

EDS *f* REPORT

LEADING RESEARCH FOR THE
DOCUMENT COMMUNICATION INDUSTRY

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The year was 1995 . . .

Events converged in 1995 to change the printing world. Before that, it was the old printing industry. After that, it would be the new printing industry. That year, paper, the Internet, the portable document format, the compact disc, and the personal computer created a new paradigm. In 1995, the number of printing companies would be the highest ever, and then decline. It all began with the Great Paper Shortage of 1995, when demand overwhelmed supply and prices shot up.

The upheaval started in the late 1980s, when consumption peaked and a paper shortage began to drive prices up. Producers built new machines that oversupplied the market and sent prices plummeting below production cost during 1991-94. Elimination of old machines, combined with an uptick in consumption and pulp sales to overseas markets, again tightened the supply line in 1995 and led to unprecedented high prices and shortages.

To deal with the 1995 paper shortage, the Federal Government enacted the Paperwork Reduction Act of 1995 and later the Clinger-Cohen Reform Act of 1996. Agencies had the authority to make measurable improvements in service and delivery through application of information technology.

The Internet was invented in 1969 by the US Department of Defense as a means of communication if we were attacked by Russia.

In 1989, Tim Berners-Lee and others at the European Laboratory for Particle Physics in Geneva, known as CERN, proposed a new Internet protocol for information distribution to provide information access to the members of the international high-energy physics community. This protocol, which became the World Wide Web in 1991, was based on hypertext—a system of embedding links in text to link to other text, or link to other web-sites anywhere in the world.

In 1993, the graphical browser called Mosaic was developed by Marc Andreessen and University of Illinois graduate students at the National Center For Supercomputing Applications (NCSA). Andreessen became a co-founder of Netscape, which produced the first commercial graphical browser and web server in March, 1995. Netscape went public in August, 1995 in the largest public offering until that time.

There were 313,000 Internet hosts before the browser; right after the browser, the number soared to 6,642,000. Today, there are over 1 billion hosts..

In 1991, Adobe released Acrobat, a portable document file format. By 1994, Adobe distributed the Acrobat Reader at no cost. In 1995 there were 10 million readers downloaded; by 1999 it would be 50 million; by 2001, 300 million; and by 2004, 750 million. Today, it is almost a billion Readers.

In 1995, an estimated 43 million PCs and computer terminals were in use. In three years, the number of PCs doubled. Today, computers and computing appliances in use number in the billions. The CD-ROM was jointly made by Sony and Phillips in 1982, and by 1995 almost every computer had a CD.

Like a perfect storm, all these technologies came together in 1995 to provide alternatives for the dissemination of information. Within a few years, most Federal information that had been published on paper would be in electronic form. Today, over four trillion pages exist in PDF format and much of that content would have been in print form.

Today, there are about 34,000 printing establishments, trending to 30,000 or so—half of the number in 1995. The Government Printing Office prints less than at any other time in its history. It is estimated that 20 percent of all print disappeared, and with it printers, pre-press services, paper companies, equipment suppliers, associations, magazines, consultants, and all the eco-system players that were supported by the printing industry.

Call it cross media or multi-channel media—the new media world order will be one of synergy and integration. It will not be a case of paper *or* pixels, but rather one of paper *and* pixels.

DID YOU HEAR?

- US B2B advertising and marketing spending will increase by 0.8 percent this year, to \$129 billion, yet interactive spending will climb 9.2 percent. Three quarters of B2B marketers surveyed believe in the power of integrated media (Outsell's Annual Advertising and Marketing Study 2010).
- Generation X (born 1965 to 1980) and Generation Y (born 1981 to 1991) cohorts now make up about 42 percent of the US population. Almost all of them use PCs and consume media in many forms (McCrindle Research).
- In the Third Annual Survey of Top Marketing Trends "Marketing ROI" moved from the third most important marketing concept to the number one spot, followed by "Customer Retention" and "Brand Loyalty." In addition, "Mobile Marketing" and "Social Media" officially made the top-10 concept list for the first time this year (The Marketing Executives Networking Group's (MENG).
- According to "Understanding the Participatory News Consumer," 92 percent of Americans use multiple platforms to get news, including national and local TV, the Internet, local newspapers, radio, and national newspapers. About 46 percent of Americans get news from four to six media platforms. Just seven percent get their news from a single media platform (Pew Research Center).
- Front cover ads averaged a 78 percent total recall score, the best of any premium ad position in a magazine. The back cover and the page tied for second place, averaging 69 percent total recall (Affinity's Vista).

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SHORT TAKES

Consulting and research group Outsell surveyed over 1,000 advertisers and marketers and found that \$119.6 billion, or 32.5 percent of the planned 2010 US ad spending of \$368 billion, is destined for digital media. The 30.3 percent going to print advertising is lower by more than \$8 billion. Even in the tough economic climate, digital remains the one area of aggressive budgetary increases.

Econsultancy and ExactTarget recently released Marketing Budgets 2010: Effectiveness, Measurements and Allocation Report. While only 46 percent of the surveyed 1,000 marketers planned to increase their overall budgets, 66 percent were increasing digital spending. This relationship held on the decreasing end, too: 13 percent were cutting overall budgets, but only four percent said they planned to curtail digital spending. Outsell predicts that US businesses will invest \$63 billion in company Websites this year. The remaining half of US digital dollars is destined for display and search advertising, as well as direct e-mail marketing. Most analysts say that the primary reason for the digital shift is the ability to track marketing efforts more precisely.

Transcreation is translation and adaption of your e-mail and other marketing assets for use in other countries. Any educated, bilingual person can translate a marketing message literally into another language. But can they capture the quip in your headline so it still tickles the imagination in France or Russia? Does your clever tag line expressed in five or six English words become a cumbersome paragraph when rendered in German? Transcreation is the process of developing creative ideas so they resonate in other idioms and cultures. A key process is localization—correcting the content so that it conforms to common protocols, cultural practices, audience expectations, and legal requirements in different countries. Salutations in e-mails are a challenge. In the US you can use first names: "Hi, Gina," doesn't offend many, but it does in Germany or Italy. Formal titles are important in many countries. It's "Herr Direktor," or "Signore Professore" to you. In surveys delivered by e-mail in other countries, it's unlikely that you can ask personal questions that are asked in the US—age, income level, etc.—and expect answers. Lose your domestic mindset and think like your audience if you intend to market to those audiences.

The best promotional platform comes from messaging, where brand names are mentioned in articles, according to the Opinion Research Corporation. ORC is a consumer-preference survey sponsored by Adfusion, an article-based advertising network and division of ARAnet. The survey says consumers are more likely to respond and act on brand information that is included in digital articles than messaging from banner ads, pop-up ads, e-mail offers, or sponsored links. The research company says article-based advertising—that includes brand-name mentions—were preferred by 53 percent compared to 51 percent a year ago. Almost 70 percent of respondents between the ages of 25 and 34, and 60 percent of those making at least \$75,000 per year, say they are "very likely" or "somewhat likely" to act upon article-based advertising. E-mail messaging offers were not far behind articles that included brands. Sponsored search engine links are now at 40 percent compared to 39 percent a year ago. The worst media platforms are banner ads and pop-up ads. Banner ads are now at 28 percent compared to 25 percent in 2009; pop-up ads increased six percentage points to 19 percent from 13 percent of a year ago.

J.D. Power and Associates says people who own touchscreen-enabled smartphones (versus QWERTY keyboards) are more satisfied with their devices than other users. Owners of non-smart "feature phones" also have a higher customer satisfaction rating than the overall average. Consumers of both traditional and smartphones are using their devices for more than just talking. According to J.D. Power, a quarter of traditional handset owners say they frequently send and receive multimedia and picture messages on their phones, and smartphone owners are twice as likely to share such messages. In addition, 17 percent of smartphone owners with touchscreens say they frequently download and watch video on their devices. Smartphone users are also riding the App wave. According to J.D. Power, 60 percent of smartphone users have downloaded games, while 46 percent have downloaded travel software such as maps and weather applications. Only 26 percent say they download business-specific programs.

TEENS AND TWEENS

The lifeline of the print market is the end user—the consumer who opens and reads printed material. Consumer demographics can be divided into a multitude of categories, and one division is age. The population can be divided into categories, and in some cases, these categories overlap.

- Tweens, short for “in-between,” are children who are between the ages of nine and 12. These are children who are finishing elementary school and starting middle school. They are “considered too old to be a child and too young to be a Teenager.”

- Teens, ranging between 13 and 19 years of age, are students finishing middle school and completing high school. Some Teens are already in college before passing from Teen to the young adult group.

- Many young adults are college students and college graduates. An age range is difficult to place on them. Typically young adults are students starting at age 20 and ending once they enter the work force. This could be anywhere between two or three years to five or six years later.

- Professionals are defined as those working in their career track and being productive members of the consumer-driven economy. Some are college graduates. Over time, professionals move into the last group—Seniors. However, at this particular time, there is another large demographic group that needs mentioning.

- Baby-Boomers, born between 1946 and 1965 (i.e., ages 45-64), account for the highest population count of all the groups. This group is currently working, and thus are professionals, though the oldest of this demographic is entering retirement.

- Seniors are individuals who are 65 plus and are generally believed to be in retirement or partial retirement. This is also the group earning social security. The US population, as a whole, will have an average age that is older in the year 2020 than it is now.

The Tweens of this generation are vastly different from those of previous generations. Children between 8 and 12 years old are no longer little children, and not yet Teens, Tweens are starting to develop their sense of identity and are anxious to cultivate a sophisticated self-image. Before the age of 13, children are already creating a personal identity, in part shaped and modeled by advertising around them. The marketing industry forces Tweens to grow up more quickly than past generations. Research reveals that children—from the age of 11 and older—no longer consider themselves children. Does the media reflect today’s Teens, or are today’s Teens influenced by media portrayals of young people?

Why has marketing shifted from adults to children? Tweens are spending their own money, an average of \$9 per week on items that help them define their personal taste. This money is spent on items that Tweens think they want or like and is their first opportunity to learn what they personally prefer, not what has been given to them by others. As children seek independence, parents begin to give them some degree of freedom; however, as dependents they still need to be provided with basic necessities. Children not only spend the small personal funds they earn if they perform tasks, but they are also given money from parents and especially relatives to spend. This opens up a huge potential consumer basis for market firms to exploit. Children have influence and anyone with children knows that. Creating a relationship with youth can translate into loyalty and lifetime support of brands.

Much of the demographic information for Teens is similar as that for Tweens. They have more personal income to spend with

few bills to pay. Teens are still dependents, therefore supported by their families, and at the same time have influence over the expenditure of family income on consumer products. According to Teen Research Unlimited, “teens spent and influenced spending to the tune of \$175 billion in 2009.” Of the money spent, \$115 billion was personal income and \$60 billion was that of their parents’ income. This gives the 33 million American Teens spending power greater than the gross domestic product of many countries.

The Tweens and Teens of this generation are more technologically advanced than any previous generation. As young as 9 or 10 years old, children ask parents for cell phones. Tweens and Teens see the purchasing and use of cell phones as a step toward independence and as a status symbol among their friends. Research shows that many cell phone companies are specifically targeting Tweens with new features for cell phones. Access to information in this generation has grown to include multiple technologies.

The number of computers and Internet access has now grown to include over 96 percent of all public schools. Education is now incorporating online content and databases for research and other class activities using the Internet.

Wired households mean more options for youth in terms of how to spend their leisure time. With more online games and applications available for pleasure, young people are starting to use them more. Technologically-savvy youths are curious, with the feeling of empowerment and with their knowledge of web browsing, they set off on their own to gain more knowledge about topics of interest to them.

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Adopt-a-Scholar

The new Adopt-a-Scholar program is designed to support EDSF scholarships and attract donors who are interested in a more personal approach to educational support. Each participating donor will receive a thank you letter from the student receiving their specific donation, a copy of the student's photo, and a short profile about the student. This is a great opportunity for donors to connect in a very real way and see how their contribution makes a difference in the life of a student.

You can participate in the Adopt-a-Scholar program at any contribution level. To make a donation and Adopt-a-Scholar, visit www.edsf.org or contact Brenda Kai at brenda.kai@edsf.org.

E-COVERS FOR E-BOOKS

You can't tell a book by its cover if it does not have one. With a Kindle or Nook or iPad, people never know what you are reading. Digital editions are knocking book covers off the subway, the coffee table, and the beach. That is a loss of free advertising because if you notice the jackets on a plane or in the park, you might decide to check it out at a library or bookstore.

In the bookstore, covers play a role in a majority of sales. When a customer is attracted to the cover, and then they pick up the book, an enormous step has been taken toward a sale. Perhaps no other element of the bookmaking process receives as much concern. A creative director comes up with an idea, then the book's editor, author, and agent comment. Even booksellers have an opinion. In a random analysis of 1,000 business books, Codex Group, a publishing consultant, found that only 62 sold more than 5,000 copies. Publishers still believe that books need the visual impact of a cover; however, romance and erotica titles are popular in electronic editions because e-readers show no covers.

The music industry went through a similar transition with digital music devices and now display CD cover art on the Websites where songs are bought and the iPod screens where they are played. Publishers tailor book jackets for the digital world, since so many people now buy even their print copies online. As publishers explore advertising on Google and other search engines or social networking sites, a digital cover is the best way to represent a book.

DIGITAL PACKAGING

The market for industrial digital color printing in the packaging industry is expected to grow to \$4.05 billion in 2014, says InfoTrends. The value of packaging-related print from color print-on-demand systems and wide-format digital printing systems combined amounted to \$1.95 billion globally in 2009. Almost all of that value is attributable to the printing of full- and spot-color prime labels for use with foods, beverages, drugs, and other consumer products. Folding cartons, flexible packaging, and even metal cans, apply digital color printing.

Many companies and multiple technologies are becoming involved, as digital color printing has its own ecosystem within the packaging industry.

Color electrophotographic and inkjet technologies, including wide-format inkjet, are at the core of this ecosystem. Ecosystems in the industry often change over time, and that is true for digital color printing of packaging. Two main forces are driving that change: first, the steady advance of digital color printing technology in terms of productivity, image quality, and total cost of ownership, and second, the growing need by manufacturers of consumer goods for shorter runs of packaging.

InfoTrends says that "In less than 15 years, the digital color ecosystem has grown to become a significant part of the overall packaging industry. Inkjet will be increasingly influential in future markets, given its recent, rapid growth and the number of products set for launch in 2010."

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It was 1995 . . .

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Tweens and teens

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