



# Xerox Premier Partners Survey



**Xerox Premier Partners  
Global Network**

August 28, 2009

# KEY FINDINGS OF THE PREMIER PARTNERS SURVEY

## SUMMARY OF FINDINGS

**OVERALL CONSENSUS:** The majority (more than 80%) of Premier Partners still agrees, or strongly agrees, that digital printing has helped generate new revenue. However, this year, slightly less (13%) Premier Partners have seen the effects.

**CHALLENGES:** The slow economy has been the biggest challenge for Premier Partners, more so this year (69% in 2009 vs. 57% in 2008). Marketing budgets continue to decline (54%, 16% higher than 2008), and it's tough to establish new services while keeping current business on track (52% respondents).

**ECONOMIC RECOVERY & IMPACT:** More than half (52%) of the Premier Partners expect to bounce back from the current economy in more than six months, and a good number (64%) expects customer demand to pick up, and keep investments steady. However, nearly a third (29%) of respondents still foresee some headcount reduction (19% higher than 2008 levels).

**INDUSTRIES WITH GROWTH POTENTIAL:** Healthcare/pharma (62%), education (58%) and finance/banking (42%) remain the top three growth areas in 2009.

**CUSTOMER DEMANDS:** Online ordering (72%) took the lead from full-color variable-data printing (70%) as the No. 1 demand area. Marketing consulting ranked third at 52 percent.

**IMPROVING THE EFFECTIVENESS OF INFORMATION:** Premier Partners are increasingly using variable printing (78%) and cross-media campaigns (54%) to help customers improve the effectiveness of information. Cross-media campaigns and variable printing saw substantial growth, up 20 and 15 percent, respectively.

**SUPPORT & TRAINING:** Business development support and training (73%) still rank the highest in terms of Premier Partner requests, closely followed by partnering on sales opportunities (71%). In terms of training format, more than half (56%) Premier Partners prefer some form of online training (33% Webinar, 23% self-paced tutorial).

**ENVIRONMENTAL RESPONSIBILITY:** As the economy slows down and customer demands decline, environmental responsibility loses steam, though it's still important for more than 60 percent of Premier Partners. The biggest change in opinion was around the impact of environmental responsibility on the bottom line, with 18 percent fewer respondents agreeing about it (50% in 2009 vs. 68% in 2008).

**INDUSTRY TRENDS:** Demand for digital, and further consolidation in the industry will continue; short runs will likely replace long runs/large volumes. In general, traditional printing will decline as demand for digital printing increases, and those who adapt to the changing environment will sustain.

## BACKGROUND

In preparation for Print 09, the Xerox Production Systems Group surveyed its North American Premier Partners to get a pulse check on the latest trends and issues confronting their businesses. This was the second year running for the survey, and results were compared against those surveyed in advance of Graph Expo 2008. Questions were broken down into several segments including business challenges, opportunities, customer needs, growth areas, the environment and Premier Partners' industry predictions.

The intent of this report is to ensure Xerox's alignment with Premier Partners' priorities and concerns, and to identify what trends and issues are confronting digital print providers today.

## METHODOLOGY & SAMPLE

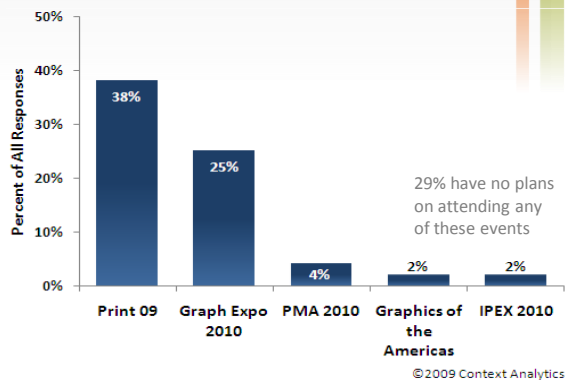
A total of 400 North American Premier Partners were invited to participate in the survey. The survey ran for one week, securing a total of 81 responses, providing a confidence level of 90 percent, with +/- 10 percent margin of error. (In 2008, 364 Premier Partners were invited, of which 63 responded; confidence level and margin of error were the same).

# OPPORTUNITIES & CHALLENGES

## EVENTS THAT PARTNERS PLAN TO ATTEND

### NEARLY TWO-FIFTHS PLAN ON ATTENDING PRINT 09, ANOTHER QUARTER ARE GOING TO GRAPH EXPO 2010:

Almost two-fifths (38%) of the Premier Partners are planning to attend Print 09, while another quarter are attending Graph Expo 2010. A handful are attending PMA 2010, Graphics of the Americas, and IPEX 2010 (4%, 2%, and 2%, respectively). Another quarter of the Premier Partners have no plans of attending any of these events.

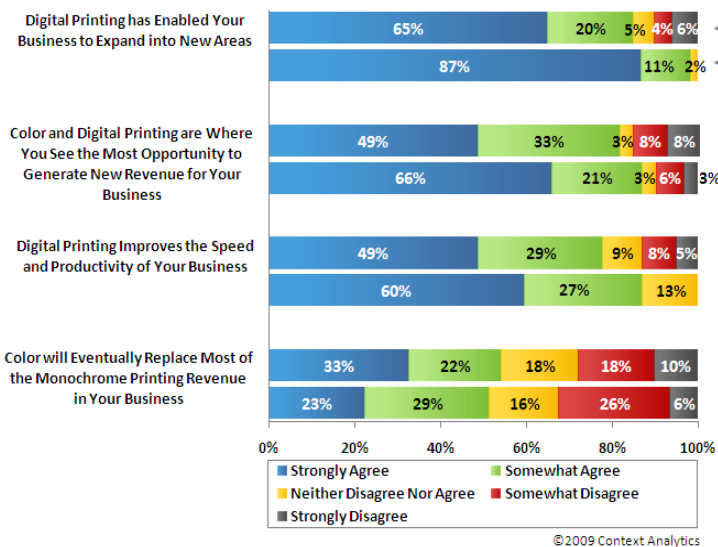


## COLOR & DIGITAL PRINTING

### HIGHEST AGREEMENT STILL ON BUSINESS GROWTH AND IMPROVED PRODUCTIVITY THROUGH DIGITAL PRINTING:

Although Premier Partners showed highest agreement on digital printing helping them expand into new areas and generate new revenue, there was considerable difference in opinion about the benefits of digital printing since last year. As compared to 2008, 13 percent fewer Premier Partners this year agreed that digital printing has enabled them to expand their business in new areas, and five percent fewer Partners said it helped them generate new revenue.

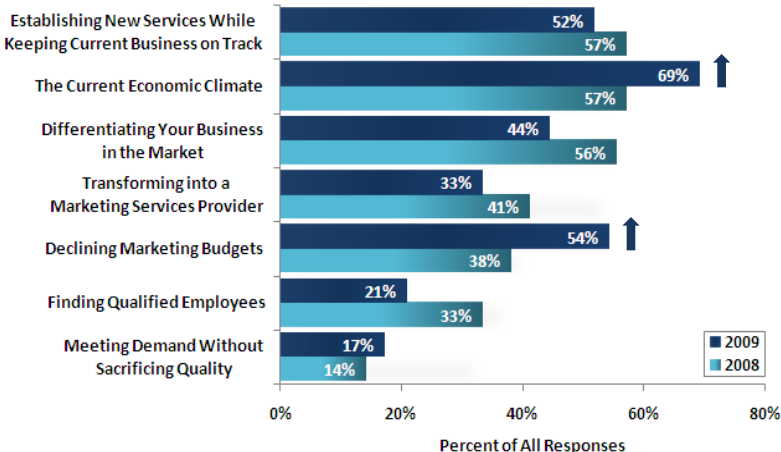
Slightly more (3% more than 2008) Partners did agree that color will eventually replace most of monochrome printing revenue.



## PREMIER PARTNERS' CHALLENGES

### CURRENT ECONOMIC CLIMATE POSES THE BIGGEST CHALLENGE FOR PARTNERS:

The current economic climate (69%) is, by far, the biggest concern for Partners (12% higher than in 2008). In conjunction with the poor economy, Premier Partners are seeing a big change in marketing budgets, with 16 percent more Partners citing declining budgets as a big concern (54% in 2009 vs. 38% in 2008). Establishing new services while keeping current business on track is the third most (52%) challenging thing for Premier Partners.



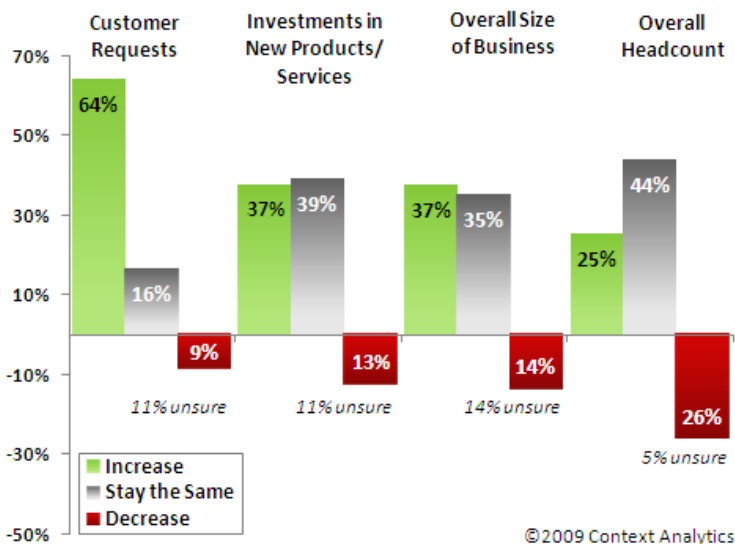
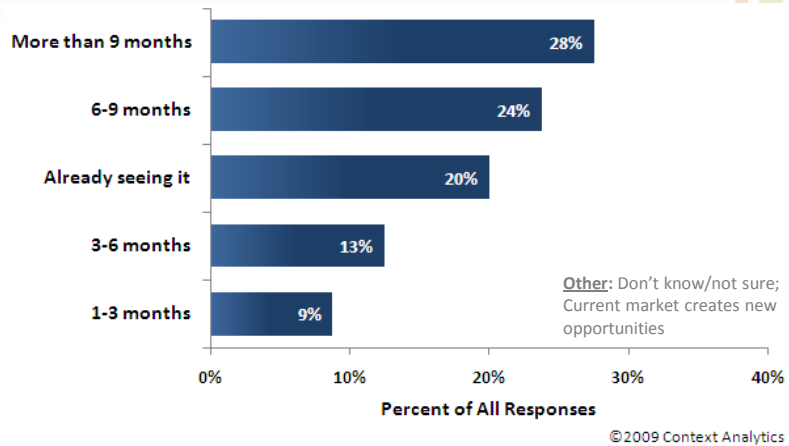
# THE ECONOMY & GROWTH PROSPECTS

## ECONOMIC REBOUND

### ECONOMIC RECOVERY SEEMS MORE LONG TERM TO MOST:

More than half (52%) Premier Partners believe it will take them more than six months to rebound from the current economic slowdown. Twenty-eight percent of those actually expect a longer recovery of more than nine months.

On the other hand, one-fifth (20%) of Partners are already recovering from the slowdown, while another 22 percent expect a recovery within the next six months.



## IMPACT ON BUSINESS

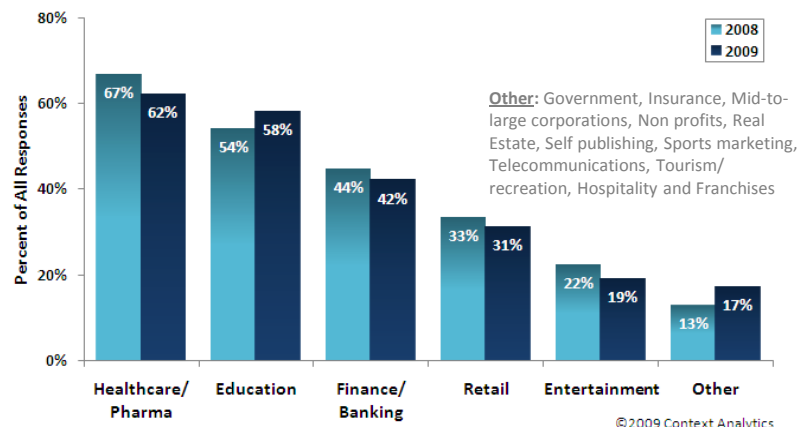
### NEARLY TWO-THIRDS OF RESPONDENTS FORESEE AN INCREASE IN CUSTOMER REQUESTS, YET A QUARTER EXPECT TO REDUCE HEADCOUNT:

Almost two-thirds (64%) of Premier Partners are optimistic in terms of demand as they expect an increase in customer requests. Investments in new products and overall size of business also seem to be pretty stable. However, despite the positive outlook, a quarter of Partners still expect to trim overall workforce over the next 12 months, which is more than three times as many respondents as last year (26% in 2009 vs. 7% percent in 2008).

## GROWTH INDUSTRIES

### HEALTHCARE / PHARMA AND EDUCATION ARE THE TOP TWO INDUSTRIES OFFERING GROWTH OPPORTUNITIES:

The top three growth industries were consistent with that of last year: more than three-fifths (62%) of Premier Partners see healthcare/pharmaceutical as the top industry with most growth prospects, closely followed by education (58%). The finance/banking industry rounded out the top three, with 42 percent of Premier Partners citing it as a growth avenue.



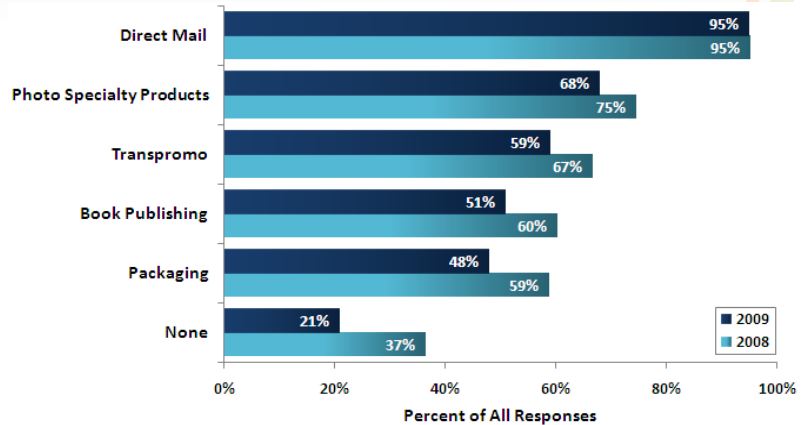
# CUSTOMER DEMANDS & COMMUNICATION

## APPLICATIONS WITH POTENTIAL TO GROW

### DIRECT MAIL MAINTAINS ITS LEAD FOR POTENTIAL NEW REVENUE:

Once again, the majority (95%) of Premier Partners ranked direct mail as the No. 1 digital application for potential new revenue.

Photo specialty products (calendars, greeting cards, photo books) and transpromo ranked second (68%) and third (59%), though fewer Premier Partners than last year voted for them.

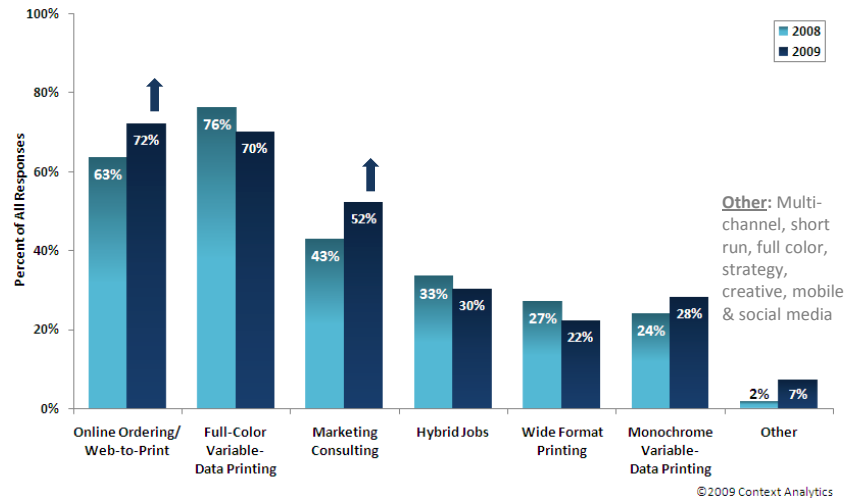


## CUSTOMER DEMANDS

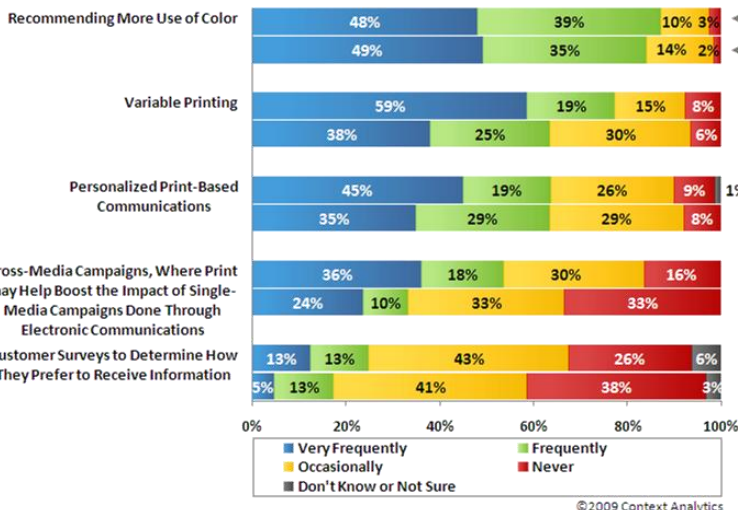
### PREMIER PARTNERS EXPERIENCED HIGHEST DEMANDS FOR ONLINE ORDERS & MARKETING CONSULTING:

Online ordering (72%), full-color variable-data printing (70%), and marketing consulting (52%) were the top three high demand areas for Premier Partners over the past year. Both online ordering and marketing consulting grew nine percent as compared to 2008.

Monochrome variable-data printing also grew four percent in 2009.



## EFFECTIVELY COMMUNICATING WITH CUSTOMERS



### RECOMMENDING MORE USE OF COLOR STILL TOPS THE LIST:

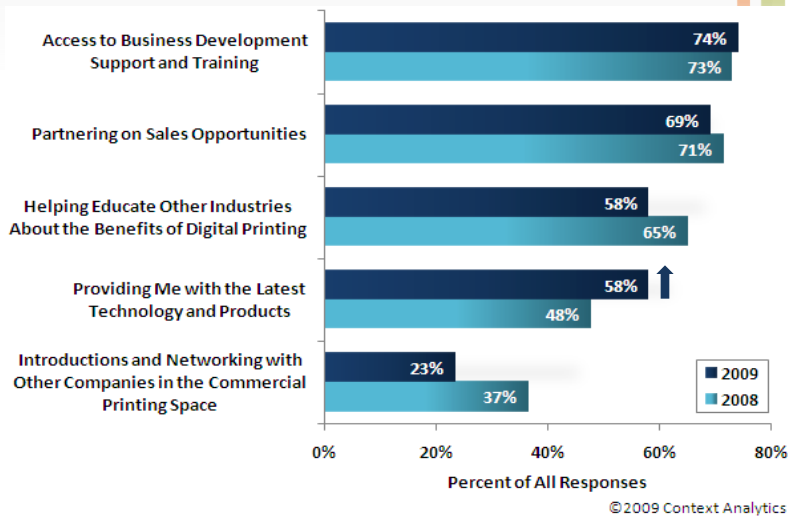
Although recommending more use of color (87%) and personalized print-based communications (64%) were just as popular as the previous year, Premier Partners are increasingly using variable printing (78%) and cross-media campaigns (54%) to help customers improve the effectiveness of information. Cross-media campaigns jumped the most, with 20 percent more Premier Partners using it, while variable printing usage was 15 percent higher than in 2008.

# TRAINING & SUPPORT

## HOW CAN SUPPLIERS HELP

**NEARLY THREE QUARTERS (73%) OF PREMIER PARTNERS WOULD LIKE MORE ACCESS TO BUSINESS DEVELOPMENT AND TRAINING:**

Business development support and training (73%) still ranks the highest in terms of Premier Partner requests, closely followed by partnering on sales opportunities (71%). The request for latest technology and products increased the most, up 10 percent from last year (58% in 2009 vs. 48% in 2008).



## TRAINING/SERVICES

**SALES RELATED TRAINING IS THE MOST CRUCIAL AREA FOR PREMIER PARTNERS:**

### Sales Training:

Training and support for Premier Partners' salespeople was the area mentioned most by them. Premier Partners would like ongoing training on sales development, general sales force training, training on marketing consulting and some would even like a representative to co-visit key accounts or prospects. In a related area, some Premier Partners would like support on recruiting sales professionals who can sell marketing solutions.

Other requests included training on special products/applications and more responsiveness in general.

### Identifying Prospects (Current Markets & Verticals):

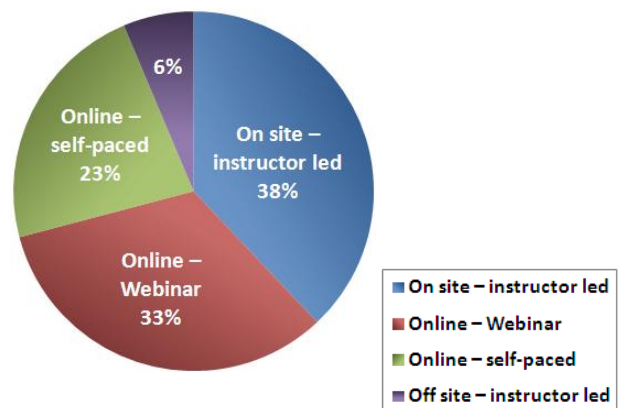
Ability to identify potential clients in their market area and what other markets to target, are important needs. Premier Partners are also interested in vertical market information, particularly understanding which digital applications apply to specific verticals. Identifying and packaging specific strategies to expand in a vertical market and evidence of other companies' success doing the same are also important. Premier Partners are interested in seeing how to leverage Xerox's approach to sales.

## TRAINING FORMAT

**ONLINE TRAINING SESSIONS MORE POPULAR; ON SITE INSTRUCTOR LED TRAINING PREFERRED THE MOST:**

Combined, more than half (56%) of Premier Partners prefer some form of online training – 33 percent would like an online webinar; 23 percent favor an online self-paced session.

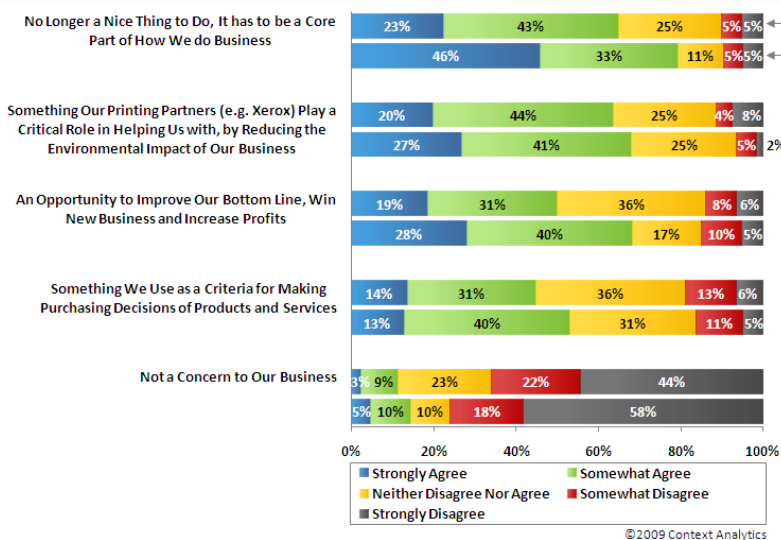
But overall, an on site instructor led training is preferred the most, with nearly two-fifths (38%) of Premier Partners citing it as the ideal training set up.





# INDUSTRY TRENDS

## ENVIRONMENTAL RESPONSIBILITY & SUSTAINABILITY:



## PREMIER PARTNERS BECOME MORE NEUTRAL ON THE IMPORTANCE OF ENVIRONMENTAL RESPONSIBILITY:

Environmental responsibility and sustainability are still important for Premier Partners with more than 60 percent agreeing or strongly agreeing, but there is less enthusiasm about it as compared to the last year. More Premier Partners were neutral on environmental issues.

The largest downward shift in agreement was about environmental sustainability being an opportunity to improve the bottom line and win more business (50% in 2009 vs. 68% in 2008).

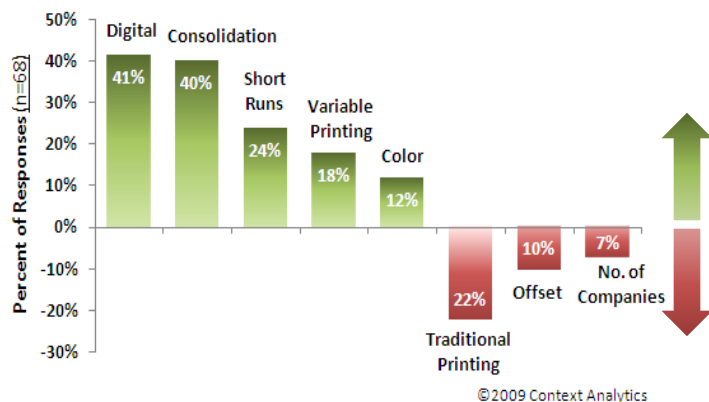
## INDUSTRY TRENDS IN NEXT 5-10 YEARS:

### PREMIER PARTNERS SEE MORE CONSOLIDATION AND DEMAND FOR DIGITAL IN THE FUTURE:

Of those who responded about commercial industry predictions (n=68), two-fifths said they see more demand for digital print and further consolidation in the industry. Premier Partners believe those players who adapt and are able to differentiate themselves will survive, though the commercial printing industry itself might slow down for a few years. Other trends on the rise are short runs, variable-data printing, color, along with new ink-jet technologies and a demand for marketing solutions.

Overall, Premier Partners see commoditization of traditional printing leading to price wars and lower profit margins. Some say that digital printing will almost completely replace their revenues from offset. Print volume and long runs will also see a lower demand.

- "I will need to keep us updated with the most current digital equipment to meet the demands of my customers."
- "I see an increase in digital work and a reduction in the amount of offset work currently. I assume it will continue this trend in the future."
- "A significant decrease in the volume available and thus, a significant reduction in companies providing this service. More consolidation and more added value services for those of us who survive."
- "Further consolidation and contraction. Total re-engineering of processes with regards to manufacturing."
- "Pure commercial printing will continue to decline. Shorter runs will continue to provide much more targeted campaigns. Data will continue to become more critical. Short runs, data rich commercial printing."
- "About 50% of the decline in traditional print will be permanent once the economy returns to normal. Print will not go away, but become a less dominant channel."



# APPENDIX: SURVEY QUESTIONNAIRE

1. Which of the following tradeshow do you plan to attend? *(Check all that apply)*
  - A. Print 09
  - B. PMA 2010
  - C. Graphics of the Americas
  - D. IPEX 2010
  - E. Graph Expo 2010
  - F. No plans to attend any of the above
2. Please note your level of agreement with the following statements *(Strongly Disagree, Somewhat Disagree, Neither Agree Nor Disagree, Somewhat Agree, Strongly Agree)*:
  - A. Color will eventually replace most of the monochrome printing revenue in my your business
  - B. Color and digital printing are where I you see the most opportunity to generate new revenue for my your business
  - C. Digital printing improves the speed and productivity of my your business
  - D. Digital printing has enable your business to expand into new areas
1. Which of the following do you feel are the biggest current challenges to your business? *(Please rank your Top 3 in order of importance)*
  - A. Declining marketing budgets
  - B. The current economic climate
  - C. Finding qualified employees
  - D. Differentiating your business in the market
  - E. Establishing new services while keeping current business on track
  - F. Transforming into a marketing services provider
  - G. Meeting demand without sacrificing quality
1. When do you expect to see a rebound from the current economic slowdown?
  - A. Already seeing it
  - B. 1-3 months
  - C. 3-6 months
  - D. 6-9 months
  - E. More than 9 months
  - F. Other (please explain) .....
5. How do you anticipate your business to be affected over the next 12 months by the current economic climate? Please indicate if you expect the following to change: *(Increase, Stay the Same, Decrease, Don't Know or Not Sure)*
  - A. Overall size of business
  - B. Overall headcount
  - C. Investments in new products or services
  - D. Customer requests
6. What industries do you see generating the most growth opportunities for your business? *(Please select all that apply)*
  - A. Entertainment
  - B. Healthcare/Pharmaceutical
  - C. Finance/Banking
  - D. Retail
  - E. Education
  - F. Other (Please explain) .....
7. Which of the following digital application areas do you see as an opportunity to generate new revenue? *(Please rank in order of importance)*:
  - A. Packaging
  - B. Photo Specialty products (calendars, greeting cards, photo books)
  - C. Transpromo
  - D. Direct Mail
  - E. Book publishing
  - F. None
  - G. Other (Please specify) .....
8. In the past year, which of the following areas have you seen increased interest or demand from customers? *(Please select all that apply)*
  - A. Full-color variable-data printing
  - B. Monochrome variable-data printing
  - C. Marketing consulting (creating relevant direct marketing and collateral)
  - D. Online ordering/Web-to-Print
  - E. Wide-format printing
  - F. Hybridjobthatintegrateslong-runoffsetpieceswithshort-rundigitalpieces
  - G. Other (Please specify) .....



# APPENDIX: SURVEY QUESTIONNAIRE

9. How frequently are you using the following techniques to help customers improve the effectiveness of information they send to their customers (invoices, mailings, coupons, etc.)? *(For each, please indicate according to the following scale: Never, Occasionally, Frequently, Very Frequently, Not Sure)*
- A. Variable printing
  - B. Recommending more use of color
  - C. Customer surveys to determine how they prefer to receive information
  - D. Personalized print-based communications
  - E. Cross-media campaigns, where print may help boost the impact of single-media campaigns done through electronic communications
  - F. Other (Please explain) .....
9. In which ways could key suppliers and partners most help you sustain and/or grow your business *(Please rank your Top 3 in order of importance)*
- A. Providing me with the latest technology and products
  - B. Access to business development support and training
  - C. Partnering on sales opportunities
  - D. Introductions and networking with other companies in the commercial printing space
  - E. Helping educate other industries about the benefits of digital printing
11. What training or professional services would help you develop your digital business?
12. Would you prefer training be delivered?
- A. On site – instructor led
  - B. Off site – instructor led
  - C. Online – Webinar
  - D. Online – self-paced
13. Please note your level of agreement with the following statement *(Strongly Disagree, Somewhat Disagree, Neither Agree nor Disagree, Somewhat Agree, Strongly Agree)*: Environmental responsibility and sustainability is...:
- A. No longer a nice thing to do, it has to be a core part of how we do business
  - B. An opportunity to improve our bottom line, win new business and increase profits
  - C. Something we use as a criteria for making purchasing decisions of products and services
  - D. Something our printing partners (e.g. Xerox) play a critical role in helping us with, by reducing the environmental impact of our business
  - E. Not a concern to our business
14. What are your predictions for the commercial printing industry in the next 5-10 years?
14. Is there anything else you would like Xerox to know about opportunities and challenges you see for your business?