



How Magazine Publishers are Using Digital Printing to Enhance Print Products



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EXECUTIVE SUMMARY:

New research, conducted by NAPCO Research and commissioned by the Specialty Graphic Imaging Association (SGIA), evaluates the value and transformational influence of digital printing (i.e., inkjet and toner-based electrophotography) on magazine publishers, including the ways they are using digital printing, challenges faced in adoption, future interest, and level of understanding of digital printing capabilities.

The research found 69% of magazine publishers are using digital printing in some way, with a small percentage experimenting with advanced programs such as a “magazine-of-one,” and fully personalized ad sections. Going forward, magazine publishers are most interested in digitally printed cover wraps and inserts and short run magazines.

Magazine publishers indicate their reason for using digital printing is to create deeper audience engagement with their print products, both to enhance the user experiences of readers and to improve ROI for their advertisers.

A lack of understanding about the ways in which digital printing can be used holds publishers back from taking full advantage of its benefits. Sixty-eight percent of respondents admit to only an average/fair/poor understanding about the ways they can use digital printing. Moreover, magazine publishers point to not seeing the ROI and not being able to identify the right programs with which to use digital printing as key challenges preventing them from using digital printing more.

Going forward, magazine publishers should educate themselves about the benefits of digital printing and the opportunities it creates by talking to peers, print providers, and other experts, and by attending industry conferences. Publishers should talk with advertisers about their business objectives and suggest innovative programs that leverage data-driven digital printing programs that compliment their online marketing efforts. And magazine publishers should be willing to experiment with new programs and inquiry with their print providers about opportunities to dip their toe in the water and test out new capabilities around digital printing, data integration, and automation.

POWERING PRINT PRODUCTS WITH DATA

Advances in digital printing are creating new opportunities for magazine publishers to take advantage of rich audience data to enable more customized and targeted print publications and marketing offerings. Powered by data, digital printing offers publishers the ability to affordably create new types of publication products and direct mail that incorporate highly targeted images and messages.

Another benefit of digital printing is that it can make print more competitive with online media. Before the Internet, printed magazines were a critical marketing venue for reaching specific target audiences like car buffs, doctors, fashion-conscious women, key business decision makers in select industries, or residents of a given location. Digital media entered the scene and gave publishers the ability to track an audience and deliver messages based on behaviors (e.g., car shopping, interest in services). Initially, online media offered publishers important advantages over print, until audiences learned to block online ads and unwanted emails. Printed magazines are regaining cache with advertisers and are highly effective in influencing audience decisions, especially those that include content targeted to individuals and are integrated with online media.

New research from NAPCO Research, commissioned by the Specialty Graphic Imaging Association (SGIA), examines the digital printing landscape in the magazine publishing industry. Ninety-five magazine publishers completed an online survey in Q2 2018 and three in-depth phone interviews were conducted.

NAPCO Research's survey of magazine publishers found that organizations are uniting data and digital printing to engage customers with a variety of products (Figure 1).

Magazine Publishers Leveraging Digital Printing

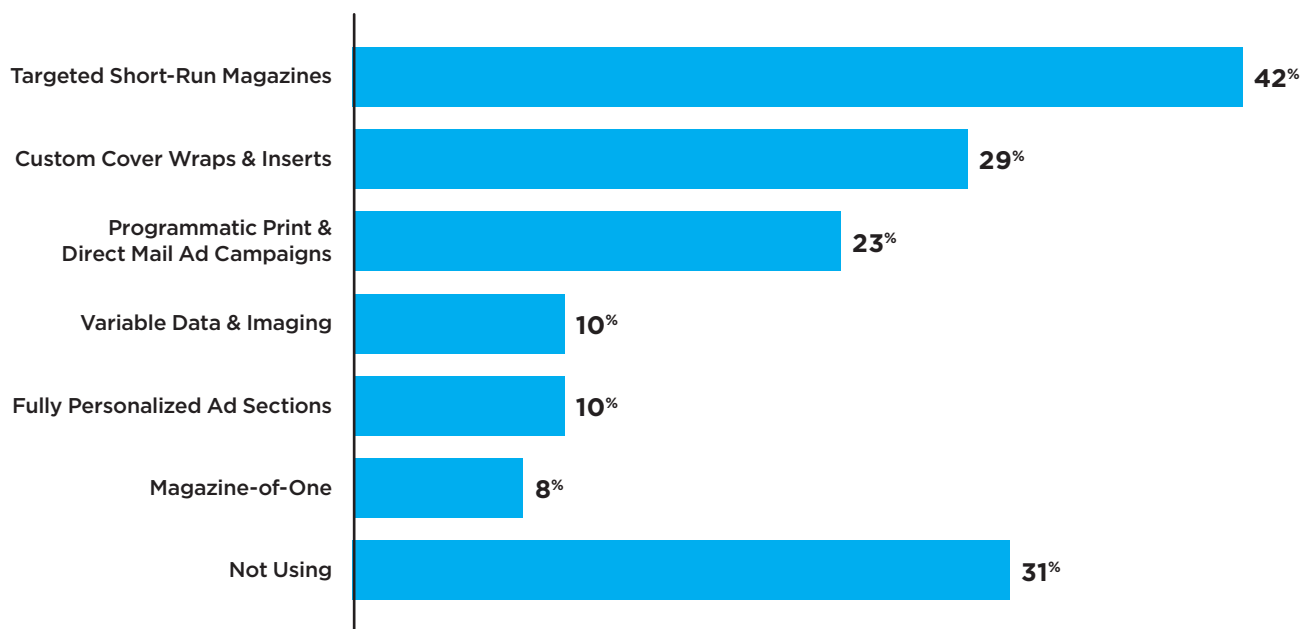


Figure 1

Q: In which of the following ways is your company utilizing digital printing?
(n=78 Magazine Publishers with Print Publications)

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While 31% of publishers with printed publications reported not using digital printing, those that did were using it to enhance their publications or marketing services. Here is a snapshot of the types of products magazine publishers reported producing using digital printing:

- **Targeted short-run magazines** customized to small audience segments, such as residents of a small geographic area, niche interest, or special event. Respondents reported this was the top use of digital printing. Innovations in high-speed inkjet digital printing are enabling publishers to affordably produce targeted, short run publications at the quality level customers expect. In addition, digital printing enables affordable production of shorter runs compared to offset printing, the method used to print most magazines because it is still cost efficient for print orders of 10,000 and even better for 100,000 or more.
- **Customized cover wraps and magazine inserts** that include content targeting key, high-value audience segments, such as executives, event attendees, or high-income neighborhoods. Cover wraps are an old-school magazine tactic. But the availability of data that can be mined to create precisely targeted mailing lists has breathed new life and sales growth into sponsored wraps.
- **Partial personalization**, often referred to as variable data and imaging, where a publication might include a reader's name, photo, or other personalized content on the cover or inside pages and the remaining content is the same for all recipients.
- **Fully personalized advertising sections** based on the reader's online behavior, such as purchase history or articles read.
- **A Magazine-of-One** where the magazine is personalized to individual readers based on their unique interests that are either supplied by them or identified by what they read on a publisher's website
- **Programmatic print and direct mail campaigns** that leverage audience behavioral data and programmatic technology to deliver special offers or sponsored content on behalf of advertisers. Programmatic direct mail is a lucrative, rapidly growing approach to marketing. It involves identifying website visitors who are prospective buyers based on such actions as their clicks, searches, and cart abandonment. Then, using databases that link online identities to physical mailing addresses, a customized mail piece – usually a postcard or mini-catalog – is digitally printed and mailed First Class to the prospect.

There has long been talk in the magazine industry about creating personalized magazines. While the survey shows a small minority of publishers are producing Fully Personalized Ad Sections (10%) and Magazines-of-One (8%), the results do indicate experimentation is taking place in the market that may not be widely publicized.

A PATH TO STRONGER CUSTOMER ENGAGEMENT

Magazine publishers are investing in digital printing to accommodate a variety of important customer needs. According to survey respondents, the top responses centered on leveraging data to create personalized campaigns that strengthened audience engagement and increased the value of print products for their advertisers. Overall, the top three responses indicate that magazine publishers are looking for ways to innovate print and improve audience engagement, offer data-driven marketing campaigns to improve advertiser engagement, and grow product revenue. The topics of content relevancy to the audience and advertisers' interest in integrated campaigns are also important (Figure 2).

Reasons for Digital Printing Programs

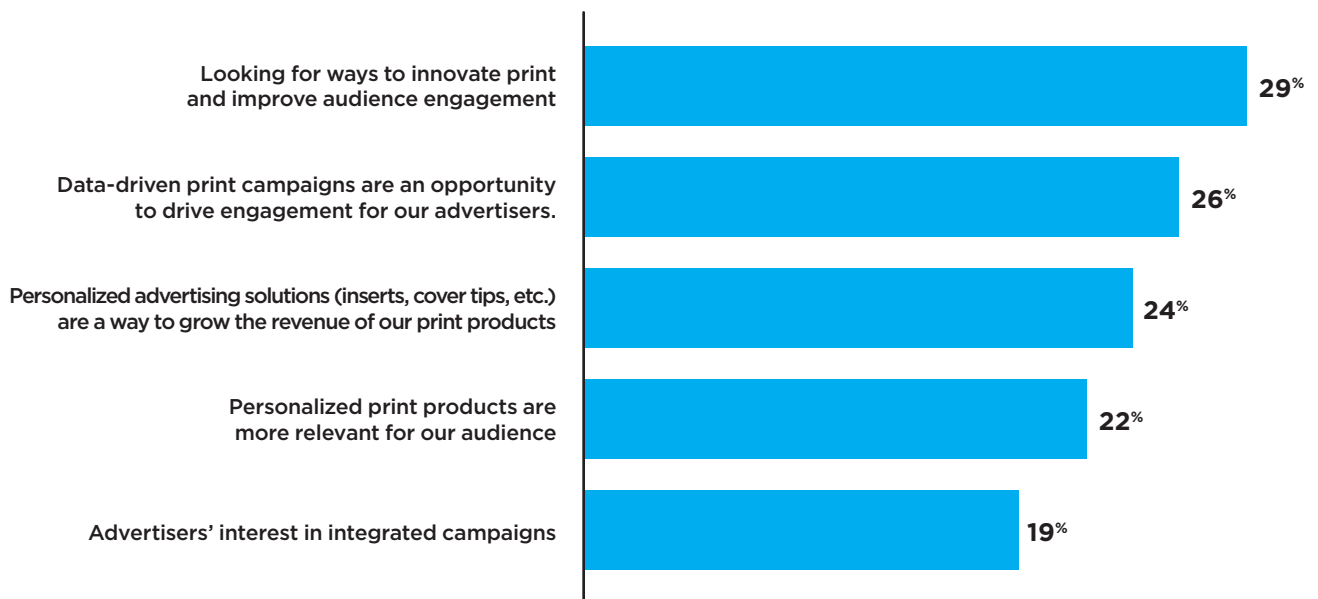


Figure 2

Q: What are the reasons for your decision to engage in digital printing programs/communications? (e.g. what benefits do you EXPECT to see from engaging in digital printing programs/communications?) (Choose all that apply)
(n=78 Magazine Publishers with Print Publications)

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UNDERSTANDING THE BENEFITS OF DIGITAL PRINTING

Magazine publishers are gaining an understanding of digital printing applications and benefits, but their overall understanding remains limited and likely holds them back from making full use of all that digital print has to offer. Respondents were asked to describe their level of understanding of ways to leverage the benefits of digital printing, and, overall, less than a third (32%) describe themselves as having an ‘excellent’ or ‘good’ understanding of the digital printing. A further 56% have an ‘average’ or ‘fair’ understanding while 12% have a poor understanding (Figure 3). Education is a first step in making use of any new technology and magazine publishers have more work to do before fully understanding how digital printing can be used in their organizations.

While the benefits of digital printing are capturing magazine publishers’ attention, confidence in using it to execute personalized data-driven print programs is mixed. To produce fully personalized print programs, publishers need the right technology infrastructure in place. Such requirements could include a unified audience database, the ability to connect behavioral data to an individual “known” user, the ability to connect this insight to individual assets in content management and AdOps systems, and a print partner that can receive and execute on this information.

Respondents were asked to describe their confidence in their organization’s overall readiness to execute fully personalized programs. Over half of respondents reported they were not confident/ready to execute fully personalized programs, while about a quarter were confident (Figure 4).

Commenting on his organization’s readiness to fully execute personalized programs, Sean Bennick of Carron Consulting—the publisher of Mental Health Matters—said, “it’s too early, we’re maybe at 65% confidence to getting it up and running in a year’s time.”

Understanding of Digital Printing Applications

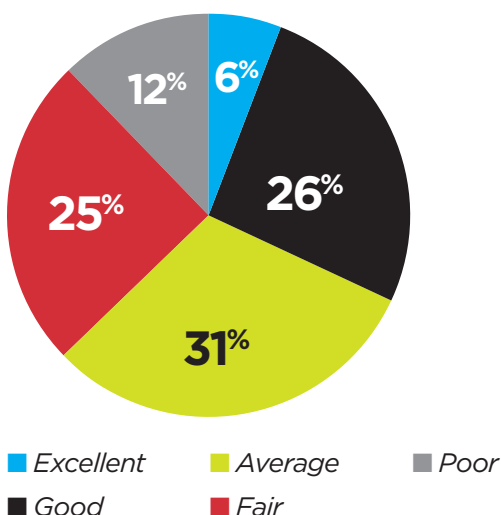


Figure 3
Q: What is your level of understanding as to the ways in which publishers can use digital printing?
(n=95 Magazine Publishers)

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Confidence in Execution of Personalized Programs

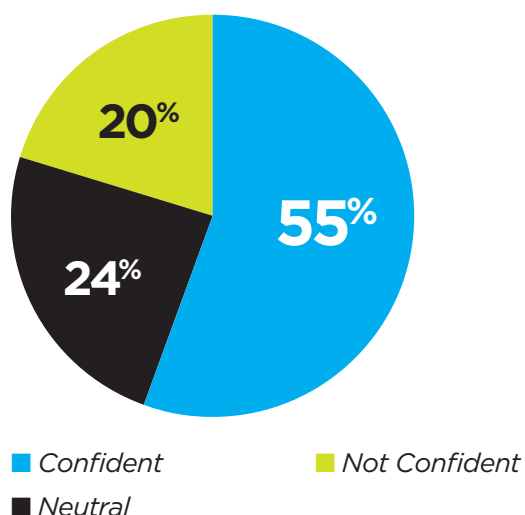


Figure 4
Q: How confident are you in your organization's overall readiness to execute fully personalized programs?
(n=74 Magazine Publishers with Print Publications)

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DEFINING AND OVERCOMING KEY CHALLENGES

Despite the many exciting possibilities digital printing offers, there are obstacles publishers must overcome. When considering digitally printing magazines and marketing materials, publishers reported understanding the financial benefits digital printing offers, as well as the technological capabilities and how to effectively staff as their primary obstacles. As shown in Figure 5, magazine publishers surveyed reported that key obstacles preventing them from producing more digitally printed products or marketing campaigns are not seeing the revenue model to support the effort required to produce targeted and personalized print products, not knowing enough to drive innovative campaigns, or identifying the right programs for using digital printing capabilities, such as short-run, variable data, or personalized print.

Commenting on the challenges, Sean Bennick of Carron Consulting, said, “The largest challenge is that the client is understaffed and trying to do lots of things at once. So, to get them staffed to handle data-driven digital printing, they need someone to manage a CRM (customer relationship management) database for guest lists, etc., and get them trained.” An additional challenge he mentioned was “trying to figure out which CRM to look at and get it up and running.”

Key Challenges Preventing More Use of Digital Printing

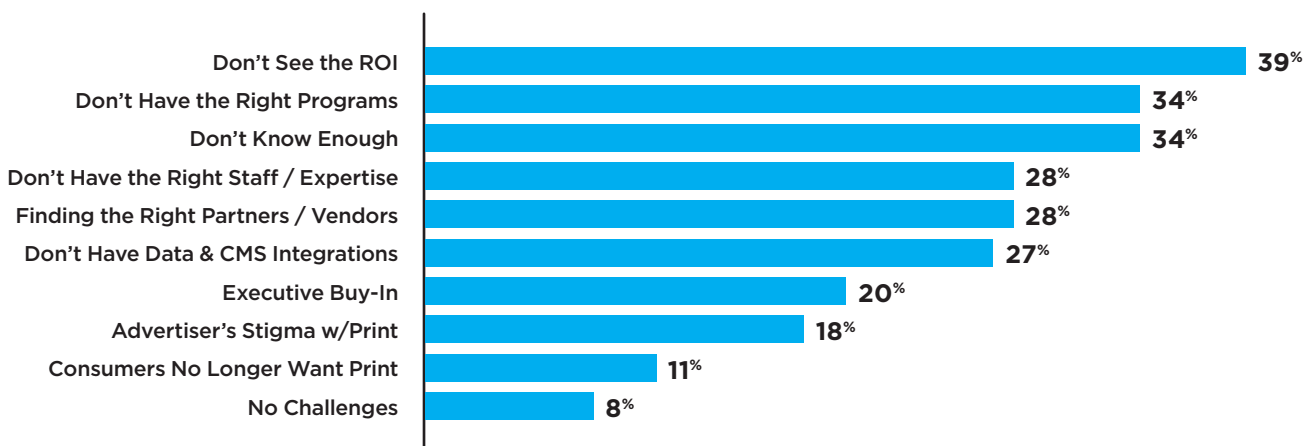


Figure 5

Q: What are the primary obstacles, if any, that have prevented you from producing more digitally printed products or marketing campaigns than you currently do? (choose all that apply) (n=95 Magazine Publishers)

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Bennick and others interviewed said publishers can get clearer understanding on the ROI of digital printing by talking to colleagues who have successfully implemented it, attending conferences where the value of digital printing is analyzed and case studies presented, and, perhaps most importantly, talking with advertisers about the innovative programs they want to see. Magazine publishers must also be willing to experiment, which means taking risks that can lead to uncovering innovations, delivering value to advertisers, and increasing profitability.

Above all, publishers expressed that they need to see the clear ROI of launching data-driven print products before investing time and resources in these efforts. Printers and equipment manufacturers should make greater efforts to publicize successful use cases and provide publishers the opportunity to “test drive” data-driven campaigns that can be used as proof-of-concept.

STEPS PUBLISHERS TAKE TO IMPLEMENT DATA-DRIVEN PRINT

Implementing and deploying innovative and scalable data-driven print programs requires, furthering, an ongoing shift toward data systems and technologies on the part of the magazine publisher. Publishers must be able to store, organize, analyze, and extract readers' data to drive innovative print programs that add value for advertisers.

To identify the steps publishers are taking to leverage the benefits of data-driven printing, the survey asked publishers to identify the actions they are taking. Perhaps as a reflection of their struggles to identify digital printing's ROI and the right programs to invest in, more than one-third (36%) of respondents indicated not taking any actions to support audience data and content systems integrations required to produce data-driven print products/campaigns. The top actions magazine publishers reported taking (Figure 6) included updating technology to create audience user profiles (29%), training existing staff (27%), and online education/webinar (27%).

As publishers prove out the business model for more advanced digital printing applications, and bold innovators find creative ways to take advantage of the technology with value-add programs for advertisers, investments in data infrastructure, personnel, and education will grow.

Steps to Harness Data-Driven Print - Printer Side

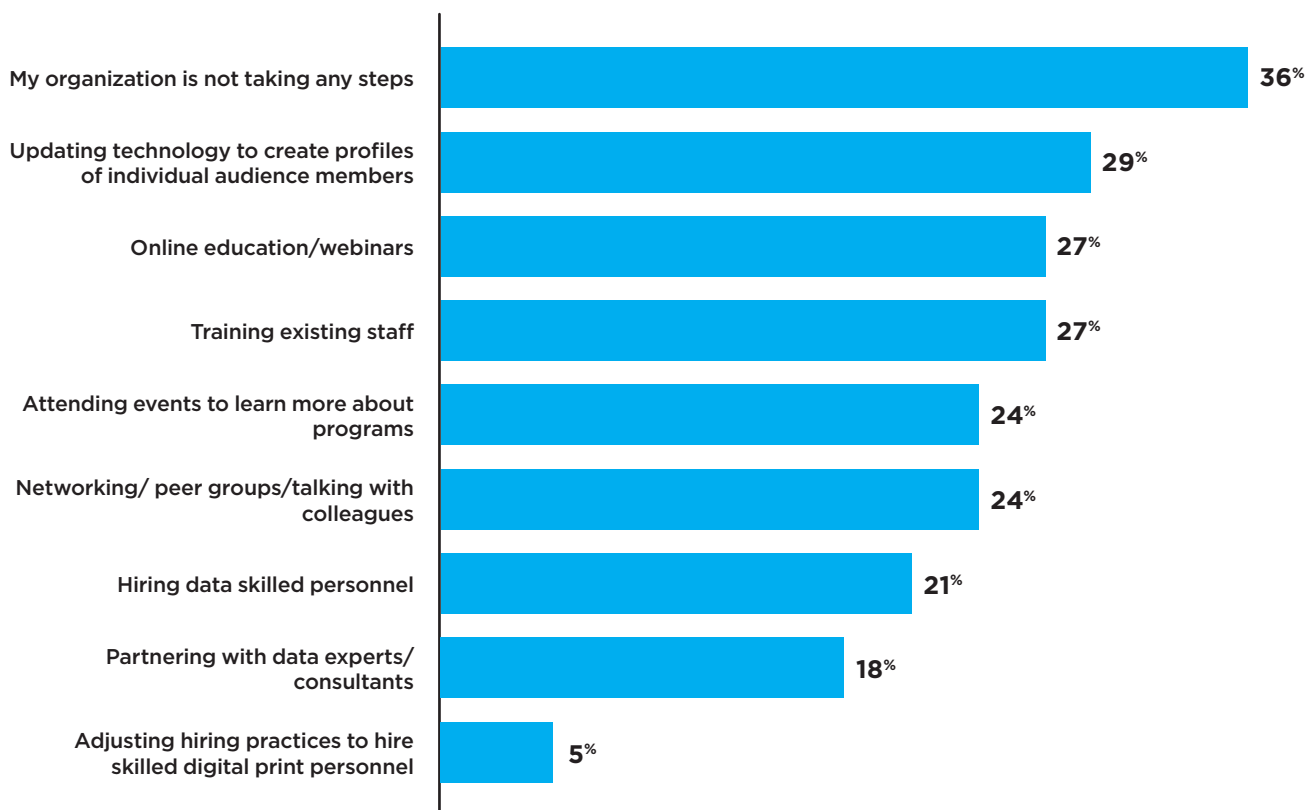


Figure 6

Q: What steps, if any, is your organization taking to support the audience data and content systems integrations required to produce scalable, data-driven print products/campaigns? (Choose all that apply) (n=78 Magazine Publishers with Print Publications)

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MOVING THE ADOPTION NEEDLE

When asked what would help move the needle on digital printing programs (Figure 7), more than half of publishers (52%) point to print providers initially reducing costs and enabling them to test the programs, gather data about their effectiveness, and give advertisers a chance to see what they can do. Beyond that, publishers want to be educated about the possibilities, with 37% asking for online educational events/webinars and 31% wanting research and case studies.

Steps to Harness Data-Driven Print - Supplier Side

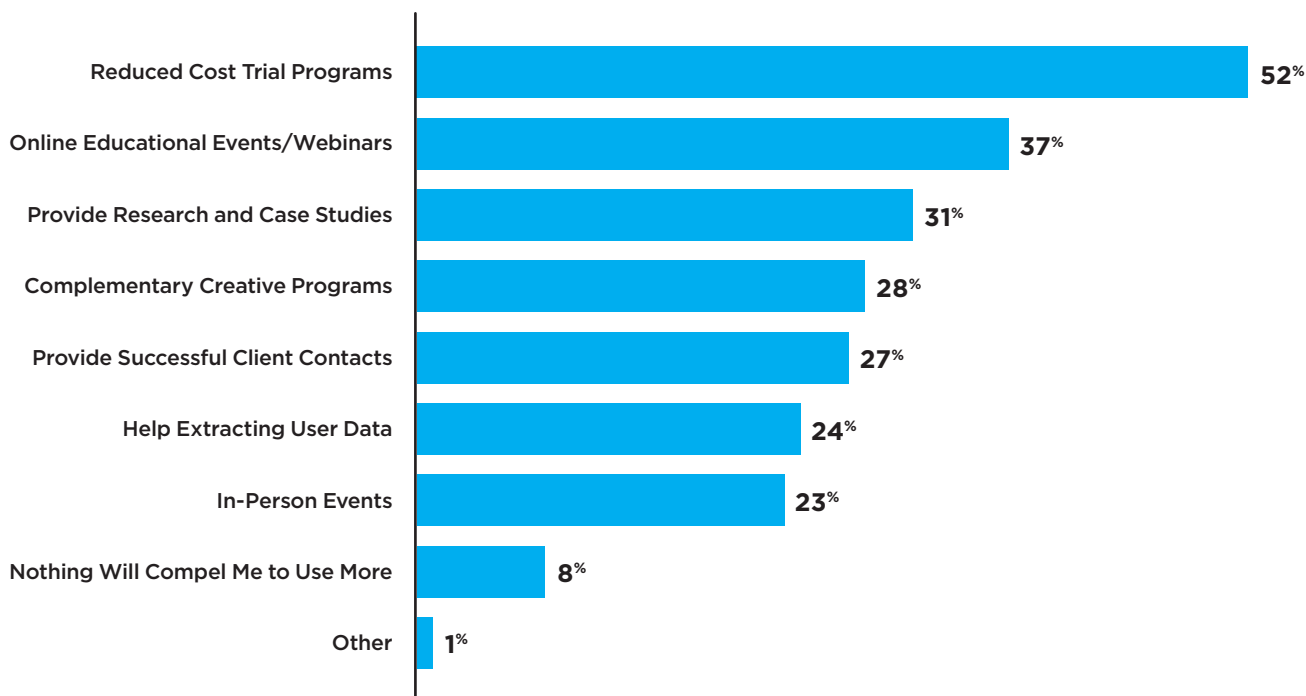


Figure 7

Q: What can printers and printer manufacturers do, if anything, to help you use digital printing programs more? (Choose all that apply) (n=95 Magazine Publishers)

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Publishers participating in in-depth interviews noted that having the right partner is key for exploring digital printing programs. The best partners have expertise and innovative ideas that create exciting and unique programs that generate results.

Tana Kantor, publisher of The Green Economy, explained: “The types of companies we are talking to are still confused about what’s effective. Some hired PR agencies, thinking PR will do it for them, but it’s not leading to clients. The concept of print and digital is new. Companies are conservative and reluctant to spend. Having stories of folks who have successfully utilized digital printing would help enormously by showing clients how they have used personalized print successfully.”

Kantor’s comments indicate that there is substantial opportunity for publishers that educate and demonstrate to advertisers the benefits and best practices for using data to drive personalized print campaigns. Going forward, in addition to increased experimentation by magazine publishers, expect to see advertisers increasingly asking for the same kinds of innovative, data-driven programs that they enjoy in online marketing.

ENABLING THE INTEGRATION OF PRINT AND DIGITAL MEDIA

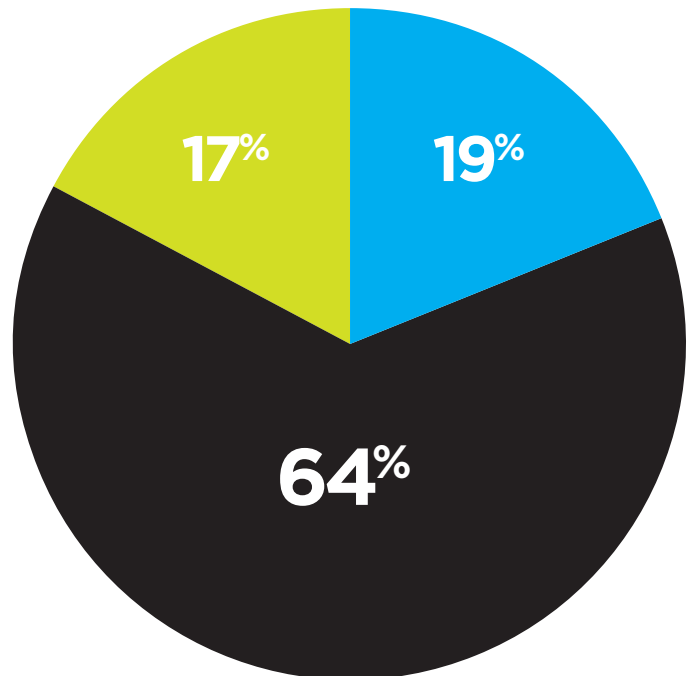
Magazine publishers understand it's a multi-channel world and 83% of respondents integrate online media and print in advertising efforts (Figure 8). Digital printing can play a key role in campaigns that combine print and online marketing as it can produce materials with messages personalized to recipients based on their online behaviors.

Offering an example of integrating print and online, Jamie Garcia, marketing manager, with HBC Financial, said, "We measure the response from welcome packages that are sent out, and are tied to online activity. We can see what is happening on the [online] side when we drive people to the website from print programs."

Integrating print programs with online programs in this way allows marketers to more easily measure the impact of their print efforts and creates additional touch points with customers who might otherwise limit their interaction with the brand to print.

In another example, shared by Cindy Marshall of Shine Strategy—a consultancy focused on helping retailers build omnichannel brands—digital printing programs are based on customers/prospects' online behavior. She described a process in which print campaigns are initiated based on a prospective customers online behavior. For example, if a customer abandons a shopping cart before completing the sale, a mailing is initiated inviting the customer to complete the sale at a discount.

Integration of Print and Digital Media in Advertising Campaigns



■ Fully Integrated ■ Not at All Integrated
■ Somewhat Integrated

Figure 8

Q: To what degree are the online and print advertising campaigns that you offer marketers integrated?
(n=75 Magazine Publishers with Print Publications)

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WHERE DIGITAL PRINTING IS HEADED IN THE FUTURE

Magazine publishers are pursuing digital printing to improve advertisers' results and better serve readers. Publishers surveyed indicated high future interest in the data-driven print applications digital printing can produce (Figure 9). This strong interest in the ability to harness data to personalize and affordably print shorter runs suggests publishers recognize the opportunity to use digital printing to gain a competitive advantage and will expand its use in the future.

Future Interest in Data-Driven Print Applications

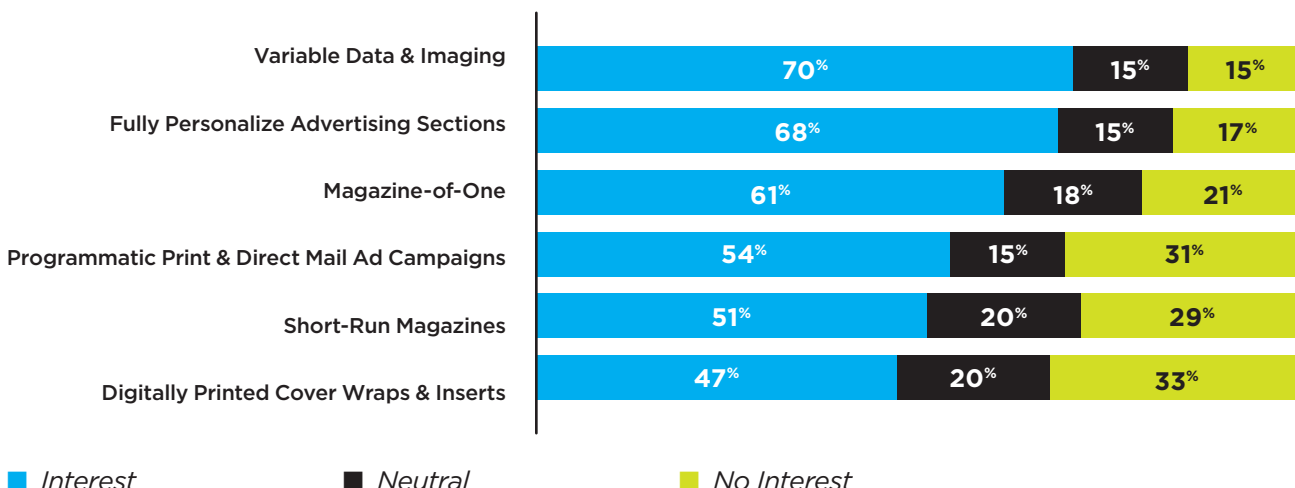


Figure 9

Q: For each of the following digital printing applications, identify your level of interest, if any, going forward. (n=95 Magazine Publishers)

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CONCLUSIONS

Magazine publishers are keeping a close eye on digital printing as a way to improve advertisers results and better serve readers. Digital printing enables magazine publishers to improve audience engagement, offer advertisers data-driven campaigns to improve engagement, and grow product revenue. Strong interest in the ability to harness data to personalize and affordably print shorter runs will likely lead more publishers to experimenting with digital printing to gain a competitive advantage in a multi-channel media world.

The burgeoning interest in fully personalized print products in particular foreshadows the logical next step for the online personalization capabilities publishers have developed in recent years using such tools as content recommendation engines and marketing automation. Personalization is also becoming a more common consumer expectation, as everything from Facebook's Newsfeed to Netflix to Amazon provide personalized experiences. Now that there are fewer and fewer obstacles to creating personalized print products, publishers may explore the space more, assuming they can find a path to revenue through advertisers seeking to deliver highly-relevant print messages, consumers that will pay for customized print, or a combination of the two.

As publishers define, prove, and adopt new business models based on digital printing, adoption will accelerate and improvements in data infrastructure, staff knowledge, and technology will result in more powerful applications.

RECOMMENDATIONS

- Take initiative to learn about digital printing technology and its benefits.
- Elevate your publications' influence by leveraging the benefits of digital printing for delivering an advertising message to the targeted audience.
- Ask print providers, peers, and other experts to explain digital printing's ROI and best practices for successful implementation.
- Attend conferences where a value of digital printing is analyzed and case studies are presented.
- Discuss with advertisers their goals and suggest innovative programs that harness data-driven digital printing.
- Be willing to experiment. Innovation does not always come with certainty and an easy path.



APPENDIX - DEMOGRAPHICS

SIZE OF PUBLISHER BY REVENUE	
< \$1 Million	23%
\$1 to < \$5M	27%
\$5 to < \$10M	13%
\$10 to < \$20M	7%
\$20 to < \$50M	7%
\$50 to < \$100M	14%
\$100+ Million	8%

Q: What is your company's annual revenue?

MAGAZINE PUBLISHERS FOCUS AREA	
B2B	41%
B2C	28%
Association	26%
City and Regional	20%
Scientific, Technical and Medical Publishing	16%
Other	8%

Q: Which types of content does your organization publish?

MAGAZINE PUBLISHER RESPONDENT BY JOB AREA	
Editorial	26%
Marketing	19%
Owner / Senior Executive Management	12%
Publisher / Business Development	11%
Sales/Advertising	9%
Production / Operations	8%
Digital/Web	5%
Data/Audience Development	4%
IT	4%
Disability Support Services	1%

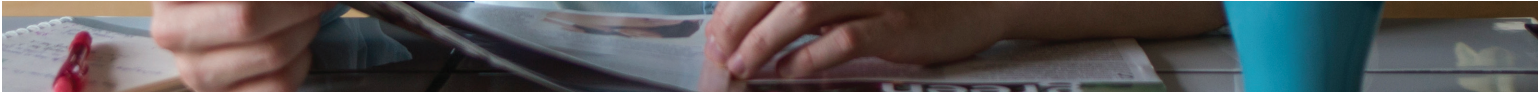
Q: What is your department?

WHO WE ARE



PRINTING United, a new event and joint venture co-owned by SGIA and NAPCO Media, will launch in Dallas, Texas, October 23–25, 2019. Focusing on the opportunities presented by the convergence of printing technologies and markets, PRINTING United will cover print and finishing technologies in industry segments from garment to graphic, packaging to commercial, and industrial. Its objective is to convey all components of integrated solutions to satisfy virtually any client need.

WHO WE ARE



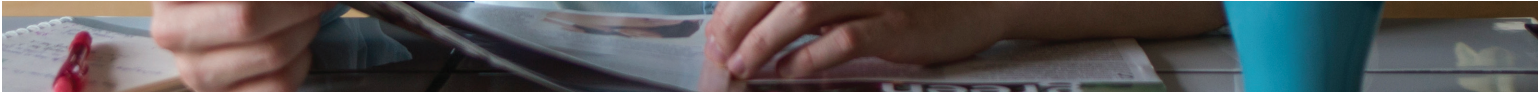
Led by a former Forrester Research analyst, the NAPCO Research team crafts custom data-centric solutions that leverage our highly engaged audiences across the markets in which we operate, our industry subject matter experts and in-house research expertise. We partner with our clients to identify their unique business problem and create solutions that enable deeply informed decision making.

NAPCO Research can help with:

- Business goal prioritization
- Opportunity discovery
- Market segmentation
- Landscape insight
- User needs and wants
- Product features and functionality
- Content marketing strategy
- Sales strategy and tactics
- Market conditions
- Benchmarking
- Industry trends
- Brand awareness

Contact research@napco.com for a research consultation.

WHO WE ARE



SGIA — Supporting the Leaders of the Digital & Screen Printing Community

Specialty Graphic Imaging Association (SGIA) is the trade association of choice for professionals in the industrial, graphic, garment, textile, electronics, packaging and commercial printing communities looking to grow their business into new market segments through the incorporation of the latest printing technologies. SGIA membership comprises these diverse segments, all of which are moving rapidly towards digital adoption. As long-time champions of digital technologies and techniques, SGIA is the community of peers you are looking for to help navigate the challenges of this process. Additionally, the SGIA Expo is the largest trade show for print technology in North America. “Whatever the medium, whatever the message, print is indispensable. Join the community — SGIA.”

For more information on SGIA, visit SGIA.org