

## The Cost of Print in Canada – An Analysis of In-House vs. Print Shops Costs

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### Abstract

InfoTrends conducted market research on the retail price of print in Canada and compared the cost of buying marketing collateral from these print providers with producing the same jobs on an HP Color Printer in-house. We obtained pricing and delivery times on common jobs that a small business would generate from print providers who service this market segment and obtained local pricing on HP supplies and on paper to understand the underlying economics of print. The results show that printing in-house for lower run-lengths or job orders is less expensive and provides other benefits such as less net time and the ability to produce material as required without waste.

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## Executive Summary

In most cases small businesses would find it more cost effective to print marketing collateral material on their HP Color LaserJet printer in-house than to purchase the job from a print provider. While the cross-over point between in-house and buying the job at a print shop varies based on the ink or toner coverage<sup>1</sup>, even with heavy coverage of 60%, the HP printer cost was less per image at run lengths of 700 for an HP Color LaserJet 2600 or close to 1,500 for an HP Color LaserJet CP3505. For jobs with light to medium coverage the economic cross-over point is in the 1,000's.

The study found a wide variance in pricing practices by print providers and some have minimum charges. Retail pricing did not differentiate based on toner or ink coverage, a job with light coverage cost about the same as a job with heavy coverage. A significant amount of time is also required to procure print from print providers who service the small to medium size business segment. For longer run lengths it typically takes a number of days to produce a job.

*For typical marketing collateral, printing the job in-house on an HP Color LaserJet is less expensive than buying the job from a print shop.*

In addition to saving money, small businesses could print only what they need, when they need it if they print in-house. This avoids having to outlay money for documents that will sit until use and bear the risk of obsolescence. Savvy business owners could not only print at the time of need but personalize each piece thereby increasing the value of the document to the intended recipient.

## Methodology

We conducted research with print providers across Canada. The study took place in late January and early February of 2007. We picked jobs that are representative of documents that small to medium size businesses would generate. We approached the print providers as would any small business. We obtained price and delivery, or turnaround time, in personal surveys for a common set of jobs. We obtained prices from five print providers and verified the pricing with our annual Print On Demand Market Forecast and ongoing market data. This research is based on data from a limited number of print service providers and may not represent local costs in all parts of the country. Actual print service provider pricing may vary from what was found in this research.

The pricing for the jobs on the HP printers is based on the average retail price for toner and paper. It does not include the cost of the printer or the time it would take to print the job. The cost per image is highly dependent upon the coverage or amount of toner used.

Job Specifications Common to all jobs:

- All jobs are available on a disk or electronically and are ready to print.
- All jobs print on standard size paper (A4 or 8.5"x11")

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<sup>1</sup> Ink coverage refers to the amount of ink or toner a job requires. Documents comprised mostly of text, like this one, have low ink coverage; those with photos or color backgrounds require more ink and have higher coverage.

- Paper: 24# White, Plain bond paper or 90 gsm or a standard paper used by the print provider, for the HP printer we used a Color Laser and Copier Paper designed for creating brochures, pamphlets, magazines or newsletters, 32# or 120 gsm, with 109 brightness
- Finishing: None, all deliver flat, jobs would be dropped off and picked up (no delivery charges)
- Prices were obtained or calculated for the following run lengths or number of copies: 1, 25, 50, 100, 500, 1000, 2500, 5000 printed either one or two sided.

We computed an image cost which is the total cost divided by the run length multiplied by the number of pages. For the retail price we used the computed average cost from the five sources.

### Notice or Memo

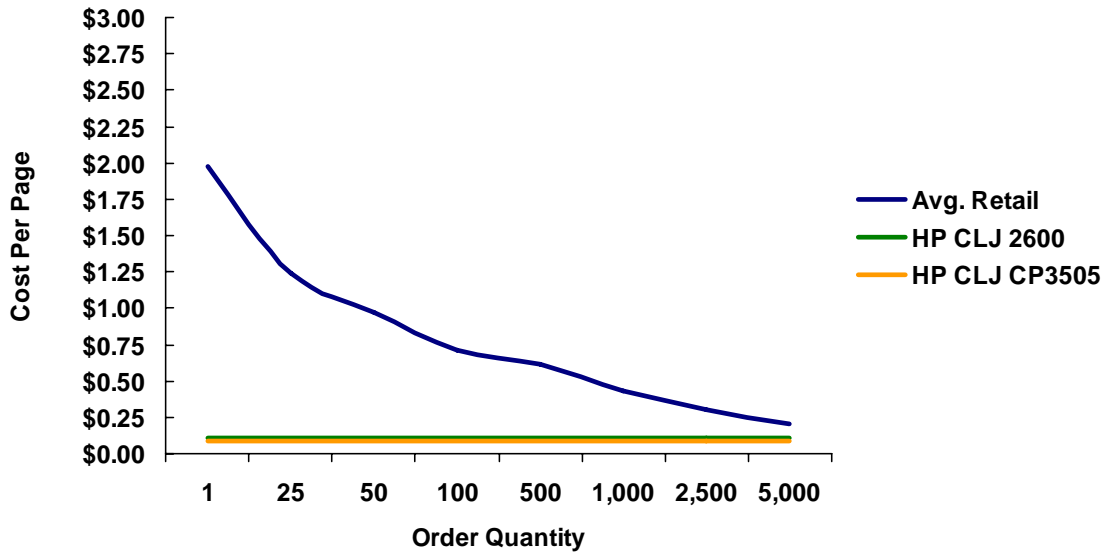
A common print job is a notice or memo regarding a product or a policy. For our example we used a memo about a new product announcement. It contains a logo, some use of color to demand attention and is what we classify as a light coverage job. The sample prints four color process, prints on one side with no photos with 10% toner or ink coverage.

Picture 1: Sample memo



The HP Color LaserJet 2600 was less expensive than the average retail price for all run lengths up to 5,000. The HP Color LaserJet CP3505 was also lower than all retail prices for all run lengths up to 5,000.

Figure 1: Notice Cost - Printed One Side



Newsletter

A typical marketing job is a newsletter or a marketing collateral piece similar to a newsletter. In this case the document reviews recent events at the company, announces a sweepstakes, and provides some interesting information on pasta along with a recipe for a pizza. It is a job rich with both images and information. It can be distributed at the point of sale or mailed as a self-mailer. The job prints four color process, and we obtained prices for it printing one or two sides, it has no bleeds (printing off the edge of the paper), 6 photos, and 30% toner coverage.

Picture 2: Sample newsletter



Front – Page 1



Back – Page 2

The HP Color LaserJet 2600 was less expensive than the average retail price on a one sided printing of the newsletter up to a run length of 2,500. The one sided printing of the job on the HP Color LaserJet CP3505 provided the lowest cost up to a run length of 5,000. For the job printed on two sides, the HP Color LaserJet 2600 was lower than the average retail price up to a run length of 1750 while the HP Color LaserJet CP3505 was the lower price at a run length of up to 4000.

Figure 2: Newsletter Cost - Printed One Side

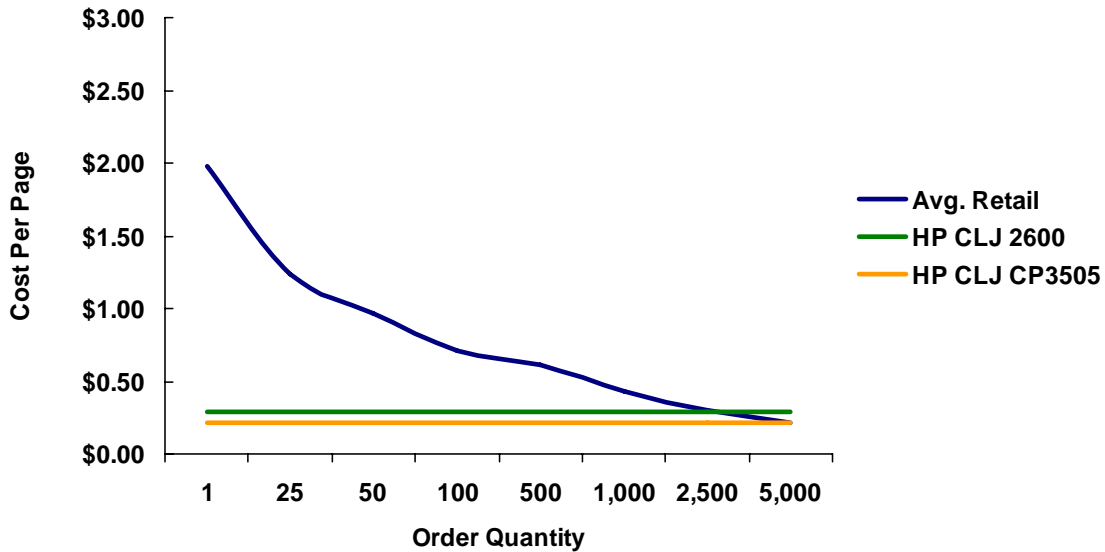
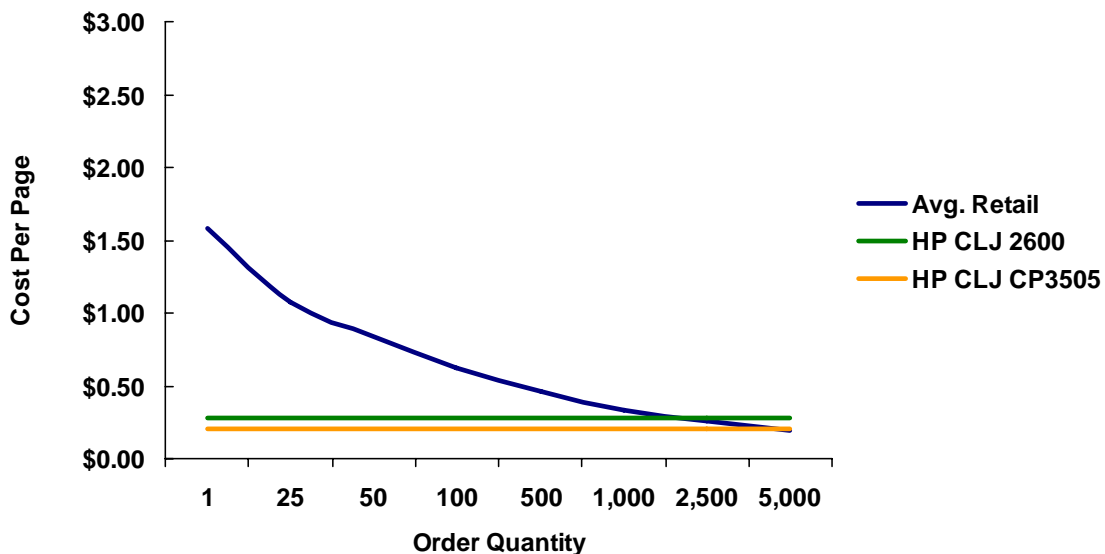


Figure 3: Newsletter Cost - Printed Two Sides



### Sell Sheet

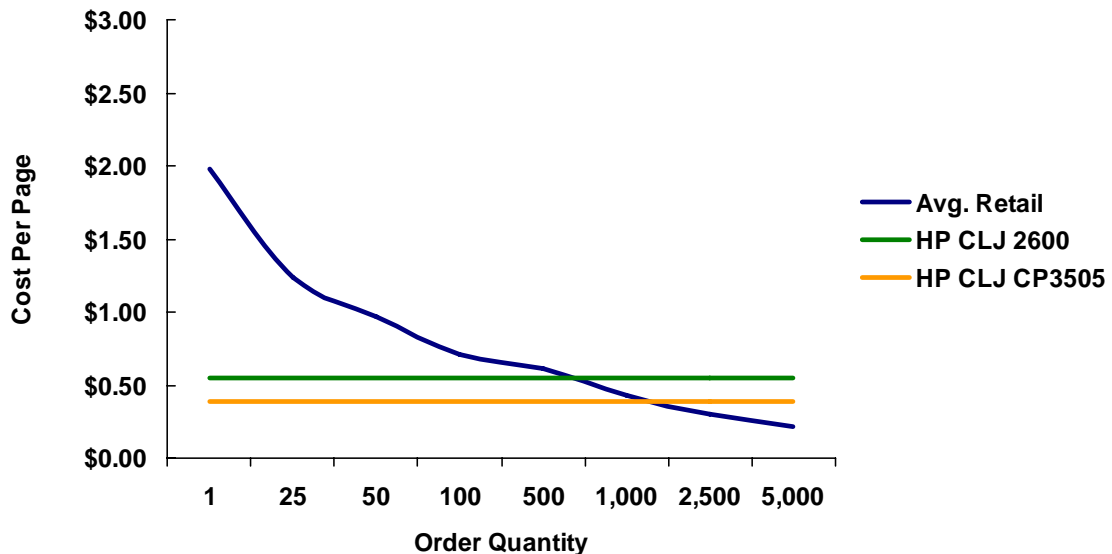
This job is typical of a complex printing job a small to medium business might produce. In this case it is a sell sheet or guide. The job prints four color process, one side, no bleeds, 1 large photo, it has heavy coverage of 60%.

Picture 3: Sample sell sheet



The HP Color LaserJet 2600 was less expensive than the average retail price up to a run length of close to 700. The printing of the job on the HP Color LaserJet CP3505 provided the lowest cost up to a run length of 1,500.

Figure 4: Sell Sheet Costs - Printed One Side



## Conclusions

The results of the study indicate that small businesses would find it cost effective to print marketing collateral material for most common run lengths on an HP Color LaserJet printer as compared to buying these jobs from print providers. These small businesses can also realize process improvements as they could print only what they need, when they need it and personalize each printed piece.