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Is solution-based selling the printer's panacea?

Fact: employ a third party between a client and supplier and someone has to pay. Somewhere, somehow, the third party's contribution will incur a fee. Consider the print management phenomenon. From virtual nonexistence print management (PM) agencies have grown to claim an estimated 10% of the print market in five years. The next five years are expected to see these organisations capture as much as 50% of total print expenditure. The top 20 PM groups currently have a combined turnover of £1.4bn. If this trend continues, however, the agencies will be managing £7bn worth of print by 2010. This statistic alone should send tremors across the print industry.

Onus on the printer

The popularity of outsourcing has led PM agencies to realise that they can buy manufacturing capacity at rock-bottom prices from printers eager to fill their presses. As a result, many agencies are devolving manufacturing from their own sites to selected printers. The outcome of this is simple – PM agencies no longer need to invest in expensive capital equipment and they also avoid the worry of filling up their own capacity. The onus is exclusively on the printer.

The combination of the internet and overcapacity has led to a proliferation of PM agencies that deal in high-turnover, low-margin print for big print users. These companies deliver improved service levels, price reductions, higher levels of quality and faster delivery. They use slick methods to market themselves, and integrate technology to manage processes better and faster. It's largely down to e-commerce.

Take for example, the case of a medium-sized printing company in the Midlands. This printer was around for decades, had lots of shiny presses and a full complement of sales staff. It has generally been successful, albeit with thin margins, and it has worked with the same large blue-chip clients for years.

Along comes a PM agency to give a slick presentation to one of those blue-chip clients. A multi-million pound contract is awarded, on the basis of a promised print cost reduction of anything between 15% and 25% (which is only half the story – the agency still has to make its own mark-up).

Printers must work on providing a "value proposition" that differentiates them from their competitors

You guessed it – the PM agency goes back to the client's printer and offers the same work at a hugely lowered fee: same work, same customer – lower price.

Why do print companies allow this to happen to their customers, some of whom they have been working with for years? Why is there such a lack of understanding of key customer needs, which prevents them stepping up to win contracts, particularly within established relationships? Many printers are happy to talk about their most recent press acquisition. However, when asked about their sales and marketing strategy, the silence is deafening.

Customers and suppliers have a choice. Printers must learn to understand the trends that affect their business. They simply must improve at what they do. It really is not about putting ink on paper, but creating a "value proposition" that clearly differentiates them from their competitors. They must understand their customers' needs. The writing is on the wall now.

A new selling approach

Print has become commoditised and, as a result, a new selling approach is prerequisite to success in today's aggressive business climate, namely solutions-based selling. There is plenty of evidence to suggest that printers can win and maintain contracts in their own right, without any "assistance" from a PM agency. Imagine how much more secure your company would be if you could guarantee a fixed income for a period of three to five years?

There is plenty of room for both the PM agency and the printer to coexist in harmony. In fact, partnerships can be forged that allow strengths to be shared and weaknesses to be eliminated. Time for a rethink, perhaps?

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