



## An **Axia Marketing** White Paper

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# What is Print-on-Demand?

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## **Introduction**

### **What is POD and how can it be used?**

- 3 basic types of print-on-demand
- Standard POD format—8.5 x 11”

### **What types of materials qualify for POD?**

### **What are the benefits of POD?**

- Personalized and customized materials
- Overall reduced costs
- Bonus: a green solution—less paper, less waste
- Case study

### **Critical issues and next steps**

### **Summary of marketing advantages**

## **What is Print-on-Demand?**

Most companies have heard of print-on-demand or POD. However most people don't really understand what print-on-demand is or what it could mean for them and their businesses. This white paper provides an overview of the basics and how print-on-demand compares to traditional printing. It also lists critical issues that need to be considered before you can determine if POD should be part of your overall print and marketing program.

### **What is POD and how can it be used?**

Print-on-demand is printing and mailing materials as needed or as requested—literally "printing on demand." Printing materials as requested allows you to update the content and format on a daily basis if desired, and more importantly allows you to personalize the materials for a specific customer. Ideally POD is linked to a company-wide content management system (CMS), and CMS is often discussed during the POD exploratory stage.

Because materials are printed as requested, there is no need to print them in advance and store them for future use. That means you don't have to warehouse materials or worry about destroying out-of-date materials. An added bonus is that you "pay as you go" which can mean better cash flow for many companies.

There are three basic types or levels of POD.

- **1<sup>st</sup>** The first is replenishment printing. This is printing small quantities of an existing piece until the material is revised and reprinted traditionally, or because the initial volumes are so low.
- **2<sup>nd</sup>** The second is printing established communications as requested as well as uniquely combining materials as one unit or a special version for a particular segment.
- **3<sup>rd</sup>** The third type is printing personalized materials with variable images and data "on the fly" to create custom materials as one unit. This is true one-to-one marketing, unique messaging for an audience of one.

The standard POD format is based on an 8 1/2" x 11" sheet size, which produces a typical booklet or digest size piece.

Special perforated pages can be incorporated to allow you to insert various pieces – including different sizes and reply envelopes – into that one unit. Mailing one unit as opposed to mailing multiple pieces can reduce your overall mailing and fulfillment costs. And one cohesive piece allows you to simplify the conversation with your customer and walk them

through your story and your process. It allows you to be respectful of your customer and control the interaction. One drawback of POD is being locked into one format. Although some larger sheet sizes are available, the process relies on laser printers which currently use only common page sizes. However, customer feedback shows that most customers are focused on comprehension of materials, not the vehicle or the format.

### **What types of materials qualify for POD?**

POD is best used for any type of transactional materials, such as special promotions, instructions, timely or dated information, or forms. Although there used to be suggested limitations on when to use POD, such as the number of pages and the amount of color, the technology has improved so that there are no longer set guidelines. It really depends on your particular circumstances.

The driving factors are:

- speed to market,
- variable data,
- shelf life of your materials,
- run length, and
- number of versions.

POD may not be ideal for pieces having multi-year shelf lives or higher-end communications. You may want to continue to print and fulfill these types of materials traditionally and consider using them in conjunction with other POD pieces.

### **What are the benefits of POD?**

For the customer, customized and combined materials are user-friendlier. The materials are presented in an organized and functional way, and multiple loose pieces can be eliminated. Within a booklet format, page tabs make it easy to find sections, and divider pages can be used for transactional instructions as needed.

There are two significant benefits to companies for using print-on-demand: increased marketing opportunities and reduced costs.

- **1<sup>st</sup>** First, materials can be personalized and customized, which allows you to communicate specific marketing messages and to cross-sell products and services. You have the opportunity to provide different levels of materials, i.e., more or less detailed materials depending on the audience, as well as distinction between materials for different targets. Plus, the increased speed to market is invaluable. With electronic exchange of files, 24-hour turnaround replaces the traditional 2-4 weeks for printing, shipping, fulfillment and warehousing. Back-orders are eliminated. And faster turnaround

during disaster recovery with electronic files and multiple vendor output sites is a plus; transfer of printed materials between warehouses is eliminated. It is good to note that the speed into the mail for POD is often no different than that with traditional fulfillment, however the front-end time savings can be significant. Think in terms of 'distributed print' instead of print and distribute. Many large POD vendors have multiple printing locations which can provide savings in shipping costs and may even slightly increase the speed to the customer's mail box.

- **2<sup>nd</sup>** The second benefit of overall reduced costs can be easily described: the costs with POD are printing and postage per unit, while the costs associated with traditional printing are printing and postage per piece plus fulfillment, inventory, destruction and even customer callbacks. Consolidated packages reduce postage and fulfillment costs – for example, 1 combined piece vs. 2 or 3 separate pieces. Having no inventory reduces storage and destruction costs. There are potential cash flow advantages to "paying as requested" instead of paying up-front. And since customer questions can cost anywhere from \$1 to \$15 per call, there are minimized callbacks because all materials arrive together and with clear steps for usage.
- **3<sup>rd</sup>** There is a third or "bonus" benefit to using print-on-demand. POD is a green solution, and less waste and less paper is good for our environment.

It's important to point out that POD printing costs are generally higher than traditional printing costs although new technology and equipment have made the POD pricing more competitive. Think in terms of having print-on-demand be part of your print strategy, not necessarily your only strategy. Overall cost savings will vary depending on the percentage of materials being converted from traditional print to POD. Initial exploration and ramp up costs will typically extend over a 1-3 year period depending on your volumes. However, in the long run the cost reduction in destruction, fulfillment, inventory, postage and customer confusion calls can be substantial.

- **Case study** The print inventory expenses for an international financial firm exceeded \$250,000 per year. In the first year of instituting a print-on-demand program, the initial savings were 20% of the entire annual print budget.

## **Critical issues and next steps**

You need to do your homework before considering POD, and uncovering the answers to the following questions will put you on the right path.

- What percentage of your marketing materials is customer-driven?
- What percentage is company-initiated?
- What percentage is mandatory or regulatory?
- What percentage of your material changes annually?  
Bi-annually? Quarterly?
- How much do you spend annually in destruction costs, including actual destruction cost (which should be minimal) plus unnecessary inventory expenses over time and the value of the destroyed materials?
- What is your annual fulfillment volume?
- What is your typical fulfillment request?
- What are your annual print volumes for your key materials?
- What are your annual mailing costs for both marketing and mandatory materials?

Once you've looked into your own business situation and want to start exploring the possibilities of print-on-demand, a sample project plan would include:

- an initial assessment,
- focus groups,
- exploration of partners,
- creation of prototypes, and
- additional focus groups.

If you decide to continue at this point, implementation should be done in three phases: initial launch, rollout with replenishment printing until complete conversion, and continuous rollout.

## **Summary of marketing advantages**

Print-on-demand solutions can be very attractive. They can help you and your company become easier to do business with. They can be more targeted and help you personalize your materials and achieve true customization. They can provide you with additional marketing message opportunities and help you reinforce communication architecture. They can help you leverage your CRM data and potentially increase your response rates. They can help increase your speed to market. Simply put, POD can be the best of all worlds – it can allow you to do something better and save money.

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*Axia Marketing works with organizations who want to re-imagine and streamline their marketing efforts. We balance left brain and right brain thinking, and our specialty is that we both “think and do.” We help our clients think through their needs and then assist them in moving forward in new and sometimes unexpected ways. We’ll help you take a fresh look at your marketing and the way you do business. Please contact Wendy Kershner for further information at Axia Marketing, 610-376-0635, [wkershner@axia-marketing.com](mailto:wkershner@axia-marketing.com)*