



KEYPOINT
INTELLIGENCE

| *InfoTrends*

SERVICE AREA:

Business Development Strategies

ANALYSIS

ROAD MAP 2021

BUSINESS DEVELOPMENT STRATEGIES

JANUARY 2021





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Introduction

The facts are incontestable—2020 delivered many unwanted and unexpected changes. Many in our industry felt the tension and discomfort of not having a solid white fog line that might serve as a guide through these uncharted roads. Others were able to take comfort in the guardrails they had the foresight to install, which enabled them to adapt more quickly and focus on new business opportunities.

Most of us are eager to leave the events of 2020 behind as fast as possible, but we shouldn't miss the opportunity to recognize that much was learned about how to improve production, supply chains, and sales at an accelerated pace. If one thing became abundantly clear during the pandemic, it is this—business strategies must be dynamic and capable of navigating any bends in the road when things suddenly change. Print service providers (PSPs) that are willing to accept an adaptive approach to business will be better equipped to refine their goals and the means to pull them forward.

After a year that has been challenging to say the very least, we have the opportunity to address two basic yet important questions:

1. As PSPs, how can we best support our customers today and in the future?
2. In a challenging economy, where are the bright spots in our industry?

At the beginning of each year, Keypoint Intelligence publishes its annual Road Map to help guide PSPs as they develop a strategy to navigate and prosper in the coming year. This document provides an overview of anticipated trends and offers insight on how to take advantage of emerging opportunities.

Top Trends of 2021

1. Industry Consolidation Will Continue

Over time, most industries become fragmented in terms of size and capabilities. This creates a logical path to seek opportunities for combining resources. Industry consolidation is a term that can mean different things to different people. The first and most obvious definition draws us toward the merger and acquisition (M&A) market. Many owners and influencers within the printing industry are Baby Boomers. According to [Pew Research Center](#), 28.6 million people born between 1946 and 1964 had exited the labor force during Q4 2020—3.2 million more than the number who retired during the same quarter of 2019. With many Boomers approaching retirement age and still others re-evaluating their working habits due to the upheaval of 2020, consolidation will likely be prevalent among PSPs of all sizes.

The other definition for industry consolidation deals with technological advancements. Think of the merger of technology that enabled audiophiles to consolidate and eliminate



devices like iPods and Walkmans. Why have several devices for storing and listening to music when you can streamline your consumption and still accomplish the same goal? The print industry is no different; the escalation of cost savings and capabilities is causing traditional offset printing and digital printing volumes to consolidate. Due to the acceleration and newfound ease of purchasing print online, we expect to see a shift from office and home print volumes to organizations that leverage both online ordering and mid- and high-level digital toner devices. Looking upstream, print production is seeing a similar transfer of volume. The shift from digital toner-based devices to production inkjet devices is beginning to occur. Production Inkjet volumes persist due to lower running costs, higher productivity, and technology enhancements. To remain competitive, it is important to understand the drivers behind this consolidation. Investments to support customer needs as well as organizational goals must play a critical role in your strategic plan for 2021.

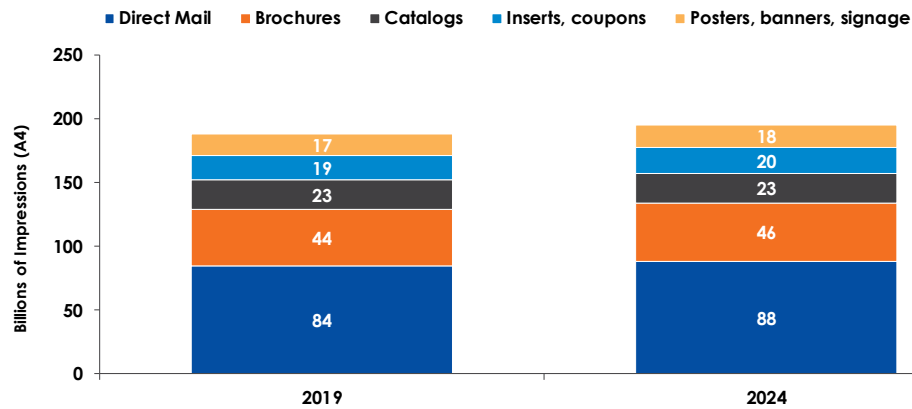
2. The Role of Various Applications Will Evolve

A keen understanding of print applications can help shape the future of your business. Keypoint Intelligence's application forecast provides a view into the changes that are occurring in various segments of our industry. As has been the case for a few years now, physical and digital communications—and the ways they are connected—have taken center stage. Savvy marketers understand that a printed brochure, postcard, or catalog can cut through the clutter of e-mails, banner ads, and TV/radio commercials while also enhancing the results of online efforts. Despite this, many print buyers still don't fully appreciate the value of digital print. PSPs are positioned to reinforce the digital print value statement. Due to ongoing advancements in digital print technology and the ongoing effects of COVID-19, shorter runs are even more top of mind than they were before. Now is the time to sit down with your prospects and customers to demonstrate how digital print can offer the flexibility they likely need after enduring a year like 2020!

We are now witnessing a clear shift toward the applications that can be enhanced with shorter runs, personalization, and customization. In addition to the areas highlighted in the Figure below, segments like packaging and consumer prints are also experiencing rapid growth. It will remain critical for suppliers to the industry and users of equipment to pivot based on ongoing market requirements. Overall, digital production printing offers solid opportunities for growth.



Figure 1: Promotional Print Application Overview



Source: US Digital Production Printing Application Forecast; Keypoint Intelligence 2020

3. Channel Fog and Channel Fatigue Will Accelerate

The lingering effects of COVID-19 will continue to cause an uptick in the volumes of digital-only communications like e-mail and text messages. In parallel, ongoing concerns about secure, safe, and authentic communications will carry into 2021. Keypoint Intelligence recently took a critical look at consumers and their channel preferences in its annual Transactional Communications research, and two very interesting phenomena were uncovered:

- **Channel Fog** is the uncertainty consumers experience with their communications in today's multi-channel world. Concerns about the security of personal data, coupled with reports of fraud and identity theft, are the primary contributors to channel fog. This apprehension is justifiable, based on the fact that online crime is up 90% and data breaches are up 223% during the pandemic.
- **Channel Fatigue** is the difficulty associated with managing massive amounts of digital data. This fatigue is driven by the overwhelming number of communications consumers receive, which is concurrently driving down the appeal of digital channels and increasing the desire to communicate through more traditional print channels.

As businesses seek to establish and maintain meaningful relationships with prospective and current customers, the use of personalized and relevant content can create an important connection. PSPs are well-positioned to help their customers stand above the fog, eliminate fatigue, and strengthen the bond with target audiences. The stage is set for print providers to bring new insight and knowledge to the conversation in 2021.



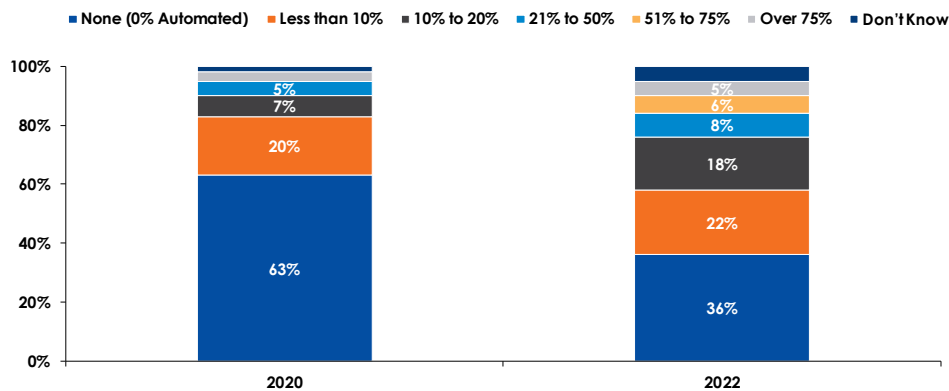
4. The Intelligent Press Room Becomes a Reality

The issue of print production innovation remains top of mind. The disruption to business during 2020 was a clear indication—a sound system that keeps jobs flowing through the shop in a virtual environment can deliver a huge payoff. In addition to the pandemic, it is fair to assume that there will be other reasons where a more consistent work-from-home model may be necessary, yet the topic casts a wider lens. The benefits that come from an automated and connected environment can provide payoffs every day, regardless of employees' physical locations.

While most printers pay attention to revenue, sales growth, and profitability, there is a lesser focus on bottom-line costs. Printers that control costs in operations by comparing the estimate to actual production consumption and costs are better positioned for growth. It's difficult to connect the dots going forward, but firms can be successful by connecting the dots of the past. 2021 should be a year to look back at where various dots connect. In areas where they don't connect, there is an opportunity to homogenize the process. Standardizing the way work gets done is not a foreign concept for commercial printers. The events of 2020 have proven that it is now time to take automation to the next level. During a recent survey, Keypoint Intelligence asked PSPs about the share of their total on-site print volume that was produced in a 100% automated workflow and their expectations for the future. As shown in the Figure below, a clear growth in the rate of automation and intelligence is expected over the next 2 years.

Figure 2: Current and Future Share of Workflow Automation

What percentage of total on-site print volume is/will be produced in a 100% automated workflow (i.e., no human involvement)?



N = 109 Respondents
Source: NA Software Investment Outlook; Keypoint Intelligence 2020

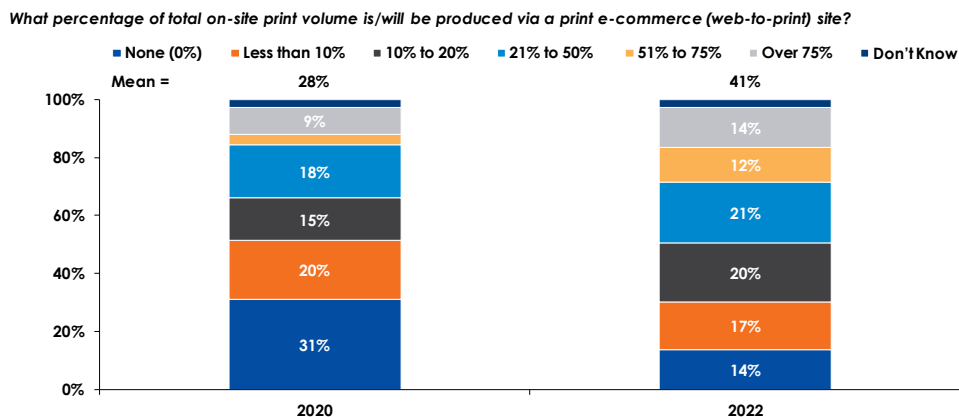
The snowball effect of a manual process can transform a minor inefficiency into an unimaginable catastrophe. Meanwhile, a defined and documented process creates an additional value in your overall offering that cannot be touched. Intelligence in the print production space is no longer a fantasy. There is no question that the digital transformation will soar during 2021.



5. The Rise of e-Commerce Continues

Convenience and ease-of-use are the primary drivers of online purchasing. During the lockdown phase of the pandemic, the need for online portals and contactless e-commerce practices accelerated. Now, even as the economy has started to reopen, consumers and businesses will continue to gravitate toward the newfound convenience of e-commerce. Online portals and web-to-print solutions were first popularized in the late 1990s, and PSPs are quite familiar with these practices by now. A well-designed print portal can ensure that service-level agreements (SLAs) are met and fit seamlessly between your customer and production team. A surge of print volume produced through print e-commerce sites will continue. As indicated by the data in the chart below, respondents are projecting a significant increase in the use of web-to-print over the next two years.

Figure 3: Current and Future Share of Web-to-Print



N = 109 Respondents
Source: NA Software Investment Outlook; Keypoint Intelligence 2020

Although many of today's customers crave the online experience, they also want it to be well-designed and easy to use. When making decisions to scale, infrastructure plays an important role. A solid strategy for 2021 includes a review of your existing e-commerce solutions. If you already have a web-to-print solution, it must be scaled to reach as many customers as possible. Ideally, it should also be used internally with sales and Corporate Social Responsibility (CSR). If you haven't already implemented an e-commerce channel, now is the time to explore your options. Competition is increasing all the time, and a well-designed e-commerce platform can be the difference between capturing new/repeat business and seeing a valued customer walk away.



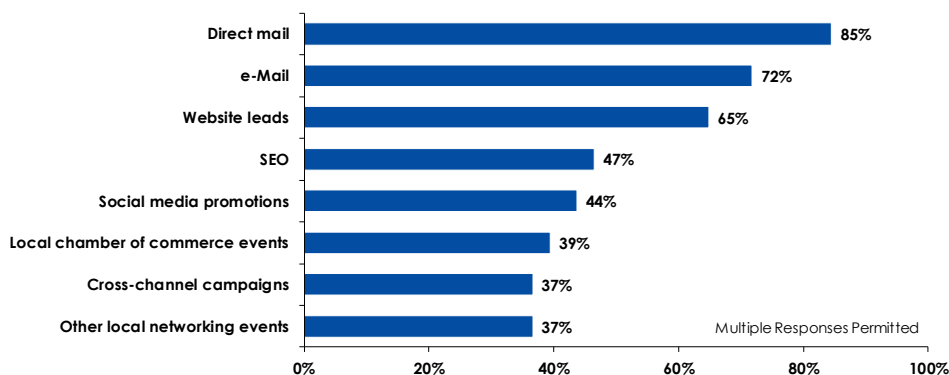
6. Sales and Marketing Must be Reconsidered

A shift in job titles occurred when COVID-19 forced much of the industry into lockdown mode. Outside salespeople suddenly became inside salespeople. This created a multitude of challenges for even the most experienced reps. With more and more buyers and sellers of print embracing the use of online meeting platforms, an important decision must be made in 2021. Ask yourself—will your pre-COVID sales structure stand up to the requirements of today's buyers? A critical look at how your customers respond to your sales and marketing activities may point to a need to reevaluate your sales reps' skill sets. Who on your sales team is great at getting prospects in the pipeline? Which reps are masters at moving an opportunity to close? Once you've pondered these questions, redesign the roles your sales professionals to optimize customer engagement.

A study conducted in 2020 indicates that direct sales continues to be the most common practice when it comes to attracting new customers. Sales enablement tools and resources are a relatively new concept for most sales operations, but any effective conversation about sales efforts must also include consideration of sales enablement. To close more business, you must support your salespeople with the proper tools. To effectively sell your product or service to customers, it's important to implement resources like white papers, case studies, or sales training. With that in mind, a greater emphasis is being placed on lead generation campaigns.

Figure 4: Methods for Attracting New Customers

Which of the following tools do you use to feed your campaign efforts to attract new customers? (Top Responses)



N = 155 Respondents
Source: Marketing and Sales Best Practices; KL Kimerer Research 2020

While many traditional channels are also seen in the data, the effectiveness of marketing efforts relies heavily on using right method for the right audience. A tailored approach to support the specific roles on your sales team may mean developing one lead generation program to capture the interest of your targeted audience and implementing a different program to move a prospect through the sales pipeline. Sales traction in 2021 will depend on the processes behind it. There has never been a better time to examine sales best



practices and model your sales efforts around specific, well-defined steps that can help earn your customers' business.

7. Security Will Become a Differentiator

According to the FBI, cybercrime has risen 300% since the onset of COVID-19.

Cybersecurity became a topic of huge importance with the growth of data utilization and consumers' increasing demands for privacy. As a result, privacy and security clauses are showing up in more printers' request for proposals (RFPs). On the consumer side, a recent poll by IAAP indicates that 93% of citizens would switch to privacy-conscious organizations if given the opportunity. Consumers take comfort in the knowledge that the organizations they're working with have put security top of mind. Data privacy and security is a differentiator that can generate higher profits and improve customer retention. This is where PSPs can provide value.

Within any organization, people represent one of the most volatile compromises to security. Training your people on how to recognize a threat, bot, or e-mail that might put customer data at risk cannot be overlooked. Your employees engage in online activities every day, and cybercriminals are becoming increasingly sophisticated in their efforts to access personal data. Turbulent times require actions to protect customers' privacy.

Developing a strategy for security involves identifying gaps in your current processes and procedures. Examine both on-site and work from home scenarios, then consider obtaining certifications and accreditations that will help put your customers' minds at ease. Data security is more than a strategy—it's a requirement when it comes to protecting sensitive, proprietary, and personal data.

8. An Increased Emphasis on Customers and Your Daily Scorecard

Informal score cards have been a topic of conversation for years. One good example is the data that many PSPs proudly share about on-time deliveries, staying within the client's budget, and presenting high quality products. To put this another way, PSPs are promoting quality, service, and price. While all of these components are critical in earning the trust of your customers, they do not create that all-important "stickiness."

Externally, the customer scorecard of 2021 must reflect how your customers see you, what you must excel at from their point of view, and what innovations will deliver continued improvements to their business practices. Gathering and processing the voice of the customer is a practice that can yield great insight. The power of the information can mean the difference between loyal, dedicated customers and those that are transactional.



Internally, the scorecard is customer-focused yet still encompasses your business processes. Relying heavily on data analytics, it measures the ability to innovate and improve products, processes, and services. In short, it determines your company's value to the customer.

COVID-19 brought many changes to business processes during 2020, and also introduced new insights to the term “partnership.” Beyond improved efficiencies and recovering revenues, strategic plans in 2021 will put a spotlight on the critical requirement to better understand your customers' and prospects' needs.

9. CMYK+ Technology Delivers in 2021

The pressure to deliver a broader range of products and services is not going away. Digital print technologies that enable CMYK+ print enhancements are becoming more prevalent in digital production devices at all levels. In recent years, PSPs have made investments in CMYK+ technology to create competitive differentiation and expand their current offerings. While the idea of print enhancements and color embellishments is certainly exciting, adoption and print volumes in this area have been slow to grow. According to surveys conducted among many PSPs, customers simply aren't asking for these services yet. This points to the need for a teaching moment—with only seconds available to grab the attention of an intended audience, CMYK+ can be a great way to improve the effectiveness of your customers' print spend. As we move through 2021, savvy PSPs will go beyond explaining what CMYK+ is and will instead focus on articulating the value it can deliver.

Print—specifically offset print—has historically initiated the ability to offer CMYK+. This begs the question—did all print enhancements go away or are they just misunderstood by today's digital print buyers? An opportunity exists for PSPs to include customer education in their 2021 strategies. Those that educate and inform will be better positioned to capture the opportunities as digital print continues to encroach on offset printed offerings.



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The Bottom Line: Strategy Drives Success!

PSPs must reflect on the lessons—howsoever difficult—that they learned during 2020 and make decisions that better align with their customers' changing needs. A successful strategy for the future must include fresh, bold ideas. Now is the time to dig in, define the steps to execute your strategy, and then follow through so your vision does not fall victim to poor execution. As we navigate through 2021, leaders in the print industry will continue to focus on communication practices and business processes that bring additional value to the customer experience. The pacesetters of tomorrow will also consider additional investments in print technology, software platforms, well-designed automation, and education so they can create a friction-free path toward better serving their customers' needs.



authors



Karen Kimerer

Director
208-991-4452

As Director of Production Services for Keypoint Intelligence – InfoTrends, Karen Kimerer has experienced the many challenges of expanding current market opportunities and securing new business. She has developed a systematic approach to these opportunities, addressing the unique requirements of becoming a leader in our changing industry.



Eve Padula

Sr. Consulting Editor
+1 781-616-2170

Eve Padula is a Senior Consulting Editor for Keypoint intelligence's Production Printing department with a focus on Business Development Strategies, Customer Communications, and Wide Format Consulting Services. She is responsible for creating and analyzing forecasts, analysis, and research/multi-clients. She also manages the editing and distribution cycles for many types of deliverables.



Colin McMahon

Sr. Editorial Analyst
+1 781-616-2100

Colin McMahon is a Senior Editorial Analyst at Keypoint Intelligence. He primarily supports the Business Development Strategies and Customer Communications industries. He helps to create or refine written content like forecasts, industry analyses, podcasts, and blogs.

[Comments or Questions?](#)



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