Eastern Connecticut University, for example). Interviews were conducted with those who would be affected, such as the newspaper's printer, University Graphics System (UGS), the Mustang Daily's business manager Paul Bittick, the professor of Multimedia Reporting, Brady Teufel, the reporters, and the editors. One hundred students were also surveyed on their reaction to moving the Mustang Daily exclusively online in addition to their current readership habits in print and online.

No matter what the experts believe, it is ultimately the readers who will determine if the move could be successful. Finally, several current advertisers were interviewed to gauge their reactions on the move to the Web. The Mustang Daily currently pulls in more than

\$400,000 annually from advertisers, so pulling them from print to the Web is a huge consideration into whether the transition would work. This research also explored how the Mustang Daily's content and advertising would have to change to adapt to a new, online-only publication.

The journalism industry is, in a sense, doing the splits right now: one foot remains firmly rooted in the print world, while the other foot is sliding further away into the realm of online journalism. Because media professionals are slowly starting to agree that the future of journalism is moving onto the Internet, the Mustang Daily must examine whether it can reasonably make that jump. If the Mustang Daily decided that it wanted to start publishing exclusively on the Web next week, research indicates that it would fail miserably — neither the readers nor the advertisers are ready yet. However, as current high school students move up to college and they remain more attached to the Web for news rather than print, the Mustang Daily could find the right time to make the transition. A big question is, will local advertisers be ready to invest in online ads versus print. It could be that within five to eight years the Mustang Daily would be ready to publish exclusively on the Web, though the consequences of that move will still loom, as they do now.

Literature Review

Because the transition from print to the Web is relatively new, little has been written about the impact of that move on elements such as readership, advertising, content quality, etc. However, there has been some discussion—mainly on online forums—about the “push” consideration for online news, particularly on college campuses. Several articles, including one by Jim Broderick in *The Quill*, advocate that journalism professors must adapt to the new media. Broderick explains that new media courses cannot just be piled onto the existing curriculum — they must be worked into traditional journalism courses.

A Columbia University journalism professor backs him up by emphasizing that print journalism still has a very important future in the United States and around the world. However, “it may not be the same type of ink we’ve been using. Instead, the paper may be digital or the ink may be digital.”³¹

A professor’s main purpose is to prepare students for the media industry. Therefore, they cannot ignore changes that the industry is making. This point is also supported by *The Washingtonian*’s national editor. In his article in *The Washingtonian*, he discusses how *The Washington Post* has been shipping digital video cameras to all its bureaus in an effort to encourage media convergence. The newspaper now expects all its reporters to report in multimedia platforms, meaning they must learn those skills somewhere. “About a quarter of the foreign bureaus have digital video cameras,” foreign editor Keith Richburg said in the article. “Our goal would be to get them out to all.”³² Using the Web as a news medium would allow newspapers far more capabilities than print currently affords them. They can make stories interactive, engaging and sometimes more thorough. And it all starts with a video camera: “It’s a triple-threat device,” Richburg added. “It adds a whole different dimension than you can get on the print side.” However, arming print reporters with video cameras without proper training can lead to problems: poor footage, technological problems and overall frustration with new media. Figuring all this out in the classroom could assuage some of the problems, such as what foreign correspondent Jim Brady describes in the article: “You have to figure out when to put the notebook down and pick the camera up. Everyone is trying to figure out when the moment is.” But video isn’t the only plus to publishing on the Web — many platforms exist for reporters to tell stories online. They include photo slideshows, audio stories, narrated slideshows, live chats, quizzes, surveys, animated stories, interactive Webcasts (streaming video updates), and multimedia interactives, i.e., Flash animation.³³

³¹ Broderick, Jim. “Plugging in: Teaching today’s technology (to journalism students)” *The Quill*; May 2001.

³² “Reporters as Shooters—the newest journalism arrives at the Washington Post.” www.washingtonian.com/buzz/2006/0619

³³ Dube, Jonathan. “Online Storytelling Forms.” Cyberjournalist.net

To prepare students for the transition from print to the Web, and to “beat the curve,” one university has already started publishing exclusively on the Web. Eastern Connecticut University’s The Campus Lantern pulled its print edition and started publishing only online in September 2006. Similar to Cal Poly, the university — which is located in Willimantic, Conn. — is public. However, it only has about 5,000 students. Yet 69 percent of undergraduate students live on campus, compared with 20 percent at Cal Poly,³⁴ meaning that more of their students are around to read the paper on campus. When The Campus Lantern moved exclusively online, they realized that the move would hurt their advertising revenue and they had to come up with a plan to supplement the income. The editors decided to print four quarterly magazines as part of their \$19,000 contract with a local publisher, according to the Web site reinventing.newmedia.org. Six months after moving totally online, however, The Campus Lantern realized in March 2007 that, though its readership stayed the same, its advertising severely dropped, according to business manager Keri Taylor:³⁵ “We haven’t brought in very much money through advertising with the Web site, and my position, as well as the Ad Manager’s position, is becoming in jeopardy because of this since our advertising is what pays for our jobs.” To make up for revenue losses, the editors decided to begin publishing a bi-weekly paper called The Campus Lantern Lite, while still supplementing breaking and developing stories online. Unlike the Mustang Daily and most other college newspapers, The Campus Lantern runs its site on Joomla, which is an open-source content management system. This allows them to control content and advertising much easier than College Publisher, which provides the Web template that most college newspapers use.

Before the move, The Campus Lantern was a weekly double tabloid and initially just wanted an online presence, not an all or nothing decision. But the more editors thought about their Web site, the more they realized that that’s where their focus should be: “We realized that as future journalists, we could not ignore the facts and trends that the industry is showing. It’s a hard world out there for newsprint,”³⁶ said editor in chief James Patrick Gibson in an interview on Innovation in College Media. In that interview, Gibson discussed how The Campus Lantern encouraged readers to make the transition with them.

We decided instead, to try to smooth the readers in with a clever marketing campaign, to build up some intense buzz. The idea was to print out hundreds of 8.5×11s, and stuff them in our newspaper bins, plaster them all over campus. In front of buildings, in windows, on boards, everywhere. The message: Where Is It.

³⁴ www.wikipedia.org

³⁵ Taylor, Keri (Feb. 27, 2007) A discussion group for advisers of college media. taylorlk@easternct.edu

³⁶ “Reinventing Interview: James Patrick Gibson, ECSU.” Oct. 10, 2006 www.collegemediainnovation.org/blog/2006/10/10/reinventing-interview-james-patrick-gibson-ecs/

Now, many people didn't understand it initially, but the word got out, and caught like wildfire. Soon the whole school was a buzz with "Where Is It?" People were curious what "It" was, and where did it go.

Anywhere there was a display bin. We changed the message. It said "Everywhere - 9/14/06. So this enigmatic message, eventually caught on as, something to do with the Campus Lantern.

Gibson also spoke about how the editors made the transition. Again, preparing students for the journalism industry is key, meaning editors had to learn how to adapt to the new technology without being overwhelmed. Instead of laying out pages for print, all the editors had to be trained using the Web content manager, Joomla:

It's very streamlined. Luckily, Joomla was much easier for people to learn than Quark or InDesign. That's how we did it last year, our editors did layout. And they aren't very good designers, that's for sure. Which made my life a living hell, as the design editor last year. Now they can focus on writing and assigning content.

Second part: Multimedia is one of the big reasons we moved. We've already done a few videos on our site already. It's incredible to capture an event, get back to the office, edit and publish in the timeframe of a (couple) hours. It's really incredible.

We also plan on doing sound slides and hosting podcasts. There's a radio show on campus called "Reality & Beyond" that has expressed interest as hosting their talk show as podcasts on our site. We're also planning on hosting shows from TV22 on campus. One of our big goals is media convergence. Having the Lantern be the source of on demand media at Eastern.

Many college newspapers around the country are at least considering the move to an online-only publication. So to work out many of the kinks that Gibson's staff has faced and to discuss the overall transition, the Web site collegemediainnovation.org was established (this is Reinventing College Media's new site): "The Center for Innovation in College Media is a non-profit think-tank that was created to help college student media adapt and flourish in the new media environment."³⁷

Sites such as CICM and recent articles about college media developments can greatly help the Mustang Daily in its potential switch from print to online journalism. Before the transition is made, editors will have to seriously look at the impact the move has had on

³⁷ "About CICM." www.collegemediainnovation.org/blog/category/cicm-site-sections/about

other university publications and what the implications could be at Cal Poly. However, a literature review is just one component to determining how effective Mustang Daily online exclusivity will be—readers, professors, reporters, advertisers and more must be closely looked at too. This study will examine what interviews and surveys of those groups revealed.

Research Methods and Results

Although reviewing the literature pertaining to online journalism gave a good background and provided a context, determining whether or not the Mustang Daily should publish solely online needed more specific information. By interviewing the people who keep the paper going every day, this study was able to get greater insights into what the impact of the transition would be. Who are these people with close ties to the Mustang Daily?

- Paul Bittick, Mustang Daily general manager
- Jeremy Koeppen, general manager of University Graphics System
- Ryan Chartrand, current online editor
- Brady Teufel, journalism professor
- Readers, anonymously surveyed.
- Advertisers

Bittick, Chartrand, Koeppen and Teufel in person were interviewed in person. Interviews with advertisers were conducted by phone. One hundred readers were also anonymously surveyed throughout the University Union and on-campus eateries.

From an administrative standpoint, Bittick's interview gave good insight into the behind-the-scenes work he does to keep the newspaper afloat. He also provided the numbers that mean the most to the Mustang Daily. The paper's daily circulation is 6,000 but Bittick estimates a readership of 14,000 not including online readers. He said that right now, the Mustang Daily pulls in \$400,000 from advertising sales, up from \$260,000 just five years ago. But further information was needed to determine if the Mustang Daily could survive online from a financial standpoint. Below are excerpts from the interview with Bittick.

For a full transcript, see Appendix I.

How would advertisers react if we went solely online?

You'd lose 80 percent of ad revenue if not more. Right now, advertisers aren't convinced it's effective at a local level....Local businesses just don't advertise online. Students don't walk into class and read the paper on their laptops.

What do you think would happen if the paper scaled back to only an online version?

I guarantee you, The (San Luis Obispo County) Tribune would try to pick up our student readership with their own paper, whether it's weekly or twice weekly. (For local businesses), print ads can be more effective. Advertisers must have their own Web site to be effective online because their ads have to be clickable.

How much does the Mustang Daily spend on printing with UGS?

\$125,000. Now, what would be effective is a twice weekly paper and putting all the breaking and developing news online. That paper could be between 24 and 38 pages. But that means the focus of the paper would have to change...I could see this happening five years away. The price of printing a twice-weekly paper (would reduce our annual costs) by 30 to 40 percent.

What do you think would happen to UGS if we switched to a twice-weekly paper?

UGS would not be able to survive if we pulled back to twice weekly. We account for 50 percent of their revenue and they're still losing money. If we went to online only, they'd be out of business.

How do you think the Mustang Daily would do overall if it moved to online only?

I think it would be counterproductive overall. We would fail to make enough money for our staff, let alone our ad reps. The biggest reason not to consider it is because editors would be unprepared for the news business.

As any good journalist knows, relying upon just one source is not good enough. Therefore, Jeremy Koeppen, the general manager of the University Graphics System (UGS), was interviewed to get an idea of how the printing service would be affected by an online-only Mustang Daily. UGS and its predecessors have been in business since 1962 and it currently makes about \$195,000 annually, mostly by printing on-campus documents and advertisements. Below are parts of the author's interview with Koeppen. See Appendix II for the full transcript.

How much of your business does the Mustang Daily constitute?

Mustang Daily contributes about \$100,000 of our annual revenue.

If the Mustang Daily didn't need to print through UGS anymore, do you think you would have to trim down your number of student employees?

We have an educational goal in UGS, not just revenue. We'd try to find other markets on campus or even come up with another newspaper. We'd expand our services but a reduction of staff probably wouldn't happen because of the educational component.

Do you print other newspapers besides the Mustang Daily?

Yes, other companies we print for: Women's Press and Sierra Club, both monthly.

How does your annual budget break down?

We have eight student managers, each with a \$5,000 stipend, so that's \$40,000.

There's a full time technician, which is \$43,000.

Three other student managers who are unpaid but get Senior Project credit.

Other expenses add up to \$20,000 per year

Taxes are about \$20-25,000 annually.

All the equipment is donated.

With the printing side examined, the online side needed to be explored as well. Journalism junior Ryan Chartrand has been the Mustang Daily's online editor for the past two years and his job has been more demanding and time-consuming with every passing month. He has been passionate about upgrading the Web site to include as many multimedia tools as possible while still keeping the site as user-friendly as possible. His interview, below, was essential to determining if and when the Mustang Daily could move totally online. The full interview is available in Figure 3.

Let's cut straight to it. If the Mustang Daily decided to move solely online next week, what do you think would happen?

If we decided to go exclusively online next week, it wouldn't work here. The hits need to be higher...Five years down the line, you're going to see high schoolers who do daily online versions. When they get to college, they'll expect the paper to be online and then we'll see the shift. They'll think the paper is ancient. Our generation is still addicted to the tangible feel of the paper.

When do you see the Mustang Daily being exclusively online?

In eight years, the Mustang Daily will be entirely online.

Do you think the Mustang Daily would have to make some staff changes then?

Not much. More online ad reps, one person just for flash, more online ad and graphics designers. More designers, basically.

How would you recommend transitioning from print to online? Would you want a gradual transition or an abrupt switch?

Personally, I like how the Campus Lantern (of Eastern Connecticut State University) did it by inserting a leaflet into the paper that said, "Where is it?" Then one day it wasn't there and everyone wondered where it was.

How do you think readers would react to an abrupt switch to online?

Our online statistics show that and a lot of people just read it for the Sudoku or crossword puzzle...It's still a very tangible news era and that's not going to change for a little while. But I think they'll adapt.

The Mustang Daily currently uses College Publisher to host the Web site. Do they currently allow enough ad space for the Mustang Daily to survive only online or would the paper have to switch publishers?

College Publisher allows 10 local ads maximum. So if we moved only online, it would not be the solution. An alternative would be a content management system where we could manage the Web site ourselves but with an easy interface to publish off campus. It allows for a more customized site. But editors would have to be trained in Web design and HTML.

Do you think switching online would hurt job prospects for editors because they will no longer need to know how to lay out in Quark?

In five to eight years, not knowing how to do page layout won't be an issue. The industry is moving online but local newspapers may decide to keep their print version so that could be an issue.

Piggybacking on the online perspectives, Cal Poly professor Brady Teufel provided a more experienced outlook of where the Mustang Daily is headed. Teufel teaches the Journalism Department's first multimedia reporting class, which gives students the chance to learn the latest new media tools. He has also consulted Chartrand extensively on how to make the newspaper's Web site as professional and accessible as possible. Below are highlights from this author's interview with Teufel. See Appendix IV for the full transcript.

What recommendations have you given Ryan Chartrand in the last year to improve mustangdaily.net?

The Web is a visual platform and an informational platform. Incorporating the concept of visual communications is extremely important. It means readability and contrast. It means large images and easy to navigate interfaces. Putting the primary image and the primary story in there is important.

If the Mustang Daily moved exclusively online, would its features and interfaces have to change?

No, it wouldn't have to change more. Some progression but there's no need to overhaul the site.

Do you think the site would need to incorporate new media?

I don't think you would have to. Should, yes. There's no convergence now and no CPTV stuff or anything. Sideshows are limited to what Ryan's done. But the site should include 410³⁸ stuff.

Do you see convergence between the Mustang Daily, KCPR and CPTV³⁹ being essential in the paper's move online?

Oh, I just read a great quote earlier this week: "Scholastics work best in atmospheres of candor and cooperation." We have neither. Yes, it could still work with everyone going every which way. But ultimately, all platforms would be better working together. A wise move would be to have the MD be the public face of the journalism department.

Do you think the Mustang Daily could move totally online right now?

I heard this guy outside my door talking to a friend before his class started. And he said something like, "If I don't bring a Mustang Daily in there, within the first eight minutes,

³⁸ Teufel is referring to the Journalism 410, multimedia reporting class.

³⁹ CPTV is Cal Poly Television, which is funded by the Journalism Department. Broadcast journalism students are required to work on the 30-minute weekly newscast. KCPR is Cal Poly's college radio station, which is also funded by the Journalism Department. Broadcast students are required to do five-minute newscasts for them, though the station has DJs of all majors.

I'm pulling my hair out." The Mustang Daily is a distraction. Students have come to depend on and appreciate the hard copies in the bins near their class...With today's generation, there's a pretty big dependency and desire for the morning paper.

Ryan Chartrand said that he could see the Mustang Daily moving exclusively online in five to eight years, which is when today's high school freshmen will reach college. Do you think their attitudes toward online dependency will affect the success of an online-only paper?

I definitely think there's going to be a generational shift. Students now grew up with them but as younger kids come in, that'll change.

Do you think Ryan was on target with the five to eight year prediction?

Yes, then it'll be more possible.

Do you think having widespread portable Internet devices like personal digital assistants (PDAs) will further the success of an online-only Mustang Daily?

As PDAs get more inexpensive and Internet connectivity is more available, that'd be a good turning point on deciding to scrap the physical version—when they become like iPods. Before then, you're selling yourself short.

As for now, Teufel said that the Mustang Daily should promote its online counterpart constantly in the newspaper. Although the Web site has jumped in hits over the last two years, it still lags far behind print readership.

This study also covered current readership habits and what their reaction would be if the Mustang Daily cut off its print version in favor of the Web. Below are the results from a survey of 100 randomly selected students. To view results broken down by how often students read the Mustang Daily, see Appendix V.

1. How often do you read the Mustang Daily's print version?
 - a) Once a month or less: 18%
 - b) A few times a month: 20%
 - c) About once a week: 22%
 - d) 2-3 times a week: 23%
 - e) 4-5 times a week: 17%
2. How often do you visit mustangdaily.net?
 - a) 81% have never visited the Web site
 - b) 13% visit 1-3 times per month
 - c) 4% visit about once per week
 - d) 1% visit 2-4 times per week
 - e) 1% 5 or more times per week
3. What's your favorite section of the Mustang Daily?

Results for all:

 - a) Front page local and campus news: 33%

- b) Sudoku/Crossword puzzle: 28%
 - c) Opinions: 19%
 - d) Sports: 9%
 - e) Spotlight: 6%
 - f) National and international news: 3%
4. If you check out mustangdaily.net, where do you view it from?
- a) My home/dorm room: 77% (30/39)
 - b) A computer on campus: 13% (5/39)
 - c) At work: 10% (4/39)
5. If the Mustang Daily decided to stop printing the paper every day and ONLY published online, what would your reaction be?
- a) 74% would be upset (they like reading the print version)
 - b) 15% wouldn't care one way or the other
 - c) 3% would be happy
 - d) 8% had comments about their feelings
6. If the Mustang Daily moved exclusively online, would you continue reading it?
- a) 8% would definitely keep reading
 - b) 24% might continue reading (they'd have to adapt)
 - c) 64% would stop reading (it would no longer be convenient)
 - d) 4% don't read it now and wouldn't read it then
7. What's your main source for news (besides the Mustang Daily)?
- a) The SLO Tribune print version
 - b) Web sites for newspapers (ex: latimes.com, sfgate.com, etc.)
 - c) Local TV news
 - d) Cable news (Fox, CNN, MSNBC, etc.)
 - e) Web sites for TV news stations (cnn.com, foxnews.com, etc.)
 - f) Newspapers delivered to my home
 - g) I don't really follow the news
 - h) Other

Total:

- a) 3% (4)
- b) 14.8% (18)
- c) 25.6% (31)
- d) 22% (27)
- e) 17.3% (21)
- f) 2.4% (3)
- g) 7.4% (9)
- h) 6.6% (8)

Note: Some people voted twice for this question, therefore there are 121 votes here.

With the readers' thoughts noted, the last major group to look at was advertisers. Because it would be difficult to include all of their thoughts in one survey, only several were interviewed. Below are the transcripts from those phone interviews.

Business: Tigerlily Salon

Interviewee's name and title: Traci Decker, Manger

How long have you advertised with the Mustang Daily?

Not very long, maybe two months

How much do you spend monthly advertising with the MD?

\$200 once a week

Do you advertise through other media too?

We do, the New Times. We spend about \$400 a month.

Have you ever done online advertisements?

No

Do you have a Web site for your business?

We do but we don't use it at all.

If the Mustang Daily published only online, would you consider purchasing ad space on the site?

No, it just seems that, especially for a school, people wouldn't check out.

Do you think the newspaper moving totally online would impact your business?

No.

Business: Noor Jewelers

Interviewee's name and title: Alex Raissipour, Owner

How long have you advertised with the Mustang Daily?

About 10 years

How much do you spend annually advertising with the MD?

Just occasionally so I don't know.

Do you advertise through other media too?

Yes, Tribune, TV, papers, New Times, radio. In total, we probably spend about \$10,000 annually.

Have you ever done online advertisements?

I've been reluctant because of little local impact.

Do you have a Web site for your business?

No, not a complete one.

If the Mustang Daily published only online, would you consider purchasing ad space on its site?

I don't think it would interest me. It just wouldn't have the same impact for me.

Business: Simply Skin

Interviewee's name and title: Mary Lamus, Owner

How long have you advertised with the Mustang Daily?

Oh heavens, a long time. Maybe five or six years.

How much do you spend monthly advertising with the MD?

\$60 a month

Do you advertise through other media too?

Always through the Yellow Pages

Have you ever done online advertisements?

With Yellow Pages and via my Web site.

So you have a Web site for your business?

Yes

If MD published only online, would you consider purchasing ad space on its site?

Depends on how much it would be but I would most likely do that.

Do you think the newspaper moving totally online would impact your business?

I think so; I don't know, it might help it. I know several people have found me through the Internet and the younger people find me there.

Business name: Natural Café

Interviewee's name and title: Kelly Brown, President

How long have you advertised with the Mustang Daily?

A year and a half

How much do you spend annually advertising with the MD?

We only advertise about four times a year so I guess about \$1,500 annually.

Do you advertise through other media too?

Yes, radio, TV, New Times, not The Tribune.

Have you ever done online advertisements?

Not really; there's santabarabaralife.com and we're on that.

Do you have a Web site for your business?

Yes

If MD published only online, would you consider purchasing ad space on its site?

No, I haven't been that excited about the response in print actually. I think there are four special issues a year: Back to School, Christmas, graduation and something at the end of the year. We don't get that great of a response. When I was a college student, if there was a two for one coupon, I had it.

How do you think the paper moving totally online would impact your business?

I don't know how. I think kids who live off campus and live downtown are more apt to read the New Times; food programs (in the dorms or in off-campus apartment complexes) detract from business.

Discussion

The results of the interviews, surveys and support from the literature review indicate hesitancy towards moving the Mustang Daily exclusively online. No one interviewed thought that the newspaper can currently survive if moved totally online in the very near future; earliest predictions were for five to eight years. The interviews also brought up a “half-way” idea, meaning that the Mustang Daily could benefit from having a twice-weekly paper while publishing only online for non-print days. As Paul Bittick, the Mustang Daily general manager, stated, this would recover advertising revenue lost from going totally online. Regardless of how or when the Mustang Daily decides to go completely online, there are going to be both advantages and disadvantages to the transition.

On the up side, the Mustang Daily would be able to follow the trend toward Internet journalism, which is where the industry seems to be headed. By mirroring the transition of newspapers across the country, editors will be in a better position when job searching. Furthermore, publishing on the Web allows for constant updates, breaking news, and of course, multimedia. If a story is published in print with an error, there is no way to fix it unless a correction is inserted later. However, when published online, those errors can be immediately corrected so subsequent readers will only see perfected stories. Moreover, breaking news was practically meant for online journalism—developing stories can be updated as they unfold; readers can follow the progression from home or work; and readers do not have to wait until the morning paper for the story, which is often hours after it unfolds. In addition, some stories break after deadline, meaning people cannot read about it until a day and a half later. If those readers check the Web site, they can view the story instantly. Lastly, the multimedia consideration is a huge advantage over printed newspapers. Studies have shown that readers liked to be engaged and participate in the news, and the Internet allows them to do that more than ever before. Readers can take polls and see results instantly, view photo slideshows of more visual events, listen to podcasts on the go, click on links to related stories, etc. The multimedia platform is one that print just cannot compete with.

Despite the advantages of publishing online, there are several drawbacks. Advertising is a huge issue in the industry right now, even though the Internet offers an infinite number of pages and archives. As Bittick and some San Luis Obispo companies pointed out, small businesses are still hesitant to advertise online because they feel there is little local impact. Since readers see a newspaper’s home page first, that’s where advertisers want to be. However, there is only so much ad space available before the page becomes cluttered and unreadable. Furthermore, the survey indicated that readers must learn to adapt to online-only journalism before it can be successful. If 81 percent of students have never been to mutangdaily.net and about the same number would be upset if the Mustang Daily stopped printing, this issue must be addressed. Professor Brady Teufel mentioned that PDAs (personal digital assistants) could bridge the convenience gap for students and readership habits could change. But for now, that convenience consideration remains a disadvantage.

The interviews and surveys largely concurred with current literature on online-only journalism. Teufel spoke of how TV, radio, and newspapers have to converge at the collegiate level for success, which is what foreign editor Keith Richburg addressed in an article in The Washington Post. Richburg spoke of giving reporters video cameras when they cover stories, and then using that footage for multimedia purposes online. Teufel agreed that online journalism can become even more visual and engaging as reporting practices change. Furthermore, business manager Keri Taylor of The Campus Lantern spoke of how their online advertising failed to bring in enough money for the paper to survive totally on the Web. This was an issue that Paul Bittick addressed in his interview as well, saying that the Mustang Daily could lose 90 percent of its advertising revenue if it decided to go totally online. He also proposed the twice-weekly edition of the Mustang Daily, which is what The Campus Lantern has decided to do, just a little less frequently (once every two weeks).

The issue of publishing totally online has many advantages but also many disadvantages, all of which must be examined carefully before future editors of the Mustang Daily decide where to take the paper.

Conclusions

After extensive research and interviews, it is clear that the Mustang Daily would suffer if editors decided to move it exclusively on the Web within the next year. Neither the readers nor advertisers are ready — and until both are on board, or at least willing to adapt, the Mustang Daily must wait to move totally online.

Virtually everyone interviewed agreed that at some point in the near future, the paper could make the transition to Web exclusivity but that time probably will not come for another five to eight years at the minimum. Online editor Ryan Chartrand initially gave that estimate and he is probably on target for at least the *earliest* possible time that this could be done. For the time being, readers' habits are too fixated on the tangible version. A simple walk through campus shows when students read the newspaper most often: while waiting or doing solitary activities where computers are not present. This can include while waiting for the bus, waiting for class to start, eating alone, waiting for friends, etc. Until those habits change or until the Mustang Daily can find a way to still reach students during those solitary times, the paper will suffer if it becomes online-only. As journalism professor Brady Teufel mentioned, PDAs (personal digital assistants) could bridge the gap between solitary activities and mustangdaily.net but they must become more widespread among college students for the online version to have a chance at success: "As PDAs get more inexpensive and Internet connectivity is more available, that'd be a good turning point on deciding to scrap the physical version — when they become like iPods. Before then, you're selling yourself short." What Teufel touches on is that students could access the Web site on their PDAs while waiting for class or friends. However, with billions of pages at their fingertips, the Mustang Daily would probably have to invest more heavily in advertising for itself to draw people to the site.

Current online viewing is the biggest flag that readers just are not ready for the change. Editors were shocked to discover that 81 percent of students surveyed had never been to mustangdaily.net before even though 82 percent of students read the Mustang Daily at least once a month.

The newspaper industry in general is currently in turmoil trying to figure out what to do about its print edition, citing that younger generations are attached to the Web; but they are missing a key point: students still really enjoy taking the newspaper with them wherever they go and reading it at their leisure. To some, it may even be a break from all the screens they stare at for hours every day. The results of the one survey questions support this point: If the Mustang Daily decided to stop printing the paper every day and only published online, what would your reaction be? Fully 75 percent of students said they would be upset and would not consider adapting to the online version and another 8 percent mirrored those sentiments with their own comments, which expressed frustration and devastation. Despite the college students' fixations with the Internet, these findings indicate that students are still very much attached to paper and ink. Until those habits change, the Mustang Daily should remain both online and in print.

Paul Bittick had an interesting thought, which was to scale back the print version to twice a week and supplementing breaking news on the Web site. Doing this would allow advertising income to still pour in through the print edition while giving students more of an incentive to visit mustangdaily.net. He said that the twice-weekly paper would be larger than our average issues now to allow for more ads and would mostly be filled with feature stories and in-depth reports. Doing this would save the Mustang Daily 30 to 40 percent on printing costs. This transition could work in five to eight years and would still give editors a good background in both print and Web journalism.

The impact of an online-only edition could affect editors if they no longer have the chance to layout pages on QuarkXPress. Knowing how that program works can give recent graduates a leg up when applying for jobs. Bittick said if two applicants applied for the same job and one had newspaper experience and the other had just online experience, the newspaper person would probably be chosen first. However, he said that “If newspapers stop printing, then we’d probably consider scaling back too.” Essentially, where the industry goes is where college media should go. If newspapers no longer have print versions either, then there’s no use for the Mustang Daily’s editors to be familiar with page layout programs.

Chartrand said that aside from maybe another design editor or two, no real changes would have to be made among the editorial staff. However, he said that editors would have to be “trained in Web design and HTML.” Chartrand added that if the paper went exclusively on the Web one day, College Publisher probably would not be as useful because it only allows a maximum of 10 local ads. He said that “an alternative would be a content management system where we could manage the Web site ourselves but with an easy interface to publish off campus. It allows for a more customized site.” This means, however, that the editors will have to learn the customized details of such a site, rather than the easy “plug and chug” template that College Publisher offers. However, the editor of The Campus Lantern said in his online interview that using the program Joomla was not as difficult to learn as Quark or InDesign so that could become a possibility for the Mustang Daily.

Another area to examine is the impact on the journalism department as a whole if the Mustang Daily decided to move exclusively online. The department has a print track with a requirement of two quarters of Mustang Daily writing. However, if “print” no longer exists, then the curriculum will have to be restructured to emphasize a more Web-oriented focus. This would include teaching students how to publish to the Web beyond basic Dreamweaver lessons, which would prepare them for tasks with the Mustang Daily and in the real world. Newswriting classes would also need reformatting to include writing for the Web versus in print. And, perhaps most importantly, new media would have to be required and taught in-depth, including how to make photo slideshows, audio stories, narrated slideshows, live chats, quizzes, surveys, animated stories, interactive Webcasts (streaming video updates), and multimedia interactives, i.e., Flash animation, as Jonathan Dube mentioned on cyberjournalist.net.⁴⁰

⁴⁰ Dube, Jonathan. “Online Storytelling Forms.” Cyberjournalist.net

Aside from getting editors and readers to adapt to the new online-only paper, advertisers would be the other great hurdle to jump. Bittick estimates that if the Mustang Daily moved totally online next week, the paper would automatically lose 80 percent of its business. That means sales would plummet and the newspaper would be lucky to pull in \$50,000 annually, meaning editors and advertising representatives and designers could not get paid as much, Bittick's salary would suffer, and there would not be enough money to afford conference trips. For the paper to stay afloat, this problem needs to be addressed: "Local businesses just don't advertise online," Bittick said. "Students don't walk into class and read the paper on their laptops." He added that overall for the Web, ad revenue has "grown rapidly" over the last five years, but not so much for local businesses. Why? "[For local businesses], print ads can be more effective. Advertisers must have their own Web site to be effective online because their ads have to be clickable. A good example of that is Best Buy; they are sort of the leaders [of online advertising] because people can click through and buy directly from their Web site." This was confirmed in interviews conducted with local businesses who advertise with the Mustang Daily. Of the four companies, three had Web sites but one said they never maintain it. And aside from online Yellow Pages, no one currently buys advertising online. As Noor Jewelers owner, Alex Raissipour said, "I've been reluctant because of little local impact." Only one of the four, Simply Skin, said it would probably buy ad space online if the Mustang Daily pulled its print version: "I know several people have found me through the Internet and the younger people find me there," owner Mary Lamus said.

Bittick noted that if the Mustang Daily decided to go totally online, it could suddenly face a new competitor: "I guarantee you, The [San Luis Obispo County] Tribune would try to pick up our student readership with their own paper, whether it's weekly or twice weekly." This could pose a whole new set of problems, since the Mustang Daily may lose further revenue if advertisers decide to switch their business over to The Tribune. One of the few advantages to putting the newspaper solely on the Web site right now is the money that would be saved on printing costs. Even if the Mustang Daily were pulling in less ad revenue, it would no longer have to worry about spending \$100,000 to \$125,000 annually with UGS.

The printing situation, however, brings up a different issue: could UGS survive without the Mustang Daily, even if it was printing twice a week instead of daily? "UGS would not be able to survive if we pulled back to twice weekly," Bittick said. "We account for 50 percent of their revenue and they're still losing money. If we went to online only, they'd be out of business."

Jeremy Koeppen was a bit more optimistic, even though the thought of the paper moving online was disheartening: "We have an educational goal in UGS, not just revenue. We'd try to find other markets on campus or even come up with another newspaper." If the Mustang Daily scaled back its printing or even stopped altogether, UGS would be out about \$125,000 annually and their revenue overall is \$195,000, according to Koeppen. So if the UGS budget shrunk that significantly all of a sudden, how would the "learn by

doing” component fit in if they could no longer print a daily newspaper? “A reduction of staff probably wouldn’t happen because of the educational component,” Koeppen said. UGS currently prints two other newspapers⁴¹ but those are both monthly so students would not have the same experience. If UGS faced a revenue cut as a result of an online-only Mustang Daily, Koeppen said that the student organization would just have to refocus its efforts into other areas, which is how the industry in general is coping: “It’s having to become a problem solver — it can help with marketing. A lot of it is going to shorter runs, information management, targeted and customized printing. For long-run printing, we’ve seen a huge decline in printing... There will always be printing, just more in niche markets.”

As the journalism industry tries to find its identity in the 21st century, maybe it should first examine college media before making any sweeping decisions. Interviews and surveys at Cal Poly indicate that neither students nor advertisers are ready to make the change from print to online newspapers. Readers still like the tangible paper that they can take with them wherever they go and read it whenever they want. Moreover, local advertisers feel that they can better target their audiences through print rather than online media. Plus, for online ads to really work for them, they must have a maintained Web site, which many currently do not have.

Furthermore, if the Mustang Daily and other college newspapers wanted to move totally online, their journalism departments’ curriculums must be restructured. New media will need serious emphasis including both theoretical and practical applications. By the time students reach the JOUR 352 (Mustang Daily) class, they should be familiar with slideshows, podcasts, polls, and more, which would be factored into their story counts. Mustangdaily.net would have to become more interactive to pull readers onto the site, giving them something they could never find in print.

But if 81 percent of students have never visited the site in the first place, getting them hooked to it over the print Mustang Daily will not work. If the Mustang Daily can peak their interest in at least checking out the site, that could be a good start. After the results of the survey shocked editors into realizing that the site is largely ignored by its own readers, they decided to take action. The Mustang Daily just released 20 new house ads of all shapes and sizes, encouraging students to check out mustangdaily.net for specific reasons than previous ads. “Looking for a way to procrastinate?” asks one. “Mustangdaily.net has plenty to distract you from your homework.” Others list new media features that students may not be aware were available on the site. Another encourages people to check it out once and for all: “Everyone remembers their first time. Mustangdaily.net. It’s sexier than you might think.” Editors will anxiously await Web hits in the coming weeks to see if they’ve had any impact.

But until students are at least open to the idea of a Web-only Mustang Daily, and until advertisers realize that they are under using the Internet’s resources, moving exclusively

⁴¹ Women’s Press and Sierra Club

online will fail. A premature move could be catastrophic—people would give up on following campus news; advertising would sink; reporters would not be equipped with the right knowledge for new media; editors would not be prepared to get print newspaper jobs; and ultimately, the Mustang Daily would find itself struggling to survive. After 90 years of having an on-campus publication, to see it disappear because of a poor and hasty decision would be detrimental to the journalism department and the school as a whole.

Editors should closely monitor student opinion on the issue and follow their habits. Similarly, advertising representatives should gauge businesses to see if they begin creating their own Web sites and advertising on the net. Those two groups will be the most key and once they are ready, the Mustang Daily should be ready to move with them. If they are not ready in five to eight years, editors should be patient until the timing is right. Paul Bittick's idea of a twice weekly paper could work if carried out correctly; but again, student attitudes toward online journalism must mesh with the Mustang Daily's goal. If it is not convenient for students to read the paper on mustangdaily.net, then the move should not be made until it is.

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Appendix

Appendix I: Interview with Paul Bittick, Mustang Daily general manager

How would advertisers react if we went solely online?

You'd lose 80 percent of ad revenue if not more. Right now, advertisers aren't convinced it's effective at a local level. Maybe down the road but I don't see that happening in the next couple years.

Local businesses just don't advertise online. Students don't walk into class and read the paper on their laptops.

Ad revenue has grown rapidly online in the last three years (just not for local businesses). The transition has to mirror other Web sites. That means updating constantly so the newspaper becomes a place to analyze, critique and inform. (The Web site is used for breaking and evolving stories.) That's how you compete with TV.

Break stories as soon as they happen because that's what's expected in the industry more.

What do you think would happen if the paper scaled back to only an online version?

I guarantee you, The (San Luis Obispo County) Tribune would try to pick up our student readership with their own paper, whether it's weekly or twice weekly.

(For local businesses), print ads can be more effective. Advertisers must have their own Web site to be effective online because their ads have to be clickable. A good example of that is Best Buy, they're sort of the leaders (of online advertising because people can click through and buy directly from their Web site).

How much does the Mustang Daily spend on printing with UGS?

\$125,000. Now, what would be effective is a twice weekly paper and putting all the breaking and developing news online. That paper could be between 24 and 38 pages. But that means the focus of the paper would have to change...I could see this happening five years away. The price of printing a twice-weekly paper (would reduce our annual costs) by 30 to 40 percent.

What do you think would happen to UGS if we switched to a twice-weekly paper?

UGS would not be able to survive if we pulled back to twice weekly. We account for 50 percent of their revenue and they're still losing money. If we went to online only, they'd be out of business.

How do you think the Mustang Daily would do overall if it moved to online only?

I think it would be counterproductive overall. We would fail to make enough money for our staff, let alone our ad reps. We'd be lucky to maybe pull in \$50,000 a year in online sales. But at the same time, we wouldn't need as many editors.

The biggest reason not to consider it is because editors would be unprepared for the news business. (compare two applicants: one with newspaper and online experience, the other with just online experience, the newspaper will probably choose the first). If other newspapers stop printing, then we'd probably consider scaling back too.

Appendix II: Interview with Jeremy Koeppen, UGS general manager

If the Mustang Daily didn't need to print through UGS anymore, do you think you would have to trim down your number of student employees?

We have an educational goal in UGS, not just revenue. We'd try to find other markets on campus or even come up with another newspaper. We'd expand our services but a reduction of staff probably wouldn't happen because of the educational component...People wouldn't miss the experience entirely; we'd just print other things.

How do you think the Internet has affected the printing industry in general?

As far as the print industry overall, it's having to become a problem solver, like it can help with marketing. A lot of it is going to shorter runs, information management, targeted and customized printing. For long-run prints, we've seen a huge decline in printing...There will always be printing, just more in niche markets.

Do you print other newspapers besides the Mustang Daily?

Yes, other companies we print for: Women's Press and Sierra Club, both monthly.

How does your annual budget break down?

We have eight student managers, each with a \$5,000 stipend, so that's \$40,000.

There's a full time technician, which is \$43,000

Three other student managers who are unpaid but get senior project credit.

Other expenses add up to \$20,000 per year

Taxes are about \$20-25,000 annually.

All the equipment is donated.

Appendix III: Interview with Ryan Chartrand, Mustang Daily online editor

Let's cut straight to it. If the Mustang Daily decided to move solely online next week, what do you think would happen?

If we decided to go exclusively online next week, it wouldn't work here. The hits need to be higher...Five years down the line, you're going to see high schoolers who do daily online versions.

When they get to college, they'll expect the paper to be online and then we'll see the shift. They'll think the paper is ancient. Our generation is still addicted to the tangible feel of the paper.

When do you see the Mustang Daily being exclusively online?

In eight years, the Mustang Daily will be entirely online.

Do you think the Mustang Daily would have to make some staff changes then?

Not much. More online ad reps, one person just for flash, more online ad and graphics designers. More designers, basically.

How would you recommend transitioning from print to online? Would you want a gradual transition or an abrupt switch?

Personally, I like how the Campus Lantern (of Eastern Connecticut State University) did it by inserting a leaflet into the paper that said, "Where is it?" Then one day it wasn't there and everyone wondered where it was.

How do you think readers would react to an abrupt switch to online?

Our online statistics show that and a lot of people just read it for the Sudoku or crossword puzzle...It's still a very tangible news era and that's not going to change for a little while. But I think they'll adapt.

The Mustang Daily currently uses College Publisher to host the Web site. Do they currently allow enough ad space for the Mustang Daily to survive only online or would the paper have to switch publishers?

College Publisher allows 10 local ads maximum. So if we moved only online, it would not be the solution. An alternative would be a content management system where we could manage the Web site ourselves but with an easy interface to publish off campus. It allows for a more customized site. But editors would have to be trained in Web design and HTML.

Do you think switching online would hurt job prospects for editors because they will no longer need to know how to lay out on Quark?

In five to eight years, not knowing how to do page layout won't be an issue. The industry is moving online but local newspapers may decide to keep their print version so that could be an issue.

Appendix IV: Interview with Brady Teufel, Cal Poly journalism professor

What recommendations have you given Ryan Chartrand in the last year to improve mustangdaily.net?

The Web is a visual platform and an informational platform. Incorporating the concept of visual communications is extremely important. It means readability and contrast. It means large images and easy to navigate interfaces. Putting the primary image and the primary story in there is important.

If the Mustang Daily moved exclusively online, would its features and interfaces have to change?

No, it wouldn't have to change more. Some progression but there's no need to overhaul the site.

Do you think the site would need to incorporate new media?

I don't think you would have to. Should, yes. There's no convergence now and no CPTV stuff or anything. Sideshows are limited to what Ryan's done. But the site should include 410⁴² stuff.

⁴² Teufel is referring to the Journalism 410, multimedia reporting class.

Do you see convergence between the Mustang Daily, KCPR and CPTV⁴³ being essential in the paper's move online?

Oh, I just read a great quote earlier this week: "Scholastics work best in atmospheres of candor and cooperation." We have neither. Yes, it could still work with everyone going every which way. But ultimately, all platforms would be better working together.

A wise move would be to have the MD be the public face of the journalism department.

Do you think the Mustang Daily could move totally online right now?

I heard this guy outside my door talking to a friend before his class started. And he said something like, "If I don't bring a Mustang Daily in there, within the first eight minutes, I'm pulling my hair out."

(The Mustang Daily) is a distraction. Students have come to depend on and appreciate the hard copies in the bins near their class... With today's generation, there's a pretty big dependency and desire for the morning paper.

Ryan Chartrand said that he could see the Mustang Daily moving exclusively online in five to eight years, which is when today's high school freshmen will reach college. Do you think their attitudes toward online dependency will affect the success of an online-only paper?

I definitely think there's going to be a generational shift. Students now grew up with them but as younger kids come in, that'll change.

Do you think Ryan was on target with the five to eight year prediction?

Yes, then it'll be more possible.

Do you think having widespread portable Internet devices like personal digital assistants (PDAs) will further the success of an online-only Mustang Daily?

As PDAs get more inexpensive and internet connectivity is more available, that'd be a good turning point on deciding to scrap the physical version—when they become like iPods. Before then, you're selling yourself short.

Appendix V: Survey of 100 randomly selected Mustang Daily students

6. How often do you read the Mustang Daily's print version?
- a) Once a month or less: 18%
 - b) A few times a month: 20%
 - c) About once a week: 22%
 - d) 2-3 times a week: 23%
 - e) 4-5 times a week: 17%

⁴³ CPTV is Cal Poly Television, which is funded by the Journalism Department. Broadcast journalism students are required to work on the 30-minute weekly newscast. KCPR is Cal Poly's college radio station, which is also funded by the Journalism Department. Broadcast students are required to do five-minute newscasts for them, though the station has DJs of all majors.

7. How often do you visit mustangdaily.net?

Results for group A

- a) I've never checked it out: 15
- b) 1-3 times a month: 2
- c) About once a week: 1
- d) 2-4 times a week
- e) 5+ times a week

Results for group B

- a) 19
- b) 1

Results for group C

- a) 16
- b) 3
- c) 2
- d) 1

Results for group D

- a) 20
- b) 2
- c) 0
- d) 0
- e) 1

Results from group E

- a) 11
- b) 5
- c) 1

Totals for question 2:

- f) 81% have never visited the Web site**
- g) 13% visit 1-3 times per month**
- h) 4% visit about once per week**
- i) 1% visit 2-4 times per week**
- j) 1% 5 or more times per week**

8. What's your favorite section of the Mustang Daily?

Results for all:

- a) Front page local and campus news: 33%
- b) Sudoku/Crossword puzzle: 28%
- c) Opinions: 19%
- d) Sports: 9%
- e) Spotlight: 6%
- f) National and international news: 3%

9. If you check out mustangdaily.net, where do you view it from?

- a) My home/dorm room: 77% (30/39)
- b) A computer on campus: 13% (5/39)
- c) At work: 10% (4/39)

10. If the Mustang Daily decided to stop printing the paper every day and ONLY published online, what would your reaction be?

Results for group A (those who read once a month or less)

- a) I'd be upset (I like reading the print version): 7
- b) I wouldn't care one way or the other: 5
- c) I'd be happy: 1
- d) Other:
 - I would be confused and angry
 - I would probably forget about it
 - It seems like it would bring down readership
 - It's nice to have a printed version
 - I think the print reaches more people

Results for group B (those who read a few times a month)

- a) 15
- b) 4
- c) 0
- d) It would save trees but I like reading it while out and about

Results for group C (those who read about once a week)

- a) 19
- b) 2
- c) 0
- d) Devastated

Results for group D (those who read 2-3 times per week)

- a) 19
- b) 3
- c) 1
- d) 0

Results from group E (those who read 4-5 times per week)

- a) 14
- b) 1
- c) 1
- d) I would stop reading but get over it

Totals for question 5:

- e) 74% would be upset (they like reading the print version)**
- f) 15% wouldn't care one way or the other**
- g) 3% would be happy**
- h) 8% had comments about their feelings**

6. If the Mustang Daily moved exclusively online, would you continue reading it?

Results from group A

- a) Yes, definitely: 2
- b) Maybe, I'd have to adapt: 5
- c) No, it's not convenient: 8
- d) I don't read it now and I wouldn't read it then either: 3

Results for group B

- a) 1
- b) 5
- c) 14

Results for group C

- a) 1
- b) 4
- c) 17

Results for group D

- a) 2
- b) 5
- c) 16

Results from group E

- a) 2
- b) 5
- c) 9
- d) 1

Totals for question 6:

- e) 8% would definitely keep reading**
- f) 24% might continue reading (they'd have to adapt)**
- g) 64% would stop reading (it would no longer be convenient)**
- h) 4% don't read it now and wouldn't read it then**

7. What's your main source for news (besides the Mustang Daily)?

- a) The SLO Tribune print version
- b) Web sites for newspapers (ex: latimes.com, sfgate.com, etc.)
- c) Local TV news
- d) Cable news (Fox, CNN, MSNBC, etc.)
- e) Web sites for TV news stations (cnn.com, foxnews.com, etc.)
- f) Newspapers delivered to my home
- g) I don't really follow the news
- h) Other

Total:

- i) 3% (4)
- j) 14.8% (18)
- k) 25.6% (31)
- l) 22% (27)
- m) 17.3% (21)

- n) 2.4% (3)
- o) 7.4% (9)
- p) 6.6% (8)

Note: Some people voted twice for this question. Therefore, there are 121 votes.

The Effectiveness of Print: A Marketing Approach

by

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Abstract

The hypothesis of this study is that print is an extremely powerful tool of communication and marketing. The goal is to prove that print still remains a strong and effective form of communication that will rise to meet new challenges insuring its future success as in the past.

Surveys, case studies, and interviews with industry professionals were conducted to prove this hypothesis. This study's conclusions point out that print such as catalogs, brochures, and direct mail still continue to boost return on investment from a marketing perspective, and should be used with other forms of media for effective marketing.

Chapter 1: Introduction and Purpose of Study

The print industry dates back more than 500 years. As time has gone by, print production and techniques have changed in an industry having a time honored and competitive tradition. Yet as the technological age unfolds and globalization continues to consolidate the printing industry, traditional production can no longer keep up with the competition that grants faster turn-around times and greater versatility. Today some of the biggest customers for print are advertisers, but due to rising material costs they are slowly looking elsewhere for a less expensive marketing solution.

This study asks the questions: How effective is print today, and how effective will it be in the future, while new forms of communication media arise? How does print vs. other forms of media sway the purchasing decisions of the public? How can the printing industry provide marketing solutions to boost knowledge and awareness of print?

This study hypothesizes that print today is an extremely powerful tool of communication and marketing. As consumers and businesses look to other forms of multimedia such as the Internet and television for their communication needs, the printing industry faces more aggressive competition. In spite of competition, it still remains a strong and effective form of communication that will rise to meet new challenges insuring its future success as in the past. Although the vast majority of people are unaware of the importance of print, its influence on the professional world, educational system, and the average consumer is irreplaceable and will be felt far into the future. Print such as catalogs, brochures, and direct mail still continue to drive sales because of the tangibility and easy access that it provides compared to electronic media, which requires the necessary equipment and know how. The problem stems from the fact that advertisers are looking for less expensive ways to reach their customers. In turn, they look beyond print, which results in a loss of revenue for the printing industry. In order to remain a competitive force, the printing industry must boost awareness of its value by using such popular forms of multi-media, such as creating mass email advertisements and commercials to support and drive consumers to purchase and use more print.

The purpose of this study is to reveal the impact of multimedia communication as an alternative to print, and to show the relevance and importance of print in marketing consumer products. It also serves to find a way for the printing industry to use other communication tools to help boost its own market.

This study uses case studies, interviews, surveys, and market research to prove its hypothesis.

Chapter 2: Literature Review

As advertising becomes increasingly more important in any marketing campaign, and as new media arises with which to communicate, and as time passes, print must stay

competitive in all markets in order to insure the success of the industry in the future. With proof of print's effectiveness from the time of Gutenberg, the ever-increasing time crunch in turn-arounds, and comparisons between multi-media and print's purchasing power, the print industry can remain an advertising force to be reckoned with by supplementing its marketing with other forms of multi-media.

The Time of Gutenberg

Wikipedia notes,

The impact of printing is comparable to the development of writing and the invention of the alphabet or the Internet, as far as its effects on the society. Printing also was a factor in the establishment of a community of scientists who could easily communicate their discoveries, which had previously been communicated by personal letters, helping to bring on the scientific revolution. Also, although early texts were printed in Latin, books were soon produced in common European vernaculars, leading over several centuries to the decline of the Latin language as the medium of scholarly communication. It can also be argued that printing changed the way Europeans thought. With the older illuminated manuscripts, the immediate visual emphasis was on the images and the beauty of the page. Early printed works emphasized principally the text and the line of argument. In the sciences, the introduction of the printing press marked a move from the medieval language of metaphors to the adoption of the scientific method.¹

Print brought about rapid scientific advancements, thereby building the platform for which all other forms of media has risen.

Time = Pressure

Rob Rose, an offset print broker based in South Carolina, claimed, "that digitalization takes the middle man out and makes the pressure for turn around times greater." To compensate he said,

Cross-media products will be an important enhancement to the printer in at least two ways. First, handheld PDAs will enable salespeople to plug into estimating and inventory systems and get up-to-date information from the field. Second, a cross-media future also means the printer has an opportunity to offer clients a range of services —something to replace the front-end services we've lost. Though it is a complex and evolving ideology for a client, a cross-media plan might be as simple as handling content that is created once and distributed through various media profiles. Output options include print, web, wireless, film, mobile phone and some new form of media we haven't heard of yet. In truth, I still do not fully understand the whole cross-media mindset, but we should all be aware that it's pretty close to a reality.

Rob gives great examples of how to incorporate new media such as PDAs into the print sales workflow. By simply combining the PDA, faster times may be met ensuring a quick turnaround time that can rival any Internet application.

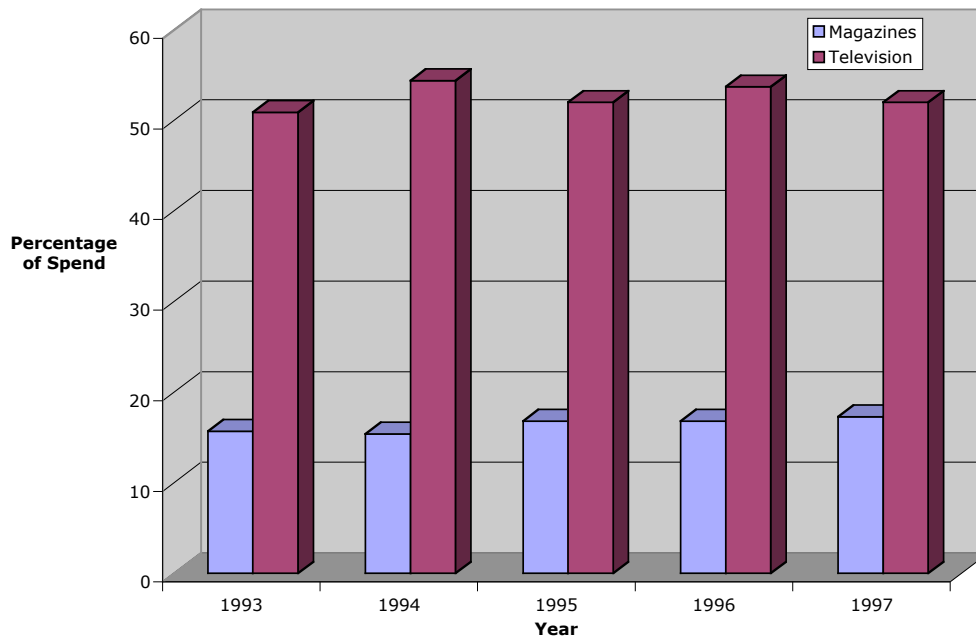
Print's vs. other multi-media

Magazines vs. Television

"The ad community has been saying, 'Show me how magazine advertising works and prove the role that magazines play in generating awareness and increasing sales,'" says Torn Robinson, vice president of research at Magazine Publishers of America. Two back-to-back research initiatives spearheaded by the MPA attempt to do just that. Results from the first phase of the research, which studied the level of advertising awareness generated through magazines, versus TV, showed that, on average, ads in magazines deliver three times more awareness than ads on TV. Data, gathered by Millward Brown from 500,000 respondents, divided awareness for 113 brands by media spending in each medium.² The project focuses on worldwide case studies where advertising in magazines in conjunction with TV had a dramatic effect on product sales.

The study aims to convince advertisers that it is in their best interest to apply the same science to their print advertising as they commit to television "Most advertisers don't bother to test a print ad, because it doesn't cost as much as TV," confirms Jim Spaeth, president of the Advertising Research Foundation.² The following is an example of advertiser spending in magazines vs. television from 1993-1997. As the trend in dollar amounts rise, the vast difference between magazines and television ads are staggering. Print definitely has the upper hand with regard to cost-effective advertising when comparing magazines to television.

Media Spending Share: Magazine vs. Television



Magazines such as Billboard magazine have seen an 11 percent rise in revenue and a 64 percent increase in pages. Mostly due to, “special features,” and a “result of three years of building really an enterprise culture.” Along with a flexible pricing plan, subscriptions have risen by 10 percent.¹¹

Print vs. Web-based catalog

“Consumer responses to print and Web-based catalog stimuli confirm the interface-involvement theory, which holds that a print physical-medium interface is more effective than a Web-based physical-medium interface in stimulating consumer involvement with retailer offerings and a positive consumer response. They also indicate that media vividness and other elements of the content-presentation interface employable on a Web site stimulate higher levels of consumer involvement with retailer offerings and a more positive consumer response than a content-presentation interface of direct on-line replication of printed material.”⁵

Direct Mail vs. E-mail

Vertis Communication’s 2007 Customer Focus, “found that 85 percent of women ages 25-44 read printed direct mail marketing pieces, despite the influx of electronically generated ads in the past decade. Thirty-eight percent of men 35-49 preferred generic direct mail when being contacted by a company in which they expressed interest. Though 45 percent of adults were open to receiving personalized, follow-up e-mails, younger men and women seemed more responsive to this medium, with 52 percent of men ages 25-34 and 56 percent of women that age stating e-mails is an acceptable form of follow-up communication.”⁴

Benefit of Sharing Mediums

Although printed catalogs are still seen as a successful source of revenue, it has been no secret that online magazines, catalogs, books, and newspapers have become a thing of the future and a growing necessity in today's online world. Gary Pruitt of McClatchy Co., an owner of over 29 newspapers, says, "There is no doubt that our audience will grow more quickly on the electronic side. However, as far out as I can project, I don't see the demise of newspaper on newsprint." Pruitt continues by saying that, "the print industry needs to evolve by offering an online Web site that allows for more advertising revenue and a larger amount of customers." Having an online Web site allows the problem to tailor custom content to subscribers that they do not get in the printed versions.⁸

PODi Case Study

The following is an excerpt of a case study done by PODi as a part of their 6th edition best practices in digital print.

The featured company is Access America, a division of World Access Service Corporation, which sells travel insurance and wanted to improve the effectiveness of its sales literature. The company opted for digital printing using an ordering technique online that is almost error-proof. This is a great example of how other forms of media, such as the Internet, combined with print can increase the value of print and boost any companies return on investment.

The brochures for Access America were too big and full of legal language. The company knew it needed to make changes to turn the brochure into more of a marketing piece. Katie Bawell, Account Manager, looked at the existing literature and thought that some changes were needed. She also felt, after reviewing the company's marketing efforts in general, that the company would be open to moving up to a new level. She approached the print buyer and marketing director for the company with a few suggestions about how digital printing and variable data could be useful. The system automatically adds an agency identifying number used for sales tracking. This number is used to make sure that sales of the insurance are credited to the agency that sold the insurance. The orders are processed, printed, and shipped daily. There are as many as 35 orders per day, each ranging from 50 to 400 brochures. The total print volume per month exceeds 150,000. A large number of Access America's agencies have used the site to order brochures in the six months that the system has been live. Access America is pleased with the adoption rate, and it is also happy it reduced its internal fulfillment workload. Previously, its staff had to fill all brochure orders in house, and errors occurred frequently. With the new system and automated tracking and shipping, fulfillment errors have almost disappeared.¹⁰

Along with ancillary services, growth in the printing industry can be realized by integrating customer channels in order to improve the shopping experience. Multi-channel merchant Ghirardelli Chocolate Company is "looking to realize savings on fulfillment and marketing costs by combining the different channels (such as e-commerce, catalogs, and the telephone), into one business unit," said Jason Adanowicz,

Ghirardelli's business development manager for restaurant and retail. The reason why many multi-channel merchants have not integrated is because, "they've invested a lot of time and money in their legacy systems and are reluctant to start over from scratch, or some top executives still aren't convinced of the merits of direct retailing." However, in the case of Ghirardelli, the combination of all these adjustments let the company realize a full return on investment with respect to the cost of the CORESense system before the end of the year.¹²

J.C. Penny's "Big Book Catalog"

The future is a blur of channels. J.C. Penney, a department store known for its "Big Book Catalog," recently added online shopping and an online catalog for all of its stores as a great way for sales associates to find products for their customers. CEO/chairman, Mike Ullman, claims, "we see the three channels getting more and more blurred. The Big Book is becoming less important, because the Big Book is online, but that doesn't mean the catalog is irrelevant."⁶ One major theme he kept emphasizing is that the future of retailing is all about multi-channel sales.

Growth of Ancillary Services

Today a printer cannot just print ink on paper and expect to make a fortune in the printing industry.⁸ Ancillary services offer growth opportunities for printers. Services such as mailing and fulfillment have become an option that many printers have started to offer their customers and are some of the top five ancillary services offered by printers. Direct mail expenditures totaled \$36 billion in 2004, equaling to 10 percent of the expenditures in the United States. Direct Mail is expected to grow 5.6 percent by the end of 2007.⁸

Uncontrollable Conditions

Postal Rates

As postal rates rise in the foreseeable future, Rob Young, president of Transcontinental Direct's U.S. operations claims, "Some mailers may mail less, and some may mail more efficiently. I think there still is a concern around some marketers relevant to response rates and how we maintain those."¹³

No historical Data

Having the data to back up any marketing decision is crucial for success. "Without historical data, in-market channel testing can provide insights into the effects of multiple media. The approach is to vary one element at a time in a marketing mix and measure the overall effect on leads and sales. In-market testing requires planning with only one effect tested at a time; testing various combinations is expensive."⁹ The expensive consideration is one that cannot be ignored. Often media channels are not compared as testing is expensive and could potentially eat into an expanded marketing effort.

Online concerns

The phrase “Content is King” is a standard among Web-mongers who understand the importance of web optimization. However, “companies often are puzzled as to why their expensive, cutting-edge Web sites are perpetually outranked by sites of perceived inferior quality.” Multiple studies on search engines have shown that users seek one thing: information. “A common argument from companies advised to take this approach is, ‘We aren’t trying to provide information about our industry—we’re trying to sell products or services.’ This can be shortsighted.” The only proven way to attract more customers has been to constantly add “useful information.”³ As the ease of altering and searching for communications on the Web increases, adding and updating content has never been easier, unlike print, which is more expensive and requires all new output.

On a Final Note

“Since the advent of print, alternative communication vehicles have come along trying to usurp what we do,” Roy Grossman, President and CEO, Sandy Alexander, Inc., pointed out. “Radio couldn't kill print, TV couldn't kill print. In the early 1980s, the PC didn't kill print, and most recently, the Internet hasn't killed print! Our industry has a tremendous future in front of us, and I am very proud to be a part of it.

Michael Makin, of Printing Industries of America (PIA) had this final thought:

“For our detractors out there, and there are some within ‘our own family,’ we say instead of poking holes in an initiative that is getting unanimous support in the industry, let's focus on the message that we have to be carrying. We've had numerous times in the past where we've had campaigns to pat ourselves on the back, and they're wonderful. But we've never gotten together, put the egos aside, and done something for our industry. That's what we want to do here. We want something that will demonstrate the value of print to those who make the buying decisions. Not just the print buyers, but the ad agencies and the creatives who are choosing the best way to communicate their messages.”⁷

Chapter 3: Research Methods

Elite and specialized interviews, descriptive research, and content analysis are the research methods used in this study.

The elite and specialized interviews were conducted with industry experts knowledgeable in printing and advertising. They will provided a clear insight into what some of the top printing industry experts feel about the relevance of print as an advertising medium, a view into the future of print from a marketing perspective, and any future plans some of the major corporations are putting into play in the next three to five years.

Next descriptive research was used to determine the value of the print marketing by distributing a survey to a group of approximately 500 people. From the interviews and the surveys comparisons were drawn between the print and advertising professionals and the average consumer. A stronger understanding of what drives a customer to purchase goods/services helped conclude what the future may have in store for the printing industry as new media arises in which to advertise.

By referring to case studies, the descriptive research was further developed. This helped determine possible solutions and expose issues that need to change in order for the printing industry to remain a competitive force far into the future.

Survey:

The survey called “Ad Retention and Buying Processes” was distributed to consumers, i.e., non-industry professionals. The survey was administered to college aged consumers and to others via Surveymonkey.com where it was uploaded. See appendix A for the survey questions.

Elite and Specialized Interviews:

The following questions were asked during the interviews of the industry experts.

Describe the impact on your company with the rise of mass e-mail campaigns and other forms of multi-media.

Describe where the majority of your company’s business comes from.

Let’s discuss a breakdown of your company’s sales and what your customer’s dollars are spent on.

Describe how your company is planning for the future as more and more advertisers and marketing groups look to the Internet.

Where do you see your company heading with regard to the future of client offerings, i.e., ancillary services?

With the constant rise of material costs, what step(s) are your company taking to continue remaining competitive?

Describe aspects of print that make it a valuable form of communication?

Describe the difference in your responses to e-mail announcements, advertisements and printed work?

Describe how your company’s recent acquisitions will help the company better compete with alternative electronic media in the future.

Describe how from 3-5 years from now your company will compete with the Internet and related electronic media?

Discuss to what extent your company has a national marketing campaign and what channels of media are you currently using to appeal to your new and old customers.

Explain the virtues/aspects of the print media you use to market with (if there is printed material).

Trends are often cycled. They go in and out of popularity. What are the possibilities of Internet marketing taking a back seat anytime soon, with people once again looking to print media as the most effective marketing approach?

Chapter 4: Results

Survey

Using the questions provided in chapter three we surveyed college aged consumers and non-professional consumers. Using the online SurveyMonkey.com survey we garnered results from a mass audience easily and efficiently all while electronically monitoring and quantifying the results. Detailed results of the survey can be found in appendix B.

Specialized Interviews

Pete Pappas

The following interview was conducted with the Senior Vice President of Western Regional Sales at RR Donnelley.

Q: Describe the impact on your company with the rise of mass e-mail campaigns and other forms of multi-media?

A: Years ago there was a theory, "The Demise of Print" That's not to say that the theory isn't all true, business forms have declined. But in actuality the amount of commercial print and direct mail has grown. There isn't so much competition with other forms of media. Customers have seen a blended approach.

1. Most use Internet, but there are some like the elderly who don't have the skills, don't trust it, and/or don't understand it.
2. The Internet triggers print. You order online and then get print in the mail.
3. The world is extremely competitive, so it's important to keep your name in front of the consumer.

For example I bought a case a wine online and received a printed catalog in the mail. The Internet actually drove the print. While computer graphics have improved, nothing matches graphics on a brochure. "A picture is worth 1000 words" Consumers today are seeing a much more blended marketing approach.

Q: Describe where the majority of your company's business comes from.

A: Magazines and Direct mail have continued to see growth. Magazines and direct mail solicitations work hand in hand. Direct mail has been seen time and time again as a tremendous way to reach a mass audience with a ton of components.

Q: Let's discuss a breakdown of your company's sales and what your customer's dollars are spent on.

A: The top five moneymakers at RRD are as follows:

- 1 Magazines and periodicals
- 2 Books
- 3 Commercial print
- 4 Direct mail
- 5 Forms and labels

Q: Describe how your company is planning for the future as more and more advertisers and marketing groups look to the Internet.

A: RRD has seen a slew of acquisitions and capital expenditures over the last few years. By increasing our competencies we are able to drive up business using customer facing tools such as CustomPoint, a unique program that allows the customer to order print and manage their inventory online. Capital equipment is another source that allows us to stay competitive by decreasing job turnaround times. As the 4th largest logistics company, RRD is constantly growing and using such relationships as with the US postal service as a leveraging tool. Employee salaries are paid as well as dividends to shareholders. Since most of our customer's facing tools are online, we are using the Internet to our advantage.

Q: Where do you see your company heading with regard to the future—5 years from now, of client offerings, i.e., ancillary services?

A: Technology will be invested in as it allows us to be faster and better. IT conversions are another aspect of RRD future as we look to connect our business units. Investing in print is always a priority for RRD, but as for the technology of the future I couldn't tell you what will be in place. Five years ago I would never have imagined that we had the capabilities like CustomPoint available to our customers. However our commitment to drive print that is easy to order, quick, and at a low cost remains strong.

Q: With the constant rise of material costs, what steps is your company taking to continue remaining competitive?

A: Strong negotiations with vendors, just like our customers with us. And consolidations of spending with few spenders for better deals. If you have the best technology and systems that can manage inventory in a predictable way your eliminating obsolescence—you can make it.

Q: Describe aspects of print that make it a valuable form of communication?

A: The great image quality and tangibility are big differences that separate print from the web.

Q: Discuss to what extent your company has a national marketing campaign and what channels of media are you currently using to appeal to your new and old customers.

A: Our Marketing department provides us with materials such as national account newsletters that are distributed to account representatives all over the country monthly. All sales reps have to contribute, which is great for cost savings and seeing what others have sold. It's a great piece that you can take to your customer and drive more business. RRD holds a trade show that is called Beyond Ink On Paper, which is open to customers, prospects, and RRD employees. Every booth has something related to RR Donnelley and it's a great way to get our name out and show our competencies. The marketing department also assists in presentation creation as well as numerous materials such as case studies and selling sheets online through RR Donnelley's Intranet. We definitely benefit from our large company. Since we are so large, a certain amount of name recognition is received, so there is no real need to invest in such marketing techniques as TV commercials.

Q: Trends are often cycled; they go in and out of popularity. What are the possibilities of Internet marketing taking a back seat anytime soon, with people once again looking to print media as the most effective marketing approach?

A: There isn't one best approach anymore. More and more you are seeing a blended approach as the best way. Also, it depends upon the product. If the product was for solicitations and funds, print has been proven time and time again to be cost effective and reach a large audience at a fraction of the price unlike other media such as TV.

Ronald Sarne

Ronald Sarne is the Business Development Manager for the Market Mover, GrC group of the Eastman Kodak Company. He is in charge of the company's digital print marketing sector.

Q: Describe the impact on your company with the rise of mass e-mail campaigns and other forms of multi-media.

A: As for marketing, e-mail and Internet campaigns are not taking away from print, it's just adding more to it. We can use e-mail to try and reach out to a larger number of people, and it is beneficial if there are links, and it is used as a tracking device to measure the amount of click-throughs. It is more difficult to measure how many people actually viewed a printed ad and then came into the store or made a purchase based on that. However, if you send out direct mail and say bring this into the store, or enter the code here from the back of your coupon, it allows to track print.

Q: Describe where the majority of your company's business comes from.

A: Kodak digital printing gets most of its business from organizations trying to market their products such as car dealerships, and retail stores.

Q: Describe how your company is planning for the future as more and more advertisers and marketing groups look to the Internet.

A: Again, we are going to keep doing what we are doing and show the importance of using cross media for marketing needs, not just on form. The smart marketers and the companies that you will see who are successful will be using cross-media to for market and advertising. Within those, the smarter ones will use direct mail and digital print because of its high ROI. It has a proven track record, and that cannot be taken away from.

Q: With the constant rise of material costs, what step is your company taking to continue remaining competitive?

A: Material costs a.k.a. postage has gone up. However, this is still a relatively cheap, and cost effective method to market products and services. What my job is here at Kodak is to market the uniqueness and timelessness, and effectiveness of print, which you can take a look at my presentation with regard to the impact of print on marketing.

Q: Describe aspects of print that make it a valuable form of communication?

A: (See appendix B)

Q: Describe the difference in your responses to e-mail announcements, advertisements and printed work?

A: Email is a great form of communication however; it is the least effective when it comes to marketing. It is important to have personalization when it comes to marketing to customers. Digital print allows for that, for personalization.

Case Studies

The following are three case studies that represent some benefits and the proven effectiveness of print.

The first case study involves the use of lenticular print. It proves that print can be an interactive art piece that generates loyal and new 'willing to buy' customers. The word-of-mouth marketing it generated prompted the company to continue to reprint similar pieces and also generated positive feedback from the employees.

The next case study illustrates the effectiveness of print at boosting sales. The catalog industry is growing; one of the reasons is because of the affordable cost associated with high returns on investment. Another reason is, consumers like to hold print and the visuals print can capture far outweigh other channels of marketing, such as low-resolution email campaigns. This case study provides a clear expected financial return that rivals that of magazines and television ads.

The third case study shows how print can be most effective by not only engaging consumers, but also driving traffic to Web sites, over the phone and into the stores. Print of the future will be and already is involved in multi-channel marketing campaigns featuring a blending of channels that all help develop loyal customers who are willing to buy.

The case studies were provided by RR Donnelley sales representatives.

Case Study 1

Customer: Buffalo Franchise

Division: Commercial Print

Product: Lenticular

Features: 3D +2 Image flip

Application: Table Tent

Industry: Restaurant

Vertical Market: Services

Account Background:

Buffalo's Southwest Café Corporate Headquarters is in Marietta, Georgia. They have 50 restaurants present in the Alabama, Florida, Georgia, Kuwait, Michigan, North Carolina, Ohio, Puerto Rico and South Carolina markets. They just had their 16th anniversary and they are known for their wings.

The Situation:

The goal of the campaign was not to sell more of the food represented on the piece, but to create a "buzz" around the community. Buffalo's wanted their customers to see the lenticular 3D and two-image flip pieces and go "WOW!"

Results:

The feedback from the individual franchisee was very positive. Customers have left the restaurant asking where they got the table tents and their Atlanta national location was contacted because of the impact and effectiveness of the table tents. There have been two articles written about the table tents. One in a local newspaper highlighting "Buffalo's Café adds dimension to restaurants" and another in the Nations Restaurant News which notes, "Things appear to be moving at Buffalo's Southwest Café." The articles demonstrate that people are talking about the table tents; creating the buzz around the community they were looking for.

Summary:

The corporate headquarters absorbed the cost in their budget; the franchisee's marketing budgets were not touched. Corporate justified the cost as a campaign to help franchisees

do something different and stand out from the competition. They wanted to be the first restaurant in this region to do something such as this. Because every franchise had such great responses from their employees and it turned out to be a great topic of conversation among employees and patrons, they want to use a new lenticular piece once a quarter.

Case Study 2:

Customer: R and R Products

Division: Commercial Print

Product: Catalog

Application: Golf Course Accessories and Parts Catalog

Industry: Lawn and Garden

Vertical Market: Manufacturing

Account Background

This customer manufactures replacement parts for turf management tools (such as mowers) for golf courses. They also distribute parts for irrigation systems, safety equipment, and other golf course management accessories. The customer had always printed their catalogs in black and white. They wanted to highlight their new products and make them stand out.

Solution

Moore Wallace suggested several ways of differentiating the customer's new parts from the others in the catalog. One rather easy way to do this was to add four-color process signatures to the front of their 464-page perfect bound catalog. These color pages could showcase the new products.

Customer Benefits

- Higher product visibility
- High quality image
- Anticipated increased sales of 15% to 20%

Results

The customer liked the idea so much that they not only turned the first 108 pages of their perfect-bound catalog into four-color process. They also converted an existing 52-page saddle-stitched book from black and white to four-color process, and created a brand new 32-page four-color process saddle-stitched book. The customer knows that emphasizing these new products in color catalogs will increase their business by 15-20 percent this year.

Case Study 3:

Customer: Workman Publishing
Division: Labels
Product: Dot Whacker
Features: High Gloss 2", CleanTac adhesive
Application: Book cover label
Industry: N/A
Vertical Market: Publishing

Account Background:

This customer is a publisher of adult trade and juvenile books as well as calendars. They have published such titles as the What to Expect When You're Expecting series, BrainQuest Card decks and even invented the Page-A-Day Calendar concept.

A solution was developed for a campaign promoting a new book authored by Steven Richen, world renowned for his outstanding barbecue recipes. The label contained a promotion for an Instant-Read Thermometer. The client was interested in a label material that could be automatically applied to their books at both their fulfillment facility as well as their book manufacturing facilities. The label had to have a repositionable adhesive so the end user could remove it from the book cover. The client was also very concerned that the copy on the label be of the highest quality.

Solution:

The Label group recommended a high gloss paper with CleanTac repositionable adhesive. The client was convinced that using UV flexography inks was the best print method for the application.

Customer Benefits:

The promotional label allowed the customer to deliver a low cost effective method to bring people to the advertiser's Web site. The traffic driven to the Web site would secure a solid sales growth.

Results:

The client was extremely please that traffic on the Web did increase. Further plans to use print, as a source to drive consumers to purchase either on the phone or on the Web has become a priority for the client.

Chapter 5: Conclusions

The hypothesis of this study is that print today is an extremely powerful tool of communication and marketing. The goal was to prove that print still remains a strong and effective form of communication that will rise to meet new challenges insuring its future success as it has done in the past. Through this research, it is conclusive that print such as

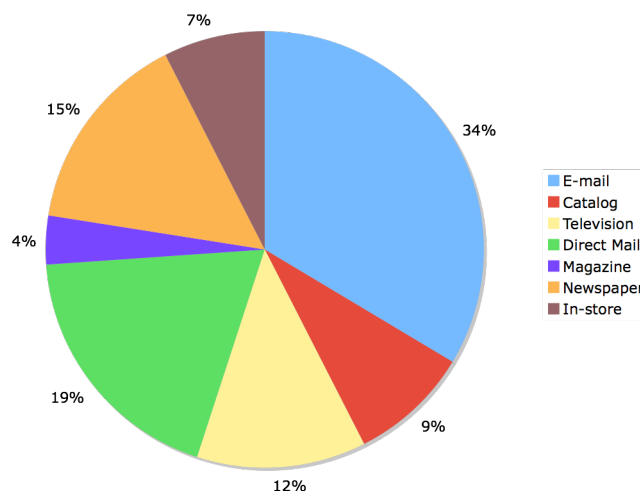
catalogs, brochures, and direct mail still continue to boost return on investment. As expressed through a presentation for using print in a company's marketing campaign conducted by Ronald Sarne, there are undeniably good reasons for doing so. The interview conducted with Sarne reiterated the idea that print is here to stay, especially with regards to marketing. Sarne's ideas conveyed that personalization is key for results in a marketing campaign, and digital print allows for this.

Email is another way to market. However, besides being the least expensive of media and having the ability to track click-through, it lacks in the characteristics that make other forms of media more effective. In fact, email has proven to be the least effective for marketing. However, when this type of technology is integrated with printed pieces and other media forms, it can assist in getting the results marketers are after.

Another part of this study's hypothesis which was proven valid, is that in order to remain a competitive force, the printing industry must boost awareness of its value by using popular forms of multi-media, such as creating mass email advertisements and commercials to support and drive consumers to purchase and use more print. Integrating print and non-print forms of media in any marketing approach is the most cost effective and memorable way to gain and influence the purchasing decisions of customers.

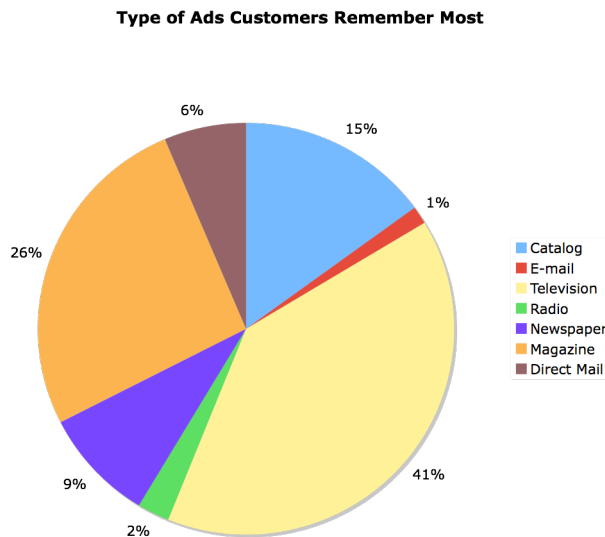
Of those that were surveyed the top three preferences of shopping are in store, through a catalog, and online ordering. The majority, 73.8 percent, claimed that they prefer to shop in store. Therefore, all in store signage and print is crucial for their buying decisions, and for brand awareness. In general, customers look to make purchases during a sale. The survey stated that 26.3 percent hear about sales and learn about products through newspapers, and 11.3 percent through direct mail.

Customer Sale Notification Preferences



Whether catalogs, direct mail, or newspapers, each drives traffic to stores or Web sites where purchases can be made. While most of the people surveyed were between the ages

of 18-25, it was apparent that this demographic uses many channels of media in order to receive news on purchases, so that even though 100 percent use email and 100 percent know how to use the Internet, they still want to gain information from other sources. Although many use the Internet as a research tool for possible purchases 54.4 percent said that they make a purchase online less than once a month. That alone shows that marketers and advertisers need to manage their brand and all media attributed to it in a multi-dimensional way to be most effective. Print ads in magazines, and television commercials proved to be the most memorable with 26.3 percent and 38.8 percent respectively.



Some reasons for this can be related back to the top 10 reasons for print's effectiveness by Ron Sarne, and as evident in the examples that Pete Pappas illustrated. Print is colorful, usable, portable, and relatively cost-effective when the objective is to reach a large target audience.

The interviews and surveys conducted in this research were helpful and insightful ways to draw conclusions. However, after reviewing findings from the surveys there are a few questions that were inadvertently left out; such as, how often do you shop in store, and how often do you shop through catalogs? Further emphasis on the word "shop" needs to be clarified. Reference to the word "shop," means making one or more purchases. It would have also helped to have feedback from a broader demographic of individuals in the survey. Despite some flaws in the questions this study's hypothesis was supported.

The younger age demographic is beneficial in this research project because it gives a good look into the behavior of future consumers and their views about print media, a medium that is often overlooked and taken for granted.

This study also shows that the printing industry needs to make a more valiant effort in marketing itself. As mentioned by Ronald Sarne, the printing industry has been going about marketing itself in the wrong way. It currently has a manufacturing mindset, and

needs to change that mindset to a service one and focus on what the customer, not just printer, does well. For this reason Pete Papas illustrated why he believes RRD has the edge over other lead print “manufacturers.” Providing the added value of service is hard to mimic in an industry wrought with out-dated traditions. The industry needs to market on results and final products, not on how many impressions per hour it can run, and how it can shorten make-readies. Clients do not care about that, they care about results; effective results. Results can be achieved by using print to supplement any marketing campaign.

In conclusion, print is not going away, and will continue to thrive as long as people recognize its importance. Other forms of multimedia used for marketing such as television, radio, email, and other Internet applications have had an impact on print. However, a majority of this impact is positive. The bottom line is that cross media marketing approaches are the future, and technology will only aid in the livelihood of print. On an ending note, print is portable, print is beautiful, print plays well with other media, buyers still seek print, print is credible, and print is personal. Print is everywhere. We just need to make sure everyone knows this.

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Appendix A

Survey questions

How do you prefer to shop?

- a. In store
- b. Online
- c. Catalog
- d. Newspaper
- e. Other _____

Where so you hear about sales the most?

- a. Newspapers
- b. Television
- c. E-mail
- d. Radio
- e. Direct Mail
- f. Catalogs
- g. Other _____

How do you prefer to receive when being notified of a sale, etc.?

- a. E-mail
- b. Catalog
- c. Television
- d. Direct Mail
- e. Mobile phone
- f. Magazine
- g. Newspaper
- h. Other _____

How do you receive most of your news?

- a. Television
- b. Newspaper
- c. E-mail
- d. Phone
- e. Magazine
- f. Radio
- g. Other _____

Are you male or female?

- a. Male
- b. Female

Do you Shop Online?

- a. Yes
- b. No

How often do you shop online?

- a. Daily
- b. Weekly
- c. Monthly
- d. Less than once a month
- e. Never

How old are you?

- a. Under 10
- b. 10-17
- c. 18-25
- d. 26-35
- e. 36-50
- d. 51-60
- f. Over 60

Do you use email?

- a. Yes
- b. No

If so, how much spam would you say you receive in a day?

- a. 0-10 pieces
- b. 10-20
- c. 20-30
- d. Over 30

How much printed junk mail do you receive on a daily basis?

- a. 0-5 pieces
- b. 6-10 pieces
- c. 11-15 pieces
- d. Over 15 pieces

Which do you prefer?

- a. Browsing online
- b. Browsing through a catalog
- c. Browsing in a store
- d. Browsing the newspaper
- e. Browsing through a magazine

Which type of ad do you remember most?

- a. Catalog
- b. e-mail
- c. Radio
- d. Television
- e. Newspaper

- f. Magazine
- g. Direct Mail
- h. Other_____


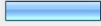


Do you have a digital recording device on your television such as Ti-Vo, Moxi, or DVR that you use to fast forward through commercials?


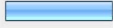
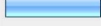




- a. Yes
- b. No

Appendix B




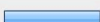



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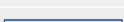
Ad Retention and Buying Processes

How do you prefer to shop?			
		Response Percent	Response Count
In store		73.8%	59
Online		18.8%	15
Catalog		5.0%	4
Newspaper		0.0%	0
Other (please specify)		2.5%	2
answered question			80
skipped question			0



Where do you hear about sales the most?			
		Response Percent	Response Count
Newspapers		26.3%	21
Television		20.0%	16
E-mail		18.8%	15
Radio		2.5%	2
Direct Mail		11.3%	9
Catalogs		10.0%	8
Other (please specify)		11.3%	9
answered question			80
skipped question			0



Ad Retention and Buying Processes



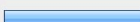
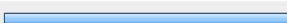

How do you prefer to be notified of a sale, etc.?			
		Response Percent	Response Count
E-mail		33.8%	27
Catalog		8.8%	7
Television		12.5%	10
Direct Mail		18.8%	15
Mobile phone		0.0%	0
Magazine		3.8%	3
Newspaper		15.0%	12
Other (please specify)		7.5%	6
		answered question	80
		skipped question	0

How do you receive most of your news and information on possible purchases?			
		Response Percent	Response Count
Television		15.2%	12
Newspaper		13.9%	11
E-mail		30.4%	24
Phone		0.0%	0
Magazine		17.7%	14
Radio		0.0%	0
Other (please specify)		22.8%	18
		answered question	79
		skipped question	1


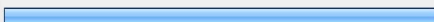




Ad Retention and Buying Processes

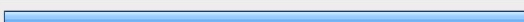
Are you male or female?		
	Response Percent	Response Count
Male		35.0%
Female		65.0%
	answered question	80
	skipped question	0


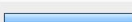


Do you shop online?		
	Response Percent	Response Count
Yes		89.9%
No		10.1%
	answered question	79
	skipped question	1

How often do you shop online?		
	Response Percent	Response Count
Daily		1.3%
Weekly		11.4%
Monthly		26.6%
Less than once a month		54.4%
Never		6.3%
	answered question	79
	skipped question	1

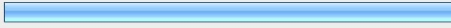
Ad Retention and Buying Processes

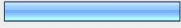

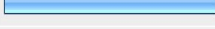


How old are you?			
		Response Percent	Response Count
Under 10		0.0%	0
10-17		1.3%	1
18-25		82.5%	66
26-35		8.8%	7
36-50		5.0%	4
51-60		1.3%	1
Over 60		1.3%	1
		answered question	80
		skipped question	0

Do you use E-mail?			
		Response Percent	Response Count
Yes, often		100.0%	80
Yes, rarely		0.0%	0
No		0.0%	0
		answered question	80
		skipped question	0

If so, how much spam would you say you receive in a day?			
		Response Percent	Response Count
0-10		65.0%	52
10-20		25.0%	20
20-30		5.0%	4
Over 30		5.0%	4
		answered question	80
		skipped question	0

Ad Retention and Buying Processes

How much printed junk mail do you receive on a daily basis?			
		Response Percent	Response Count
0-5 pieces		85.0%	68
6-10 pieces		13.8%	11
11-15 pieces		1.3%	1
over 15 pieces		0.0%	0
answered question			80
skipped question			0

Which do you prefer?			
		Response Percent	Response Count
Browsing online		33.8%	27
Browsing through a catalog		17.5%	14
Browsing in a store		40.0%	32
Browsing the newspaper		0.0%	0
Browsing through a magazine		5.0%	4
Other (please specify)		3.8%	3
answered question			80
skipped question			0

Ad Retention and Buying Processes

Which type of ad do you remember most?			
		Response Percent	Response Count
Catalog	<div><div></div></div>	15.0%	12
E-mail	<div><div></div></div>	1.3%	1
Radio	<div><div></div></div>	2.5%	2
Television	<div><div></div></div>	38.8%	31
Newspaper	<div><div></div></div>	8.8%	7
Magazine	<div><div></div></div>	26.3%	21
Direct Mail	<div><div></div></div>	6.3%	5
Other (please specify)	<div><div></div></div>	1.3%	1
		answered question	80
		skipped question	0

Do you have a digital recording device on your television such as Ti-Vo, Moxi, or DVR that you use to fast forward through commercials?			
		Response Percent	Response Count
yes	<div><div></div></div>	28.8%	23
no	<div><div></div></div>	68.8%	55
Other (please specify)	<div><div></div></div>	2.5%	2
		answered question	80
		skipped question	0

The Renaissance of Media

by
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June 2007

Abstract

Many predicted that print would cease to exist with the invention of the radio. It did not. Then it was thought that television would lead to the demise of print. It did not occur. And now it is the Internet. The Internet can target audiences more directly than print. However, in Sappi's magazine "Life With Print," printed advertisements are shown that they are trusted more than advertisements in any other media.

Hewlett Packard has taken much of its advertising out of print and many other top-10 newspaper advertisers have followed suit. "AT&T spent about \$880 million on newspaper ads in 2003, but by 2005 had cut more than \$200 million out of its annual budget for such ads. For the first three quarters of last year, spending on the print medium overall was down to \$350 million, a decline of 28 percent."(McClellan, 8)

The question is: Are companies being lured by the vogue of the Internet to move their advertising from print to a less effective medium for generating consumer interest, responses, and ultimately sales?

In order to show advertisers what benefits print has, companies need to present documented evidence that their printed material add value to their marketing campaigns. With this, advertisers will better understand the value of traditional print ads as compared to the less understood and untested new media such as the Internet.

This study explores these issues and shows that the consumer is more enticed by and interested in print advertising than advertisers, marketers, and businesses may realize.

CHAPTER I - Introduction

In 1456, Gutenberg brought his idea of moveable type to the world. Although printing was already going on in Asia, Gutenberg brought it to the masses. Since then, many have been using this medium to share ideas, news, and to advertise. Modern printers have been in competition with other forms of media since their invention. Many predicted print would cease to exist with the invention of the radio. Then, it was the TV. And now, it is the Internet. Today's world wide communication has changed the way research is conducted, the information is sent, and the way shopping takes place. It has also changed the way businesses advertise.

If the Industrial Revolution already happened, then this era is the "renaissance of media". This project will focus on the benefits and disadvantages of advertising through newspapers, magazines, and through the World Wide Web. It will analyze the trends in advertising and describe how each medium should adjust to the other. The purpose of this study is to evaluate the value of printed advertising versus Internet advertising.

Newspapers and magazines must compensate for the appealing features of the Internet. Likewise, users of the Internet need to see print media as an equal contributor to the ad market. The Internet can target audiences more directly than print. However, in Sappi's magazine "Life With Print," printed advertisements are shown that they are trusted more than any other.

Even though the printing industry came before the Internet, it does not mean it has every strategy and technique down perfectly. In fact, it is the Internet that has drastically changed our way of life, perhaps more so than print ever could. The question is, To what extent will the Internet take over the printing needs of society with its quick news, vast sites, and endless knowledge? If the printing industry does not adjust to the Internet, it very well could lose vast amounts of money and clientele. The newspaper industry is the most likely candidate to be negatively effected. It must adjust to the trends and determine how it can better benefit society by providing readers with something that meets its ever-changing desires and needs. Likewise, magazines must be more creative with its advertising in order to support other forms of media. With these changes, companies will benefit from long-term sales increases, and companies will benefit from their newly united support of one another.

CHAPTER II – Literature Review

Advertising in general is a risk. In the 1870's John Winemaker, the inventor of department stores and price tags said, "Half the money I spend on advertising is wasted...The trouble is, I don't know which half."(The Economist, 70) One could argue that even today, advertisers still feel the same way. As many have search for the perfect marketing strategy, they come across conflicting ideas. Because the Internet represents the newest form of advertising, many companies are jumping at the chance to use this

sophisticated medium. Although this medium is the latest, it is not necessarily the greatest. Other media such as print and television have been around longer and continue to add value. It is reasonable to assume that it is necessary to maintain a balance of media. Traditional media not only has a great return on investment, but it is also dependable to consumers. The Internet may not have yet captured the public's trust.

Many advertisers do not like the trends taking place in printed publications and particularly in newspapers. Most newspapers have experienced a reduction in sales, and advertisers have become reluctant to give away advertising revenue to a market that is dropping. Scott Berg, the worldwide media director at computer company Hewlett Packard (HP) said, "The worst thing I hate is for somebody to come and sell me a page." (McClellan, 8) In the January 8th edition of *Adweek*, HP's buying trends were covered extensively. "Last year alone, HP boosted interactive spending from 10 to 24 percent of its overall ad budget. HP still buys newspaper space, but its budget has come down. The pattern is the same for other top-10 newspaper advertisers. But even the rosier forecasts for this year, including one from Universal McCann, have newspaper advertising growing at between 1 percent and 2 percent at a time when the overall ad market is expected to grow 5 percent." (McClellan, 8) Advertisers continue to be frustrated with the decline in newspaper sales, yet Brenda White, Vice President and director of print investment at Publicist Groupe's Starcom, says, "she's seen recent positive signs that some publishers are determined to remain viable." (McClellan, 8) She also says, "consumers consider them [newspaper ads] a 'trusted source' of news and information." HP has taken much of its advertising out of print and many other top-10 newspaper advertisers have followed suit. "AT&T spent about \$880 million on newspaper ads in 2003, but by 2005 had cut more than \$200 million out of its annual budget for such ads. For the first three quarters of last year, spending on the medium overall was down to \$350 million, a decline of 28 percent." (McClellan, 8)

Newspaper sales are clearly decreasing, but what is the industry doing about it? The Wall Street Journal has been a boring black and white newspaper for many years, but recently not only put color on a few pages, but also decreased the size of the publication in order to make it more "reader friendly." European newspapers have been changing their size rapidly in order to cut costs and develop a new look in order to encourage sales. Even with these changes, newspapers are still not doing enough to keep their content and advertisements up to the public's standards. This could be because newspapers are accepting less than effective ads in order just to make some extra dollars. "...Many newspaper advertising managers are reluctant to reject an ad because of the fear of trade restraint accusations. In the case of small newspapers, ad clearance responsibilities may rest solely with the manager of the credit department... This irresponsibility has been described as a discrepancy between editorial and advertising standards and attributed to the newspaper industry's recent focus on business success rather than public service." (Cameron, Haley) Not only then are newspapers losing money, but they are also compromising their integrity by placing less than desired ads in their paper.

Without newspaper ads, however, there are many parts of advertising that would be amiss to consumers. The Newspaper Association of America's Newspaper Advertising

Planning book of 2007 describes in detail the benefits of newspaper advertising comparative to Internet ads. They describe the Newspaper as “a planning-and-shopping tool.” They also say “consumers see newspaper advertising as a way to circumvent the stresses of shopping and fill the gaps that have been created. Consumers pre-shop the newspaper as if it were the mall itself so they can streamline their visits, skip unhelpful sales personnel and arm themselves for the best choices available.”(NAA, 41) Something most gripping is the fact that, “76 percent of adults have read a daily newspaper in the past five days.”(NAA, 5) Out of this 76 percent, 41 percent say that newspaper advertising is viewed most helpful when they wish to check for sales, 24 percent for deciding if they need or want items, 21 percent browse for styles and ideas, and 19 percent for deciding on the store they want to go to. (NAA, 41) The NAA also did a survey in 2005, which showed the primary medium for checking Advertising. The list is as follows:

Newspapers	52%
Ads received in the mail (direct mail)	13%
Internet	10%
Television	8%
Catalogs	7%
Magazines	3%
Radio	2%
None of these	4%
Don't Know/Refused	1%

2007 Newspaper

Planbook

These statistics clearly show that when consumers want to see advertisements they go to newspapers. So why then are more and more ads leaving print and heading towards the Web? Perhaps it is because print is not advertising itself. This could seem unnecessary to a medium that has existed for centuries, but advertisers are clearly taking print for granted. They in turn are making newspaper and magazine publications suffer because of their ignorance.

But with magazine ads come tremendous benefits. “Magazine ads are expected to generate about \$22 billion in the U.S. this year, compared with the \$13 billion anticipated for online ads.”(Elgin, 74) Even Google is recognizing these benefits. Google has decided to get into the print ad market. Google’s ultimate goal according to Business Week’s interview with Timothy Armstrong is “to extend its position as the nexus between advertisers, publishers, and customers beyond the internet.”(Elgin, 74) If Google pairs up advertisers with specific magazines, the results should be specific and well placed advertisements. And although this print addition to Google will benefit the company tremendously, its overall concentration is still on Internet Advertising.

Google added AdSense, “a system that goes beyond search-results pages and places “sponsored,” i.e., advertising, links on the Web pages of newspapers and other publishers that sign up to be part of Google’s network. As with AdWords, these AdSense advertisements are “contextual” –relevant to the Web page’s content—and the advertiser pays for them only when a Web surfer clicks. Together, AdWords and AdSense produced \$6.1 billion in revenues for Google last year.”(The Economist, 71) The commonality among all of Google’s advertising abilities is as The Economist describes, “a desire to replace the old approach to advertising, in which advertisers pay for the privilege of “exposing” a theoretical audience to their message, with one in which advertisers pay only for real and measurable actions by consumers, such as clicking on a Web link, sharing a video, placing a call, printing a coupon or buying something.” (The Economist, 70) However, “Google faces a couple of daunting hurdles in print ads. Foremost, most magazine ads are not geared toward direct marketers, which constitute the bulk of Google’s advertisers.”(Elgin, 74) For example, TrimYourDebt.com tried Goggle’s print ads and they found that “the approach was far less profitable...TrimYourDebt declared the trial a disappointment.”(Elgin, 74) Even though this process did not create a success for TrimYourDebt, Google’s goals will continue to be the same. “We will view this as a long-term R&D project,” says Armstrong. He continued that Google is “not as concerned with profitability right now as we are with finding value for publishers and advertisers.”(Elgin, 74) Google knows that print adds value, and although its placement of ads does not equal the algorithmic strength that the Internet has, it will continue to improve its methods for print. (Elgin, 74)

For the coming presidential election, candidates are already buying ad space on the Internet. “This early in a primary season, presidential contenders historically just compete for campaign staff and money. This year, they are competing for online support as well.”(Schatz, 2) Obviously the growth in such advertising has blossomed into a new way to reach voters. There are, however, some problems. “As they feel their way across unfamiliar territory, the most aggressive online pioneers are having mixed success dodging missteps. Even online veterans have been unable to prevent their candidates from stumbling.”

Hillary Rodham Clinton’s team “offended some Democrats by purchasing ads on at least four conservative blogs and originally passing over some smaller local bloggers.”(Schatz, 2) These blog outreaches also include the trendy site, MySpace. “Candidates are also touting their grass-roots support by pointing to the number of “friends” the candidates have on social networking sites such as Facebook and MySpace. (John Edwards has 11,301 friends on MySpace.)” (Schatz, 2) However, the most popular of blogs “reach a daily audience of just a few million readers, according to a study released last October by George Washington University’s Institute for Politics, Democracy and the Internet. But they are more likely than the general public to actively participate in the political process. The study found that about 75 percent of daily political-blog readers are male, about 40 percent are between 35 to 54 years old and 42 percent reported an annual income of \$100,000 or more.” This audience, although limited, does share a strong commitment to these blogs. This type of advertising works for this select group.

Another downside to these blogs is that anything can be posted along side one of their advertisements. “Generally speaking, buying ads on blogs doesn’t provide candidates with a guarantee of positive coverage. Many bloggers gleefully post scathing critiques of candidates that run alongside their ads. And accepting an ad by no means indicates a blogger supports a candidate.”(Schatz, 2) While politics are going worldwide with the Web, “Internet ad spending is small compared with spending on traditional... advertising.”(Schatz, 2) And although political advertisements are not directly selling products, they are presenting candidates and their interests. Most candidates and even products will be filtered through human exposure to them. According to The Economist, “Even when consumers start their shopping research on a search engine, [whether it be for a candidate or toothpaste] they still see several competing sponsored links, and may be swayed by their previous brand exposure in deciding which one of these links to click on. And in the “offline” world, brands are still “the ultimate navigation device,” says Mr. Tobaccowala at Denuo, and often determine which door a tired traveler far away from home walks through. Brand advertising is inherently about leaving an impression on a consumer, and thus about some sort of exposure.” (The Economist, 71)

Sappi, the leading producer of coated fine paper, revealed in its magazine, “Life With Print,” some eye opening statistics. One of the questions posed was, form which medium do you purchase a product as a direct result of the advertising. Only 6 percent said the Internet. Sixteen percent said cable TV and 34 percent said Network TV. Finally, 44 percent said Magazines. (Life With Print) Another ad that was featured in this magazine was Altoid. The company ran an ad of a young girl with only the words, “Soon, your altoids will blossom” under it, and a Web site, gonesour.com. This Web site within the first four weeks of its launch “drove more than 500,000 visits to gonesour.com.”(Life With Print) There are a lot more examples in “Life With Print” that support every aspect of magazine advertising. In general though, print has proven to show tremendous value to advertisers.

Even if Sappi has started showing advertisers that print has tremendous value, there are not enough companies developing a strong case for print. There are surveys and statistics to back up print’s strong value, but magazine and newspaper companies have not been showing them off. The author of a 2006 journal in The Economist is correct. The author claims “the kids in “Generation Y”, “echo-boomers,” and “millennials” –young people who tend to be adept at using media, constantly online and skeptical—are increasingly immune to the clichés of prime-time television and radio and mentally tune out these nuisances.” However, this author is incorrect in noting, “Online, however they may accept advertising, if it is unobtrusive, relevant and fun. Insofar as they took some action to invite the advertisement, they may even find it useful.”(The Economist, 73) Not only is there no evidence in the article to back this statement, but it only seems logical to assume that with the growing number of online advertisements, the public, even younger generations, will continue to block out unwanted and random advertisements no matter how “unobtrusive, relevant, and fun” it may be.

The fact remains that “the internet-advertising market is still disproportionately small. The Online Publishers Association, an industry group, estimates that all Web advertising in America came to about 6 percent of total advertising expenditures last year...”(The Economist, 72) This being the case, according to this source, the printing industry must still have an overall higher spending margin on printed ads. As previously noted, newspaper and magazine advertisers must analyze their largest strengths in advertising. If advertisers can market their products by using what print is best at, sales will go up. If they do not, it is very possible that printed media will have a tough time competing with the up-and-coming Internet. In order to show advertisers what benefits print has, companies need to present surveys and documented evidence that their printed materials add value to their marketing campaign. With these, advertisers will not leave traditional printed ads for the newer form. But, unless print starts advertising itself, many more ad dollars will be lost to the World Wide Web.

CHAPTER III – Research Methods

The research methods used for this study are elite and specialized interviewing, a survey, descriptive research, and content analysis.

Elite and specialized interviewing is a method used to interview people in positions of authority who are considered knowledgeable and important in their professions. The interview takes on the tone of a conversation during which the interviewer discusses various points relevant to the study. Hence, factual information and opinions comes from authoritative and credible sources. The interviewee is made to feel part of the research “team.”

For this study, Google Inc. representatives were interviewed to determine the company’s interests in online and print advertising.

Questions posed were not be limited to, but included:

1. What is the difference between AdWords and AdSense?
2. How can you advertise in print with Google?
3. Which medium do you value for your company’s main advertising?
4. How does Google feel print can benefit advertisers?
5. Why is advertising with Google good for a company?

Through descriptive research, it was determined how the public views advertising, both online and in print. A survey was used to contact a broad range of people with different backgrounds and ages. The survey asked questions that reflected the public’s preference to see certain ads in certain media. It included a poll on what media is most trusted, and what media is most liked. Approximately 100 people of diverse backgrounds were surveyed. The survey questions appear in the appendix of this report.

The final research method used in this study is content analysis. Content analysis takes

the qualitative data from the previous methods and presents it as quantified results. The survey reflects the public's favorite and least favorite medium. Calculating the number of times a medium is selected reveals what the most commonly chosen and favorite medium is among the public.

CHAPTER IV - Results

In sum, the results of this study shows that the overall population prefers advertising in print instead of advertising on the Internet. The results also show that Google, the largest search engine company on the Web, does not push for advertising in print regardless of Armstrong's earlier statement. Its revenue is mainly in AdWords and AdSense. Its quarterly report showed that Google has focused mainly on Internet Advertising.

The survey given included ten questions. The questions originally planned for the survey changed. The survey was initially meant to have the public analyze the advertising industries behavior. Because of the complexity of such an undertaking, it was simplified to solely explore the public's preferences to advertising. The questions asked in the survey are listed in the appendix. The survey was given to 115 people. Not every question was answered by each participant. However, all of the questions were answered by over 100 people except the last question which required a fill-in answer.

The group identified as 18 to 25 years-old indicated that they are highly invested in print expressing that they prefer print media to online media. Of this group, 83.3% stated that they prefer advertising in print to advertising on the Internet; 41.7% said that they trust magazines the most. Of the other trusted sources, 8.6% chose newspapers as their trusted source and 9.5% chose catalogs as their trusted source. That being said, this age group selected print media as their most trusted resource. Within this group, 76.5% also said that they would be upset if their favorite publications only had an online resource. This age group, which is portrayed to prefer the Internet, has clearly chosen print to be its leading source for receiving advertising.

Likewise, 81.8% of the 26-30 age group indicated that they prefer advertising in print and also admitted that they would be upset if their favorite publication went out of print. Surprisingly, the age range of 31-40 years old (75%) indicated they prefer looking up celebrities and getting their news online versus in print. Of this group, 100% did say they preferred advertisements in print versus online.

The age group between 41 and 50 (80%) prefer advertising in print. And 100% of ages between 51 and 60 said they prefer advertising in print as well. Overall, every age group said that magazine and newspaper publishers could do something more to make the publications more appealing. The question, which asked for a fill-in answer, (What changes would you like to see in print media?) was mostly answered with the response, "lower prices."

The public on the whole, according to this survey, said that they prefer advertising in

print. The majority also said that they would be upset if their favorite magazine went out of print, and they said that if newspapers and magazines lowered their prices, they would purchase them more.

Advertising agencies trends show that more ads are being put online. If the public says they want advertising in print, they also are saying that they do not prefer advertising online. The majority who took the survey also noted that they spend less than five minutes looking at advertising online. Not one person said that they prefer pop-up advertising to any other. Only 13% overall said they prefer email advertising. These numbers also reflect the same data taken from survey question number four which shows that the public spends less than five minutes per week looking at pop-up ads which are a huge portion of the online advertising business. If advertisers want to appeal to their readers, they must take into consideration the fact that the public prefers print.

Google is a leading advertiser. Google is most commonly known as a search engine to the public, but provides its advertising through AdWords and AdSense. They are an important force to be recognized. As of 2006, Google's net income was \$3.077 billion, and their revenue was \$10.604 billion and growing. (Wikipedia) With a growing clientele and firm financial strength, Google will be in the public's eye for a very long time. Interviewing someone in their advertising department was important in order to see how one of the biggest advertisers was meeting the needs and desires of the consumers they were advertising to.

The first interview attempted with a Google AdWords representative was unsuccessful. I wanted to ask specific questions about the company views on advertising, but the AdWords representative told me she was not authorized to speak for the company. This was after she stated that print advertising to Google represented "murky water." She also said that Google "doesn't value one over the other," but their quarterly financial statement, which was filed 9/30/06, notes: "We derive most of our revenues from fees we receive from our advertisers through our AdWords and AdSense programs." This being said, their money comes from the Internet advertising they are offering, not from print advertising. In fact, their financial statement concludes that "99% of our revenues in the three and nine months ended September 30th, 2005 and 2006 were from AdWords and AdSense programs." (Google Quarterly, 36) This statement can be read on page 33 of the same financial statement:

"Advertisers. We provide advertisers with several ways to deliver relevant targeted advertising including our Google AdWords program, an auction-based advertising program that enables advertisers to deliver relevant ads targeted to search results or web content, our Google Publication Ads Program, which allows our advertisers to deliver targeted ads for publication in magazines and our dMarc radio advertising program, which distributes our advertisers' ads for broadcast by radio stations. Our advertising programs provide advertisers with a cost-effective way to deliver ads to customers across Google sites and through the Google Network, which is the network of on-line and off-line third parties that use our advertising programs to deliver relevant ads on their web sites, print pages or radio broadcasts." (Google Quarterly, 33)

The second attempt to interview a Google AdWords representative was more successful and provided detail on Google's advertising capabilities. Maria, a Google AdWords representative, explained that AdWords and AdSense are where Google mainly advertises. Asking her about the previous quote coming from the quarterly financial statement, she explained that although these radio broadcasts and print pages do exist through Google, they are only developed through their third party consults. She said that they are "newer initiatives" and that she "can't speak on too many details" because she was not an "expert" in AdWords print section. However, AdWords log Web site (www.adwords.google.com/support) noted:

"At Google, we're constantly looking for new ways to provide effective and useful advertising to advertisers, publishers, and users. In early 2006, we conducted an advertising test with several premium magazine titles. This magazine test has concluded and we're now exploring ways to add value to newspaper advertising." (Printing with AdWords)

Hence, it appears that Google does see some value in newspaper advertising. After searching again, but now for newspaper advertising, the following was uncovered.

*84% say they visited a retail store as a result of newspaper advertising.
60% said they visited a website to learn more about
a product or service seen in a newspaper ad.
50% said they bought something online after seeing a newspaper ad.
(The Power of Newspapers)*

Google's main focus is Internet advertising. As the leading search engine, Google has influence over advertisers. Although the Internet has been said to increase revenue, it is clear from The Power of Newspaper statistics that advertising through multiple media drives business. These interviews and the survey indicate opposing data. The public trusts and prefers printed advertisements and yet Google is focused on advertising through the Internet. Although it has other third party ways to advertise through printed sources and radio slots, those options are not the focus of the company. Also, even if Google says, "we're constantly looking for new ways to provide effective and useful advertising to advertisers, publishers, and users" (Printing with AdWords), its financial statements show that 99% of their revenue comes from its AdWords and AdSense programs (Google Quarterly, 36).

Google's interest in magazine advertising was obviously short lived. Now that the company is "exploring" new ways to advertise through newspapers, it will be interesting to see how the outcome of that campaign will turn out. If Google is as invested as Timothy Armstrong suggested, "to extend its position...beyond the Internet," it has not yet made a substantial move in that direction.

CHAPTER V - Conclusions

With the public favoring print advertising, it is interesting that so many businesses are moving towards Internet advertising. As the survey and the interviews showed, there are mixed feelings about advertising online. Big advertisers such as Google have focused its efforts in online advertising, but consumers do not favor this trend.

Timothy Armstrong, who stated that print advertising was a long-term goal, is not doing anything to share this with the company's AdWords representatives. The AdWords representatives had no idea where their company stood on print advertising. Their lacking information about the subject was not something they directly knew for themselves, it was only reflected on a Web site. The push for online advertising is deliberate. It is reflected in Google's quarterly financial statement that almost all of their revenue is from online ads. With this focus, Google is not reaching consumers through print or other media.

Consumers overwhelmingly shared through the survey that they prefer printed advertisements over online advertisements. They also indicated that they would be upset if their favorite publications went out of print and onto online sources. Consumers then are not in favor of the advertising trends. Although there is money to be made in online advertising, the public prefers printed advertising. Through print, consumers can focus on advertising instead of being bombarded over and over again online. The question then is, why has not print capitalized on this strength? If consumers say that they prefer printed material, they would be more likely to buy it if priced favorably. Many in the survey suggested that printed publications lower their prices. If magazines and newspapers would adapt more to consumer needs, more people would purchase their publications.

If the printing industry could show that it is a strong force in the advertising industry, there would be no question as to the future of printed publications. To do that, the printing industry needs to advertise its strengths. It needs to reveal to not only the public, but to advertisers why they need print. Advertising agencies are being lured away by the modern trends of the Internet. The printing industry, however rich in tradition it might be, must transform its thinking from being the obvious choice, to another medium in competition. Although print does have the consumer support, it needs to align itself again with advertisers. If the advertisers see that there is added value in print, they will support the medium by purchasing more ad space. This boost could help support cutting the costs of publications so that consumers will purchase them more frequently.

If the printing industry advertised itself, there would be no concern about print dying.

Through the research conducted for this study, it is clear that the Internet is a threat to print. The Internet is a popular medium for advertisers today. And while print is not yet adapting to public demand in print's format and pricing, the World Wide Web is stealing the advertisers away. In a technologically fast-paced society, it is imperative for the printing industry to not be left behind. To overcome the Internet's competitive edge, print must show that it adds value to advertising. It must advertise itself, or be forced to surrender its clients to a new and less effective medium. The Internet is an increasing force in the advertising industry that left un-opposed could damage print tremendously. If

taken lightly, printers could be out of business, and consumers could lose their most trusted resource.

This renaissance of media could change our advertising industry and the printing world. The printing industry does have consumers on its side. With the public's trust in the medium, there is a huge chance for growth. If the advertisers are able to see that a consumer loyalty lies in print, they will support the medium. It is up to the printing industry, however, to make sure this happens. Print is not dead. With the proper advertising support, print will continue to last for years to come.

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APPENDICIES

Section A

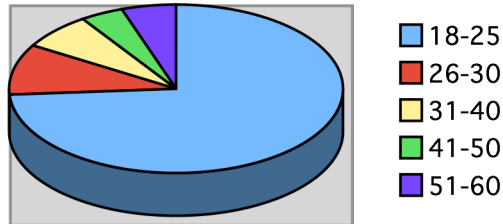
Survey Example:

Bold Objects reflect the highest answered selection

Italicized objects reflect the least answered selection

1. How old are you?

- a. *Under 18*
- b. **18-25**
- c. 26-30
- d. 31-40
- e. 41-50
- f. 51-60
- g. *Over 60*



2. Which Advertising medium do you prefer?

- a. Email
- b. *Internet pop-up*
- c. Direct Mail
- d. *Phone*
- e. **Magazine**
- f. Newspaper
- g. Catalog
- h. Other (please specify)

3. Which medium do you trust the most?

- a. Email
- b. *Internet pop-up*
- c. Direct Mail
- d. Phone
- e. **Magazine**
- f. Newspaper
- g. Catalog
- h. Other (please specify)

4. How long on average do you normally spend reading the specified media per

week?

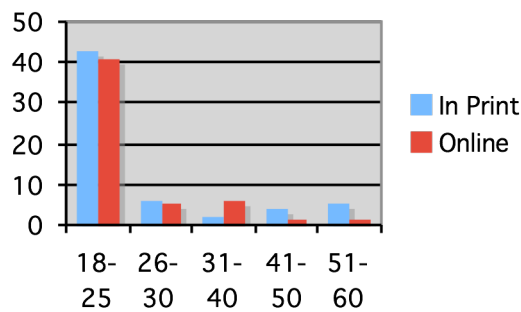
- a. **Email**
- b. *Internet pop-up*
- c. Direct Mail
- d. Magazine
- e. Newspaper
- f. Catalog

5. How often do you read a newspaper?

- a. Everyday
- b. **About three times a week**
- c. Maybe once a week
- d. A few times a month
- e. *Never*
- f. *Other (please specify)*

6. Would you rather read the news online or in print?

- a. *Online*
- b. **In print**



7. Would you rather read about celebrities online or in print?

- a. **Online**
- b. *In print*

8. Do you prefer advertising online or in print?

- a. *Online*
- b. **In print**

9. Would you be upset if your favorite publication stopped printing its issues and only had online resources?

- a. **Yes**
- b. *No*
- c. Either way, I don't care.

10. Could newspapers and magazines do something to make you read them more?

- a. **Yes (specify)**
- b. *No (specify)*

Section B

Analysis of Questions by age group:

Ages Under 18

There were no surveys given to the age 18 and under.

Ages 18-25 (85 total surveys)

Questions	Answers
1. How old are you?	18-25
2. Which advertising medium do you prefer?	Magazine (51.4%)
3. Which medium do you trust the most?	Magazine (41.7%)
4. How long on average do you normally spend reading the specified media per week?	Less than 5 min on everything but Magazine (for 20 min- 20%)
5. How often do you read a newspaper?	About 3 times a week (32.9%)
6. Would you rather read the news online or in print?	In print (51.2%)
7. Would you rather read about celebrities online or in print?	Online (50%) In print (50%)
8. Do you prefer advertising online or in print?	In print (83.3%)
9. Would you be upset if your favorite publication stopped printing its issues and only had online resources?	Yes (76.5%)
10. Could newspapers and magazines do something to make you read them more?	Yes (52%)

Ages 26-30 (11 total surveys)

Questions	Answers
1. How old are you?	26-30
2. Which advertising medium do you prefer?	Magazine (54.5%)
3. Which medium do you trust the most?	Magazine (36.4%)
4. How long on average do you normally spend	Less than 5 min on Internet pop-up, Newspaper, and

reading the specified media per week?	Catalog. <u>Direct Mail</u> 45% said 10 min. <u>Magazine</u> 18% said 10 min., 20 min., and 30 min.
5. How often do you read a newspaper?	Maybe once a week (36.4%)
6. Would you rather read the news online or in print?	In print (54.5%)
7. Would you rather read about celebrities online or in print?	In print (60%)
8. Do you prefer advertising online or in print?	In print (81.8%)
9. Would you be upset if your favorite publication stopped printing its issues and only had online resources?	Yes (81.8%)
10. Could newspapers and magazines do something to make you read them more?	No (57.1%)

Ages 31-40 (8 total surveys)

Questions	Answers
1. How old are you?	31-40
2. Which advertising medium do you prefer?	Magazine (37.5%)
3. Which medium do you trust the most?	Magazine (37.5%) Phone (37.5%)
4. How long on average do you normally spend reading the specified media per week?	Less than 5 min on everything but Email and Magazine Email 25% on 20min., 30min., and more than 60min. Magazine 25% on 5min. and 15min.
5. How often do you read a newspaper?	Maybe once a week (37.5%) Never (37.5%)
6. Would you rather read the news online or in print?	Online (75%)

7. Would you rather read about celebrities online or in print?	Online (75%)
8. Do you prefer advertising online or in print?	In print (100%)
9. Would you be upset if your favorite publication stopped printing its issues and only had online resources?	Either way, I don't care (50%)
10. Could newspapers and magazines do something to make you read them more?	Yes (52%)

Ages 41-50 (5 total surveys)

Questions	Answers
1. How old are you?	41-50
2. Which advertising medium do you prefer?	Newspaper (40%)
3. Which medium do you trust the most?	Newspaper (40%)
4. How long on average do you normally spend reading the specified media per week?	The average for email was 32.5 min. 40% said they spend more than 60 min reading a newspaper.
5. How often do you read a newspaper?	Everyday (60%)
6. Would you rather read the news online or in print?	In print (80%)
7. Would you rather read about celebrities online or in print?	In print (60%)
8. Do you prefer advertising online or in print?	In print (80%)
9. Would you be upset if your favorite publication stopped printing its issues and only had online resources?	Yes (75%)
10. Could newspapers and magazines do something to make you read them more?	Yes (75%)

Ages 51-60 (6 total surveys)

Questions	Answers
1. How old are you?	51-60
2. Which advertising medium do you prefer?	Newspaper (33.3%) Catalog (33.3%)
3. Which medium do you trust the most?	Newspaper (33.3%) Catalog (33.3%)
4. How long on average do you normally spend reading the specified media per week?	50% spend 60 min checking email. More than 40% spend over 60min on Newspapers and Magazines. 100% spend less than 5min on Internet Pop-ups.
5. How often do you read a newspaper?	Everyday (83.3%)
6. Would you rather read the news online or in print?	In print (83.3%)
7. Would you rather read about celebrities online or in print?	Online (50%) In print (50%)
8. Do you prefer advertising online or in print?	In print (100%)
9. Would you be upset if your favorite publication stopped printing its issues and only had online resources?	Yes (83.3%)
10. Could newspapers and magazines do something to make you read them more?	Yes (50%) No (50%)

Ages over 60

There were no surveys given for ages over 60.

Section C

Google's Support of Newspapers

The Power of Newspapers

Newspapers can be an important component in any advertiser's media mix.

Newspapers give advertisers significant local reach. They are the voice of their community.

- On an average weekday, 50% of U.S. adults read a newspaper and 2.3 people read each

copy of a newspaper.¹

- 0. On an average Sunday, 57% of U.S. adults read a newspaper – that’s more than watch the Super Bowl.¹

- 0. Newspapers are the #1 source for local news.²

Newspapers help advertisers reach an attractive demographic.³

- . Readers tend to be highly educated and affluent, have higher Internet penetration and shop online more frequently.
- 0. Readers say that the newspaper is “an important part of their daily routine,” and that “reading the newspaper is relaxing to me.”

Newspapers are a key resource for shopping information that drives consumers to make purchases – online and offline.³

- 0. 84% say they visited a retail store as a result of newspaper advertising.
- 0. 60% said they visited a website to learn more about a product or service seen in a newspaper ad.
- 0. 50% said they bought something online after seeing a newspaper ad.

Newspapers are relevant throughout the purchase cycle.

Consumers refer to newspaper ads whether they’re gathering product information or deciding which merchant offers the best price.

Learn more about [how Google Print Ads works](#).

- 1. Scarborough Research USA, Release 2, 2005.
- 2. The Pew Research Center – “Maturing Internet News Audience – Broader than Deep,” – July 2006
- 3. NAA 2006 Reader Engagement Study – Conducted by Scarborough Research

**Cost Effective Solutions for the Development
of Promotional Materials for a Nonprofit Organization**

by
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March 2007

Abstract

The purpose of this study is to explore and implement the latest trends in cost effective solutions for the market campaign of an event held by the local chapter of Alpha Phi Omega, the national, coeducational community service fraternity. The study sought to prove that print media is still a viable option even for those in the nonprofit sector, where obvious budget restrictions are in place. Beneath the surface, the study is an attempt to show that print is not a dying medium.

This study investigated the current conditions of college-age marketing for an organization on a national and local level. Six-hundred-and-fifty surveys were distributed to the Cal Poly (San Luis Obispo) student body; 104 surveys were distributed to members of Alpha Phi Omega. These surveys asked respondents to rate the effectiveness and cost-effectiveness of their organization's marketing initiatives, as well as reveal their preference in media when it comes to marketing. In addition, three Elite and Specialized interviews were conducted with National Marketing Committee members of Alpha Phi Omega.

Results from three Elite and Specialized interviews, as well as over 750 total surveys, led to the advising of the local chapter of Alpha Phi Omega to use print media for the initial marketing push for its event. Non-print communication such as an event Web site would only supplement the information found in print.

I. Introduction and Purpose of Study

Alpha Phi Omega is a national, coeducational community service fraternity, founded at Lafayette College in Easton, Pennsylvania in 1925. This nonprofit organization has more than 17,000 student members at 366 college campuses, and more than 350,000 members initiated since its founding. Its purpose is to develop leadership, to promote friendship, and to provide service to humanity.¹ Alpha Phi Omega incorporates a four-fold program of service that includes service to the campus, to the community, to the nation, and to the fraternity. Some of the organization's notable alumni include former Presidents George H. W. Bush and Bill Clinton.

In Spring 2006, the fraternity's Zeta Omicron chapter on the campus of California Polytechnic State University, San Luis Obispo was chosen to host a Section I fellowship event for Spring 2007. Alpha Phi Omega's Section I includes chapters at University of California at Los Angeles; University of California at Riverside; University of Southern California; California State University, Los Angeles; California State University, Long Beach; and California Polytechnic State University, San Luis Obispo. In order to ensure the success of the event, the executive committees from these South Central California chapters will need print and non-print promotional materials to advertise the event to their respective active members.

The local chapter is in need of an attractive and cohesive marketing campaign for the event. The campaign must be carried out within a limited budget supplied by the local and sectional executive committees.

However, there is disagreement among the executive committees about what is and is not necessary in the campaign. Brochures, flyers, posters, Web sites, and e-mail are all being considered. Though an extensive marketing campaign is necessary, the executive committees believe otherwise; they choose to develop only a few forms of media. The availability of funds is a major limitation. Hence, this study asks the question: What are the trends in cost effective solutions for the development of print and non-print promotional materials for nonprofit organizations facing budget limitations?

For the collegiate audience, Web sites such as Facebook and MySpace provide free alternatives for advertising. This leaves funds in the marketing budget for print advertising. In the professional world, nonprofit organizations are better off investing in printed material and designating non-print marketing as purely supplemental. From this study, the Zeta Omicron chapter of Alpha Phi Omega and other nonprofit organizations will gain a knowledgeable understanding of cost effect solutions for future marketing campaigns.

Purpose of Study

The purpose of this study is to explore and implement the latest trends in cost effective solutions to a marketing campaign. The study resulted in the creation and production of

promotional materials that was distributed by the end of March 2007 to six college campuses in South Central California. Additionally, through the research methods of elite and specialized interviewing, descriptive research, and content analysis, this study will prove that print media can be used in such a campaign even where there are budget restrictions.

II. Literature Review

In order to take the first steps toward choosing cost effective solutions, it is imperative to understand the landscape of marketing for nonprofit organizations. According to a March 2006 article by Gary Mueller of *Adweek*, “There are more than 1.4 million registered nonprofits in the U.S., the bulk of which are nothing more than tiny organizations with little funding, staffed by passionate, committed volunteers who dream of creating greater awareness for their causes. But because they lack the professional marketing experience and star-studded boards, they have little hope of registering even a blip on the public’s radar screen.”¹

Don Akchin expands on this lack of professional training, saying, “A majority of [personnel] performing marketing now came into their jobs without formal training in marketing; they rate their knowledge high on some marketing skills, low on others, but they demonstrate little interest in learning what they don’t yet know in such critical areas as research and direct marketing. . . . Marketing is a successful part of the for-profit world. It can prove highly effect for nonprofits, too, that are willing to give it a fair test.”²

Julian Yudelson describes the fundamental difference between for-profit marketers and nonprofit marketers in his article, “The Four Ps of Nonprofit Marketing.” He notes, “For-profit marketers believe in the ‘marketing concept,’ which holds that net revenue (or profit) is a *result* of effectively meeting customers’ needs and wants. Nonprofit leaders believe in the ‘service concept,’ which sees various sources of revenue as *means* to meeting clients’ needs and wants, as understood by the providers.”³ Yudelson continues, “This view creates basic problems for nonprofits. . . . For the nonprofit manager, . . . the organization’s purpose is to offer the services deemed desirable despite the clients’ or recipients’ inability or disinclination to pay for them.”³

One of the latest trends in marketing is the movement of for-profit marketing directors shifting to working with nonprofit organizations. Interestingly, some surveyed directors “missed the accountability standards they were held to in the corporate world, the fact that their work for companies was measured in the number of sales or customers rather than the less-tangible outcomes, such as behavior change, that are sought in the nonprofit world.”⁴

Without the target audiences that these directors are used to, who are the customers of nonprofit organizations? An article in the May 31, 2001 edition of *Chronicle of Philanthropy* seeks to answer that question. The writer says “that every nonprofit institution has three indispensable ‘customers’: the clients it serves, the donors who

support it, and the volunteers or staff members who help get the work done. The failure to serve any one, while tolerable in the short run, will sooner or later undermine its survival.”⁵ And each of these customers wants something different. Therefore, “a single, overarching strategy must be developed to simultaneously meet the needs of all three ‘customers’ in a way that is both internally consistent and mutually reinforcing.”⁵

Lacking experience in working to please multiple customers has its inherent flaw, as Peter Brinckerhoff writes, “People have needs. People buy wants. You have been trained to focus on needs. All marketing should zero in on wants.”⁶ He again finds another flaw early on in the business relationship. “Early in your relationship with service recipients, you undoubtedly ask them many questions to ‘diagnose’ what they need. But do you continue to ask on a regular basis? Perhaps not, and here is another problem. Marketing requires constant asking to adjust to changes in people’s wants.”⁶

As adjustment does not come easy, neither does press for nonprofits. Stephanie Storm, a reporter who covers philanthropy for *The New York Times*, says, “You’re expected to do good things. . . . That’s not news.”⁷ How, then, can a nonprofit organization be successful without easy press? Katherine Gallagher and Charles B. Weinberg describe two ways. “First, the organization should have meaningful goals, at both the strategic and tactical levels, all of which should contribute to achievement of the mission. Second, since achieving the mission means pursuing multiple goals, the organization must make appropriate tradeoffs.”⁸ However, customer satisfaction and the mission of the organization can be at odds with one another. The writers relate the example of a heart patient. With the doctors’ advice of changing eating and exercise habits, “[heart] patients’ short-term satisfaction may be lower if they obey doctors’ orders, but in the long run, their lives will be longer, healthier, and more productive.”⁸ The choice is between life for now or life for later.

Continuing the discussion of tradeoffs, the writers cite that, “Every dollar spent in one area is balanced by a dollar not spent somewhere else. The dollar not spent is not just a missed opportunity, [it] frequently means doing less of something already being done.”⁸ However, nonprofits have an option open to them that other businesses do not. They can cooperate. “In the private sector, this would likely be called ‘collusion’ and might be illegal. But in the nonprofit sector, cooperation benefits not only the organizations involved, it benefits society as a whole.”⁸

Consequently, marketing for nonprofit organizations is not a lost cause. Many ideas from the corporate side of marketing can be transferred over to the nonprofit end with adjustments. Alan Andreasen of Georgetown University concludes, “Knowledge transfer between the sectors is not one-way; it is better conceived as an *interpretation* of marketing ideas. Research and conceptualization about the unique problems of marketing in the nonprofit sector have yielded important conceptual breakthroughs of value to the commercial sector as well as to the nonprofit sector.”⁹

Jennifer Luciano, the director of communications at the Second Harvest Food Bank in San Jose, California sums it up best: “In a typical corporation, in the marketing

department, you've got a sizable budget. But how do you market an organization without much of a budget? It takes some scrappy creativity.”¹⁰

Such “scrappy creativity” lends itself to low-cost viral marketing tactics. This type of marketing “depends on a high pass-along rate from person to person. If a large percentage of recipients forward something to a large number of friends, the overall growth snowballs very quickly. If the pass-along numbers get too low, the overall growth quickly fizzles.”¹¹ Common sources of viral marketing for the collegiate students found in the organization of study include social networks such as Facebook and MySpace, as well as the popular video hosting Web site, YouTube. Each of these Web sites allow for free advertising simply by registering. For example, in October 2006, the Omicron Zeta chapter of Alpha Phi Omega at California State University, East Bay virally advertised their Section IV Fall Fellowship by creating a MySpace page complete with event information and logistics. Their simple instruction for those interested in attending “Ozzapalooza” was “PLEASE share this page with your chapter!”¹²

The MySpace marketing scheme has even hit Bono's (RED) campaign for the Global Fund to Fight AIDS, Tuberculosis and Malaria. “Their network is currently increasing at a pace of about 12,000 new friends *per hour*. . . . If nothing else, (RED) on [MySpace] shows just how receptive Gen-Yers are to cause marketing, and the potential of social media for non-profit organizations.”¹³

Emily Weinberg, a blogger on Blogspot.com wrote an entry entitled, “How Nonprofits Can Use Facebook.” Weinberg uses the examples of a local Relay For Life event or Race for the Cure as she describes the extent to which organizations will want to spread their information. She writes, “You would only want people locally to see this information. However, you might decide to make it global where all members of [Facebook] can see how you are marketing your event/organization. The best way for organizations to use [Facebook] is to make sure their events and groups are global.”¹⁴

In addition to the previous noted services, one cannot forget the power and cost efficiency of e-mail with virtually no production, materials, or postage expenses. Gail Goodman, CEO of Constant Contact, cites America Scores, an after-school program that “needed a cost-effective way to communicate with its 13 affiliate programs nationally, maintain communications with core constituencies and recruit new supporters.”¹⁵ Using an e-mail marketing system, the program raised \$20,000 while adding new donors to their database. By sending online newsletters bimonthly to 10,000 supporters, America Scores was able to “raise online visibility, publicize events, engage an online community of supporters, solicit donations, acknowledge supporters and promote marketing initiatives.”¹⁵

Ultimately, the most important decision an organization must make with regards to marketing is the creation of its marketing strategy. It is the one topic of discussion that will ultimately decide the scope of this study. Cindy Kennaugh, President of “On The Mark,” a Silicon Valley-based consulting firm, lists the following factors to consider in developing a marketing strategy:

- The size of your company.
- Where your company is in its life cycle (for example, starting up, growing, maturing, declining).
- Whether you are making strategic decisions about the company's entire product portfolio, a particular product line, or just one product.
- How much marketing strategy formulation you have done in the past.¹⁶

III. Research Methods and Procedures

Three research methods were used to study the cost effective solutions that nonprofit organizations are taking advantage of: elite and specialized interviewing, descriptive research, and content analysis. The elite and specialized interview lent itself to "comprehensibility, plausibility and consistency, not duplication of responses."¹ It was the role of the interviewer to establish rapport with the interviewee in order to facilitate a more free-flowing conversation as opposed to a standard question-and-response interview. Descriptive research was used through the distribution of surveys to "determine the nature of [the] situation as it [existed] at the time of the study."¹ The interview and research methods were summarized in a content analysis that converted qualitative information into quantitative results.

Lisa M. Covi was the 2004-2006 Marketing Director for Alpha Phi Omega. Jim Hahn was named Covi's successor at the National Conference in Louisville, Kentucky in December 2006. An elite and specialized interview with each individual director was conducted to better understand the viewpoint of the National Board of Directors. Interviewing the outgoing and incoming Marketing Directors allowed for a comparison between the way marketing had been done and the way it would be done in the next few years. A reference from Covi also led to an interview with Kay Krenek, a member of the National Marketing Committee and former National Service Chair.

The chain of command from the National Board of Directors filters down to Region Directors, then down to Section Directors. To gain a more localized insight into developing promotional material for Alpha Phi Omega, descriptive research was conducted with the chapters from Region X and Section I. These chapters were sent a survey about the way they currently marketed their respective chapters.

The following survey was administered to active members:

1. How does your chapter currently market itself on campus?
 - a. Flyers
 - b. Posters on campus
 - c. Campus newspaper
 - d. Chapter Web site
 - e. E-mail
 - f. Other (Please specify: _____)

2. By which form of media do *you* prefer to be marketed to?
 - a. Flyers
 - b. Posters on campus
 - c. Campus newspaper
 - d. Chapter Web site
 - e. E-mail
 - f. Other (Please specify: _____)
3. My chapter's marketing initiatives are highly effective.
 - a. Strongly disagree
 - b. Disagree
 - c. Agree
 - d. Strongly agree
4. My chapter's marketing initiatives are highly *cost*-effective.
 - a. Strongly disagree
 - b. Disagree
 - c. Agree
 - d. Strongly agree
5. Which media does your chapter disproportionately spend the most money on?
 - a. Flyers
 - b. Posters on campus
 - c. Campus newspaper
 - d. Chapter Web site
 - e. E-mail
 - f. Other (Please specify: _____)
6. Please include any tips you may have for being cost effective with your response in Question 5.

The survey method allowed the results to be quantified. Placing a numeric value on the responses provided a general understanding of the viewpoints of the members of Alpha Phi Omega in Region X.

After becoming immersed in the organization of the study, it was important to take a step back to survey a broader information base. Boasting several hundred clubs and organizations, the Cal Poly campus was a wealth of information. While it would have been helpful to survey each club and every student on campus, the possibility of doing so was not realistic. Instead, a random sample of students from the two main areas of foot traffic, the University Union and Dexter Lawn, were surveyed about how they liked to be marketed to. The survey given to Cal Poly students was similar to the survey given to chapters of Alpha Phi Omega in Region X; the only difference being that the term "organization" was used instead of "chapter." Surveying members of the Cal Poly student

body was made into a service event for the local chapter of Alpha Phi Omega. The benefits were two-fold. First, more surveys were distributed in a shorter amount of time. Second, it helped to get Alpha Phi Omega's name out to the student body.

Ultimately, a content analysis was necessary to summarize the findings from the interviews and descriptive research. The content analysis sought to express numerically the following questions:

- By what medium do customers prefer to be marketed to?
- What specific media has been shown to have the greatest return?
- What percentage of an organization's budget is allocated to marketing related activities?
- What are the cost effective solutions that nonprofit organizations are using to develop their promotional material?

IV. Results

The three elite and specialized interviews conducted within the organization of study provided valuable insight into the depth of the marketing approach of Alpha Phi Omega. Through the interviews, it was discovered that the national marketing plan of the fraternity was fairly new. The National Marketing Committee was only created in 2002. The interviews were conducted with the following members of the National Marketing Committee: Lisa M. Covi, Jim Hahn, and Kay Krenek.

Lisa M. Covi was the 2004-2006 National Marketing Director. In Fall 1981, she pledged for the Kappa chapter of Alpha Phi Omega at Carnegie Mellon University in Pittsburgh, Pennsylvania. Covi was assigned the Marketing Committee upon her re-election to the Board of Directors in 2004. During her term, she was able to formulate a national marketing plan, meet with a consultant, design and implement a national recruitment campaign, solicit photos and videos from members through contests, and initiate a number of projects that included a brochure for campus and community partners and a review of press coverage.¹

Jim Hahn is the 2006-2008 National Marketing Director. In Fall 1983, he pledged for the Lambda Omicron chapter at West Virginia University in Morgantown, West Virginia. He has served on the National Marketing Committee since its inception in 2002. His early experiences with the fraternity included a position as Publicity Chair for his chapter, and the Chair of the National Public Relations Reference Committee, both in 1984. Since 1995, he has been a nonprofit fundraiser and has participated in numerous professional seminars about marketing, specifically for nonprofits.²

In Spring 1979, Kay Krenek pledged for the Beta Sigma chapter at Texas Tech University in Lubbock, Texas. She served as Chair of the now defunct National Publications Committee from 1981-1986. Krenek then served on the National Board of Directors as a Member at Large and served as National Service Chair from 1986-1990;

she was the first female elected to the Board of Directors. She has served on the National Marketing Committee since its inception and was instrumental in improving the national Web site, as well as re-branding the fraternity.³

Hahn mentioned that the fraternity is currently budgeting just under four percent of its expenses toward marketing. He continued, “As typically seen, organizations operating with limited general revenue are reluctant to earmark significant amounts of operational capital toward the creation and dissemination of marketing materials that may not show an immediate impact in the target audience. Rather than viewing marketing as an essential component of daily operations, [nonprofits] frequently wait for urgent need surfacing from dramatic down turns in membership or funding. Perhaps the biggest challenge for [nonprofits] with no marketing infrastructure is then simply knowing ‘what’ they should be seeking or what questions they need answered before allocating appropriate funds.”

Covi emphasized this logic, saying, “Because our membership fees have not kept pace with inflation and our membership is only slowly growing, we have not been able to identify additional funds to support marketing initiatives which is currently an ad hoc national program.” The lack of funds dedicated to marketing has precluded direct mail, commercial advertising, and telemarketing. Despite these viewpoints, Krenek offered a different take. Even with a small budget, Krenek assured that there is a touch of marketing in all of the fraternity’s communications, from fundraising letters to chapter bulletins, citing that these numbers are not necessarily reflected in the budget.

Realizing that much of the marketing of the fraternity does occur on a campus level, Covi remarked that it is both a blessing and a curse. On the national level, they find it difficult to provide “national publications and resources that [are] specific and useful enough to help chapters on the local level. Local chapters are tremendously creative, but it is very difficult to entice them to contribute to share their publications and resources with other chapters. There is also difficulty in gaining acceptance for some of the more trendy marketing tactics among the mostly older conservative national officers. . . . [Creativity] is often inhibited.” Hahn said that speaking from a national perspective, Alpha Phi Omega “has never truly executed a marketing plan, including a low-budget or ‘guerilla’ marketing program/project.” With two viral marketing campaigns in their early stages, indications of their success are not yet available.

In describing the media that the “customers” of Alpha Phi Omega prefer to be marketed to, Covi said that it depended on whom the fraternity saw as its customers. The fraternity designed the national program to address four markets: current college students, college-bound high school students, campus administrators, and the general public. Hahn and Krenek both added that informal surveys had led to a strong feeling that most members join Alpha Phi Omega as a result of personal contact, such as word of mouth marketing. Their research has shown that students prefer electronic communication, such as Facebook, MySpace, or YouTube; however, they have also found that their alumni prefer printed media.

To further develop his stance of word of mouth advertising, Hahn replied that this form of advertising could be “significant with a few caveats”:

- A sophisticated and professional series of talking are developed for the “advertiser” to use with the target audience.
- Incentives are used to entice the advertiser to use the tool consistently.
- Adequate training is provided at all organizational levels on the proper use of the tool.
- Success matrixes are established and measured to evaluate the effectiveness of the tool at relevant intervals.

When describing the value of print versus non-print communications, the three committee members agreed that the fraternity is moving towards the latter, while still leaving their mark in print. Covi described print as “essential as a transportable tangible media. However, it needs to be utilized in conjunction with interpersonal communication and electronic means.” Similarly, Krenek stated that it has been difficult to keep in touch with several chapters because students seem to change their e-mail addresses very frequently. Even those chapters with “chapter” e-mail addresses have gone unmonitored for months. For that reason, they have found that many chapters prefer snail mail for the important things. The national organization uses returns from the post office to find hints that a chapter may be growing inactive. Hahn added that while a Web-based viral marketing campaign is in the process, several “guerilla” marketing tactics have been employed successfully by chapters of the organization, including “banners, [posters], ‘chalking,’ and table tents.”

The results of the survey given to Cal Poly students⁴ and Region X of Alpha Phi Omega⁵ revealed a correlation between the two. Considering that those surveyed were all of college age, this comes as no surprise. What came as a surprise was the strength of that correlation, even with uneven numbers. Six-hundred-and-fifty Cal Poly students were surveyed, and 104 Alpha Phi Omega members were surveyed.

Twenty-eight percent of Cal Poly students and 29 percent of Alpha Phi Omega members said that their marketing initiatives included flyers. When it came to personal preferences, nearly a quarter of each group found flyers to be preferred, but a range from Alpha Phi Omega’s 29 percent to Cal Poly’s 37 percent preferred posters on campus. These posters represented the majority of the preference, even though results from the fifth question, which asked what the organization disproportionately spent the most money on, found organizations to be spending the most money on flyers.

When asked to rate the agreeability with the effectiveness of the organization’s marketing initiatives, followed by the rate of agreeability of the cost-effectiveness of the organization’s marketing initiatives, again, both parties found themselves very close in their analysis. Most members agreed that their organization’s marketing initiatives are

highly effective and highly cost effective. Less than 15 percent total of each respective group either disagreed or strongly disagreed with each statement.

A sixth question allowed for a free response to include tips for being cost effective. Two common themes ran through these responses: recycled paper and placement. Obviously, recycled paper will be less expensive, as well as more beneficial to the environment. Additionally, many organizations will spend much of their marketing budget on small flyers to put around randomly rather than spending money on well-placed posters. A few of the surveyed members also suggested using corporate and department sponsors, a resource that the local chapter of Alpha Phi Omega does not currently employ.

V. Conclusions

The purpose of this study was to explore and implement the latest trends in cost effective solutions for a marketing campaign. Can print media still be used in a marketing campaign with budget restrictions? The answer is a resounding yes.

While there are those in the graphic communication industry that would lead one to believe that print is dying, this study has proven otherwise. The nonprofit organization of study, Alpha Phi Omega, still spends much of its time and money on printed goods or word of mouth advertising, both on the national and local levels. Non-print marketing is seen as secondary, a mere supplement to printed information.

As a result of this study, it has been advised to the local chapter of Alpha Phi Omega to employ the use print media for its initial marketing push for its Section I fellowship. Supplemental information and registration will take place online through the repurposing of the content given on the marketing collateral. In this case, though flyers have shown to be less effective within a campus, they will be used for inter-chapter marketing. The posting of posters on other campuses, for this case, would be unnecessary and, therefore, drive up costs.

In the end, the true cost effective solution for developing promotional materials can be summed up in this free response from the surveys: "Identifying your target audience for specific events . . . allows you to select appropriate media in terms of economies of scale. Flyers and posters are used for day events. The organization Web site is used for large scale distribution of more general information which is applicable on a daily basis."¹

Endnotes

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⁵ Visitacion, Bryan J. "Alpha Phi Omega Region X Survey." Survey. 23 Feb 2007.

V. Conclusions

¹ Visitacion, Bryan J. "Cal Poly Student Survey." Survey. 16 Feb 2007.

Appendices

Appendix A: Questionnaires

Cal Poly Student Survey

1. How does your organization currently market itself on campus?
 - a. Flyers
 - b. Posters on campus
 - c. Campus newspaper
 - d. Organization Web site
 - e. E-mail
 - f. Other (Please specify: _____)
2. By which form of media do *you* prefer to be marketed to?
 - a. Flyers
 - b. Posters on campus
 - c. Campus newspaper
 - d. Organization Web site
 - e. E-mail
 - f. Other (Please specify: _____)
3. My organization's marketing initiatives are highly effective.
 - a. Strongly disagree
 - b. Disagree
 - c. Agree
 - d. Strongly agree
4. My organization's marketing initiatives are highly *cost*-effective.
 - a. Strongly disagree
 - b. Disagree
 - c. Agree
 - d. Strongly agree
5. Which media does your organization disproportionately spend the most money on?
 - a. Flyers
 - b. Posters on campus
 - c. Campus newspaper
 - d. Organization Web site
 - e. E-mail
 - f. Other (Please specify: _____)
6. Please include any tips you may have for being cost effective with your response in Question 5.

Alpha Phi Omega Region X Survey

1. How does your chapter currently market itself on campus?
 - a. Flyers
 - b. Posters on campus
 - c. Campus newspaper
 - d. Chapter Web site
 - e. E-mail
 - f. Other (Please specify: _____)
2. By which form of media do *you* prefer to be marketed to?
 - a. Flyers
 - b. Posters on campus
 - c. Campus newspaper
 - d. Chapter Web site
 - e. E-mail
 - f. Other (Please specify: _____)
3. My chapter's marketing initiatives are highly effective.
 - a. Strongly disagree
 - b. Disagree
 - c. Agree
 - d. Strongly agree
4. My chapter's marketing initiatives are highly *cost*-effective.
 - a. Strongly disagree
 - b. Disagree
 - c. Agree
 - d. Strongly agree
5. Which media does your chapter disproportionately spend the most money on?
 - a. Flyers
 - b. Posters on campus
 - c. Campus newspaper
 - d. Chapter Web site
 - e. E-mail
 - f. Other (Please specify: _____)
6. Please include any tips you may have for being cost effective with your response in Question 5.

Appendix B: Computer Analysis of Responses to Questionnaires

Cal Poly Student Survey Analysis

1. How does your organization currently market itself on campus?

a. Flyers	455
b. Posters on campus	375
c. Campus newspaper	121
d. Organization Web site	312
e. E-mail	259
f. Other	77

Total: 1599

2. By which form of media do *you* prefer to be marketed to?

a. Flyers	166
b. Posters on campus	249
c. Campus newspaper	58
d. Organization Web site	64
e. E-mail	89
f. Other	24

Total: 650

3. My organization's marketing incentives are highly effective.

a. Strongly disagree	30
b. Disagree	157
c. Agree	443

d. Strongly agree	20
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Total: 650

4. My organization's marketing incentives are highly *cost* effective.

a. Strongly disagree	14
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b. Disagree	158
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c. Agree	427
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d. Strongly agree	51
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Total: 650

5. Which media does your organization disproportionately spend the most money on?

a. Flyers	330
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b. Posters on campus	203
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c. Campus newspaper	37
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d. Organization Web site	42
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e. E-mail	18
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f. Other	20
----------	----

Total: 650

Table 1. The raw data from the Cal Poly student survey.

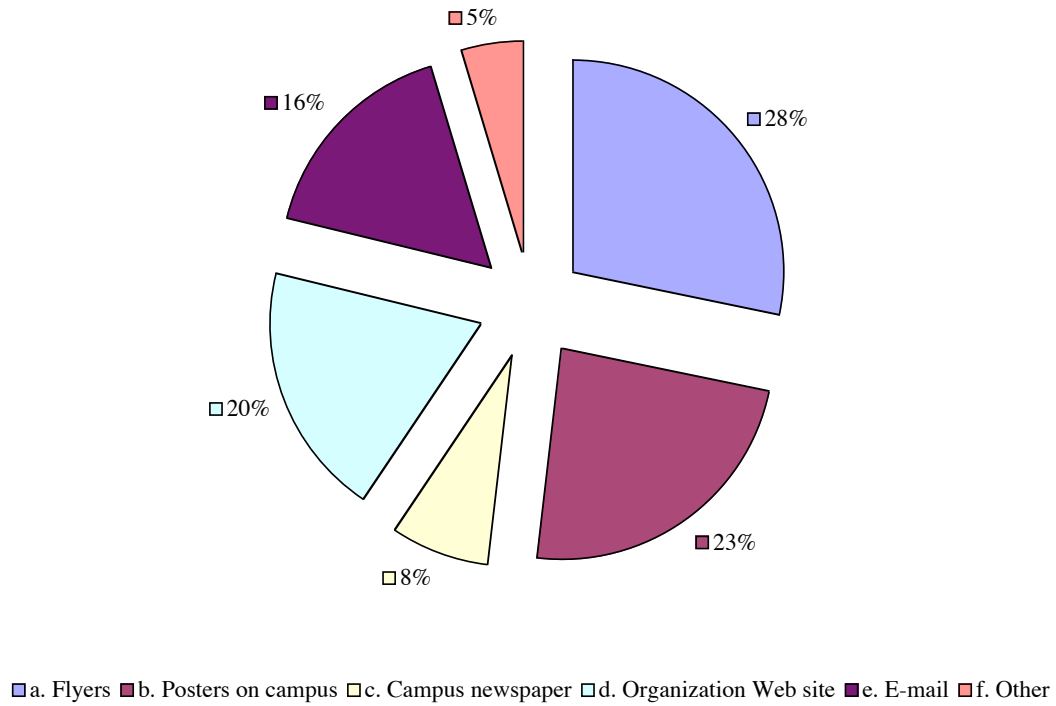


Figure 1.1. Percentage breakdown of Cal Poly student responses to, “How does your organization currently market itself on campus?”.

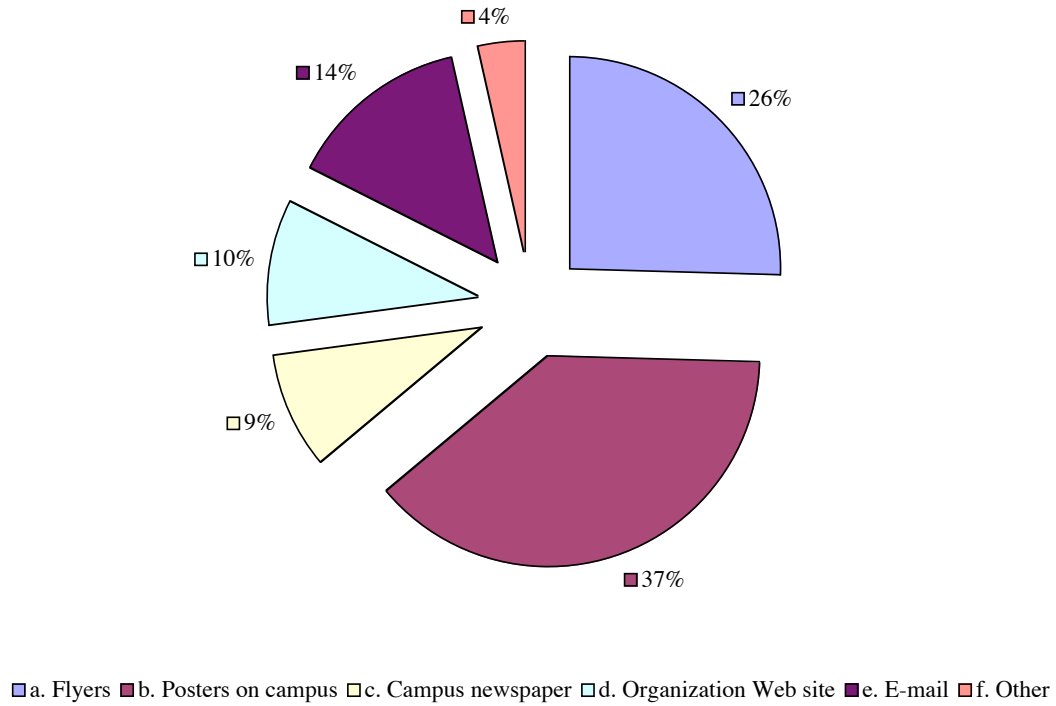


Figure 1.2. Percentage breakdown of Cal Poly student responses to, “By which form of media do *you* prefer to be marketed to?”.

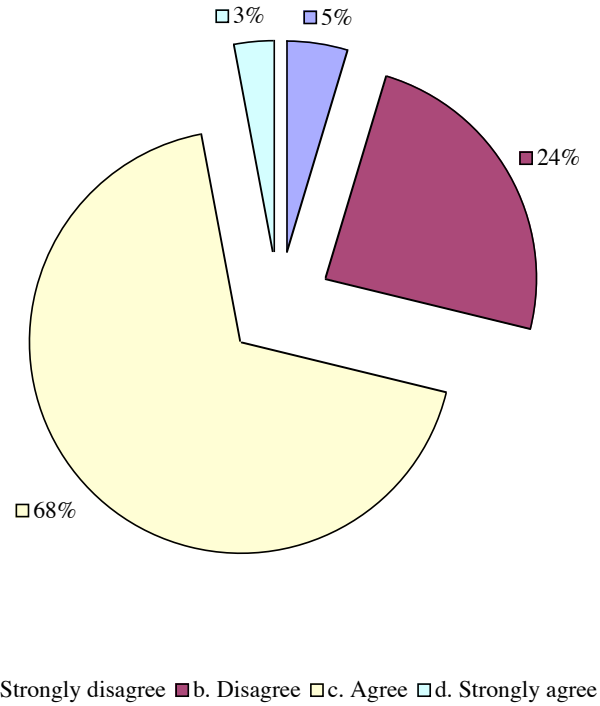


Figure 1.3. Percentage breakdown of Cal Poly student responses to, “My organization’s marketing initiatives are highly effective.”

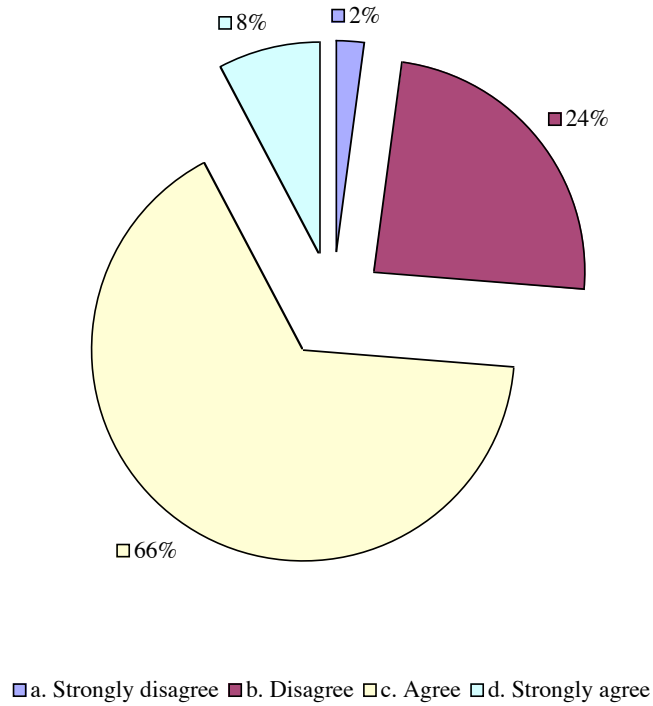


Figure 1.4. Percentage breakdown of Cal Poly student responses to, “My organization’s marketing initiatives are highly *cost* effective.”

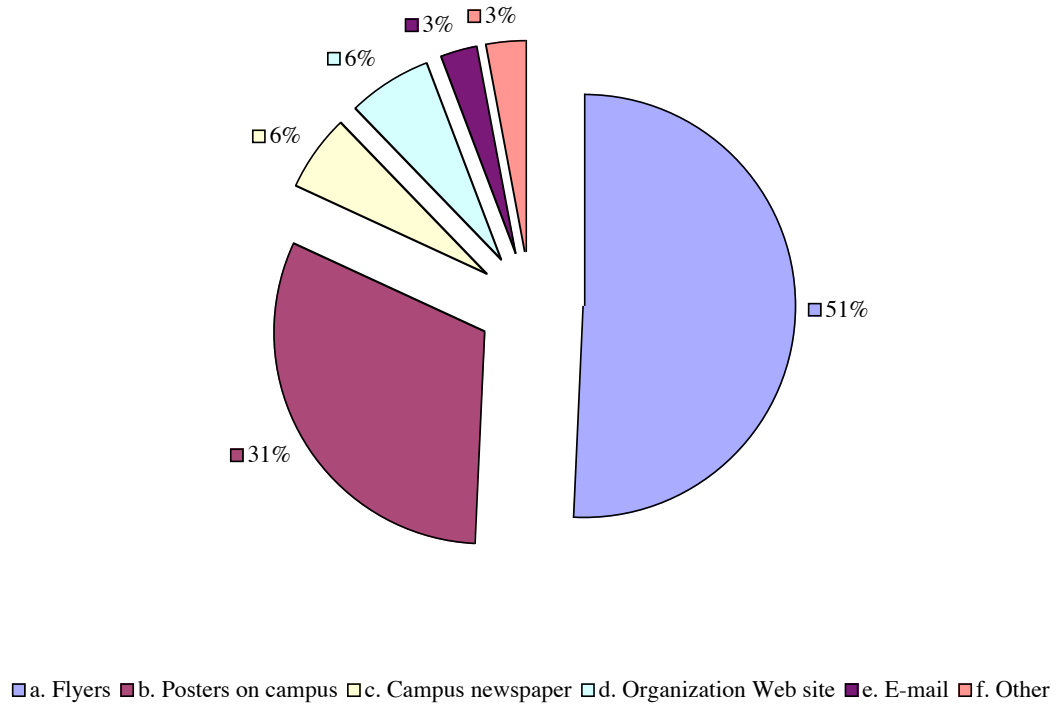


Figure 1.5. Percentage breakdown of Cal Poly student responses to, “Which media does your organization disproportionately spend the most money on?”.

Alpha Phi Omega Region X Survey Analysis

1. How does your chapter currently market itself on campus?

a. Flyers	98
b. Posters on campus	25
c. Campus newspaper	15
d. Chapter Web site	64
e. E-mail	78
f. Other	46

Total: 329

2. By which form of media do *you* prefer to be marketed to?

a. Flyers	21
b. Posters on campus	29
c. Campus newspaper	5
d. Chapter Web site	14
e. E-mail	21
f. Other	14

Total: 104

3. My chapter's marketing incentives are highly effective.

a. Strongly disagree	9
b. Disagree	29
c. Agree	60
d. Strongly agree	6

Total: 104

4. My chapter's marketing incentives are highly *cost* effective.

a. Strongly disagree	1
b. Disagree	25
c. Agree	67
d. Strongly agree	11

Total: 104

5. Which media does your chapter disproportionately spend the most money on?

a. Flyers	83
b. Posters on campus	2
c. Campus newspaper	2
d. Organization Web site	2
e. E-mail	1
f. Other	14

Total: 104

Table 2. The raw data from the Alpha Phi Omega Region X survey.

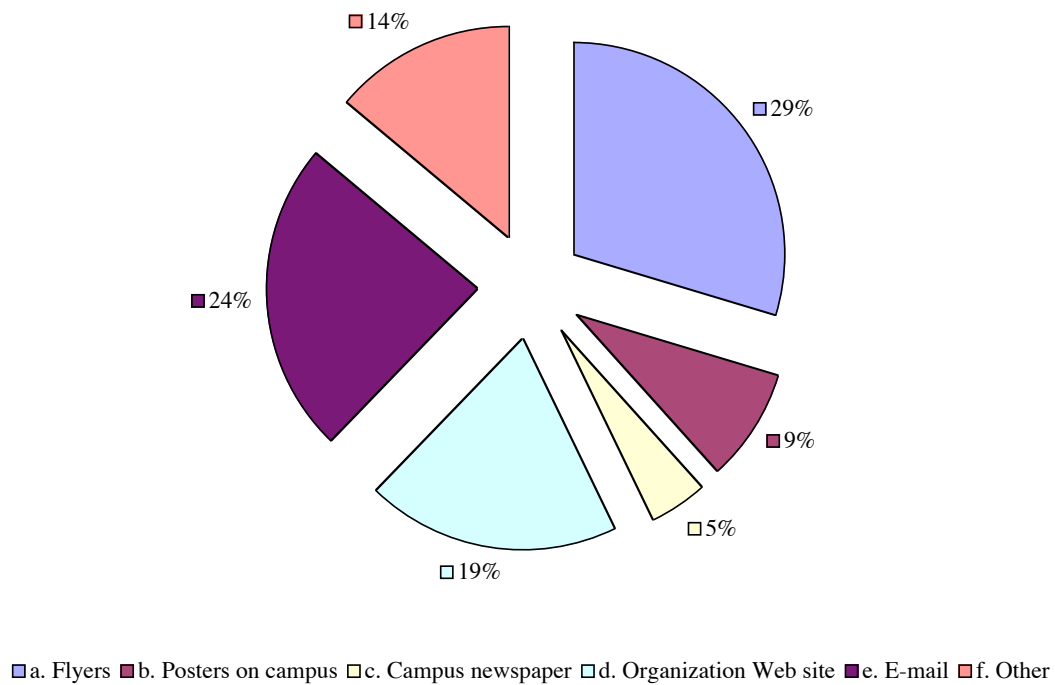


Figure 2.1. Percentage breakdown of Alpha Phi Omega Region X responses to, “How does your chapter currently market itself on campus?”.

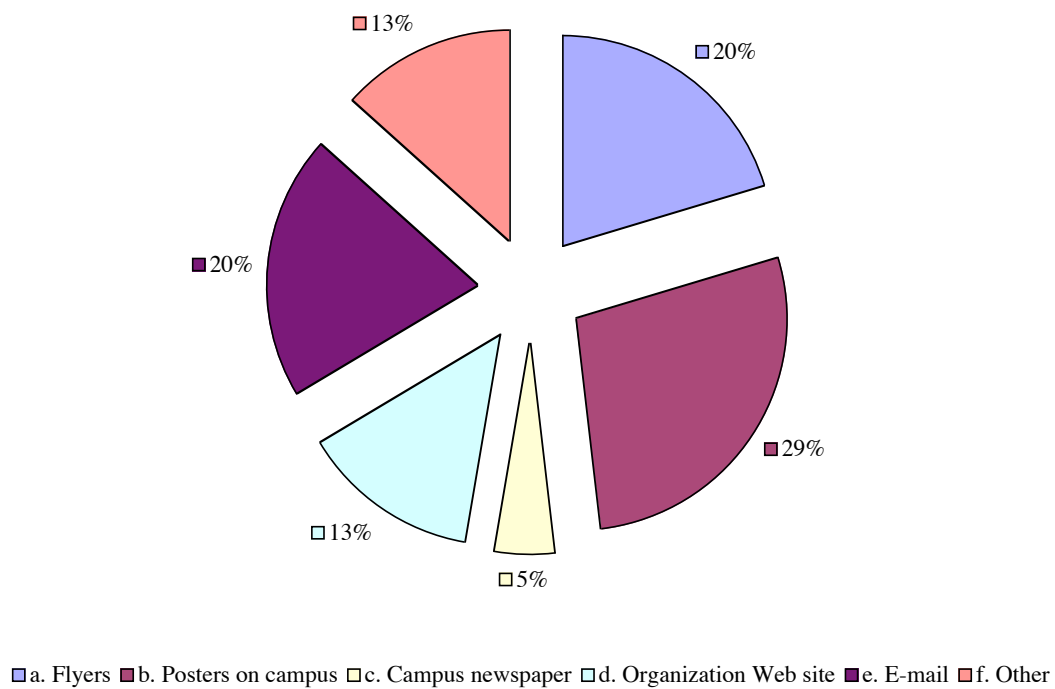


Figure 2.2. Percentage breakdown of Alpha Phi Omega Region X responses to, “By which form of media do *you* prefer to be marketed to?”.

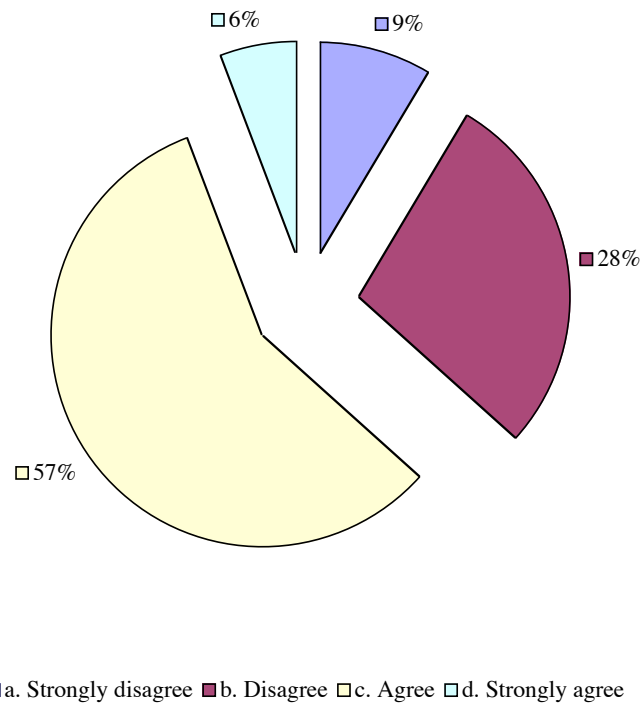


Figure 2.3. Percentage breakdown of Alpha Phi Omega Region X responses to, “My chapter’s marketing initiatives are highly effective.”

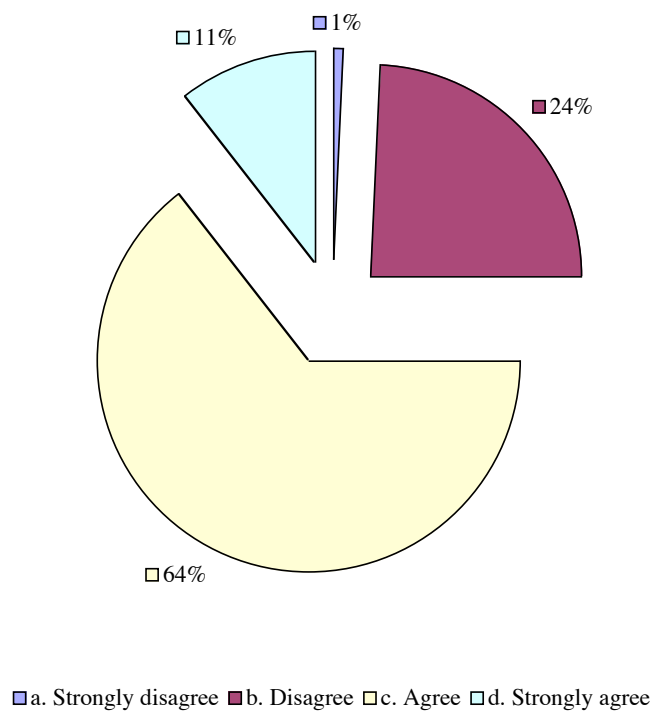


Figure 2.4. Percentage breakdown of Alpha Phi Omega Region X responses to, “My chapter’s marketing initiatives are highly *cost* effective.”

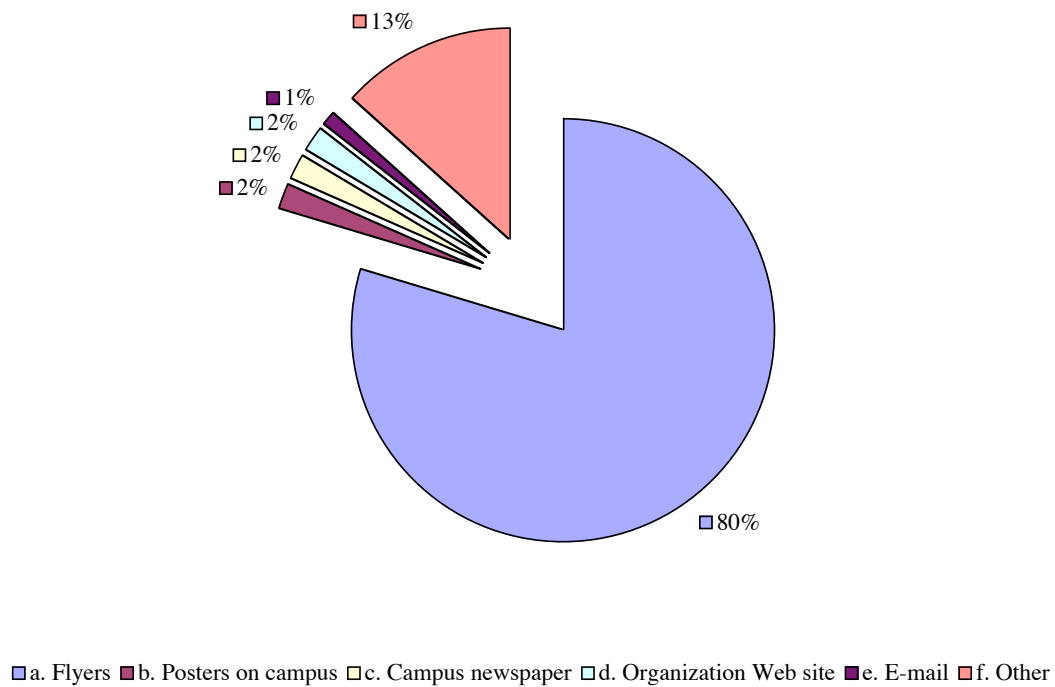


Figure 2.5. Percentage breakdown of Alpha Phi Omega Region X responses to, “Which media does your chapter disproportionately spend the most money on?”

**Breaking Down Ancillary Services in the
Printing Industry**

by
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June 2007

Abstract

The printing industry's future may depend on the ability of industry companies to provide ancillary services to its clients. Some ancillary services that the more progressive and innovative printers offer include digital asset management, database management, mailing, fulfillment, interactive media, creative design, and Web design.

The purpose of this study is to break down ancillary services in the printing industry by product market and define their respective competencies. Ancillary services are too often noted in generalities. This study attempts to break down those generalities to provide more specific details that will aid in the implementation process.

This study breaks down ancillary services by product market and defines their respective competencies. The study investigates the past, present, and future of ancillary services in the printing industry. Industry experts were interviewed concerning the strategies, implementation processes, logistics, and selecting processes of ancillary services in the printing industry. The experts concluded that there are legitimate opportunities for growth in ancillary services, but it takes a specific company strategy, vision, and mission to successfully implement them.

It would be impossible to break down all of the possible ancillary services for each product market and their respective competencies. However, a method was developed for discovering ancillary services and considerations that accompany them.

Through more intimate relationships with customers and a thorough analysis of a certain product's supply chain, printers can discover many opportunities in ancillary services. Once opportunities are discovered, it is critical for printers to consider the following: current and future demand for particular service, acquirement/development of competencies, and pricing strategies.

Chapter 1: Introduction

Profitability and sustainability continue to be major problems in the printing industry. Today, there are more options than ever before in disseminating information, and they are all competing with print. In order for printing companies to stay profitable, a paradigm shift is in order. Printing companies are beginning to offer ancillary services that add value to their customers, increase profits and create more loyal customers. The addition of ancillary services will allow printing companies to adapt to the changing needs of their customers while increasing profitability and sustainability.

Industries are usually classified as being either fragmented or consolidated, but the printing industry is both. The top of the industry is consolidated; a few large companies dominate the long-run, high-volume work. The bottom of the industry is highly fragmented; a lot of regional printing companies compete for low-volume work. As price and demand for printing continue to spiral downward, printing companies struggle to sustain profitability. Printing companies large and small have been improving the printing process by reducing costs, increasing efficiencies, and eliminating waste. However, this internal focus prevents printers from considering the external environment. Fragmented and consolidated sections of the printing industry are in danger of missing opportunities to sell by restricting themselves to traditional business practices. It is time for printers to become more proactive; it is no longer sufficient for printers to simply take orders and bid and jobs. Printers will have to become more engaged in their customers' businesses so they fully understand their customers' current and future needs. This will allow printers to be proactive in offering services, either print or ancillary services that will continue to meet the dynamic needs of their customers.

This study answers the question: How can a printing company strategically position itself for long-term growth and profitability by offering ancillary services?

An ancillary service, in the context of the printing industry, is a service not directly related to printing, but adds value to the customer. These services are a great opportunity for printing companies to move beyond the press and earn more revenue dollars from their customers. As previously noted, some printing companies already offer ancillary services to their customers with great success. Some ancillary services that printers offer include digital asset management, database management, mailing, fulfillment, interactive media, creative design, and Web design. This study breaks down ancillary services by product market and defines their respective competencies.

The purpose of this study is to help revive an industry known for being resistant to change. The printing industry is one of the oldest in existence. It is responsible for driving and adopting innovative technologies that increase efficiency and reduce waste. However, business strategies in the printing industry are not as innovative as printing technology. A change is in order if printing companies wish to sustain profitability and increase customer loyalty. The printing industry has remained relatively static. While innovations in printing technology have pushed the industry forward, the business

strategies of yesterday have limited the potential of where the industry could be. If management spent as much time designing creative ways to meet the dynamic needs of customers as they do on internal processes, the industry would no longer have the negative connotation of being resistant to change. Instead, it would be reborn into a much broader communication industry where profitability and growth await.

Chapter 2: Literature Review

NEW STRATEGY

Superior performance stems from a conscious and focused business strategy. This strategy should be well thought out and consistent with the firm's skill set, core competencies, customer mix, human resources and equipment (PIA/GATF, 2006). Too many firms continue to operate without a clearly formulated statement of their vision for their own future (Michael, 2006). PIA/GATF studies have shown that Profit Leaders are much more likely to have a well-defined strategy or business model than Profit Challengers. Traditionally, Profit Leaders have been able to be divided into two strategy groups:

Commodity sectors where customer's printer choices are driven most by cost/price considerations. To be successful in these sectors printers need to be super-efficient and knowledgeable about the entire cost chain between themselves and their suppliers and between themselves and their customers. Typically, they specialize in narrow print product niches so they can utilize specialized equipment. Profit leaders competing in this sector define themselves as specialized low-cost producer in a narrow market niche (PIA/GATF, 2006).

Differentiation sectors where customers are most concerned with added customized offerings. In this situation printers need detailed knowledge about their customers (and their customer's customers) businesses so they can construct value chains to deliver extra services that their customers need most at prices their customers are willing to pay. Profit leaders in this sector define themselves as specialized high value-added printers providing extra service (PIA/GATF, 2006).

Each of these strategies implies a definite need to specialize. However, printers who provide more and more ancillary services beyond traditional printing are using a new hybrid strategy. This new hybrid combines horizontal specialization (by product or customer) with vertical diversification (additional services provided before or after printing) (PIA/GATF, 2006). Regardless of what business model print providers choose, they must start thinking of themselves as communication experts. Communication is a strategic building block, no matter what their specific functions and specialties have been in the past or will become in the future, they must think beyond ink-on-paper (Wittner, 2006). Over the past few years, ancillary service sales have increased at twice the rate of traditional ink on paper sales. It is estimated that for every \$1 spent on printing, as much as \$6-\$8 is spent on various ancillary services in conjunction with printing (Davis, 2006).

The first step in diversification should be to qualify the customer. If this is not the first step, the printer is forced to build a new capability, and blindly rely on its innate appeal for success. For most printers, the print buyer is the only real contact they have to their client company. The fact is that few if any print buyers are responsible for database or facilities management, variable-content digital printing, training, or fulfillment, nor do they have any authority in those areas. A possible solution to this problem is to convene a meeting of the printing company's highest-ranking managers with high ranking individuals in their major accounts (excluding the print buyer), to converse about activities, trends, challenges, wish-list items, and any other subject that might yield a potential opportunity or need (Ynostroza, 2003)

The industry's top challenges and opportunities include less of a focus on the economy and more on customer service, workflow, and efficiency. Printers are beginning to exploit the Internet: savvy printers are making better Web sites that are more interactive, adding abilities for customers to get quotes or submit jobs via email or e-commerce (Romano, 2006). Transformations are risky and may require competencies that owners and managers have not needed before. It takes effort. Through external benchmarking, internal productivity audits, business development plans, and tactical marketing, the transformation process begins (Wittner, 2006). Printing sales reps are being replaced by "top flight advertising account executives." The line between some printers and ad agencies is becoming blurred (Delmontagne, 2006). The graphic communication industry of the future will be one that has progressed from daily survival to long-term strategies; it will be one in which communication is the operative word (Wittner, 2006).

DIGITAL PRINTING

Digital printing is growing at a pace 50 percent greater than total printing, but it is only 10 percent of total printing shipments (Davis, 2006). Some of the major trends in digital printing include digital printing complementing and competing with traditional print processes, print buyers switching to digital output from offset, variable-data printing presents major opportunity by expanding the range of ancillary services that may be offered, and digital printing will affect every facet of the printing industry (Romano, 2006).

Popular Web sites such as YouTube, MySpace, and iTunes reveal the nation's overall desire for customization. According to industry professionals, customization in digital printing will be a defining consideration of the market in 2007. Digital print customers will soon expect their vendors to provide custom services with streamlined organization of data (Raha, 2007). Barbara Pellow, a director for the Electronic Document Systems Foundation shares her view on the future of digital printing:

Software and digital technologies have streamlined traditional offset workflow. Digital printing has become the norm for ultra-short-run print jobs, both black-and-white and color. Through digital technology and the Internet, 2007 will see graphic communications service providers integrate more tightly with their customer's business processes. Graphic communication service providers will extract value from becoming part of supply chain management systems for

documentation and supporting Web-to-print solutions to effectively distribute marketing materials. They will start to help clients with multi-channel marketing campaign management solutions that have both electronic and print components. All of these new services will drive print volume, as well as provide new source of revenue from value-added services (Raha, 2007).

Digital printing is the future; it is where customers are headed and will become an inevitable part of future profits. But before any printer decides to buy a digital press, there are many things to consider. The first step should be for the printer to talk to existing customers and learn if there is a need for digital. If there is a need, the next step is to discover if capable staff is available. Without the right people operating the equipment and advising the customers, it is nearly impossible to make profit in digital printing. A capable staff begins with a technically competent customer service representative. This is the printer's first line of defense as well as the point of contact; the customer service representative must be able to qualify incoming orders as potential digital candidates. The Technical Communicator is the next part of the capable staff. The technical communicator is the printer's most valuable digital asset and should be paid accordingly. This individual must be able to master digital files as well as effectively communicate with customers and sales personnel, as they will be in charge of educating and assisting them (Farquharson, 2006).

Opportunities in wide-format digital printing are rapidly increasing for new and established printers, with annual digital revenue up to eight billion dollars in 2006. The top three markets for digitally imaged products are advertising, corporate identity, and retail stores. Digital revenue growth estimates for these markets are optimistic with trade printers' growth rate at over 16 percent. This market is usually served by mid-size shops with relatively low levels of digital imaging (Marx, 2006).

FULFILLMENT AND MAIL

Fulfillment, according to the National Association of Print Leaders (NAPL), entails the storage, management and timely distribution of a clients materials (literature or products, for instance) to the client's distribution outlets or end users. Fulfillment covers a wide range of services from very basic pick and pack operations to complex and sophisticated, Web-enabled programs that provide client interfaces and order/inventory management. When fulfillment is implemented properly, sales and profit performance can increase dramatically. According to the NAPL 2005 Survey of Fulfillment Practices:

- 76.2 percent of survey respondents reported an increase in overall print volume from clients using their fulfillment services.
- 61.9 percent said overall client profitability increased as a result of offering fulfillment services.
- Fulfillment decreased client turnover from 13.1 percent for customers purchasing printing only to 5.7 percent among clients buying print and fulfillment.

Incremental profit potential is the primary reason printers are aggressively moving towards fulfillment services. PIA/GATF ratio studies show that the print industry has

around a two percent before-tax net profit. MFSA (Mailing and Fulfillment Service Association) has a similar study that shows its members net profit to exceed six percent. This three times leverage factor is appealing to printers. A recent NAPL survey conducted in May of 2005 showed that three fourths of the respondents plan to expand services to include mailing and fulfillment. Fulfillment services require extra finished goods warehousing space. A survey conducted by NAPL indicated that printers dedicate a median of 20,000 square feet to fulfillment. However, 60 percent of small commercial printers that have been successful with fulfillment services rent their warehouse space from nearby industrial parks. They also have a median of 23 clients that use the fulfillment space. The revenue from these clients is usually around 10 percent of the printer's total annual revenue (Bolte, 2006).

Properly implementing fulfillment services pose many challenges to printers. Printers have traditionally stored their customers printed material for free. The first step towards a profitable fulfillment operation is switching to a revenue-based business model. Every business model needs an appropriate pricing strategy; every pricing strategy needs an understanding of the costs. When offering fulfillment, companies are charging for time, floor space, tracking, monitoring, and reporting. These are activities that are constantly under-valued by traditional printers, but in order to make profit, all activities need to be associated with a cost (Printing Impressions, 2005).

Success in fulfillment services requires significantly more engagement with the customer than what most printers are used to, including gathering much more information in advance. Fulfillment, as with most services, is rapidly migrating towards the Web and will force printers to implement at least some level of internet-based service. This increased engagement with customers will make them more loyal and make printers more profitable (Printing Impressions, 2006).

Fulfillment projects closely mirror the transactional sales cycle of print and is a good way to transition into offering fulfillment services. Fulfillment projects are hand-labor intensive and include assembling kits, binders, mailings, gluing, shrink wrapping and poly bagging. Since the printer produces the majority of the material in the project, it is a logical extension of the printing process. One of the main advantages in performing these fulfillment projects is selling to the right level. Most of these projects will be initiated by a marketing individual higher up in the organization than the print buyer. This achieves the long-term goal of the salesperson of finding the decision maker of fulfillment programs higher up in the organization for new account development. Another benefit of the fulfillment projects is determining the client culture. The completion of a project will allow the client customer to decide if the cultures of the companies are compatible for future growth. In addition to compatibility, fulfillment projects expose critical information such as proficiency in packaging and shipping, data management efficiency, discovering purchase order process, willingness and ability to negotiate changes in operational steps, and timeliness of paying invoices (Quinn, 2006).

The growth of fulfillment clients often decreases after the initial success. One of the main reasons is the resistance of the sales force. Many sales personnel opt not to bring their

clients to the fulfillment center out of fear that a problem in the fulfillment process could result in the loss of the print business. There are three common sales models to help motivate the sales force to grow the fulfillment business (Quinn, 2005).

This first method is to train all sales personnel in selling the complete process, including fulfillment. This option usually fails because current compensation methods were not designed to pay sales personnel to work as long as two years on one sale. The sales person does not learn the new business in order to be successful, thus motivation is lost. The second option fails just as much as the first, but for different reasons. This option suggests hiring a fulfillment specialist to sell fulfillment services to new and existing clients. Territorial sales personnel typically do not want to share their accounts with the specialist, limiting the specialists to new business instead of developing existing clients. The third option, which has proven to be the most successful, involves hiring a fulfillment manager to assist in the fulfillment sales cycle. The manager need not be a sales person; they just need technical knowledge of the fulfillment process to assist the salesperson in developing accounts (Quinn, 2005).

ALTERNATIVE MEDIA

The broad availability of alternative media means that print must compete on many more fronts. Many of these media are effective at one-to-one marketing and can reach young consumers at their peak spending years. These relatively new media will hone their technique and be even more effective with time (Mason, 2006).

Chapter 3: Research Methods

The research methods used in this study were historical research, descriptive research, and Elite and Specialized interviews. Historical research was used to interpret the past in order to develop a deeper understanding of the printing industry's current state. Documentary analysis was the form of descriptive research used in this study. Documentary analysis involves analyzing information obtained from records and documents. Elite and Specialized interviewing is a form of interviewing well-informed individuals who perceive themselves to be important. Elite and specialized interviewing involves establishing rapport and having an intelligent conversation.

Historical Research was the starting point of this study. The past of the printing industry was researched in order to find any patterns or other possible indicators of where the industry is headed with regards to ancillary services. Researching the past of the printing industry provided a deeper understanding of its current state, and influenced predictions on the future of ancillary services. The history of some other industries was also reviewed with regards to ancillary services. Two industries were selected that have expanded greatly by offering ancillary services. One is the Communications Industry, and specifically Verizon. The other is the Air Delivery and Freight Industry, specifically UPS and FedEx. By studying these two industries, a determination was made on some common strategies for success in implementing new services that can be applied to the printing industry.

Information was uncovered about the two industries through online databases that provided access to scholarly journals and business and management publications. The focus was on the implementation of new services, the success of those services, and the future goals/strategies for the respective companies. The information was compared it to what was learned about the printing industry and ways that the printing industry could benefit from the successful methods used by these two industries.

Descriptive research, specifically documentary analysis, was used to analyze the current state of ancillary services in the printing industry. Information was gathered through various industry publications and scholarly journals. Ronnie H. Davis, Ph.D., Vice President and Chief Economist for PIA/GATF provided trend studies that contained current statistics and future projections regarding ancillary services. Web sites of large printing companies, such as Standard Register and Consolidated Graphics, were reviewed to discover the ancillary services they offer and their goals/strategy for the future. The information gathered through this research provided a better understand of the statistics and future projections. Descriptive research also provided practical and theoretical information regarding the current and future implementation of ancillary services.

Once becoming more knowledgeable on ancillary services, Elite and Specialized interviewing took place. Kevin Cooper, a current professor of Graphic Communication at California Polytechnic State University, San Luis Obispo and ex-vice president for RR Donnelley was interviewed. Aaron Williams of Consolidated Graphics Leadership Development Program currently working for T/O Printing was also interviewed. Finally, an interview was conducted with Ronnie H. Davis, Ph.D., Vice President and Chief Economist for PIA/GATF.

Information on ancillary services in the printing industry was gathered though questions concerning implementation methods, plans for implementing ancillary services in the future, statistics on ancillary services now and in the future, reasons for and against implementing ancillary services, developing a business strategy for ancillary services, pricing of ancillary services, and breaking down ancillary services by market. This information, along with the information from the descriptive research, provided a sufficient understanding of the current opportunities and risks involved with the addition of ancillary services in the printing industry. It also allowed breaking down ancillary services by print market and provided issues to consider before implantation.

The information from the interviews and descriptive was then evaluated for any contradictions or major differences. No major discrepancies were found. In fact there was substantial consistency in the information.

Chapter 4: Results

The printing industry has a long history that dates back as far as the 15th century. Ever since Johannes Gutenberg made moveable type popular to the west, the printing industry

has played a critical role in communication and documentation. The history of printing is filled with technological innovations that improved quality, printing press speeds, and overall efficiency. Now, with a plethora of options for disseminating information, some of the traditional printing processes are experiencing a decline in demand and profitability. There is no question that the printing industry will have to undergo significant change in order to stay competitive in a dynamic environment.

Current State of Printing Industry

Computer technology is responsible for most of the significant innovations and incremental improvements in the printing industry since the 1980's. Computer technology has replaced nearly all of the craft-oriented processes formally associated with printing. Computer technology has enabled any computer-user to create a "ready-to-print" file that can be sent electronically direct to either a printer (machine) or a plate making device. Computer technology has streamlined the prepress process by replacing tedious human-labor positions with software. Digital prepress processes are faster, more accurate, and cost less than its predecessor. Computer technology is also responsible for the automation, standardization, and improved efficiencies in printing presses. While advances in computer technology have improved printing hardware, software, and workflows, it has also created competition for printed material.

With the popularity of computers and other electronic devices, information dissemination is drastically changing. People are able to access information via electronics which does not share traditional limitations such as geographical location or time. With electronics such as cell phones and computers, people can receive and send information virtually instantaneously anywhere in the world via the Internet. Printed materials such as business forms, newspapers, magazines, financial reports, and even books are now available in electronic form and can be accessed anytime from any place with an Internet connection. While there is still a need for traditionally printed material, many businesses are considering their relatively new paperless alternatives.

In addition to innovations and advancements, computer technologies have presented two major problems for the printing industry. As any technology matures, its cost decreases. Printing technology has matured to a point where sophisticated printing presses are relatively affordable. Since computer technology has replaced craft-oriented processes that were once dominated by individuals with specific skill sets with software and hardware, the barrier to entry into the printing industry has been drastically lowered. The second major problem caused by computer technology is the paperless alternatives it creates. The Internet has transformed many things, but the changes in ways people communicate and share information can have negative impacts on the printing industry. Computer technology has contributed to increased competition amongst printers from lower barriers to entry, and provides alternatives to traditional printing for sharing information.

Printers currently face increased competition from other printers and the Internet, but opportunities for profitability and sustainability still exist. They may not be the same types of opportunities that existed in the past, or even use traditional printing processes,

but they exist. One of those opportunities has been around for several years and many profitable printers are already taking advantage of it. That opportunity exists in ancillary services. Printers must view the changes brought about by computer technology and the Internet as an opportunity instead of a threat and realize that they can offer services outside the realm of traditional printing processes.

PRINTING INDUSTRY TRENDS

Industry expert Frank Romano was the Moderator for a colloquium held at the Rochester Institute for Technology a few years ago. The panelists, consisting of economists with a relationship to the printing industry, discussed various aspects of the printing business and its relationship to society. The panelists covered five macro-trends affecting the printing industry. Ancillary services failed to be directly linked to any of the five macro trends mentioned, but some do relate.

The first macro trend the panel discussed was the economy. One of the conclusions derived from this topic is somewhat relevant to ancillary services. The panelists concluded that the printing industry will no longer grow at a faster rate than the GDP as it did during the twenty-five year period from 1977-2001. Ancillary services have the potential to be one of the solutions to this problem of declining growth. As traditional printing processes struggle to find opportunities for growth, printers can take advantage of ancillary services by offering their customers innovative and unique services in addition to print. While some printers are offering ancillary services to grow revenue and profit, other printers may be forced to offer ancillary services just to sustain.

The second macro trend the panel discussed was advertising. Advertising plays a considerable role in the printing industry as many publications such as newspapers and magazines rely heavily on revenue from advertising and marketing. Although Internet use is constantly rising and inevitably taking away some business from traditional forms of media, Vertis, a graphic communications provider, reports that T.V., radio and newspapers have been increasing at comparative levels. From 2000 to 2002, ad insert readership and use as well as direct mail pieces have increased for young men and women (Romano, 2004). PIA/GATF notes that ancillary services are estimated to grow by 10-15 percent to comprise 20-25 percent of printers' sales revenue (Davis, 2007). The combination of reported increases in ad inserts/direct mail pieces and the projected growth of ancillary services in those markets translates into legitimate opportunities in ancillary services over the next decade.

RR Donnelley sponsored a large-scale research project through Shop.org to discover the changing dynamics of the marketplace. As far as merchandisers and publishers are concerned, they are narrowing their focus on both content and audience, adding more personalization (Romano, 2004). Increased personalization is opportunity knocking on printers' doors. With new technologies such as VDP (variable data printing) and digital printing, printers are capable of offering low-volume runs with extremely personalized data for a relatively low cost when compared to possible return on investments. With technology such as VDP and digital printing, ancillary services opportunities such as database management and digital file archiving surface.

The last trend relative to ancillary services the panel discussed was postal rates. PIA/GATF estimates that around forty-five percent of printing dollar volume ends up in the mail stream, which amounts to about seventy billion dollars in annual printing shipments through USPS. Postal rates can account for up to forty percent of total costs for magazines/catalogs and mitigate those costs elsewhere in the process is proving to be more difficult. Since postal rates have an inverse relationship on print volume, future increases can only negatively affect the printing industry (Romano, 2004). Although mitigating costs of postal rates is becoming more and more difficult, it is not impossible. Printers such as QuadGraphics have found creative solutions to provide postal discounts to their customers that not many printers can match, ensuring loyalty from those customers. With ingenuity and trustworthy customers, printers can create ancillary services in distribution to provide their customers with postal discounts.

ANCILLARY SERVICES IN OTHER INDUSTRIES

While “ancillary services” is a relatively new topic in the printing industry, many other industries have benefited from the addition of ancillary services. There are two industries closely related to the printing industry that recently expanded their services with great success. Two of the biggest Air Delivery and Freight companies, FedEx and UPS, have recently expanded their services to include quick printing and distribution capabilities, freight services (both less-than-truckload and truckload), as well as tracking systems via the Web, allowing both of these companies to become global leaders in supply chain services.

The telecommunications industry has also experienced an inclusion of ancillary services. Verizon, for example, was traditionally known as one of the leading cell phone service providers. Now, Verizon offers additional services in Internet, cable television, telephones with land lines, large-business networking and IT solutions. With these additional services, Verizon can now serve virtually all of the communication and entertainment needs of homes and businesses alike. There are many other industries that have successfully added ancillary services; the common link of success being convenience.

The printing industry can learn from these other industries. The printing industry appears to be relatively static and reactive compared to the dynamic, proactive industries noted. Printers have gotten too comfortable with taking orders from customers resulting in a loss of proactive business strategies. Regardless of what they claim, UPS, FedEx, and Verizon offer additional (ancillary) services to increase revenue and profit; the same goal printers have. The difference being that the printing industry typically waits until its customers tell them which services to offer. Other industries are more involved with their customers’ businesses and have an understanding that allows them to create innovative ways to make their customers more successful. This strategy increases customer loyalty as well as revenue and profit. With a more pro-active philosophy and a deeper understanding of their customers’ business strategies, printers too can use ancillary services to create more loyal customers and increase revenue.

ANCILLARY SERVICES IN THE PRINTING INDUSRTY

In order to find the most accurate and up-to-date information regarding ancillary services in the printing industry, the Chief Economist and Vice President of PIA/GATF, Ronnie H. Davis Ph.D., was turned to. Dr. Davis is responsible for articles concerning economic forecasts for the subscribers of GATF World. In his articles, Dr. Davis outlines what he considers to be the major opportunities and threats for the industry for the up coming year. There has been a common opportunity in his last couple of articles entitled: The Ancillary Opportunity.

Ancillary services or print logistics have proven their potential for increasing sales in the past few years. Many companies are realizing that it may be easier to grow sales in ancillary services than in traditional ink on paper services. According to Dr. Davis, it is estimated that for every one dollar spent on printing perhaps six to eight dollars is spent on various ancillary services in conjunction with printing. With ancillary services only comprising ten percent of current total printers' sales revenue, this becomes a logical area for growth. Dr. Davis states that ancillary services can grow to be up to 20-25 percent of total printers' sales revenue in his PIA GATF article, *Navigating Print Markets in 2007-2008*. The expected growth of this opportunity for printers over the next decade requires a change in printers' business plans and strategies.

There are numerous ancillary services that can be offered depending on the print market being served. Each ancillary service requires a specific set of competencies that printers may or may not already have. The following is a list provided to by Dr. Davis containing the top ten ancillary services offered by printers (Dr. Davis, personal communication, April 14, 2007).

Top 10 Ancillary Services Offered by Printers

Ancillary Service	Currently Offer
Desktop publishing service	69 %
Graphic design services	60 %
Mailing service	49 %
Fulfillment management	42 %
Warehousing	40 %
Consulting on DTP	29 %
Electronic file storage	25 %
Database management	14 %
CD-ROM services	13 %
Digitally stored photo Libraries	10 %

This list highlights the popular services that provide opportunities for printers to earn more revenue from their customers. The ancillary services, including the ten previously noted, will now be broken down by product market and some of their respective competencies will be defined.

ANCILLARY SERVICES BY PRODUCT MARKET

There are two keys to discovering the ancillary services that exist within a specific print market. The first is to simply trace the product through the entire supply chain, from idea conception to the end-user. Printing, conveniently, lies somewhere close to the middle of the supply chain and has the advantage of looking in both directions, either up or down the supply chain, to find areas where value can be added to the customer. The printer can potentially add value to the customer by reducing the number of vendors the customer must deal with. The printer can achieve this by either streamlining the process rendering traditional services obsolete, or by offering the same services traditionally offered by vendors either above or below the printer in the supply chain.

The other way for printers to discover potential ancillary services is by becoming an expert in their customers' businesses. In order to accomplish this feat, a fundamental change must occur. Printers must break away from their label as a "printer" as it can potentially limit the number of services they can offer as well as the type of customers they can attract. Conversely, a broader title such as "communications provider" or "documents manager" provides more flexibility in altering existing services to match and meet the dynamic needs of customers. If printers can approach their customers as business partners instead of "job bidders" or "order takers," they can have a more engaging relationship. With a deeper understanding of their customers' business, printers can creatively solve problems using their various services. Depending on the print market served and the future needs of customers, printers can develop unique ancillary services as well as their respective competencies.

The magazine market has tremendous opportunity for printers to earn more revenue from their customers. Some of the needs that a printer could serve are back issues, special orders, advertisers' issues, subscriber lists, mailing, and distribution. All of these needs are currently being met by someone other than the printer, but there is no reason why the printer could not serve these needs in addition to printing the magazine. With an understanding of the competencies required to fulfill the need and a pricing strategy that is mutually beneficial to the printer and customer, the printer can begin implementing the ancillary service.

Taking care of needs such as back issues, special orders, and subscription lists all have the same core competency: skills in database management and information systems. Printers that provide these types of ancillary services find themselves much closer, and even in direct contact with the end-users. Printers may find difficulty in dealing with the significantly lower quantities and velocities associated with end-user orders. Although mass-producing magazines and bulk shipping them is a complex process, printing a few archived issues and sending each one to a different end-user is a completely different kind of complex. Although the skills and concepts are similar, it should not be assumed that the transition will be easy or smooth.

Mailing and distribution of magazines provide even more opportunities for printers to offer ancillary services. With competencies in postal rates/discount and distribution methods, printers can find creative ways to earn postal discounts for their customers.

QuadGraphics, for example, convinced its trustworthy customers to buy into a system that allowed a greater postal discount. By coordinating the distribution timing of several different magazine titles, thus maximizing the number of magazines sent to their respective zip codes, QuadGraphics was able to offer their customers lower postal rates than their competitors. However, this is not the only solution in maximizing the postal discounts. If printers can convince their customers to cooperate, which shouldn't be too difficult to do if the end result is postal discounts, they can develop creative ways to mail and distribute in a way that is mutually beneficial to the customer and printer.

The book market appears to require more creativity to discover the possible ancillary services that can be offered. One of the more obvious options would be the management of book clubs. The Science Fiction Book Club, for example, sends its members a free club magazine with book reviews, and sends out many direct mail pieces. As the printer is already printing the deliverables for the book club, why not offer services to manage the book club? The book club also offers customer service, which could lead a printer into telephone and email assistance. Most of the opportunities in the book market will be derived from disintermediation (eliminating the middle-man).

Business forms printing is a market undergoing drastic changes. With many paper-based forms being replaced by electronic-based forms that are accessible via the Internet, it's no surprise that business forms printing is declining. Business form printers such as Standard Register are trying their best to view this change as an opportunity. Standard Register prides itself on innovation, quality, and improving their customers' business. Anytime an industry, in this case a major sector of an industry, experiences a fundamental change such as this, it's important to remember that the change is creating just as many new opportunities as it is eliminating old ones. An innovative, dynamic print company that can quickly adapt to change, is not fearful of the internet taking away its business, instead it finds and creates opportunities produced by the change.

Some of the ancillary services that can be offered in the changing business forms market are document automation, workflow automation, data capture solutions, and on-demand documents. Innovative printers such as Standard Register already provide these types of services, but there are still opportunities in these areas. These services require competencies in database management, information systems, workflow systems, and back-end systems such as inventory management and customer relationship management. As printers' customers are making the transition from paper-based to digital processes, many opportunities outside of print exist for the printer. With an understanding of the technology driving the new direction of the market, printers can be proactive in adapting to the changes.

General/commercial printing, which makes up the largest percentage of printing companies, is a print market with many opportunities in ancillary services. Since this market is not as specialized as the other printing markets, the range of ancillary services that can be offered is much wider than the other markets. In this market, the easiest ways to find opportunities is to trace a common product, i.e., brochure, business card, letterhead, from its conception until it reaches the end-user. Any processes that add value

to the finished product are potential opportunities for the printer. Some of the more common services include: graphic design, desktop publishing, fulfillment, electronic file storage, CD-ROM or DVD services, and digitally stored photo/document libraries. Most prepress departments already have personnel that have the competencies to offer services such as graphic design, desktop publishing, electronic file storage, digital libraries, and CD/DVD services. Mailing and fulfillment services are a little more complex and competencies such as inventory management and warehousing are required.

There are legitimate opportunities for printers to earn more revenue from their customers in all of the print markets via ancillary services. There are essentially three key aspects that printers must consider before implementing ancillary services. The first thing to consider is the current and future need for the ancillary service to be offered. It is important for the printer to develop a relationship with the customer that goes beyond requesting quotes and taking orders. The printer needs to know enough about their customers' business to be able to find creative solutions that will improve it. Only when printers know where their customers are headed can they be proactive in offering services to help them get there.

Competencies associated with the ancillary service have to be considered. If a printer does not currently have the competencies to effectively and efficiently offer a particular service, they need to have a strategy for acquiring them. Competencies can really only be acquired in two ways. Printers can either purchase a company or person(s) who have the desired competencies or the printer can learn and develop them. Certain skills, inventory management in particular, are easy to underestimate and can cause potentially serious problems, bottlenecks, missed deadlines, and undeliverable products. The more aware the printer is of the competencies they currently possess and the competencies they need to acquire, the smoother the implementation process will be.

The third aspect of ancillary services that needs to be considered before implementation is the pricing strategy. Since there is currently no magical formula for pricing ancillary services, there will inevitably be unknowns in the equation. For unique services, printers will be forced to use a guess-and-check method in which they select a "reasonable" price for the service that is profitable and adjust it according to the customer's reaction. If it is a service that already exists, but is not usually offered by a printer, it is highly likely that the printer can find out how much a customer paid for that service. Once the printer discovers the price the customer currently pays, a price can be created between that number and their total costs plus profit. There is currently no right or wrong way to price ancillary services as long as the price is mutually beneficial to the printer and the customer.

After these three main aspects have been carefully considered, the printer is well on the way to implementing a successful ancillary service. Ancillary services can offer printer's more than increased revenue; they can also increase customer loyalty and remove printers from the commodity trap. Customer loyalty has almost disappeared completely from the printing industry. Since traditional printing has turned into a sort of commodity, customers tend to select printers solely on price. If printers become involved in more

aspects of their customers' business through ancillary services, the price of the printed material gets lost amidst the other services. It is nearly impossible for customers to compare prices of printers who "bundle" their services because the price encompasses many value-added services. If a printer is only offering a customer one service and the customer no longer needs that service, the printer loses the customer. If a printer offers a customer three services and the customer no longer needs a service, the customer still needs the printer to perform the other two services. This loyalty is another way in which being involved in multiple aspects of a customers' business is beneficial to printers.

People from two large printing companies were interviewed: RR Donnelley and Consolidated Graphics. The companies were compared and contrasted with regards to ancillary services. There is a wide variety of ancillary services that printers can offer and an even wider variety of ways to implement and price those services. Both of these companies successfully implemented ancillary services using different competencies to serve different print markets.

IMPLEMENTATION: RR DONNELLEY

Kevin Cooper, an ex-vice president for RR Donnelley and current professor at California Polytechnic State University, San Luis Obispo was interviewed about some of RR Donnelley's ancillary services. Let's begin with a brief history of how RR Donnelley became involved in diskette replication that led into CD replication. This will be followed by the competencies, pricing strategies, and advantages that accompanied this ancillary service.

In the late 1980's, one of RR Donnelley's best customers, IBM, decided that its printer would also be its diskette manufacturer. RR Donnelley knew little about diskette replication, but knew it had to find a way to meet its customer's needs. The plant in Indiana was the first to start replicating diskettes. RR Donnelley was using machinery from Trace Mountain, who also performed the initial training on the machines. After a couple of months of training, the plant in Indiana was successfully replicating diskettes and began training the other RR Donnelley plants.

As computer technology improved, RR Donnelley was forced to make the switch to CD replication. This process was a little more complex than diskette replication, but RR Donnelley caught on fast. Professor Cooper even made the comparison that once the CD master was created, the replication was similar to the printing process. The CD master is like the file from pre-press, after that is obtained, mass reproduction of the original can begin. Before long, many of the RR Donnelley plants were successfully replicating CD's.

IBM began giving their printer more responsibilities and RR Donnelley eventually produced and distributed complete software packages for IBM. By this stage, the complexity had reached a point far beyond learning new machinery and now included topics such as inventory management, warehouse management, information systems, and pricing unknowns. RR Donnelley's philosophies and business strategy prevented them from missing this opportunity to gain more revenue from their customer. They did not let their label as a "printer" limit the services they could offer. RR Donnelley took one

customers demand, and turned it into a turnkey service they could offer to all their customers. RR Donnelley had the confidence that it could develop the competencies required to meet this need and price the service in a way that was mutually beneficial to the customer and themselves.

Although the transition from running printing presses to manufacturing diskettes/CDs was relatively smooth, the management and pricing were not. Once RR Donnelley was responsible for creating the entire software package, it ran into unfamiliar quantities and velocities. The company was no longer mass reproducing one item; it was assembling complete “kits.” Professor Cooper mentioned that one of the flaws was underestimating the difficulty of inventory management. The responsibilities of inventory management fell upon current management who were unfamiliar with managing this new type of inventory. Software kits were comprised of several parts, i.e., binders, printed material, labels, CD’s, all of which had to be inventoried because something as small as a label could prevent the kit from being a sellable product. Even though RR Donnelley developed the manufacturing competencies relatively quickly, the inventory management competencies proved to be a flaw during implementation.

Pricing strategies seem to be one of the most difficult aspects of implementing ancillary services. Professor Cooper admitted that RR Donnelley used the “guess-and-check” method. Pricing relies heavily on the particular customer purchasing the job. IBM was a great customer for RR Donnelley because they were not concerned with getting the lowest price possible. This time period was crucial for software companies to get their products to market as soon as possible, which ultimately gave the printer control of the price. At one point in his career, Professor Cooper mentioned that he would calculate the costs and profit for a certain service, and then triple it. Depending on the reaction from the customer, he could adjust the price accordingly. The difficulty in pricing ancillary services arises from the fact of not yet knowing the exact costs involved or the exact value to the customer. This leads many printers, such as RR Donnelley, to use some sort of guess-and-check model and adjust the price according to the customers’ reaction.

IMPLEMENTATION: CONSOLIDATED GRAPHICS/T.O. PRINTING

An interview took place with Aaron Williams and Jason Miller of the Consolidated Graphics facility in Thousand Oaks, California named T/O Printing. Aaron and Jason are currently in Consolidated Graphics renowned Leadership Development Program, and were able to provide valuable information regarding ancillary services offered by Consolidated Graphics. Consolidated Graphics is made up of a network of commercial printers offering complementary services in strategic geographic locations throughout the United States and Canada. The following covers services offered by the corporation as a whole, as well as services offered specifically by T/O Printing.

T/O Printing saw an opportunity in mailing and decided to begin offering it as an ancillary service. Since many of its customers’ products were being outsourced to mail houses, Mike Scher, CEO of T/O Printing decided to start offering its own mail house services. Since T/O Printing did not have the competencies to effectively and efficiently run their own mail house services, they bought a small mail company and moved them

into their building. The owner of the mail company turned into the manger of the mailing department and T/O Printing no had the space, equipment, personnel, and experience required to effectively and efficiently provide mail house services. The pro-active addition of mail house services allowed T/O Printing to differentiate themselves from competitors while adding value to their customers.

Consolidated Graphics offers “CGX Solutions” to all of its customers. CGX Solutions offers three main services: Store Front, Cross Media, and Digital Asset Management. Customers can create an account via the internet at www.cgxsolutions.com to access these services. Store Front was developed to help customers save time and money in handling their vast array of printed materials, from marketing materials, to stationary, to ads and much more (www.cgxsolutions.com, 2007). The following is a direct quote from Consolidated Graphics defining their Store Front service:

StoreFront is an easy-to-deploy, easy-to-use, online tool that gives you complete control over the purchase, management and distribution of your company’s marketing materials. It allows your people to access, edit, customize, order, distribute and manage your company’s inventory of printed materials – from any location, at any time, on any deadline (www.cgxsolutions.com, 2007). The following is a direct quote from Consolidated Graphics defining their Store Front service:

Cross Media is a service designed to help customers reach their audience with strategic and innovative marketing messages. People today are constantly bombarded with marketing messages through various types of media making it harder than ever to grab someone’s attention (www.cgxsolutions.com, 2007). The following is a direct quote from Consolidated Graphics describing their Crosse Media service:

Cross Media allows you to create a focused campaign that combines various media to create a one-to-one “conversation” with your prospects. It empowers you to break through the clutter of traditional marketing approaches and motivate individuals to act (www.cgxsolutions.com, 2007).

Digital Asset Management is the third service that Consolidate Graphics offers to all of its customers. Since digital files are proliferated at astonishing speeds, companies struggle to find a find a way to organize, secure, and control the use of their digital assets. Digital Asset Management was developed to help customers have an efficient way to secure and access their digital assets (www.cgxsolutions.com, 2007). The following is a direct quote from Consolidated Graphics defining their Digital Asset Management service:

Digital Asset Management brings all of your company’s valuable files together into a controlled, easy-to-use, online library. Because your assets are fully accessible, your people become more productive. Designers spend time being creative rather than chasing down files, checking for errors and obtaining approvals. Individuals and groups become more collaborative and innovative,

because they can see all the assets available and share them throughout your company (www.cgxsolutions.com, 2007).

Consolidated Graphics is comprised of individual printing companies that offer complementary services so that collectively they can offer various services to all of their customers. If the printer with the closest proximity to the customer does not have the equipment and competencies to fulfill the customer's needs, they will be outsourced to another Consolidated Graphics printer.

RR Donnelley's implementation of diskette/CD reproduction and Consolidated Graphics "CGX solutions" and T/O Printing's mail house services are all successful examples of implementing ancillary services. In this particular example, RR Donnelley reacted to a customer's demand that it would be more convenient if the printer also provided the services of diskette/CD reproduction and fulfillment. Conversely, Consolidated Graphics, including T/O Printing, were more pro-active in recognizing needs and offering additional services to meet the needs to the customer. While both of these examples added value to the customer and can be considered successful implementation of ancillary services, the printer of tomorrow will not have the luxury of waiting for the customer to demand additional service. The printer will have to be pro-active in discovering potential areas where they can add value to their customers.

Both of these companies were implementing services in which they had no previous experience. Both companies needed a way to acquire the competencies required to effectively and efficiently provide their ancillary services. RR Donnelley learned and developed the competencies needed to reproduce diskettes/CDs by hiring a professional from the equipment manufacturer to train the RR Donnelley employees. After the initial training, the RR Donnelley employees trained the other plants in the same skills they had learned and developed. T/O Printing, on the other hand, found it easier to simply purchase a small company that already had the competency they needed to acquire. Both of these methods allowed the printers to effectively acquire the new competencies. Depending on the printer and the competency needed, one method might prove more logical option than the other. The printer of tomorrow may need to quickly acquire equipment and competencies and will find that purchasing a small company will be the most effective and efficient method. Conversely, if the printer has the potential to acquire the competency with assets they currently own, they may opt to learn and develop the competencies internally.

After interviewing people at these two large and successful printing companies, similarities were found with regards to implementing ancillary services. Both printers developed their ancillary service into a turn-key service they could eventually offer all of their customers. Upon implementation, an ancillary service might be unique to only one customer. As printers gain experience and refine their skills in the competencies of that service, they can begin offering it on a larger scale to all of their customers. It is the goal of both companies to infiltrate their customers' business in as many areas as possible in order to become a turn-key service provider where the printer has assumed a majority of the services in addition to printing in the product's supply chain. The more ties a printer

can make with its customers through ancillary services, the more control the printer has over price and the more loyal their customers will be. The other similarity between the two companies was a move towards pro-active business strategies. Both companies are striving to be innovative and creative in recognizing needs and offering ancillary services to meet them.

Chapter 5: Conclusions

Ancillary services currently make up only a small percentage of printers' total revenue. However, that percentage is estimated to increase significantly as ancillary services are constantly noted as being a legitimate opportunity for printers to earn more revenue for their customers. Dr. Ronnie Davis, Chief Economist and Vice President of PIA/GATF, claims that for every dollar spent on print, perhaps six to eight dollars are spent on ancillary services in conjunction with printing. While this study was unable to break that six to eight dollars down by specific service or print market, an attempt was made to break down ancillary services in general by print market and define their respective competencies. In addition to breaking down potential ancillary services by print market, three main aspects to consider were proposed before implementing an ancillary service to help ensure success.

Before drawing conclusions regarding the implementation of ancillary services in the printing industry, it is worthy to address a comment made by Panelist Dr. Evans during the colloquium held at the Rochester Institute for Technology. Panelist Dr. Evans stated that printing has ridden a wave since Gutenberg, with continual growth, sufficient for an industry to expand and prosper. Now it has stopped and print must grow through innovation and productivity. This statement is absolutely true. The printing industry has been innovative with regards to equipment technology and types of workflows, which has greatly improved productivity. What the industry is lacking is innovation in business strategies and a lack of vision promoting proactive behavior. Before printers can begin successfully implementing ancillary services, they should have a mission statement and a vision that is proactive, focuses on customers needs, provides flexibility to adapt to customers dynamic needs, and focuses on the future.

Before printers decide to implement a new ancillary service, they should consider three main aspects. As previously noted, the three main aspects to consider are demand for the service, competencies required to efficiently and effectively provide the service, and the pricing strategy for the service.

It is important for printers to be proactive in recognizing needs and creating services to meet them. Printers should not wait for customers to demand an ancillary service, nor should they offer services before discovering a need. Printers must first recognize and understand the service's respective competencies, and then acquire them to effectively and efficiently provide the ancillary service. Depending on the circumstances, a printer may choose to either purchase the competencies, or learn and develop them. Pricing strategies for ancillary services proves to be the most difficult of the three aspects

because it involves many unknowns. Printers will most likely be forced to use some version of the “guess-and-check” method when implementing an ancillary service. The logical goal is to use the customer’s reactions to determine a price that is mutually beneficial to the printer and the customer. After these three aspects are carefully considered, the printer’s ancillary service will have a higher potential for success.

Opportunities in ancillary services exist in every market of the printing industry. As it would be nearly impossible, and unnecessary in this study to define all of the possible ancillary services for each print market, some of the more obvious ancillary services in some of the major print markets were defined. In doing so, a system was developed that any printer can use to find possible ancillary service opportunities in any print market. There are essentially two ways to discovering potential opportunities for ancillary services, and they can be used either independently or in conjunction with one another. Both methods are very logical and basic. The first method only requires a basic understanding of the print market’s respective supply chain and the time and creativity to dedicate to discovering ancillary services. By analyzing the supply chain of a printed product, the printer can break down every value-added phase of the product. Any phase above or below the printing/binding processes that adds value is a potential ancillary service for the printer; it’s as easy as that.

The second way to discover potential ancillary services is through creative problem solving. Printers need to become more involved in their customers’ businesses. Once printers can gain a deeper understanding of their customers’ business strategies and overall direction, they can better develop creative solutions through their services. This requires a different selling strategy for printers and encourages them to move beyond the title “printer” to a broader title that encompasses the flexibility to alter services to match their customers’ needs. As traditional ink-on-paper gains more competition from electronics and other forms of media, printers need to prepare themselves for a respective change in their customers’ needs. Although this method requires some fundamental changes and creative, visionary minds, it can provide opportunities for printers to increase revenue and customer loyalty.

This study presents opportunities and benefits associated with ancillary services in the printing industry. With many “profit leaders” already successfully offering various ancillary services, other printers are sure to follow. Ancillary services can help printers avoid the commodity “trap” that is responsible for the continual decline in prices, shrinking profitability, and lack of customer loyalty. Ancillary services can help differentiate printers by offering multiple value-added services to the customer. With bundled services, it is harder for customers to compare prices and returns some of the pricing power to the printer. As the ancillary service opportunity continues to grow, printers will need to be able to analyze their print market supply chain and their customer to proactively discover possible ancillary services to offer. This study will help printers take a step in the right direction towards increased profitability and sustainability through the implementation of ancillary services.

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