

The digital generation

“It is a truly exciting time in our industry. We are facing a period of unprecedented change. Change in consumer expectations. Change in marketplace dynamics, and a change in the way that we conduct business. Whether it is the rapid diversification of communications platforms, the maturation of on-demand services, or the proliferation of active commercial avoidance technologies, we need to be more diligent and proactive today than ever before.”

That is the introduction from a study by Universal McCann called “The New Digital Divide: How the New Generation of Digital Consumers Is Transforming Mass Communication,” which concludes that consumers rely increasingly on non-traditional platforms for entertainment, news, social interactions, shopping, and many other daily activities.

There was a time when the great divide between generations was music. Today, technology has become the “generation gap.” Universal McCann terms this the “Digital Divide.” Digital media fluency has become the “zeitgeist” (spirit of the time) of contemporary culture with a younger, tech-savvy segment, age 16-34, adopting new media platforms and not only leading the way, but also teaching their elders. Members of this group rely primarily on these platforms for their social connections—they are places to chat with friends and family and share opinions with others.

Key themes in the report are:

- The Internet has become the new way to socialize.
- Blogging is the “voice” of the new generation.
- File-sharing is commonplace and hints at where the web is going: electronic social interaction beyond the written word.
- While new technology is quickly changing forms of social interaction, emerging media are embraced at a slower rate—even among the younger members of the segment.
- Despite the emergence of new media platforms, consumers continue to bond with television and other traditional media.

Members of this age group 16-34 are 25 percent more likely than those ages 35-

49 to use instant messenger, with over 75 percent of ages 16-34 currently using at least one service. About 40 percent of the age group 16-34 belong to a social network site; this is twice the percentage of 35-49 year olds. Nearly 40 percent of 16-34 year olds have met someone face-to-face after meeting on the Internet.

We are moving from a world of passive receptivity to one of active engagement. No longer can we simply broadcast our messages to a mass audience and hope that our standard metrics of reach and frequency will guarantee success. The report says that “accountable engagement innovation is the battlefield of the 21st century.”

The younger set has adopted emerging technologies at a faster rate. Three out of four in the 16-34 age group are heavy Internet users and use Instant Messenger. There are twice as many 16-34 year olds visiting social networking sites than those who are age 35-49. Other findings include:

- 71 percent of the 16-34 year olds have participated in a blogging.
- Those who are 16-34 are three times more likely than those 35-49 to manage and/or write their own blog.
- While most blogs managed by young people are personal or directed to family and friends, over 40 percent of young people are also developing photo and pop culture (music/film) blogs as well.
- One third of 16-34s have participated in peer-to-peer file sharing compared to just 12 percent of those 35-49.
- But, each age group would miss television the most as an information source—27 percent of those 16-34 of age and 29 percent of those 35-49 of age say they would miss TV as their source of news.

DID YOU HEAR?

- Viewing video on broadband platforms has not diminished traditional TV watching. Household television usage has climbed by more than an hour per day during the past decade, peaking at an average of more than eight hours a day during the 2005-06 TV season (Nielsen Analytics).
- In 2005, 114 billion direct mail pieces (with a retail value of \$61.1 billion) were sent in North America. Consumers say that only 31 percent of the direct mail they now receive contains personalized content they find useful (InfoTrends).
- Microsoft has made a deal with the British Library to scan 100,000 books—25 million pages—this year alone. Google has now scanned 1 million books with a goal of 30 million volumes (*Times* of London).
- 27 percent of respondents say Monday is the most productive day of the week. As a week progresses, the number of respondents claiming productivity decreases: Tuesday (18 percent), Wednesday (17 percent), Thursday (12 percent), Friday (11 percent), Saturday (10 percent), and Sunday (5 percent) (Sprint Productivity Survey).
- 48 percent of catalog publishers said e-mail promotions/e-letters were more important for the promotion of their products while 17 percent said that print catalog mailings were less important in 2006. Also, 18 percent had worked on at least one personalized or variable data print project in the previous 12 months (The Industry Measure).
- In 1991, a 100-megabyte drive cost \$500, and a 50-megahertz Intel 486 processor cost about the same. In 2006, \$500 bought a 750-gigabyte drive or a 3-gigahertz processor. That’s an advance of 7,500 times for the hard drive and 60 times for the processor (Gilder Technology).

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SHORT TAKES: FACTS AND OPINIONS

The U.S. Census Bureau's Statistical Abstract indicates that in 2007 adults and teens will spend nearly five months (3,518 hours) watching television, surfing the Internet, reading newspapers, and listening to personal music devices. People will spend:

- 65 days in front of the TV, 41 days listening to radio, and 8 days on the Internet.
- Adults will spend about a week reading a daily newspaper, while teens and adults spend a week listening to recorded music.
- Consumer spending for media is forecast to be about \$1,000 per person.

We have to find a use for pesky non-productive sleep time. My dreams now have URLs and I link to other people's dreams.

For offices looking to inject a little color into their dull surroundings, Konica Minolta presents the Bizhub of the future, a prototype at the moment. The machine has the usual scanner, printer, copier, and fax functions of all multifunctional office devices, with the addition of an LCD screen for watching videos through the DVD player, speakers, and an espresso machine for a quick cup of coffee while waiting for copies to finish printing. It is described as having the "perfect balance of work, rest, and play."

All it needs is a massage recliner and an Xbox, and guys would line up for the job.

We now have new ways of connecting with each other. According to creatingcustomers.com, a few reasons why social media is important to marketers:

- 90 million Americans have broadband at home, a 50 percent jump from 2005, and:
- By 2006, over 50 million blogs existed; their number is now doubling every 6 months.
- 10 million people listened to podcasts in 2006; by 2010, 50 million people will.
- About 100 million videos are viewed and 65,000 videos uploaded daily on YouTube.
- In 2006, MySpace had over 100 million registered members, most from the U.S.

Just over one billion people are online—one fifth of the world.

The PDF hybrid newspaper seems to be a logical extension of the paid, printed daily newspaper, says Kubas Consultants. It reaches a different audience than the one that buys or reads the paid printed daily, and hybrids are very cost-effective. Kubas sees real potential for targeted PDF editions for demographics that are too niched to serve effectively with print editions, say for working women, retired seniors, or special-interest readers in areas like business/finance. Among British papers using the new free print-and-read service are The Guardian and The Telegraph. The Toronto Star is the first commercial newspaper in North America to publish a print-digital hybrid.

All the news that fits in PDF.

The number of online banking customers grew to nearly 40 million during 2005, a 27-percent increase over 2004, according to comScore Networks. The study, "The 2006 State of Online Banking," found that the use of online bill payment services has grown 36 percent during the same period. Consumers continue to migrate to online banking, with banks attracting more than 8.5 million new online banking customers in 2005.

Some day, kids will ask "What's a check?"

Shanghai Textile Research Institute has developed "stealth" printing technology used for security labels. Stealth printing uses polymer materials to show different "patterns" at different temperatures or moisture levels. For instance, a stealth-printed fabric will not show a pattern until it is wet. Umbrellas and raincoats made with this technology show colorful images in the rain. The patterns can appear and disappear tens of thousands of times.

Print a thermometer on your arm and know your temperature instantly.

More examples of information contained in the Statistical Abstract: Among adults, 97 million Internet users sought news online in 2005, 92 million purchased a product, and 91 million made a travel reservation. About 16 million used a social or professional networking site and 13 million created a blog. The U.S. Postal Service handled 211.7 billion pieces of mail in 2005, nearly double the 106.3 billion carried in 1980.

A blog is like having an army of personal postal workers who deliver your messages to anyone who wants them instantly.

NEW EDSF RESEARCH

EDSF “**Supplier and Service Provider Priorities: 2006 Survey Results**” by Charlie Corr, Group Director, InfoTrends and John Leininger, Ed.D., Professor, Clemson University. This study builds on the EDSF Supplier & Print Provider Survey conducted in 2005. It continues to expand on the research resulting from the Xplor International Technology Directions Survey last published in 2001 and complements other EDSF research. The objective of this study was to better understand the priorities and plans of print-for-pay service providers. In addition, the study attempted to understand how the views of suppliers and print providers align and reviewed how these views have changed over time.

The study provided insight on many aspects of the print-for-pay business and those who supply it. This almost-annual survey builds on previous industry studies such as the Xplor International Technology Directions Survey last published in 2001, InfoTrends’ coverage of the market, and ongoing EDSF research, in order to gauge the current state and future direction of the print-for-pay market and its drivers.

InfoTrends conducted a web-based survey with 45 suppliers to the print-for-pay market and 216 print-for-pay providers. The report is structured to analyze the print provider responses and then the supplier responses. Within the supplier responses, in-depth comparisons of the two groups are presented. Analysis of these comparisons provides insight regarding where the supplier market and the print provider market need to better understand each other. Thirty-nine of the 45 suppliers were manufacturers of output equipment, software or supplies, and the balance were resellers. Thirty percent of the 216 print providers described themselves as general commercial printers, 30 percent as quick or franchise printers, 16 percent as digital printing specialists, 6 percent as data center service bureaus, 4 percent as direct mail printers, and the balance as specialty printers such as forms printers, FM companies, etc. Most of the respondents to the surveys were North American (95 percent of the print providers and 87 percent of the suppliers). On average, the suppliers had 1,360 staff and annual sales of \$458 million. Print providers averaged just under 100 staff and annual sales of \$85.2 million. Over 42 percent of the suppliers held senior titles. Most of the respondents to the print provider survey were senior staff.

The study is relevant to print providers, providers of products and services to the print-for-pay community, and print purchasers.

1. Both print providers and suppliers were optimistic about print provider revenue moving forward, with the strongest growth over the next two years expected to come from digital full color printing and variable data printing. This was also reported in 2005.
2. Print providers were in general more optimistic than suppliers about revenue growth. As in 2005, print providers forecast growth for offset printing, while suppliers see it in decline.
3. Among the print providers surveyed, Adobe remained in an enviable position. They identified Adobe PDF as the most common print language, and they retained a high level of use and interest in a PDF-enabled workflow.
4. The two groups differed significantly in a number of investment categories. Overall, suppliers remained more optimistic than print providers about planned investments. Suppliers were more optimistic than print providers when it came to investments in cut sheet spot/highlight color printers 50+ ppm, roll fed spot/highlight color printers, full color digital printers under 24 ppm, and workflow solutions.

5. Print providers had greater investment interest in bindery and finishing equipment, creative software, and mailing equipment than suppliers predicted.

Suppliers were asked to indicate what they believed primarily drives investment decisions. The group split about evenly between replacing obsolete equipment (churn), investments to improve productivity and cost effectiveness (37 percent), and adding new capabilities to grow the business (34 percent). Since print providers identified productivity and effectiveness as a top strategic priority, the views of the vendors and print providers align.

Respondents were asked how much they planned to spend in 2006 on marketing as a percent of annual sales. With print providers offering new services, with intense competition, and with many print providers pursuing new market opportunities, a successful plan generally requires funding for marketing. The printing industry has not been known to invest a great deal in marketing. The vast majority plan on spending under 2 percent on marketing in 2006. The suppliers were asked to indicate how much they believed print providers spent on marketing as a percent of annual sales. Almost one-third felt that spending was between 0.5 percent and 1 percent, 28 percent answered above 3 percent, 15.4 percent answered under 0.5 percent, and the same percent answered from 1 percent to 2 percent. The two groups were relatively close, with suppliers being slightly more optimistic than print providers.

Suppliers were asked to predict the change in the number of print providers over the balance of the decade. The most common answer was a decrease of between 11 percent and 19 percent and a decrease of over 20 percent (both with 26.8 percent of respondents); this was followed by 24.4 percent who forecast a decline of 10 percent or less. A combined 12.2 percent predicted some increase, with 4.9 percent predicting an increase of 10 percent or less between 11 percent and 19 percent. Just 2.4 percent predicted an increase of 20 percent or more. The largest differences between the two groups was the percent of respondents that predicted a decrease by 10 percent or less (12.5 point difference) and those predicting a decrease of between 11 percent and 19 percent (12 point difference), with suppliers being more pessimistic.

“*Supplier and Service Provider Priorities: 2006 Survey Results*” is available at no charge in the EDSF On-line Library at www.EDSF.org.

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PRINT ME A DISPLAY

Cambridge Display Technology (CDT) and Litrex Corporation are developing an inkjet printing solution to create a new generation of high-resolution polymer, organic, light-emitting display screens (P-OLED) at up to 200 pixels per inch. High-resolution displays are increasingly important for applications such as PDAs and cell phones, where market research data indicates that consumers demand ever more sophisticated display of content for information and entertainment.

P-OLED displays provide a combination of fast video response, high contrast, and low power consumption. Inkjet printing is currently the favored means of producing 200 ppi displays on the large substrate sizes necessary for cost competitiveness. Litrex has already designed and delivered a variety of inkjet printers up to Gen 8 (2.4m x 2.4m glass size) to the display industry, but not for operation at these higher resolutions—until now.

Litrex printers are capable of highly precise printing, but the achievement of 200ppi resolution will require inkjet drops to be placed with greater accuracy and consistency than ever before.

CDT has also announced the sale of an inkjet printing system and associated know-how to the National University of Singapore. Inkjet printing is now becoming established as an important technique for the production of future P-OLED displays and plastic semiconductor electronics, combining the ability to print extremely small drops of fluids with high precision, good material utilization, and scalability to large substrate sizes.

PERSONALIZED BILLBOARDS

A billboard uses a signal from a radio chip embedded in their key rings to identify approaching Mini Cooper drivers. Owners in four cities will see custom messages on digital signs the company calls “talking” billboards—they are actually really big text messages. The messages are personal, based on questionnaires that owners filled out: “Mary, moving at the speed of justice,” if Mary is a lawyer.

The experiment adds debate between marketers and safety experts over whether drivers might be distracted by messages flashed on the growing number of digital billboards along American highways. Some communities have forced billboard owners to modify or turn off their signs. Since more than a third of Mini owners have named their cars, the messages will refer to the car by name.

Mini mailed invitations to enroll in the program to 4,500 of the 150,000 Mini owners in the country. RFID is used in chips implanted in pets and livestock, in cards that control access to facilities, and in devices for automated payment of highway tolls. Major retailers and manufacturers are investing in systems to tag and follow products as they move through the supply chain. But, what happens if several Mini Coopers arrive at the same time? The sign picks up the nearest car, then switches [to the next?] after 10 seconds. Can the system be hacked so that inappropriate messages appear? No more so than a digital billboard with no RFID link. Bad billboard messages? Like SPAM, so call them BBAM.

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