KEYPOINT INTELLIGENCE

ANALYSIS

MARKETING AND SELLING CMYK+

CHALLENGES AND REWARDS

MAY 2021

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Introduction

Some production color digital printing systems have had the ability to print effects beyond cyan, magenta, yellow, and black (CMYK) for decades. In the past decade, these capabilities have expanded to include a broader range of models at various price points. Despite this expansion, the use of CMYK+ (also called beyond CMYK) lags behind expectations. Users complain of various difficulties in promoting and using these capabilities. What is at the root of these issues? A recent research report from Keypoint Intelligence examined print service provider (PSP) experiences with CMYK+ print enhancement effects. This white paper takes a closer look at the survey results related to CMYK+ and offers some recommendations that PSPs can use as they attempt to move forward with the technology.

Defining CMYK+

The ability to print more than just the process colors (cyan, magenta, yellow, and black) is a common feature of offset presses, which often have a fifth or sixth unit for printing special effects like Pantone colors, metallic inks, neons, or fluorescent colors. Colors beyond CMYK are quite common in wide format digital printing, with many of these devices supporting eight or twelve colors. Yet in the production digital print market for documents, four-color devices are the most common, with a relatively small number of exceptions. Systems supporting more than four colors (frequently referred to as CMYK+) have been around since the 1990s in devices from HP Indigo, Kodak NexPress, and Xeikon. In the last decade, CMYK+ capability expanded to a much wider range of digital print devices, which most frequently offer a fifth color for effects like clear coatings, white, and special colors. These extra colors/effects, which may also be referred to as print enhancements, are applied in-line with CMYK. In addition, there is also a relatively new class of offline devices that use digital print techniques to add special effects like spot coatings, dimensional effects, and metallic foils.

How Big is the CMYK+ Market?

According to landmark research conducted in 2016, Keypoint Intelligence – InfoTrends predicted that the digital print enhancement market (in other words, CMYK+ pages produced via digital print), would expand at double-digit rates through 2020. Despite this strong rate of growth, digital print enhancements would still account for less than 2% of the available enhancement market by 2020; most would continue to be produced with traditional methods like offset lithography. This means that there is still lots of room for additional growth.
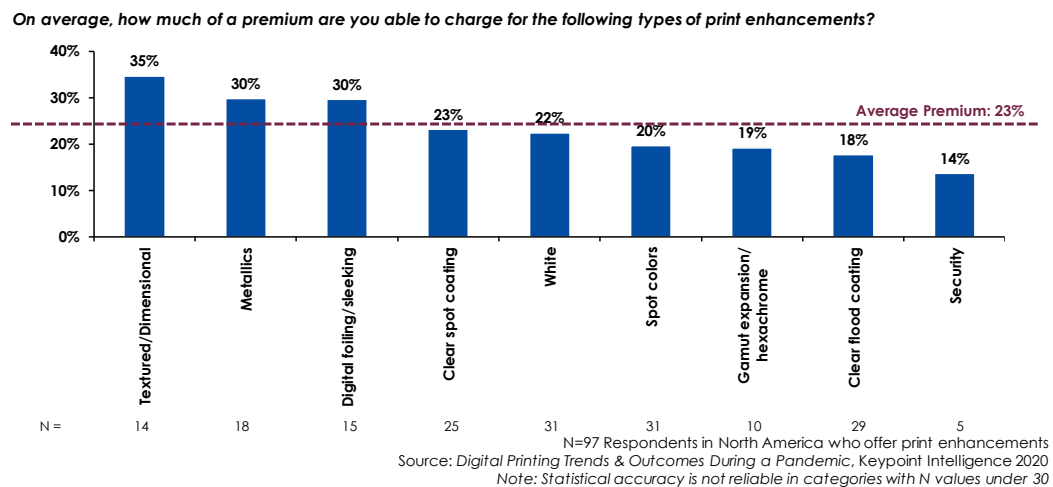
The drivers behind this growth were expected to be continued introductions of in-line and offline systems as well as the expansion of colors and effects for existing systems. Declining cost per page for digital enhancements, combined with the perceived high value of these effects, was also expected to contribute. While some of this has happened, there has been significant pushback from PSPs who are struggling with their CMYK+ sales and marketing efforts.

What Are PSPs Saying About CMYK+?

Keypoint Intelligence's research shows a significant lack of enthusiasm for CMYK+ features in production color digital printers. What is behind this and what does it mean for users of these devices? It is clear that some digital printers have had trouble marketing and selling CMYK+ print enhancement to their customers. The Keypoint Intelligence study entitled "Digital Printing Trends & Outcomes During a Pandemic" asked users for their perspectives on print enhancements. Survey respondents in the United States reported that 14% of their total digital print jobs included a print enhancement of some kind. Meanwhile, 16% of color digital print jobs had some kind of enhancement.

Looking at the numbers, it became clear that a few PSPs were handling a lot of print enhanced jobs, but most others were not doing much CMYK+ at all. Respondents also reported that they could upcharge an average of about 23% for print enhanced jobs.

Figure 1: Print Enhancement Premiums

On average, how much of a premium are you able to charge for the following types of print enhancements?

Enhancement	Premium
Textured/Dimensional	35%
Metallics	30%
Digital foiling/sleeking	30%
Clear spot coating	23%
White	22%
Spot colors	20%
Gamut expansion/hexachrome	19%
Clear flood coating	18%
Security	14%

Average Premium: 23%

| N = | 14 | 18 | 15 | 25 | 31 | 31 | 10 | 29 | 5 |

N=97 Respondents in North America who offer print enhancements
Source: *Digital Printing Trends & Outcomes During a Pandemic*, Keypoint Intelligence 2020
Note: Statistical accuracy is not reliable in categories with N values under 30

The most popular CMYK+ applications among survey respondents that were producing them included business cards, brochures, mailers, book covers, and marketing/promotional documents.
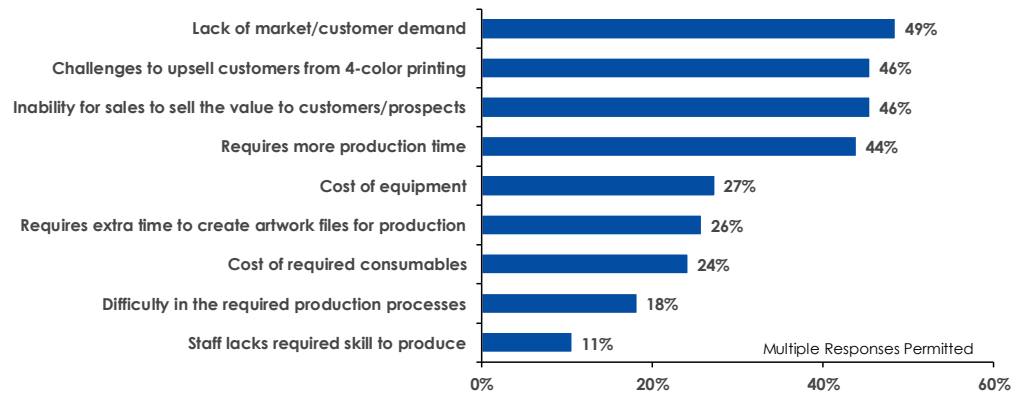
As shown in the Figure below, four factors stood out when PSPs who offered print enhancements were asked about their top challenges associated with doing so:

◆ Lack of market/customer demand for CMYK+

◆ Challenges upselling customers from CMYK

◆ Difficulty convincing customers about the value of CMYK+

◆ The additional production time required for CMYK+

Respondents were less concerned about the cost of CMYK+ equipment or consumables, or the time or difficulty required to produce artwork for CMYK+ jobs.

Figure 2: Print Enhancement Challenges (1)

Which of the following do you consider the top challenges associated with offering print enhancements?

| Challenge	Percentage
Lack of market/customer demand	49%
Challenges to upsell customers from 4-color printing	46%
Inability for sales to sell the value to customers/prospects	46%
Requires more production time	44%
Cost of equipment	27%
Requires extra time to create artwork files for production	26%
Cost of required consumables	24%
Difficulty in the required production processes	18%
Staff lacks required skill to produce	11%

Multiple Responses Permitted

N=97 Respondents in North America who offer print enhancements
Source: *Digital Printing Trends & Outcomes During a Pandemic*, Keypoint Intelligence 2020

Among respondents who were **not** currently offering print enhancements, the top challenge—lack of market/customer demand—was the same as those who were offering it. Although only about a quarter of respondents who were offering print enhancements cited the cost of equipment as a top challenge, this share was nearly 40% among PSPs who were not offering CMYK+.

Figure 3: Print Enhancement Challenges (2)

Which of the following do you consider the top challenges associated with offering print enhancements?
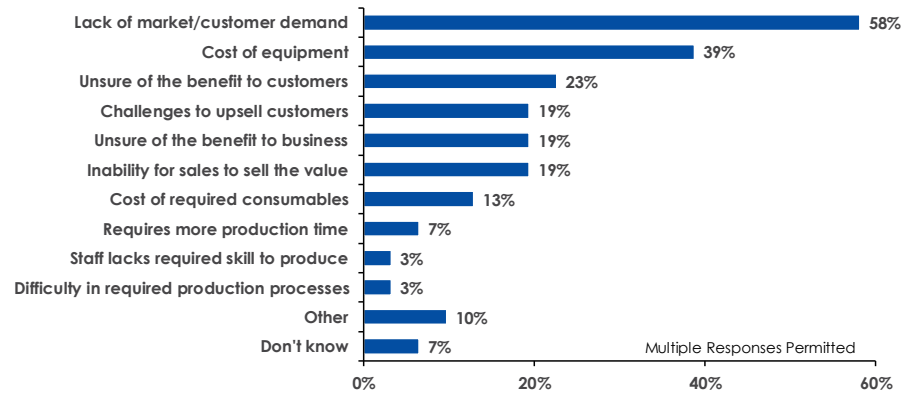
N=31 Respondents in North America who do NOT offer print enhancements
Source: *Digital Printing Trends & Outcomes During a Pandemic*, Keypoint Intelligence 2020

Despite this rather gloomy outlook, respondents who were already offering print enhancements were somewhat optimistic about growth in demand for CMYK+ over the next 5 years. On average, these respondents expected an increase of 3.7%, with textured/dimensional applications expected to show the highest growth.

Figure 4: Change in Demand for Print Enhancements

Over the next 5 years, how do you expect the demand for print enhancements to change?
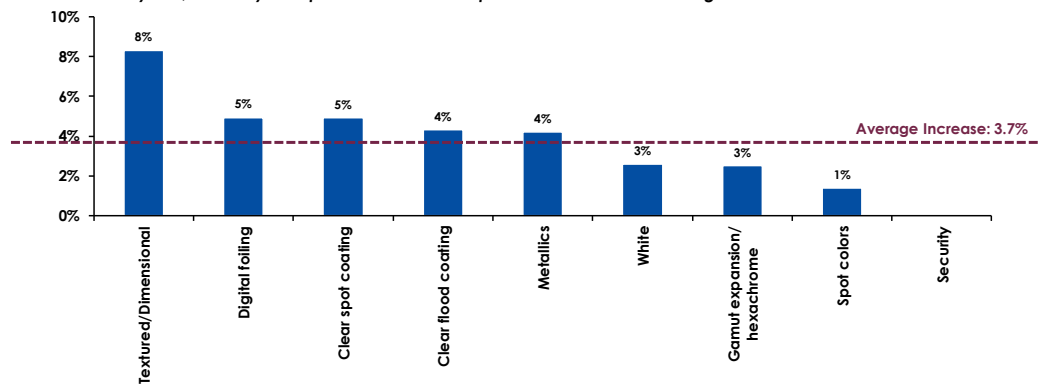

N=97 Respondents in North America who offer print enhancements
Source: *Digital Printing Trends & Outcomes During a Pandemic*, Keypoint Intelligence 2020
Note: Statistical accuracy is not reliable in categories with N values under 30

Value-Driven and Cost-Driven Strategies

What can we learn from these research results? Are CMYK+ print enhancement techniques too expensive, too difficult to market and sell, or unwieldy in some other way? It helps to think about the companies that were succeeding and producing high CMYK+ volumes at a premium. We do not know this for a fact, but it is highly likely that these businesses adopted a value-driven strategy rather than a cost-driven strategy.

Figure 5: A Value-Driven vs. Cost-Driven Strategy
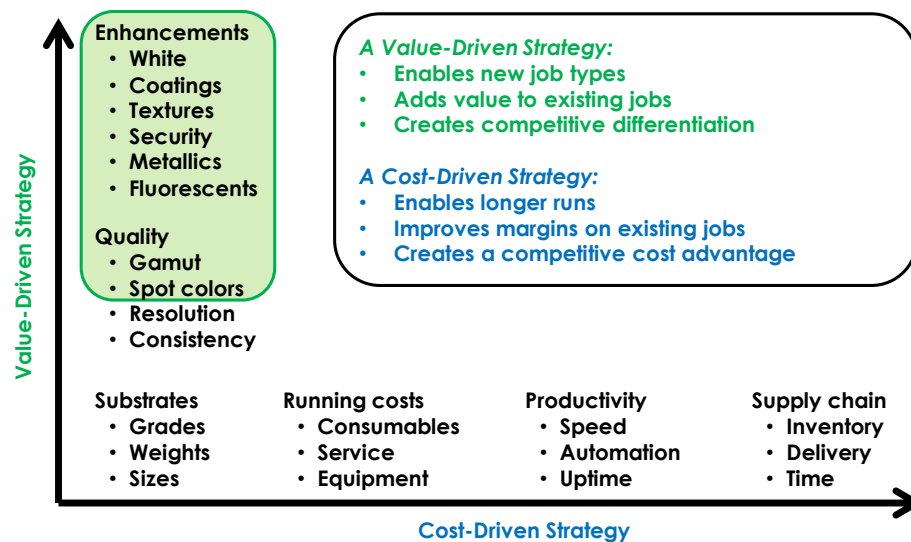
Source: Keypoint Intelligence

With a value-driven strategy, the focus tends to be on providing customers a wide range of products and capabilities. This starts with substrates and typically follows a quality path, ultimately leading to capabilities like print enhancements. A value-driven strategy typically includes expanded product offerings that enable new jobs (and customers) as well as technology enhancements that add value to the jobs that are already being produced. A value-driven strategy is one way to differentiate from your competitors.

In a cost-driven strategy, the starting point (again) is on substrate selection—though likely a limited one. Running costs are controlled tightly and the focus is on worker productivity, workflow automation, and driving high levels of uptime. Anything that can be done to reduce costs in the supply chain is also key. Overall, cost-driven strategies enable PSPs to produce effective and economic long runs and improve their profit margins on the jobs they do repeatedly. In a cost-driven strategy, the competitive advantage is not in being the most innovative or creative PSP, but in being the most cost-effective one.

There is certainly value in each of these approaches, and most PSPs use a combination of these strategies, but you can easily see that CMYK+ capabilities will flourish when the PSP's primary focus is on value. If you are not succeeding with CMYK+ print enhancement

techniques, this may be a larger issue for you to focus on. Is your overall strategy value- or cost-driven? PSPs can be successful with CMYK+, but there should be a dedicated focus on value in any marketing and sales efforts.

Opinion

There is a very sizable opportunity for PSPs to reap the benefit of CMYK+ print enhancement technologies. Doing so requires appropriate sales and marketing support as well as a company strategy that supports the creation of value.

Here are some recommendations:

- **Take advantage of your system provider's resources:** The vendor who sold you your CMYK+ system has a vested interest in your success. The more you print CMYK+, the more they gain from CMYK+ consumables and service. The vendors of these systems offer templates, file creation guides, production tips, print samples, videos, and success stories to help you succeed. Take advantage of these tools, and look into user group activities that educate on CMYK+ topics.

- **Use CMYK+ techniques in your own promotions:** Postcards, brochures, open house invitations, sell sheets, posters, and marketing mailings are perfect promotional tools for CMYK+ techniques. Use these opportunities to highlight your capabilities and encourage your customers and prospects to take advantage of them.

- **Focus on a limited subset of techniques:** Print buying decisions about design, paper, and production choices can leave some customers in a fog. By limiting the CMYK+ options to a few high-value techniques, PSPs can make it easier for their customers to focus. The use of metallics, neon colors, white on colored papers, gloss coatings, and textured effects can produce fantastic results that are easily worthy of premium pricing. In the same way, techniques employed for security printing (e.g., infrared and UV inks) can be extremely valuable for applications like gift cards, invitations, passes, tickets, and vouchers. Knowing your customer's application set will help you focus on the CMYK+ techniques that are most useful for them.

- **Don't undersell the value of CMYK+:** Selling value can be hard in competitive situations, but it's very important not to devalue CMYK+ techniques or throw them in as giveaways on large jobs. This tendency works against a value-based strategy and sends the message that CMYK+ is a frivolity. It's in your best interest to uphold the value of CMYK+ and to reserve these techniques for situations where their value is deserved.

The rollout of CMYK+ capabilities can be a struggle, but the opportunity is clear. With a value-based strategy, PSPs are well-positioned to bring these premium effects to their customers in an effective and profitable fashion.

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Jim Hamilton is a well-known industry analyst who serves as Consultant Emeritus for Keypoint Intelligence's Business Development Strategies and Production Printing consulting services. In this role, Mr. Hamilton supports the areas of production digital printing, wide format signage, labels & packaging, functional & industrial printing, production workflow & variable data tools, document outsourcing, digital marketing & media, customer communications, and business development.

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