Selling Colour

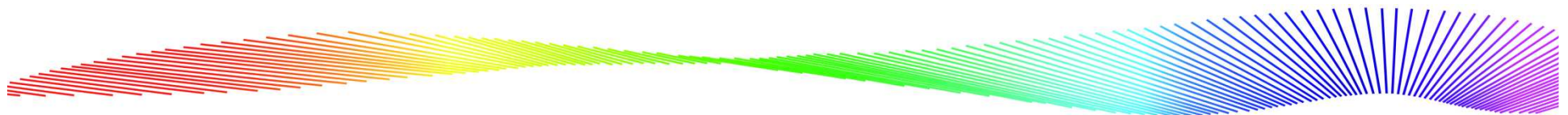## The Practical Issues
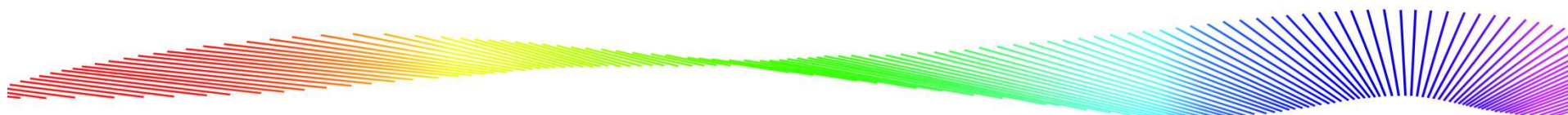
Volker Kappius
COO

Selling Colour

In this presentation we will look at the following

- Colour Laser market

- Why are users printing in Colour?

- What do we need to know of the usage of a Colour printer in order to identify customers for aftermarket Colour cartridges?

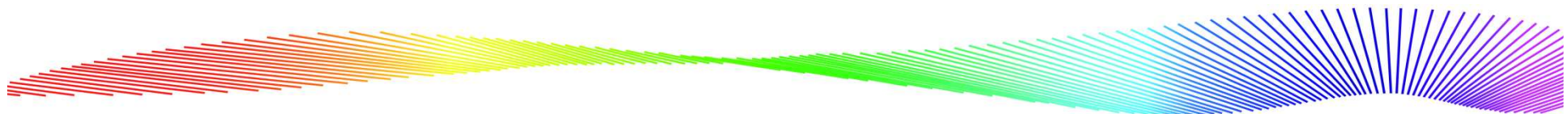- Is OEM Colour really better – or just different?

Selling Colour

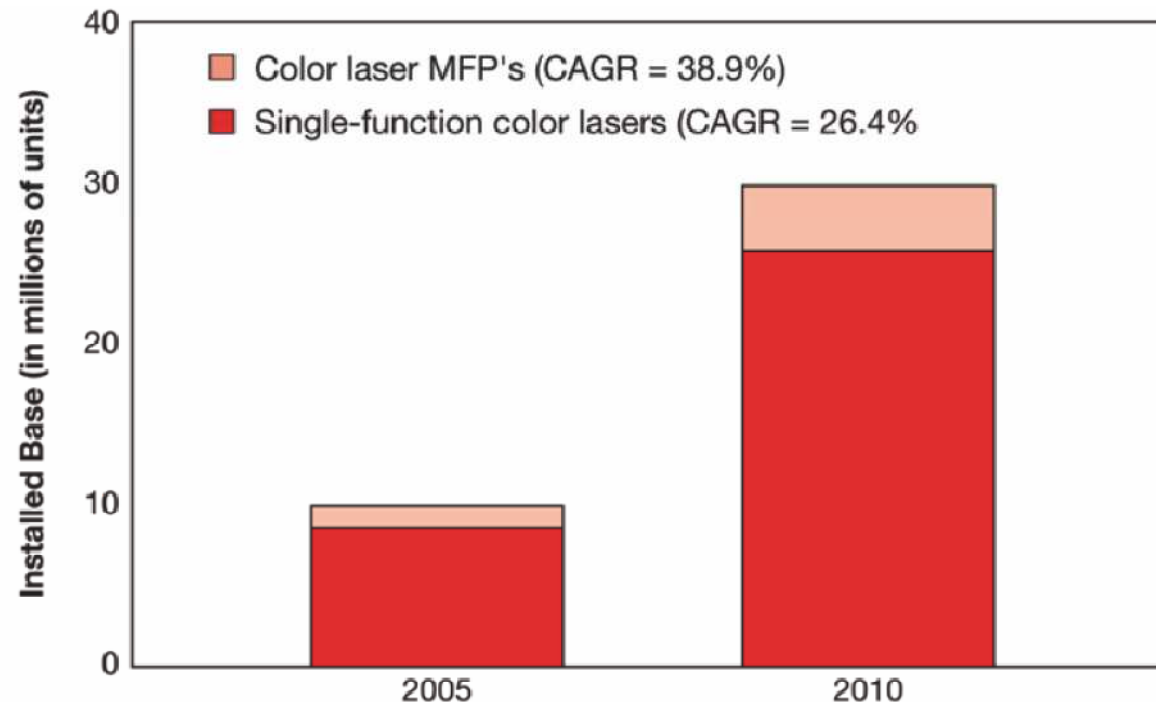Four main trends fuel the growth of the colour laser cartridge market

- **Lowered cost/performance ratio – Printing speeds of up to 30ppm in color**
  - Entry level color opens up new opportunities for the aftermarket in the SOHO and SMB channel as color becomes affordable to any size business.
  - Color goes global to emerging and Eastern European markets with the advent of sub €200 technology.
  - Colour printers are replacing monochrome printers.
- **Better Quality – 1200dpi is just around the corner**
  - Color LBP will take away some more ink based business.
- **Increased competition among the OEMs in the color market**
  - Competition brings prices for the hardware down fast and help spread the colour printers faster.
  - The heavy OEM marketing does help as well.
- **Colour Multifunctional Machines – low cost alternatives to colour copiers**
  - Plummeting prices: less than €200.
  - Price points open up the laser MFP market to any sized business, taking away traditional small copier, ink based and single function laser business.
  - Increased functionality; print, fax, copy, scan.

Selling Colour

Color laser MFP's (CAGR = 38.9%)
Single-function color lasers (CAGR = 26.4%

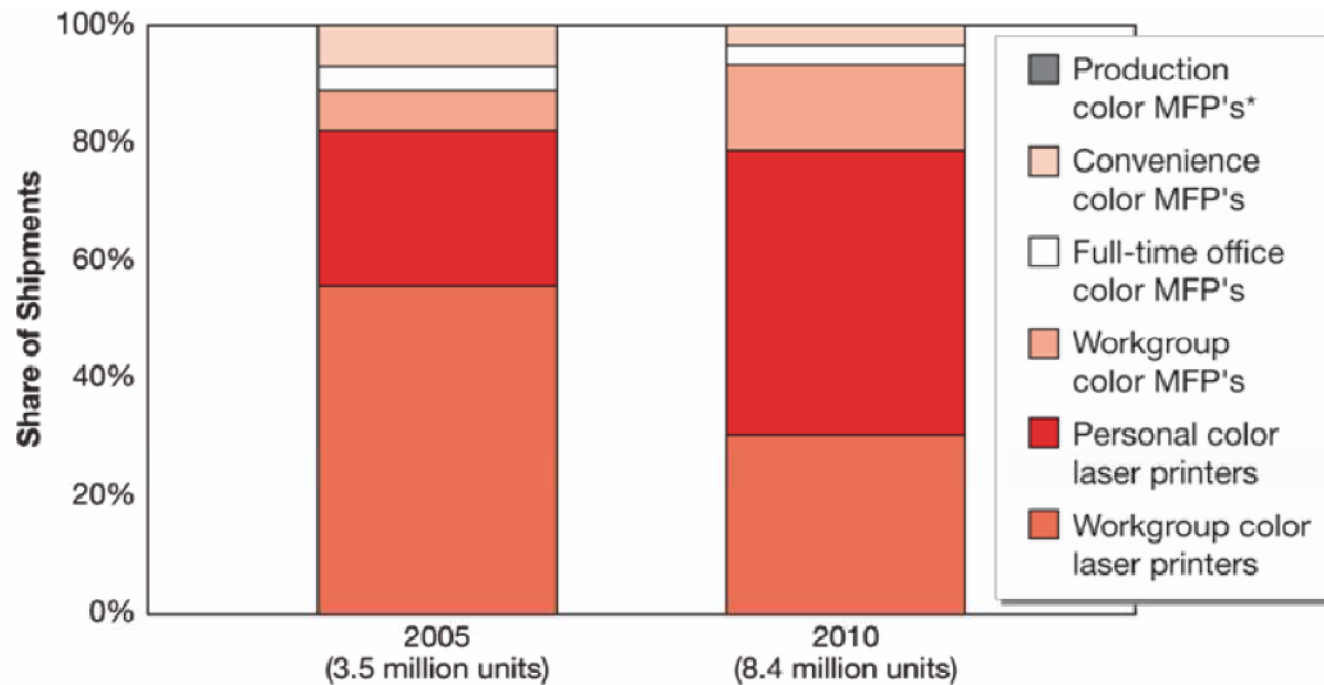CAGR for both color laser printers and MFP's = 28.6%

Source: Lyra Research, Inc., Hard Copy Industry Advisory Service, First-Half 2006 Forecast
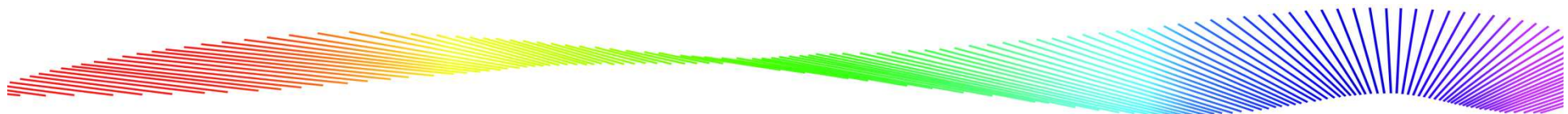
Selling Colour

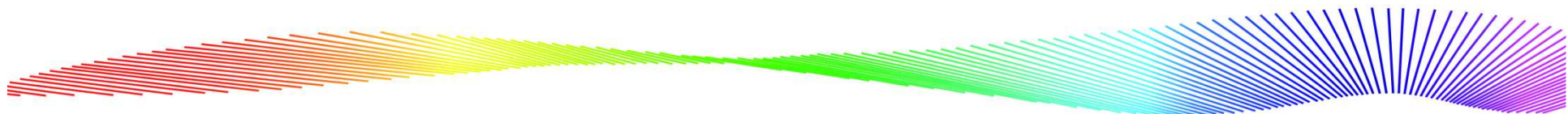Worldwide shipment of colour laser devices by product segment 2005 vs. 2010

Selling Colour
There is plenty of room to grow

Europe

Laser Market

OEM
83%

Aftermarket
17%

Laser Colour Market

OEM
90%

Aftermarket
10%

Confidential
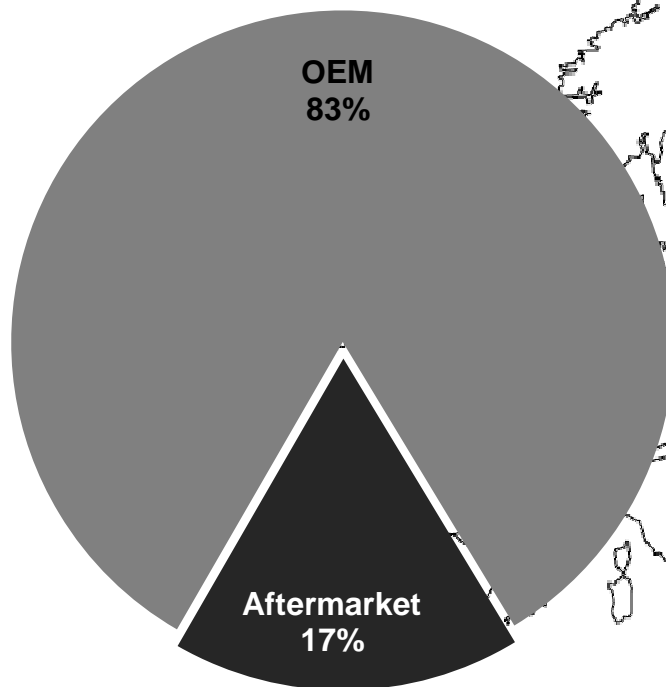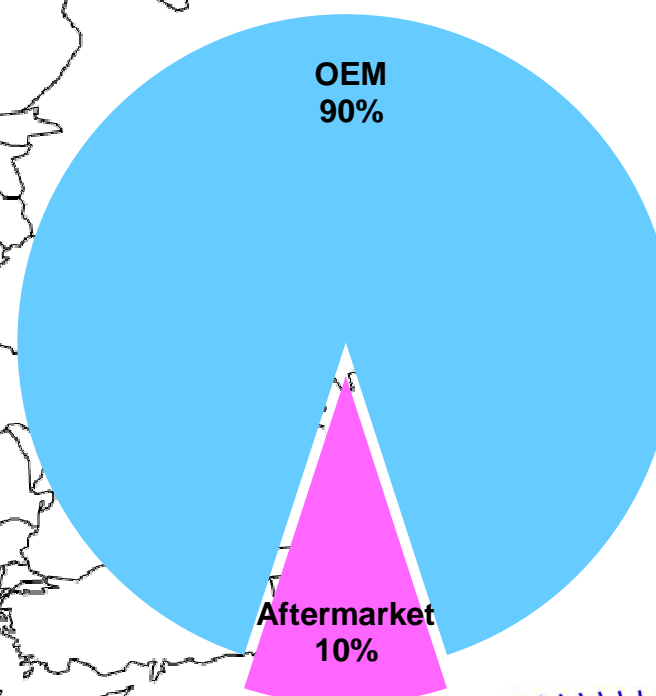
Selling Colour
What are the colour users?

Channel	Core Products	Level of Retail Distribution
Consumer	Ink Jet, Photo Ink Jet, entry level colour and entry level colour MFP	Mass Merchant, Office Products, Computer Retailers, Consumer Electronics, Stationers, Online Shops, EBay, etc.
Small and Home offices (SOHO)	Ink jet AIO, entry level colour and entry level colour MFP	Office Products, Discount Warehouses, Computer Retailer, Stationers, Online Shops, etc.
Medium-sized business (SME)	Mid-range Colour, Mid-Rage Colour MFP, Business Ink jet, Business Ink Jet AIO	Office Products, Discount Warehouses, Computer Retailer, Catalog Stationers, Online Shops, Direct Sales etc.
Large Business (Enterprise) Workgroup	High-Speed networked Colour Lasers and colour MFP	Catalog Stationers, Contract Stationers, Direct Sales
Large Business (Enterprise) Departmental	Colour copiers, High-Speed and High-Volume networked Colour Lasers and colour MFP	Catalog Stationers, Contract Stationers, OEM Contract, IT Service Provider Contract, Copier Dealer, Direct Sales
Professionals	Off Set and Large Format/Industrial Ink jet (HP Designjets, Seiko, Durst, etc.), specialty printers (HP Scitex, Agfa, Inca, etc.)	Specialty Stores

Selling Colour
What are the colour users?

| Channel	Core Products	Colour Level	Aftermarket strategy
Consumer	Ink Jet, Photo Ink Jet, entry level colour and entry level colour MFP	Level 1: "highly-coloured" Photo-like Quality users price sensitive Speed of lesser importance	Very fragmented and hard to reach Can only be reached using shops (online, discounters, stationers)
Small and Home offices (SOHO)	Ink jet AIO, entry level colour and entry level colour MFP	Level 2: "not highly-coloured" users Price sensitive	Raise Awareness of Aftermarket colour products Educate on how and where to get Aftermarket products
Medium-sized business (SME)	Mid-range Colour, Mid-Rage Colour MFP, Business Ink jet, Business Ink Jet AIO	Level 3: "not highly-coloured" users Quality and Price sensitive	Manage Expectations Do not undervalue your product. Too low of a price will raise a red flag for poor quality
Large Business (Enterprise) Workgroup	High-Speed networked Colour Lasers and colour MFP	Level 4: "highly-coloured" users Quality sensitive, need for speed	Manage Expectations Do not undervalue your product. Too low of a price will raise a red flag for poor quality
Large Business (Enterprise) Departmental	Colour copiers, High-Speed and High-Volume networked Colour Lasers and colour MFP	Level 5: Like Level 4, but usually on a CPP or TCP program	Manage Expectations Offer CPP or TCO programs (e.g. using PrintFleet products)
Professionals	Off Set and Large Format/Industrial Ink jet (HP Designjets, Seiko, Durst, etc.), specialty printers (HP Scitex, Agfa, Inca, etc.)	Level 6: Need ISO 12647-2 CMYK colour matching	Not yet a segment for the aftermarket/Specialty aftermarket for Inks and Ink heads

Main target groups for aftermarket colour products

Selling Colour

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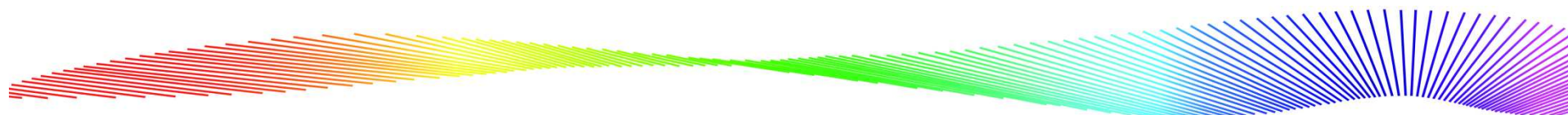
Selling Colour

What does the customer need?

- We have conducted an explorative study on the use of Colour printing in the following industries:
  - Banking
  - Consulting
  - Advertising
  - IT
  - Remanufacturing
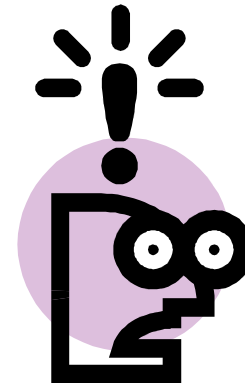
- Here is what we found:
  - Most did not know that there were aftermarket solutions available or how to get them.
  - There is a feeling that Colour printing is expensive. This feeling has not been quantified though – only after we told them about the availability of aftermarket solutions did they look at the true costs and were shocked.
  - Only in the banking sector was the access to the Colour printer limited.
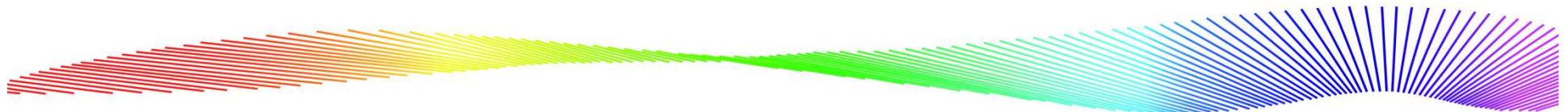
Selling Colour
Why are people printing in Colour?

The first step to sell Colour is to reflect why people want to print in Colour

Colour makes things easier to understand
Our brain likes to process information in pictures

Everything else is in Colour
(Computer, Internet, Newspaper, TV, Magazines, the real world etc.)

More colour capturing and reproduction devices are available

It is available and affordable

plus many other reasons

Colour makes a good and professional expression
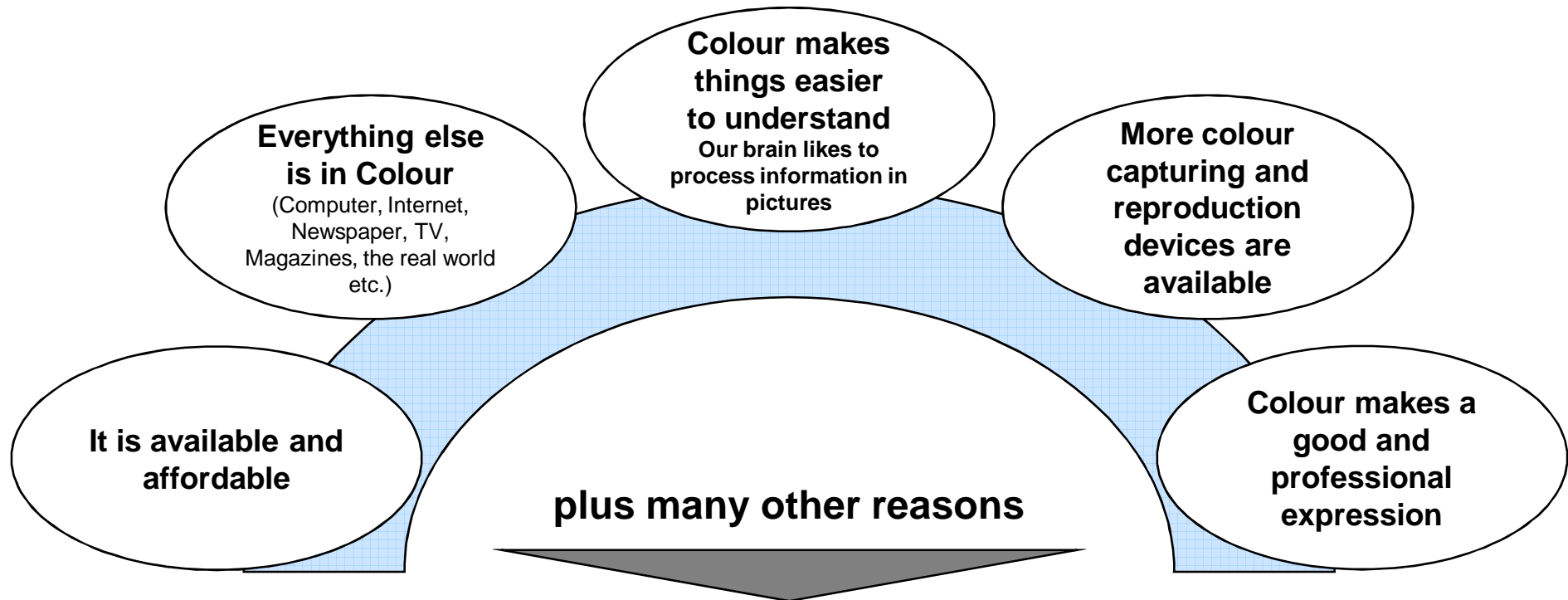
Colour printing is a natural desire

How many Black and White TVs or monochrome Ink Jet Printers do you think are still around?
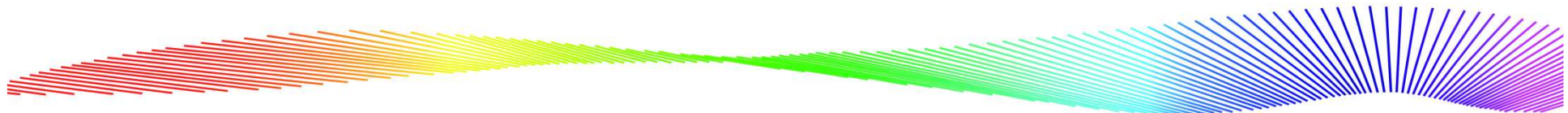
Selling Colour

What does the customer do with Colour?

You need to understand how printers are used in the office

- **What is being printed?**
  - **Coloured company logo?**
  - **Excel Spreadsheets?**
  - **PowerPoint slides?**
  - **PDFs?**
  - **Word documents?**
  - **Marketing material?**
  - **Screenshots?**
  - **Technical drawings?**
  - **Project plans?**
  - **Maps?**
  - **Etc.**
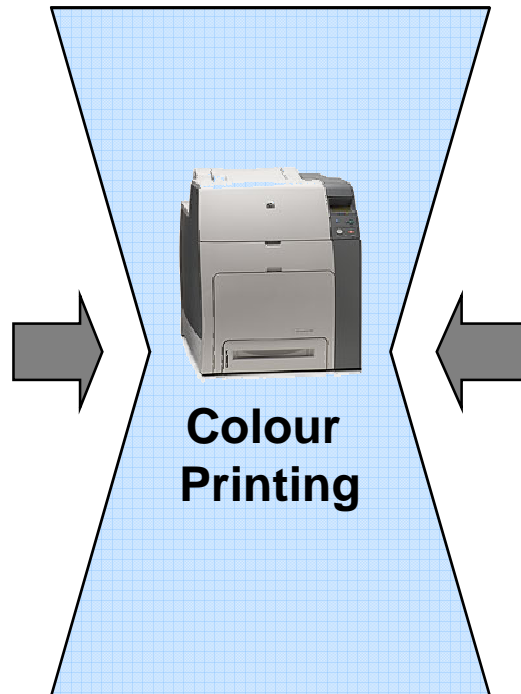
Colour Printing

- **How are they used?**
  - **Can everybody use the Colour printer?**
  - **Is it used by closed user groups?**
  - **Has it replaced a monochrome printer?**
  - **Is it for Colour only?**
  - **Is it a MFP?**
  - **Is it used for drafts and final versions of Colour printouts?**
  - **Etc.**

If you know what is being printed and how, you can offer a Colour solution that meets the expectations and makes the user a happy customer of yours.

Selling Colour
Ink Jet or Laser?

	Monochrome	**Colour**
Laser	**Just Text** • Word • Email • Memos • Excel without graphs, etc.	**Business Colour** • PowerPoint • Charts • Drawings • Newsletter, etc.
Ink Jet	**Dead Market.**	**Photos** • Text with Photos • Just Photos • Mobile printing • Large format, etc.
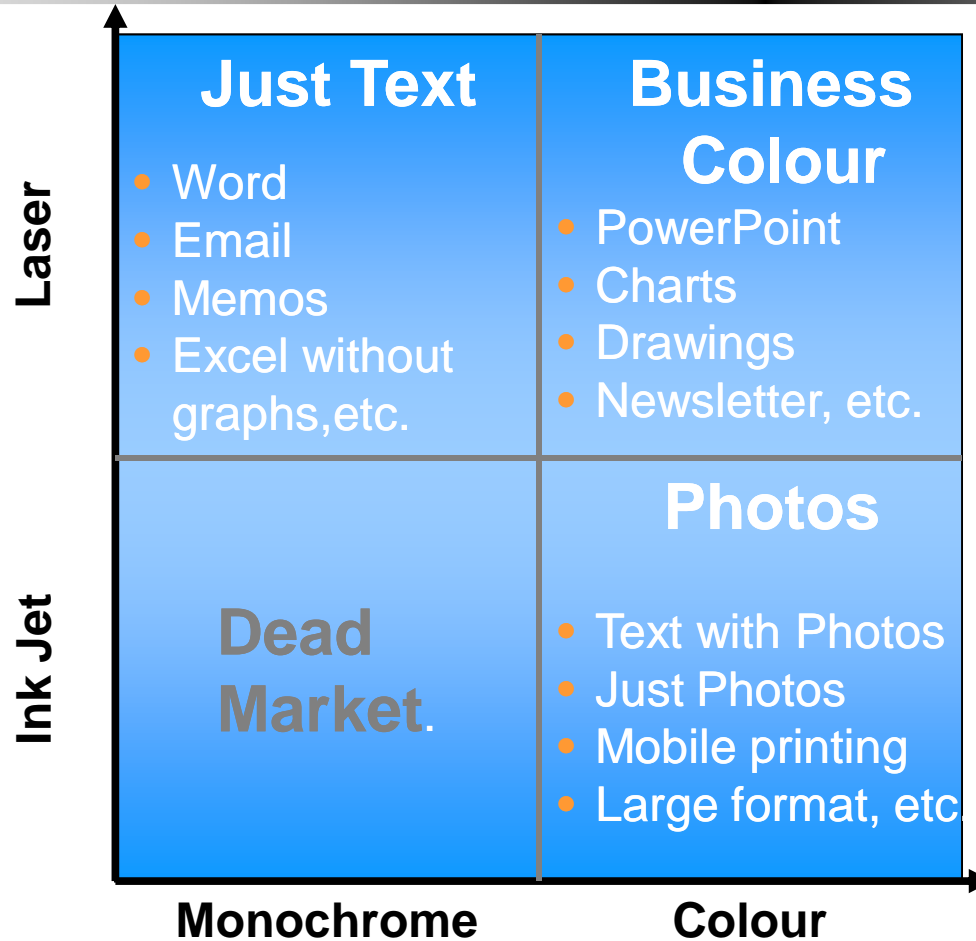
- The customer has to have the right expectations.

- If the customer thinks that he can print Photos using a Colour laser in the same quality than he can print them using ink, then he has the wrong expectations.

- Laser has constructional constraints to picture quality (4 colours against up to 6 and pico liters against dpi).
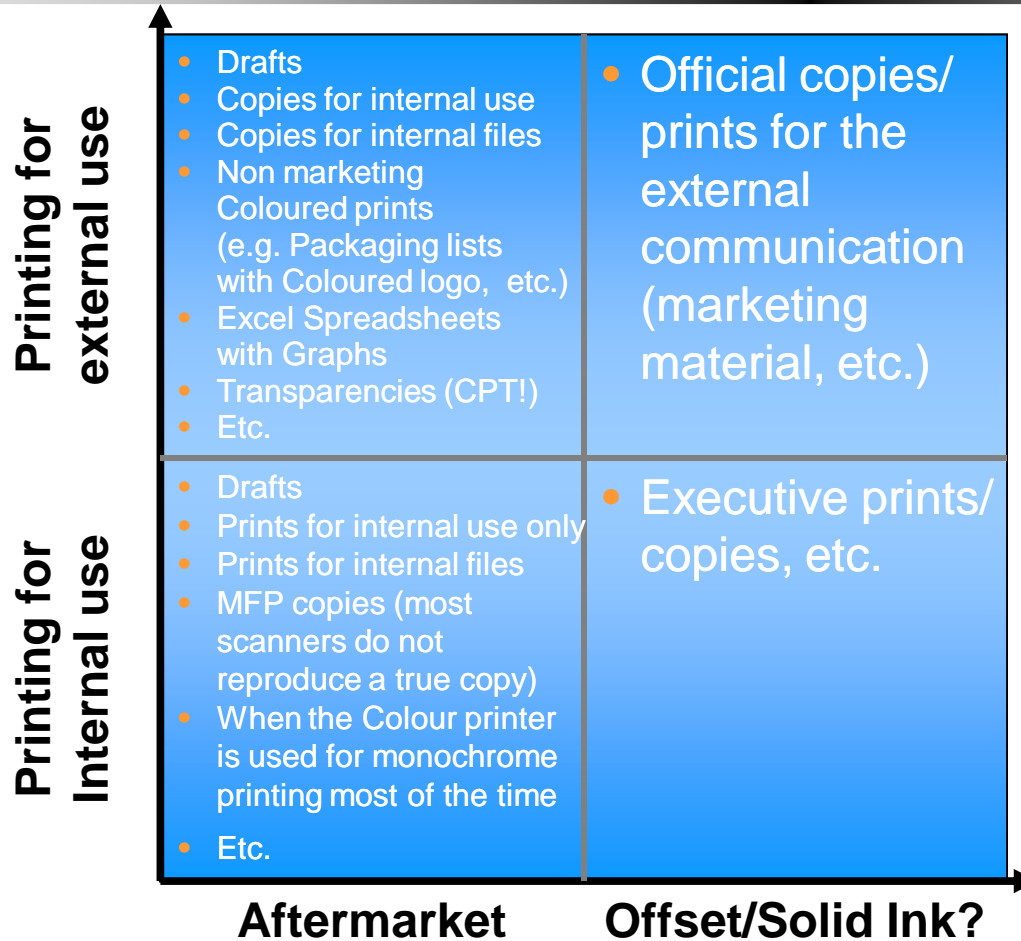
Selling Colour
Aftermarket Laser or an Alternative?

Printing for external use

- Drafts
- Copies for internal use
- Copies for internal files
- Non marketing Coloured prints (e.g. Packaging lists with Coloured logo, etc.)
- Excel Spreadsheets with Graphs
- Transparencies (CPT!)
- Etc.

- Official copies/ prints for the external communication (marketing material, etc.)

Printing for Internal use

- Drafts
- Prints for internal use only
- Prints for internal files
- MFP copies (most scanners do not reproduce a true copy)
- When the Colour printer is used for monochrome printing most of the time
- Etc.

- Executive prints/ copies, etc.

Aftermarket   **Offset/Solid Ink?**

- **The customer has to have the right expectations.**

- **We believe that the quality of the OEM is still very unstable and that the aftermarket is just as good.**

- **If the printer does not perform as required on official external communication – use an alternative technology.**

- **A lot of the prints are drafts anyway:**
  - **Is the content right?**
  - **Spelling/Grammar/Punctuation**
  - **Does the user like the layout?**
  - **Does the user like the use of pictures, graphs and clip arts?**
  - **Does the user like the Colours used in graphs?**
  - **Etc.**

Selling Colour
Aftermarket Laser or an Alternative?

Printing for external use

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Printing for Internal use

- Drafts
- Prints for internal use only
- Prints for internal files
- MFP copies (most scanners do not reproduce a true copy)
- When the Colour printer is used for monochrome printing most of the time
- Etc.

- Official copies/ prints for the external communication marketing

copies, etc.

Aftermarket

Offset/Solid Ink?

Printing all this with Aftermarket Colour cartridges saves the customer a lot of money

- The customer has to have the right expectations.
- We believe that the quality of the OEM is still very unstable and that the aftermarket is just as good.
- If the printer does not perform as internal an alternative rafts anyway:
  - Is the content right?
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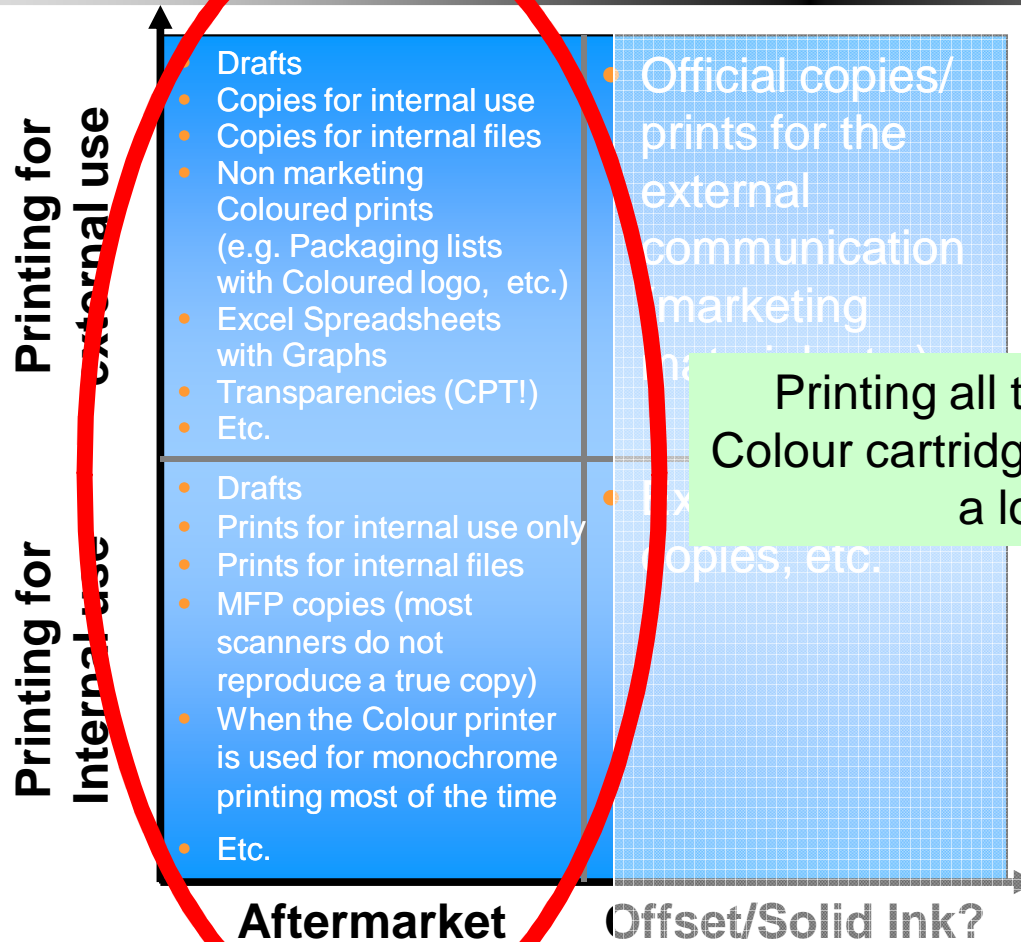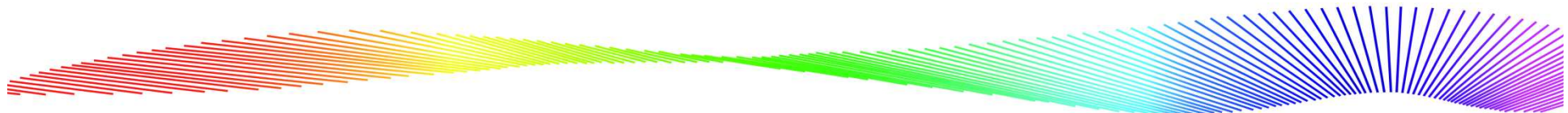 - Does the user like the Colours used in graphs?
  - **Etc.**

Selling Colour

What is the "right" colour?

- **Colour is perceived**
  - No human being can say by the look of the eye if something is really red or blue or green etc. although the human eye is actually the best evaluator of colour available

- **Colour is subjective**
  - Some people like some Colours better than others.
  - Some people like e.g. one red better than another red.
  - Some people like darker Colours - some like them lighter.

- **Colour cannot be exactly remembered**
  - You will not be able to point to the right Colour of your neighbors shirt tomorrow when I give you different shades to chose from.

- **Colour cannot be captured and reproduced correctly at a reasonable cost**
  - Take a picture of your wall with your best 8+ Mega pixel camera and ask at a paint shop for the same Colour using the build in LCD, using a Monitor, using a print out with OEM cartridges, a print out with aftermarket cartridges etc.. You will be surprised how many different Colours your wall seems to have.

- **On print outs Colour is heavily depending upon the whiteness and reflection of the paper used and on the entire environment – especially the light source**

Colour is perceived
- No human being can say by the look of the eye if something is really red or blue or green etc. although the human eye is actually the best evaluator of colour available

Colour is subjective
- Some people like some Colours better than others.
- Some people like e.g. one red better than another red.
- Some people like darker Colours - some like them lighter.

The question should not be if the colour is "correct".

- You will not be able to point to the right Colour of your neighbors shirt tomorrow when I give you different shades to chose from.

The question should be "Does it really matter?" cost

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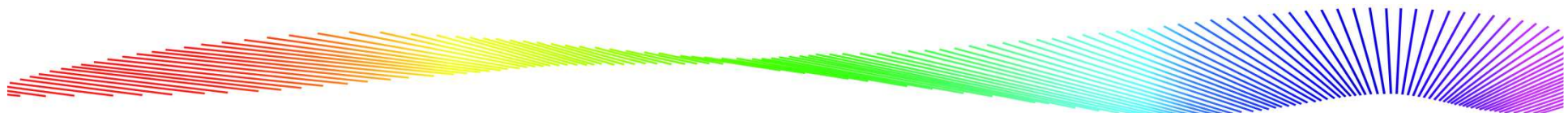
Selling Colour

Different – but the same quality!

- **Due to the constraints/ the nature of Colour we – the aftermarket - have the same opportunity as the OEM if we produce high quality cartridges that do not ruin the printers or parts of it like fuser units, etc.**

- **We have CPT available just like the OEM.**

- **We have a price advantage over the OEM.**

Chemical Toner

- **If colour values are "mission critical" then the customer must use an alternative printing technology.**
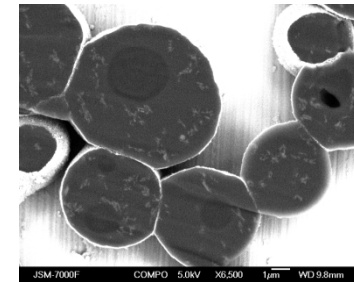
**There is a huge and profitable market out there for us. Let us capture it.
But do not over promise and under perform.**

If you need help with the development of Colour cartridges, please contact me after the presentation or send me an email **vkappius@delacamp.com**.

We can and will help you remanufacture Colour cartridges in a competitive way.

Remember: Good Quality helps all the Aftermarket. Bad Quality harms us all.

THANK YOU