

WHITE PAPER

Digital Color Printing for Mid-Volume Direct Mail Applications

*Comparing the Costs & Response Rates for
Inkjet & Toner Technologies*

Prepared by INTERQUEST, Ltd.





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Executive Summary

Marketing executives and managers from various industry sectors in the U.S., including financial services, healthcare, banking, manufacturing, and others who received direct mail postcards with an offer to participate in a brief online survey related to direct marketing responded equally to cards produced on a high-speed mid-volume cut-sheet inkjet device and cards produced on production class full-color toner-based equipment.

- ◆ More than 40% of the respondents believe that printing is the most effective media for business communications, and nearly 90% of all respondents prefer to receive full-color direct marketing materials.
- ◆ Above and beyond response rate, two-thirds of the respondents indicate that the cost of printing is the most important criteria of a direct marketing campaign.
- ◆ Inkjet produced cards generated about 4% fewer responses (or -.03% in response rate) than cards printed with color laser equipment—a difference that is generally considered statistically insignificant.
- ◆ For this mailing, based on the running cost of the equipment, the cost per response for postcards produced on the inkjet equipment is 62% less less than the response rate of cards produced on full-color electrophotographic equipment.

Introduction

INTERQUEST, Ltd. was commissioned by RISO, Inc. to conduct a study comparing the response rates to direct mail postcards printed on a RISO full-color inkjet printer with the same cards produced on a production class full-color electrophotographic copier/printer. INTERQUEST independently managed all phases of the study, including the selection of respondents, the printing and mailing of the postcards, and the tabulation and analysis of the results.

Methodology

A total of 10,585 direct mail postcards were sent to marketing managers and executives from various industry sectors in the U.S., including financial services, healthcare, banking, manufacturing, and others. Approximately half of the postcards were printed on RISO 46# matte finished stock using a RISO full-color inkjet device, and half were printed on 9-pt FLO GLOSS DIGITAL COVER glossy stock using a full-color toner-based production copier/printer. The postcards invited the recipients to respond to a brief online survey related to direct mail marketing in exchange for a \$20 gift certificate from Amazon.

Topics covered in the survey included:

- ◆ Which advertising media respondents believed was most effective
- ◆ Most important criteria of a mailing beyond response rate
- ◆ Respondents' preference for color or monochrome mailings

The overall response rate to the mailing was 1.29%. Responses which did not come directly from target recipients on the mailing lists were discarded since it could not be verified whether or not these individuals actually viewed the postcard. Finally, cost per response based on the response rate and the running cost of the inkjet and toner equipment was calculated.

Card Samples



We'll give you
\$20 for 10 minutes
of your time...



...when you
take our online
direct mail marketing
survey!

Card code D



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**Take our online direct mail
marketing survey
and receive a
\$20 gift certificate!**

We want to know what you think! Take our 10-minute survey and we'll give you a \$20 Amazon gift certificate for your time.

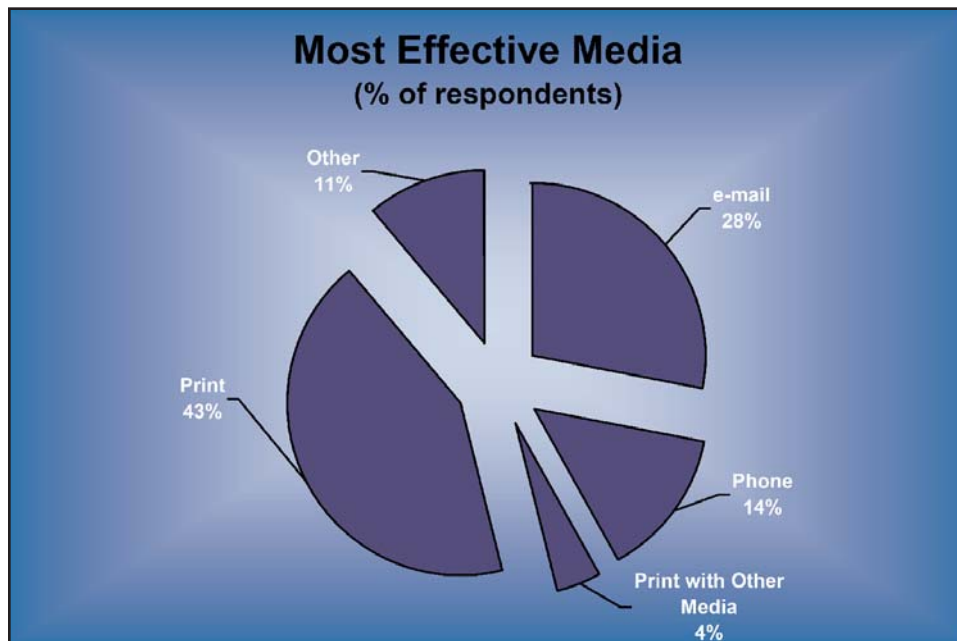
But hurry! Surveys must be completed by December 14, 2009 to qualify!

**Go to
snipurl.com/t62sc
to take our 10-minute
survey today!**

Limited to the first 200 survey respondents. One \$20 gift certificate per name/address/organization.

Media Preference

Bearing in mind that the recipients of the postcards are marketing executives and managers, the survey asked respondents what they consider to be the most effective media for business communications: print, e-mail, phone, or some other method. The highest percentage (43%) of respondents indicate that printed media is most effective, followed by e-mail (28%), and telephone (14%). About 4% of the respondents indicate that the best approach is a combination of print and other media. The remaining respondents cite a variety of other approaches, including word of mouth advertising, personal contacts, television, and the Internet.

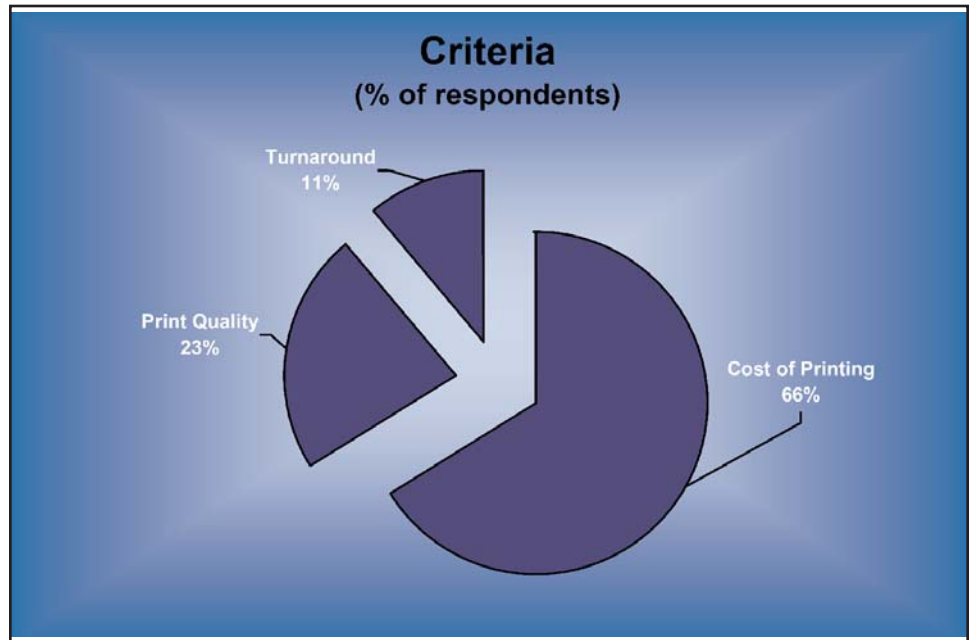


Despite double-digit growth in online advertising, direct mail continues to lead all other media in advertising expenditures. The marketing executives surveyed for this study continue to view print as an integral part of their marketing plans.

Direct Mail Criteria

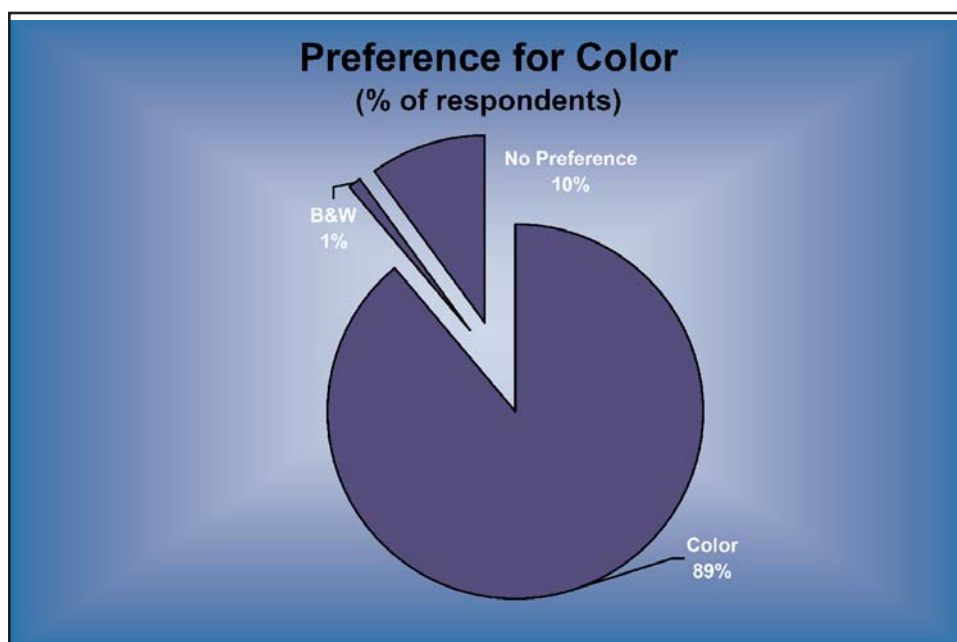
Respondents were asked, “When sending out direct mail, including postcards, letters, and other documents, what is most important to you beside the response rate: cost of printing, quality of printing, or production turnaround?” Two-thirds of the respondents indicate that cost is the most important criteria after response rate. Somewhat less than one-quarter of the respondents indicate that print quality is the most important, and slightly more than 10% indicate that turnaround time is the most important criteria after response rate.

Two-thirds of the marketing executives surveyed for this study believe that the cost of printing is the most important factor for direct mail campaigns after response rate.



Preference for Color

When asked if they would prefer to receive a direct mail piece printed in black and white or in color, respondents expressed a strong preference for color. About 83% of the respondents to the ink jet printed cards and 95% of the respondents to the laser printed cards would prefer to receive a mailing produced in color. Overall about 10% of the respondents indicate they have no preference, and a small percentage prefer monochrome.

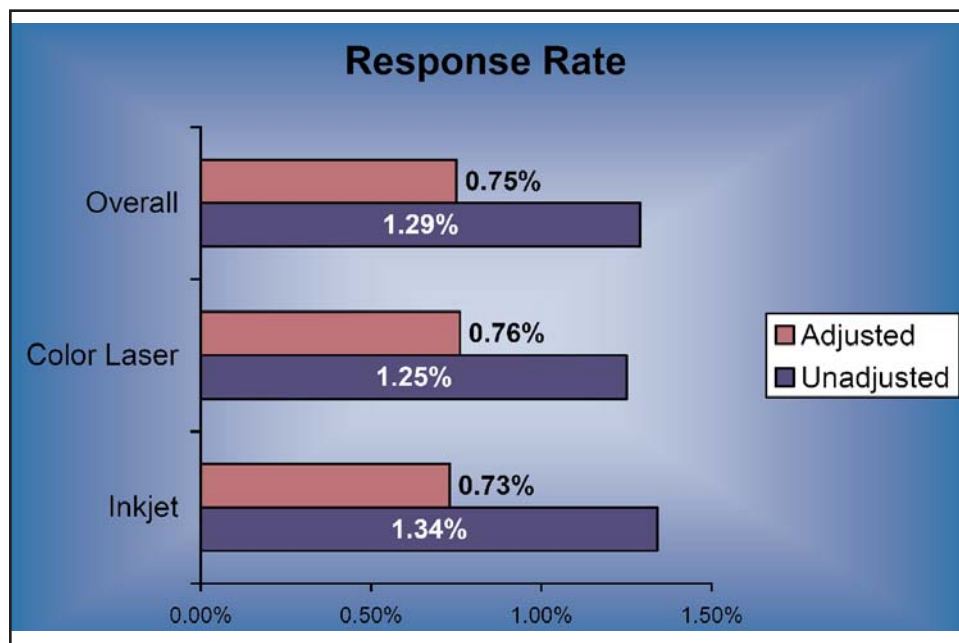


A recent INTERQUEST survey of direct mail producers finds color digital print volume increasing two and a half times faster than black-and-white output

Although respondents express a strong preference for color, they do not appear to have a comparably strong preference for glossy versus non-glossy stock. About 57% of the respondents indicate they believe direct mail pieces printed on glossy paper would generate a higher response rate than pieces produced on non-glossy paper. About 41% of the respondents have no preference one way or another, and the remaining respondents prefer either non-glossy or color stock.

Response Generation

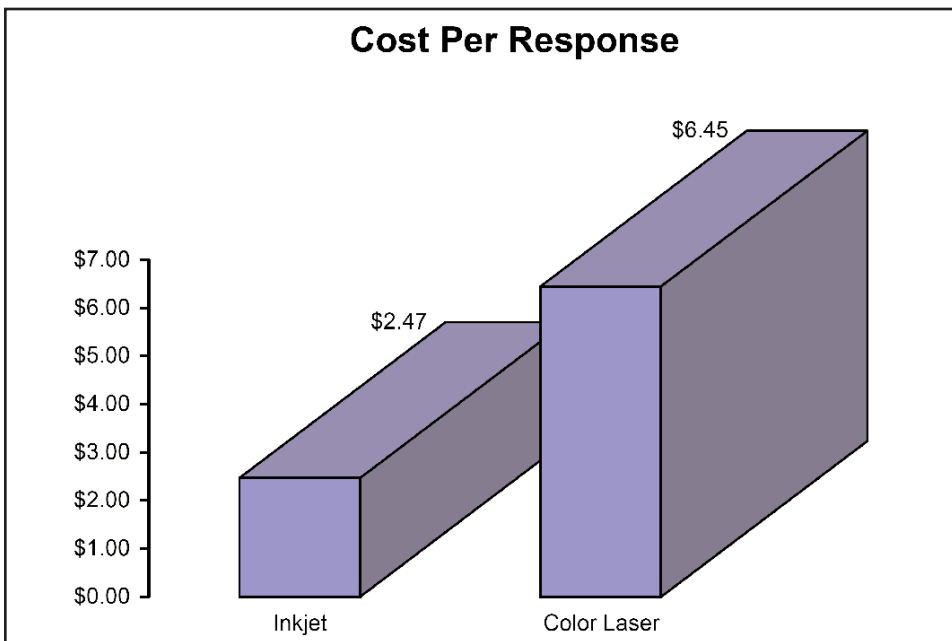
An approximately equal number of recipients were sent inkjet and laser printed direct mail postcards. Although the overall response rate to the mailing was 1.29%, after discarding responses which did not come directly from recipients on the target mailing lists, the overall adjusted response rate was .75%. The adjusted response rate of the inkjet printed cards was .73%, and the adjusted response rate of the toner printed cards was .76%. Although the adjusted response rate for the toner device was marginally higher, the difference is not statistically significant.



Cost Per Response

The postcards printed on the color laser equipment generated a slightly higher response rate than the cards produced on the inkjet equipment. However, because of the higher printing cost* of the toner-based equipment, the cost per response for the inkjet postcards was 62% less than the cost per response of the postcards produced on the toner-based equipment.

	<i>Inkjet</i>	<i>Toner</i>
Printing Cost Per Card	\$.018	\$.049
Total Printing Cost	\$98.41	\$250.78
Response Rate	.73%	.76%
Cost Per Response	\$2.47	\$6.45



* Printing cost is based on per impression cost for supplies and maintenance, exclusive of paper, labor, amortization, and overhead. The cards are 5.5" x 8.5" and are produced two-up on one letter-size sheet.



About INTERQUEST



INTERQUEST is a market and technology research and consulting firm in the field of digital printing and publishing. The company has more than 2,000 clients worldwide. INTERQUEST activities and services include: multi-client market research studies and industry reports covering direct mail, transactional, print-on-demand, book manufacturing, and other areas served by digital production printing; consulting projects for key industry players around the world; and seminars and industry forums in North America and Europe.