

Wide Format: Much More Than Just Print

Typically, signs, direct mail and printed collateral contribute to exposure, motivation and recognition of needs toward a product. These lower-value tools contribute to 30 percent of the buying decision. But research has demonstrated that 70 percent of purchasing decisions are made at the point of purchase.

It's no surprise that many print service providers (PSPs) have been eyeing the wide format business. As sales of ink (\$3.0 billion) and media (\$28.8 billion) grow at a compound growth rate of two percent, output sales (\$42 billion) are growing at a four percent compound annual growth rate. Compared to other sectors, this is pretty attractive, and when revenue growth exceeds the growth of cost of goods sold, it's a sign of a healthy industry.

But what are the output possibilities of digital print? At the moment, viable options include, in addition to signs and displays: Packaging, direct mail, labels and printed collateral. It's important to understand how these forms of output contribute to the product buying decision. Typically, signs, direct mail and printed collateral contribute to exposure, motivation and recognition of needs toward a product. These lower-value tools contribute to 30 percent of the buying decision. But research has demonstrated that 70 percent of purchasing decisions are made at the point of purchase. Thus, displays, labels and packaging become of much elevated value to the brand owner.

A survey conducted by the In Store Marketing Institute showed that more than half of brand owners interviewed were placing more emphasis on POP displays. This additional emphasis was only slightly less than that placed on packaging design and Internet marketing.

The two primary applications for digital POP and point-of-sale are for POP/in-store displays and promotional packaging. According to IT Strategies, POP/in-store displays represent 70 to 80 percent of demand. These 2D and 3D displays, typically in corrugated and foam board, are printed, on average, in medium runs of about 300 pieces per job. As we know, the demand for these is growing.

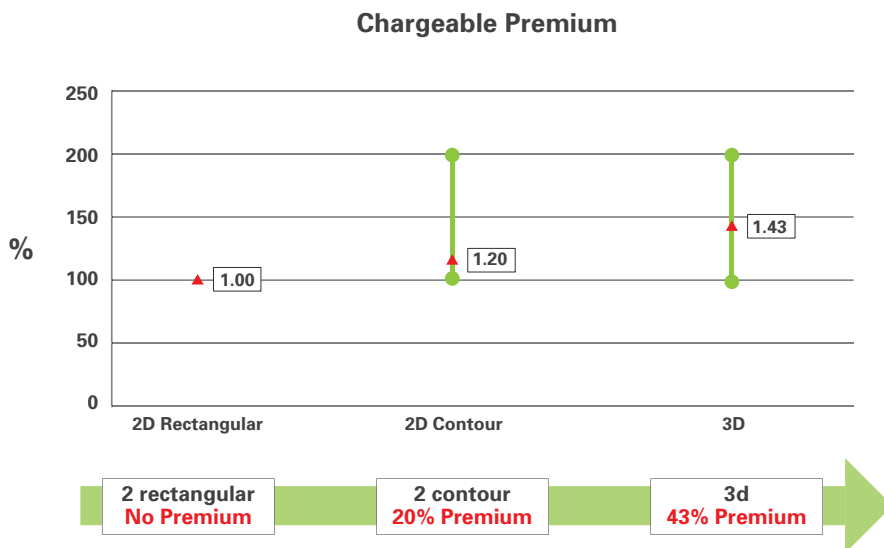
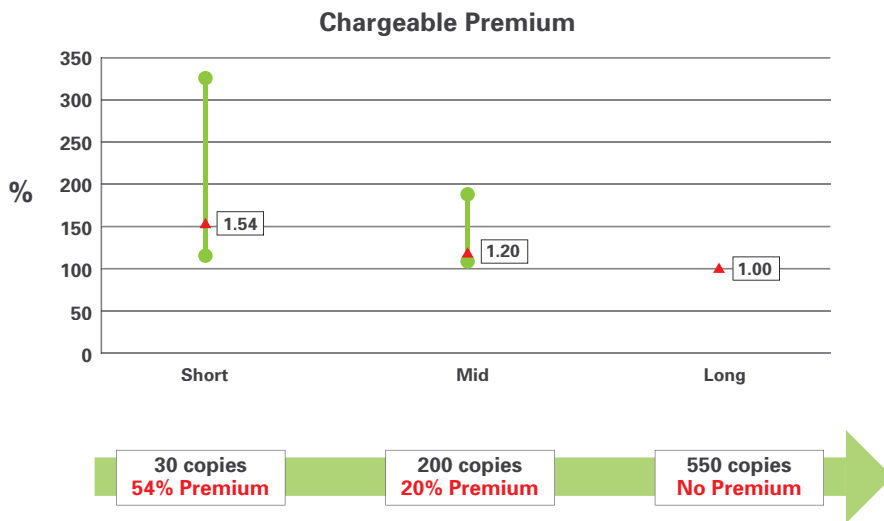
Combining the interest in POP and packaging is promotional packaging, which represents 15 to 25 percent of in-store demand. These 3D, corrugated displays of one to 500 pieces per job are common and growing in demand. All major large-format print vendors are targeting packaging and POP with their production presses. And, with differently colored substrates and an interest for greater attention, white and metallic inks are on the rise, allowing true packaging applications.

IT Strategies also noted that about \$17 billion is spent on POP, and the trend is turning quickly to digital run lengths. POP displays are purchased by mass retailers (40 percent), brand owners (40 percent), other retailers—restaurants, hotels, movie theatres and museums (10 percent), and agencies such as advertising, promotion, PR and marketing (10 percent).

According to surveys conducted by Esko,



Steve Bennett, Vice President, US Central Region Sales, Esko



there is certainly additional value to POP materials that exceed two-dimensional rectangular shapes. For the same effort, if we assume two-dimensional displays offer no additional premium compared to these jobs, two-dimension contour pieces — those that offer a unique shape — can charge, on average, a 20 percent premium, while three-dimensional displays command a 43 percent premium. It's no surprise. These displays also require more design consideration, and are more powerful at the point-of-purchase.

We also have found that the smaller (and presumably quicker) the run, the more shops can charge as an 'on demand' premium: From no premium for jobs of 550 pieces, to a 20 percent premium for jobs of 200 units, and a 54 percent premium for small jobs of around 50 pieces. We have also found from our own surveys that 70 percent of all jobs must be fulfilled within just two days of the order, from a turnaround time of about 10 days in 1997. It's amazing what a digital workflow has done to work expectations.

Premiums that a print shop can charge are staggering based upon a more complex job. From a rectangular to a contoured shape, it is possible to triple the product value (that is, increase net margins by three times). From a rectangle to a three-dimensional display, it is possible to increase net margins by five to eight times. If a company is able to offer creative design for these unusual shapes, they can enjoy net margins as much as 30 times that of a typical rectangular shape. Understand that creative design is far more than graphics — it includes structural design, testing for integrity, and other responsibilities.

All of these studies really point to the 'sweet spot' of what to do to command high value. Just focus on:

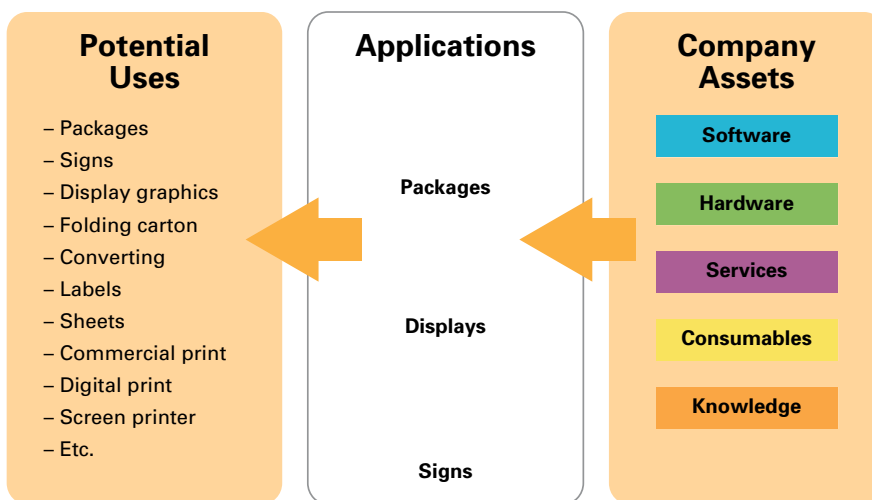
- Temporary in-store displays and promotional packaging
- Retail and manufacturers/brand owners
- Green ink and media
- Corrugated and foam board
- Two-dimensional contour and three-dimensional designs
- 550 units or less; and
- Two-day turnaround

The 'Three Application' Skill Set

Unfortunately, pre-production gets in the way of these extraordinary business opportunities. What becomes of most significance is how quickly you can prepare the artwork and start printing. This is typically the limiting factor in terms of manufacturing efficiency, and implies that today's PSP is really a make-ready business.

Prior to embarking into 2D contour or 3D packaging, a company should research

Your Model Tomorrow



what is needed for each of these applications, and build a standard workflow — not just for prepress, but printing and finishing as well — to complete the job. There will be infinite changes to the workflows, such as creating a label rather than a package, but it will make the entire shop more efficient. This process engineering can be done for any company asset.

Developing the Required Skill Sets

This all requires different skill sets. The first is developing the workflows.

Building each workflow requires a few different steps. For example, to build a 2D contoured sign, the basic steps include preparing the artwork with software, making sure that print files are coordinated with cutting instructions, sending the file to the printer, and completing the job with a digital finishing tool.

The workflow for 3D displays is slightly more complicated, because it requires structural design. The same is required for 3D packaging, plus an understanding of specific requirements for the packaging segment.

All of these workflows, of course, can be derived from the same, shared equipment. By efficiently utilizing graphics and design software, preproduction software, printers and cutters, all of these applications can be produced in one, complete split-file workflow.

The second skill is knowing which substrates are best for each job and, concurrently, which tools are best for each substrate and application. Needless to say, a separate article could be written just on this topic. Substrates vary from folding carton, corrugated and solid boards, to foam substrates and acrylics, to woods, fiberglass and metals. Similarly, there is a wide variety of oscillating and static knives, tools for partial cutting, beveled tools and creasers, and milling tools.

The third skill is building a design library and recognizing which design might be best for a certain project.

There are a wide variety of shapes and sizes, depending upon the project. Some can also be modular, allowing a company to extend the display based upon the available floor space.

Case Study: How Structure and Digital Capabilities Can Change The Nature Of A Display — And The Results

Understanding the workflow, materials and, in particular, 3D structures can impact results for a brand owner in a profound way.

The brand owner in this case had been cost-effectively mass-producing a 3D display

using traditional print technology, but could not change the size of the display to customize it for different retail environments. A print provider envisioned using the latest digital technology to produce more impactful displays, adding to the sides of them, where possible.

Just by dressing up the same POP display, it could be customized to fit the promotion — and the space. Thus, it could be used in different ways, from a small convenience store to a large supermarket chain. In fact, they considered an ambitious, spectacular display for the top 100 stores selling that particular product.

This modular system was extremely creative in design. The shelves were always identical, re-used and reprinted as needed. Every display used the same basic product display pieces that were screen printed in large quantities, maintaining the cost efficiencies. What changed, though, were the bases, sides and headers. These were all printed on a digital printer in smaller quantities, allowing the designer to dress up the original, mass quantity shelving. Thus, the job was part screen and part digital. The brand owner could be flexible in quantities, sizes and display structure.

More significant were the results. Sales volume increased 14.3 percent compared to the previous quarter. Penetration increased from 15.1 to 16.3 percent. It seems that retailers liked the displays. If you deduct the cost to print the displays — which included consultative services from the designer/printer, this was an extremely profitable project for the brand owner.

Can you remember?

Wide format involves much more than just print. Companies that will maintain successful, profitable, growing businesses will focus on high-value projects, which means experimenting with new substrates and building 3D design-print-cut workflows.

The necessary tools are design and prepress software able to coordinate digital UV inkjet printer technology and versatile digital finishing.

Those companies that are innovative enough to build these workflows and hunt for early adopters — brand owners who are ready to take advantage of three-dimensional displays — will find the rewards are significant.

Prior to embarking into 2D contour or 3D packaging, a company should research what is needed for each of these applications, and build a standard workflow — not just for prepress, but printing and finishing as well — to complete the job. There will be infinite changes to the workflows, such as creating a label rather than a package, but it will make the entire shop more efficient. This process engineering can be done for any company asset.