

LARRY HUNT'S COLOR COPY NEWS

COLOR COPYING INDUSTRY UPDATE • VOL. 18, NO. 10 • APRIL 2009

Enclosed with this newsletter ... are results of the Twenty First Color Copy survey. Some of the items included in these results are: average copy volume and copies between service calls, by model; performance rating comparisons; copy volume growth for each participant; and percentage of work produced two-sided and on card stock.

This is the third year in which the participants were asked to report their copy volume in 8½" x 11" equivalents. In the past, there had been some confusion as to how to report the number of copies produced.

I'll be reporting on selling prices next month, but the preliminary results show that the average selling price for an 8½" x 11" copy was about \$.43. This is down from \$.47 in 2008 and \$.57 in April 2007.

Following are some price quotes ... received this past month:

1. Demo Konica Minolta bizhub PRO C6500 w/RIP

(Includes: External Fiery Rip, saddle stitch finisher, multi-folding unit, staple finisher, paper feed, ADF, color profiler & misc.)

Net Price (No trade-in)	\$44,000
Color service & supplies: (No minimum)	\$.049 ea.
B & W copies	\$.012 ea.
12" x 18" copies billed as one click.	

Editor comments: This was one of two Demo C6500 units that were reported this past month. Both were sold at about 35% lower than the previous NAQP contract pricing. In the above example, the NAQP contract price was \$69,000. The service and supplies pricing is the standard offering on the contract. With the new C6501 in full swing, these older units are being cleared out at some very good prices.

2. New Xerox 700 Digital Color Press with RIP

(Includes: External Fiery Rip, oversize high capacity feeder with 1 tray and offset catch tray)

Net Price (No trade-in)	\$56,000
Color service & supplies: (No minimum)	\$.049 ea.
B&W copies @	\$.0129 ea.
11" x 17" copies billed as one click.	

Editor comments: Based on the accessories shown, this is the lowest equipment price reported to date on this 70 copy-per-minute model. The service pricing did NOT include any base service charge and that appears to have become the standard.

3. New Konica Minolta bizhub PRO C5501 w/RIP

(Includes: Embedded Fiery Rip, ADF, large cap tray, booklet finisher, dehumidifier and hard drive kit)

Net Price (No trade-in)	\$26,600
Color service & supplies: (No minimum)	\$.052 ea.
B&W copies @	\$.012 ea.
11" x 17" copies billed as one click.	
Service pricing is frozen for five years.	

Editor comments: The equipment pricing shown represents a discount of about 8% off of the contract pricing typically available to NAQP and many of the Franchise groups. The service and supplies rates (frozen for five years) are the contract standard. This discounting is significant since the C5501 (55 cpm) is a relatively new upgrade to the popular C5500.

The Konica Minolta C6500 ... had a field report last month from a New Jersey printer who was having many service calls due to "a blade flip on the drums". Two readers responded with information about this issue.

- A Virginia printer commented: "My rep told me that Konica had received a large shipment of defective drums. They now have good ones but are backlogged.
- A California printer wrote: "Konica Minolta has taken specific steps to solve this drum flipping issue on the C6500 and it looks like it has been solved with the release of new drums that have engineering changes in how they are built. The new drums for the 6500 are labeled DU-102B and they have a little green dot sticker on the outside of the box. Your readers should check with their service departments to make sure that all new drums that they will be receiving will be these upgraded drums.

We currently run two C6500s (with Creo 304s) and they continue to perform marvelously. In February, we ran a total of over 600,000 8½" x 11" equivalents on the two machines. They continue to be tremendous money makers for us."

Getting paid for file prep ... was the subject of a reader inquiry. He wrote: “Do you have any current information on RIP charges for color copy jobs? We had been charging \$11 for most color copy files, but have gotten away from this recently, due to many customer complaints. Are printers charging this anymore?”

Editor comments: Prior to receiving this request, I hadn't done a survey on Color Copy RIP charges in several years. On past reader surveys, most were charging a RIP fee of \$8 to \$11 for the file. But, that was before PDFs became the popular format for incoming files.

After getting this inquiry, I conducted an e-mail survey and received 20 responses. I'll give you those results a little later in this report.

In addition to those results, some very current information about what printers are doing with RIP charges will be released shortly from NAQP as part of the 13th. Edition of the Printing Industry Pricing Study results (order at www.naqp.com).

Some of the pertinent findings were:

- PDFs accounted for 51.3% of incoming files up from 38.9%
- 20 minutes was median time spent correcting customer files
- 50% of correction time was typically charged to customer
- 58% consistently charged a file prep fee

As shown above, there appears to be no real consensus as to how to handle file prep charges.

Adding to the information provided in the NAQP Pricing Study Results, following are some findings from my e-mail survey:

- When asked if they typically had a RIP charge for Color Copy Files, 75% said Yes.
- They were then asked how they handled this RIP charge. The responses were in two ways:

Flat fee per file – The average charge to RIP a file for Color Copying was \$11.15. Median was \$10.00.

Hourly rate – Some printers charged by the time it took to RIP the file. The average hourly rate was \$77.45.

- Also asked: How are customer files received?

PDFs are by far the most common method for receiving customer files. This was used for 75% of the files. Native applications accounted for most of the other files. Interestingly, four respondents indicated that they charged more to process a file if it wasn't in PDF format.

In addition, following are some comments from these respondents regarding RIP charges:

- Thank you for tackling this problem. We need a standard that all printers can use. I hope this survey will accomplish the need for a solution.
- Be consistent on your RIP charges. If you “throw them in” one time, they'll expect it every time.
- PDF files aren't always correct, so we prefer both a PDF and the native application whenever possible.
- Many times, on very small and easy jobs, the RIP charge appears ridiculously high. I think I do lose some customers because of it. I've been thinking of eliminating the charge, but raising the price per copy for very short runs, or only charging if I am asked to do something with the files. With PDFs requiring less and less work, it doesn't make sense to charge.
- Charges can be set lower or higher for customers, depending on the number of files sent and the quality of the files received.
- Most files that we receive have a problem due to customer ignorance. We quote the cost to fix the file before we proceed. This is where the real money can be made.
- We will spend up to 15 minutes reviewing a client's file. If there are problems, we will call to discuss a cost to fix them. If the client is not willing to pay the extra charge, then we have to decide if the work is worth doing without the extra RIP fees.
- Many printers don't charge for RIP fees, so we occasionally do away with it in negotiating long-term relationships with high-value clients.
- We have a \$10 RIP charge, but have been struggling with the adding of this cost on small jobs, especially when there is other potential business from the client.

Editor comment: I hope you found these user responses helpful. Please write or call with any thoughts you have on this important topic. Thanks.

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Larry Hunt's Color Copy News

APRIL 2009

Results of the TWENTY FIRST COLOR COPY SURVEY

(Conducted March 2009)

GENERAL INFORMATION

There were 59 responses to this Twenty First Color Copy survey. Of these 59 responses, there were 38 companies (64%) with one color copier and 21 companies who had more than one unit. The average number of units per response was 1.45, which was down a little from 1.55 reported on the May 2008 survey results. Thanks to all who took the time to respond. In addition to the following information, there were also several questions regarding color copy selling prices. I will be reporting those results in June.

BREAKDOWN OF MACHINES

Following is a breakdown of color copiers ranked by performance rating:

Machine Make and Model	Number Of Machines	Average Color Copies Per Month	Average B&W Copies Per Month	Machine Performance Rating (10 = Best)	Copies Between Service Calls
Xerox 700 Digital Color Press	4	48,250	7,750	9.2	52,000
Canon IPC7000	3	76,333	9,000	8.8	56,333
Xerox DocuColor 5000	4	41,500	7,825	8.7	33,750
Xerox DocuColor 240/242	11	28,150	9,725	8.5	29,483
Konica Minolta Pro C6500	15	43,450	14,436	8.5	35,683
Xerox DocuColor 250/252/260	10	36,344	11,485	8.4	34,624
IKON CPP650	6	38,750	6,250	8.4	30,750
Xerox DocuColor 6060	4	39,000	9,000	8.3	33,333
Canon iRC5180/5185	4	24,320	5,725	8.2	20,410
Canon iRC3200/3220	9	9,480	3,120	8.0	9,085
IKON CPP500	<u>5</u>	<u>36,400</u>	<u>8,960</u>	<u>8.0</u>	<u>29,000</u>
Totals/Averages	75	35,546	9,293	8.4	31,254

Note:

1. Any copier with less than three responses was left off the above list. There were a total of 13 machines that fell into this category.

COMMENTS:

1. Based on the above results, Xerox continues to lead in color copier market share. Based on all 88 models reported, Xerox accounted for 43%, followed by Konica at 22%, Canon at 20% and IKON at 15%. Since the IKON machines are rebranded versions of KM models, KM color copiers actually represented 37%.

2. While the average “color copies per month” (8½” x 11” equivalents) shows a significant increase from the last survey results, much of the difference is simply caused by a change in the mix of copiers. The average on these results was 35,546, which is up a lot from 26,570 in 2008, but is only a minor increase from 33,508 shown in 2007.
3. This is the third full survey in which participants were asked about B&W copy volume on their color copy machines. In addition, in September 2006 I did a mini-survey and found that about 25% of all copies (run on color copiers) were B&W. On the 2007 survey, it came out at 16% and in 2008, it was found to be 19%. On these survey results the B&W copies represented 20.7% of all copies. Based on the results of these 4 surveys since September 2006, it appears that B&W copies probably account for 15% to 25% of all copies made on a color copier.
4. The mix of models being reported continues to move toward higher speeds. In the mid 1990s, most of the color copiers being used were under 10 copies per minute. There were a few units in the high-speed category. In the late 1990s, the 11 and 12 copy-per-minute models were introduced and the slower models were gradually phased out. Now, virtually all of the new models run at over 30 copies-per-minute. Prior to these survey results, there was a category for Mid-speed models. But, there were very few replies for these older units and this category was dropped. At this point, all color models being reported have a speed greater than 30 copies per minute.

COPY VOLUME GROWTH – LAST 6 MONTHS

Users were asked to rate their growth in monthly copy volume over the past 6 months. The responses were:

RATING	MARCH 2007		MAY 2008		APRIL 2009	
	RESPONSES	%	RESPONSES	%	RESPONSES	%
Excellent	17	25	16	20	10	18
Good	31	45	35	43	24	44
Fair	13	19	20	24	15	27
No Growth or Decline	<u>8</u>	<u>11</u>	<u>11</u>	<u>13</u>	<u>6</u>	<u>11</u>
TOTAL	69	100	82	100	55	100

Editor comments: As you can see, the combined responses for the “excellent” and “good” categories came in at about the same level as reported in 2008 (62% vs. 63%) after climbing to a peak of 70% in 2007. This rate had been holding at about 60% in 2005 and 2006 before making the upward move in 2007.

TWO SIDED COPIES, CARD STOCK

The following general questions were asked, in order to get current trends:

	<u>Average of Responses</u>							
	<u>1998</u>	<u>2002</u>	<u>2004</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	
1. What percentage of color copies is two-sided?	11.3%	22.7%	27.4%	36.9%	42.4%	45.7%	50.7%	
2. What percentage is on card stock?	8.2%	19.4%	31.6%	36.6%	40.7%	39.8%	40.6%	

Editor comments: This is the twelfth year of survey results on these two questions. In the case of two-sided color copies, the trend continues to be for more of this type of work. In every year since 1998, there has been a greater percentage of two-sided work. As for work done on card stock, the trend has been a steady increase from 1998 until 2007. Since then, it has been flat at about 40% of all copies. This may be an indication that we are getting close to the optimum level for work done on card stock.