

The Broadband Highway

The latest findings of the Pew Research Center's Internet & American Life Project show home broadband adoption at 63 percent of adult Americans, a significant departure in adoption rates during 2007-2008, when home broadband penetration remained in a narrow range between 54 percent and 57 percent. The study shows that the greatest growth in broadband adoption in the past year has taken place among population subgroups which have below average usage rates.

Broadband usage among adults ages 65 or older grew from 19 percent in 2008 to 30 percent in 2009. Respondents living in households whose household income is \$20,000 or less saw broadband adoption grow from 25 percent in 2008 to 35 percent in 2009. Respondents living in households whose annual incomes are between \$20,000 and \$30,000 experienced a growth in broadband penetration from 42 percent to 53 percent.

Respondents reporting that they live in homes with incomes below \$30,000 experienced a 34 percent growth in home broadband adoption from 2008 to 2009. Among adults whose highest level of educational attainment is a high school diploma, broadband adoption grew from 40 percent in 2008 to 52 percent in 2009.

Among adults ages 50-64, broadband usage increased from 50 percent in 2008 to 61 percent in 2009. High-speed usage for adults living in rural America grew from 38 percent in 2008 to 46 percent in 2009.

Adults who reported annual household incomes over \$75,000 had broadband adoption change from 84 percent in 2008 to 85 percent in 2009. Adults with a college degree saw their high-speed usage grow from 79 percent in 2008 to 83 percent in 2009. More than twice as many respondents said they had cut back or cancelled a cell phone plan or cable TV service than said that they had reduced their internet service. In the past 12 months:

Seven percent of all adults have cancelled or cut back online service;

22 percent of adults have cancelled or cut back cable TV service; and

19 percent of all adults have cancelled or cut back cell phone service.

Prices for home broadband service increased from 2008 to 2009. Home high-speed users who reported more choices of providers paid less than others. Broadband users with only one provider where they live (21 percent of high-speed users) report an average monthly bill of \$44.70. Among broadband users with more than one provider in their area (69 percent of home high-speed users), the average monthly broadband bill is \$38.30.

A subset of home broadband users who say four or more broadband service providers serve their neighborhood (17 percent of all home high-speed users) reported a monthly bill of \$32.10.

Overall, 55 percent of broadband users view a high-speed link at home as "very important" to at least one dimension of their lives and community, such as communicating with health care providers and government officials, or gathering and sharing information about the community. Some 84 percent of home broadband users see their fast connection as "somewhat important" or "very important."

When asked why they do not have the Internet or broadband at home, non-users (either dial-up subscribers or non-Internet users) cite factors related to the Internet's relevance, availability, usability, and price.

Half of non-Internet or dial-up users question the relevance of connecting to the Internet—either at all or with high-speed at home. Yet, many consider broadband the true information superhighway.

DID YOU HEAR?

- Consumers received 7.1 billion direct mail pieces in the third quarter of 2008, but only 5.2 billion pieces a year later—a 27 percent decline (Mintel Comperemedia).
- Time spent on print (newspapers, magazines, books) is highest among Boomers, with younger Boomers (45-54) spending on average 30 minutes a day and older Boomers (55-65) spending up to 100 minutes a day (Forrester Research).
- About 52 percent of subscribers to B2B print magazines say print-only is their preferred format. Overall preference for the digital edition of a particular B2B magazine was 30 percent, while only four percent said they preferred Website-based content only (Signet Research).
- Close to 30 percent of marketers surveyed think green marketing is more effective than other marketing messages, compared to six percent of marketers who think it is less effective. More than 80 percent of the 370+ respondents indicated they expect their companies to spend more on green marketing in the future (Environmental Leader).
- When consumers were asked about the advertising vehicles most likely to assist them in searching out bargains and sales, print outscored other media (AdweekMedia/Harris Poll).
- Print magazine and newspaper ads are becoming more interactive with the addition of interactive bar codes and icons that—when read or snapped with a mobile phone, provide the consumer with product info, a promotion, or a coupon (New York Times).

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SHORT TAKES

According to the study "Going Mobile: How Publishers Are Preparing for the Burgeoning Digital Market," 70 percent of publishers are paying more attention to the mobile market this year than last. Print publishers are focusing on the market as a prime opportunity to expand their brands, reach new audiences and generate additional revenue while offering advertisers the chance to reach locally targeted, engaged audiences, notes the report. More than 80 percent of newspaper and magazine respondents believe people will rely more heavily on mobile devices as a primary information source in the next three years. Nearly 70 percent of respondents agree that mobile is receiving more attention at their publication this year than last. More than a third believe their publication already has a well-developed plan for attacking and conquering the mobile market. About 44 percent of respondents who track mobile's impact on their Web site traffic said the mobile devices increased visits by up to ten percent over non-mobile use. Half believe mobile traffic to their Websites will increase by five to 25 percent in the next two years.

UPS entered the direct marketing industry in 2009, testing its insert marketing service in five US metropolitan areas. The Direct to Door program offers sample brands in boxes delivered with, but separate from, customer orders. "One thing that we have heard from consumers was that the delivery of packages in the box, rather than in an envelope, means they will open it," UPS said. They also said that the program is "not intended to replace direct mail." It is part of UPS' strategy is to take advantage of the personal connection consumers have with the company's drivers. "Customers' responses to receiving unsolicited offers from a trusted person will in part determine the program's success," said Charles Teller, EVP at ParadyszMatera. UPS also has access to consumers' purchasing history that other marketers do not. The program could be successful if UPS uses that data effectively, noted Rob Stanton, VP of business development at Stanton Direct Marketing. Insert marketers are not yet in danger of overburdening consumers with offers. However, Stanton said that UPS could face a potential conflict if a consumer receives a package from one company and an offer from one of its competitors in the same delivery.

Media buying today is as complex as it has ever been. Budgets are tight and all eyes are on non-traditional media. It is now more critical than ever that companies understand how to allocate their advertising budgets across media channels. A comprehensive study by MediaPost provides the intelligence of what is on the horizon for the next year. It is based on primary research conducted across a large number of MediaPost subscribers. Planned spending for 2010 is larger for non-traditional media than traditional media. About 57 percent of those who plan, buy, or approve media will buy non-traditional media, including online, display video, search, mobile, and event sponsorships. Those who plan, buy, or approve media would ideally buy presence on a social network. Almost two times more would ideally buy mobile video than will realistically buy it. About 57 percent will buy e-mail marketing and 56 percent will buy presence on a social network.

IT has a new curriculum that reflects the digital reality of business. "Digital Business" represents the impact of new technologies on business practice, products, and services. Today, technologies such as social computing and mobile devices are dramatically changing the behaviors and characteristics that lead individuals and organizations to success. Students completing a digital business minor will enhance their program of study with a focus on these new technologies and their applications in business. Courses include: Building a Web Business, Digital Entrepreneurship, Principles of Marketing, Internet Marketing, Business to Business E-commerce, Managing Innovation and Technology, Financing New Ventures, and Database Management Systems.

E-READING NEEDS E-PAPER

IDTechEx finds that the total market size for e-paper displays in 2010 is \$131 million, rising to \$1.17 billion in 2014. This is the value of the display component, not the product. To date, e-paper display technologies have been used in more than \$1 billion worth of products. Much of the growth is driven by e-readers following the huge success of Amazon's Kindle. However, much more is to come. IDTechEx finds that in 2020 the market value will reach \$7.45 billion thanks to the availability of flexible, color displays and faster refresh rates.

Technology

A variety of e-paper display technologies have been developed which are enabling completely new products or are allowing for the introduction of electronic functionality in products where it was previously unavailable. It includes displays that are non-emissive (require light to read and are easily readable in bright light) and sometimes bistable (only require power to change the image). Many versions are flexible, and some can even be printed. E-paper involves electrophoretic, electrochromic, electrowetting, cholesteric LCDs and other display types. New companies are entering with improved technologies, and while the different technologies compete in some applications, many also have their own application sweet spots.

For now, areas of development include flexible displays, color displays, and displays which can operate at faster refresh rates. These developments will open new opportunities compared to the slow black and white versions that have been available for some time. Black and white e-readers on flexible plastic entered the market at the end of 2009. These will still be in a rigid frame but will be lighter and more robust than glass-based versions. Watch Plastic Logic and PVI.

Electrophoretic displays are seeing the strongest growth at the moment, thanks to e-readers. Over 20 e-readers are now available for purchase around the world, but the technology has also featured in memory sticks, Esquire magazine, car key rings and much more. For e-readers, other technologies are only in trial phase such as the Fujitsu color reader that utilizes cholesteric LCD technology.

Thermochromic, electrochromic and electrowetting displays are already used in a diverse range of applications from the world's first disposable display, in 2003, on a gift card (electrochromic) and battery testers (thermochromic) to indicators on batteryless, wireless switches (electrowetting).

Players

Number one by a long way is E-ink, which was recently purchased by Taiwan based PVI, who make Amazon's Kindle display and most other e-reader displays. AUO recently purchased a major stake in Sipix and is primed to launch e-reader modules. Display makers in East Asia are involved in development, as one would expect, but display technology is being pioneered on a much more global basis, including spin outs from Philips (Liquavista) to start ups such as Ajjer (electrochromic) and Tred displays. Also watch the new Apple iPad as it attempts to change the way that we view and interact with content.

For e-readers, content is king

Apple sold approximately 200,000 iPods in its first year of sales. Amazon sold approximately 500,000 e-readers—the "Kindle"—in its first year of sales, and has since reported being sold out as it tries to keep up with demand. Amazon's Kindle is only one of more than 20 e-readers available, but it has been the most successful due to the wide range of content it supports. Amazon anticipates sales of a million Kindle units in 2009. In the first quarter of 2009, sales of e-book digital content for e-readers increased to \$25 million from \$15 million the previous quarter, according to industry sources.

Book store giant Barnes & Noble is rapidly getting involved, opening what it claims is the world's largest e-book store online. They are supporting the Plastic Logic e-reader due to be launched in early 2010. The publishing industry, seeing its advertisement revenues steeply decline in recent years, is rapidly vying for new revenue models with e-readers.

Beyond e-readers

IDTechEx forecasts that e-readers will dominate e-paper displays over the next ten years by market value. That is followed by growth in signage, posters, point-of-sale (POS), and point-of-purchase (POP) displays, which require low power, flexible, easy-to-read displays.

EDSF 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 donor participating 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 is making 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.

THE DEAD CD-ROMS

Data rot is the tendency of recorded media and computer files to become inaccessible as it is orphaned by new technology. Over time, temperature, humidity, exposure to light, or storage in moldy basements can make information very difficult to read.

The second aspect of data rot is finding the machines to read these media. For example, basically the only way you can find 8-track cartridges is in a flea market or a garage sale. We cannot open Microsoft Word documents from the early days, because today's Word can't open those early-version files. Try to find a reader for an 8-inch floppy disk or a Syquest or Zip disk. We are about to enter a new era of data rot as consumer videotape is going away.

VHS tapes keep playing if there's a problem with the tape. With a CD or a DVD, if there's an error, often it is non-recoverable. Many people these days are paying to have their old audio and video recordings transferred to CD and DVD. The lifespan of DVDs varies from 5 to 100 years according to testing. And if you leave data on your hard disk, well, hard disks only last five years or so. So every five or ten years, we should move data onto a different format. Making backups is good advice, and on different formats, different places; consider paper as an archival medium. Keeping data on the Web is also not a great strategy. A photo site just went out of business.

The first hard disk was invented in 1956, weighed 1,000 pounds and held five megabytes. And it just keeps changing.

MULTI-CHANNEL MARKETING

Buyers are reached at different times in different ways and the most successful marketing programs contain an appropriate mix of media for the targeted audience. The media mix concept evolved into multi-channel marketing as a transition by marketing and advertising professionals in the 1990s moved toward integrated communications. This marked a shift from transactions to customer relationships as power shifted to the consumer. The movement from a "Production Century" model of building products and finding customers went to a "Customer Century" model of building customer relationships and integrating communications across multiple channels.

Using customer data more effectively by personalizing communications, coordinating communication channels, and getting consumers to opt-in allows marketers to be more effective. Over time, there was less distinction between communication channels and sales channels. The two were becoming one and the same. Database technologies and personalization advancements are making it possible to communicate one-to-one through a variety of print and electronic media. The results of well-executed, personalized communications are stunning.

Direct marketers commonly experience a five-to-ten-fold increase in response and conversion rates based on personalized and targeted communications. When print, e-mail, Web, and telemarketing are combined in integrated, multi-channel campaigns, the results are even more impressive.

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Data rot

Multi-channel marketing

The broadband highway

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