

for Affiliates this month in Center research:

E-Commerce in the Printing Industry

When the data from a recent Printing Industry Center study on fulfillment trends in the printing industry indicated that e-commerce, not fulfillment, was perceived to be the primary value-added service currently being offered by printing companies, the researchers took note and devised a new set of parameters for a new investigation. Their result is the monograph summarized for this month's eReview, *Utilization of E-Commerce by Commercial Printing Companies*, by Twyla J. Cummings, Ph.D., and Bernice A. LeMaire (PICRM-2005-04).

Cary Sherburne, senior editor at *Whattheythink.com*, said, "One thing is certain: the successful printer of the future must incorporate an effective and automated Web-based customer interface and workflow" in order to remain competitive.¹ Paul Beyer, vice president of product marketing for software manufacturer Servador, had stated a similar conviction in an article that appeared in the September 2003 edition of *Graphic Arts Monthly* magazine. "The integration of Web-enabled print is part of a decade-long evolution of our industry, and people either get it, or they don't," he said. "The big issue now is what kinds of services printers can develop to leverage their expertise, and what they can do to generate new kinds of revenue."²

Integrating the Internet and print technology can provide customized and timely solutions to customers. But are print services providers taking advantage of this opportunity? The new research study was undertaken to with the primary objectives of:

- Understanding how print services providers define e-commerce,
- Understanding who benefits from e-commerce services: the printer, the customer, and/or the end user/reader of printed materials, and
- Exploring how printing companies are utilizing e-commerce in their business strategies.

How E-Commerce is Defined

The study found that the definition of e-commerce depended on each company's target market. All participants agreed, however, that e-commerce involves transactions over the Internet. But half of the companies that responded indicated that their level of awareness of e-commerce in printing was severely limited; they basically looked at the Internet as a means of allowing customers to order and view inventory online. The greater value of Internet-based transactions will be realized by companies that take advantage of all three of the basic functions that concern their customers: file creation and manipulation, ordering, and monitoring orders. (See Figure 1.)

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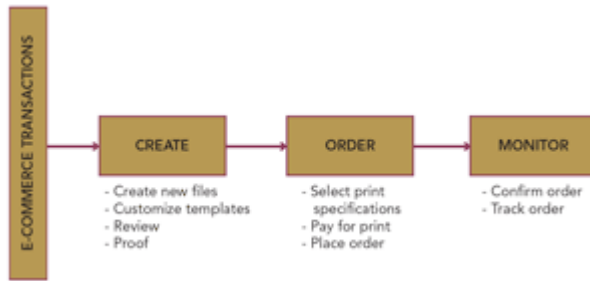
The e review

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Figure 1. Print e-commerce transactions

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Who Benefits from E-Commerce

When asked who benefits from e-commerce operations, three-fourths of the respondents said that everybody did. The printer benefits first because customers will perceive that a company that offers these value-added services is efficient and modern. E-commerce systems also eliminate price negotiations because Web-based transactions most likely use a fixed-cost model. Customers enjoy the convenience and ease of use offered by e-commerce. Sending files electronically to a print services provider and viewing proofs electronically can save a considerable amount of time. Even mobile professionals can transfer information more efficiently and access a wider selection of services. End users enjoy the savings passed on from customers, and receive faster service because of e-commerce. Ultimately the end-user will obtain the products they order regardless of how they were ordered.

An e-commerce system is effective in reducing overhead and distribution costs. Since the customer inputs most of the information, the level of accuracy is higher than if the same information had to pass through various filters. Also, there is less administrative work on the printer's side. Thus the concern has been raised that a true e-commerce system may result in reducing the number of employees in a company.

How E-Commerce is Being Used

Most of the respondents in this research are not utilizing the full capabilities of e-commerce. At the time of this survey, none of the respondents were implementing a total e-commerce solution that encompassed all the steps from design and file creation to inventory tracking, ordering, and fulfillment monitoring. Most participants were implementing some form of e-commerce, however, mainly with an ordering system. It must be noted that the sample for this research, 16 companies, was a limitation to the study; the findings may not necessarily represent the entire industry.

It can safely be assumed that customer demand for total e-commerce solutions is currently low. Also, the barriers to entry to Internet-based print solutions, specifically cost and employee training, may also be contributing factors. But these barriers may vanish, and soon. In a 2004 NAPL study, 37% of participants mentioned e-commerce capabilities as an investment priority over the next five years, compared to only 18.8% doing so the previous five years.

Conclusion

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About the Center

Dedicated to the study of major business environment influences in the printing industry precipitated by new technologies and societal changes, the Printing Industry Center at RIT addresses the concerns of the printing industry through educational outreach and research initiatives.

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Whatever the current usage of e-commerce technology in the printing industry, it is fairly obvious that the future of print lies in Web-based solutions, taking advantage of the merging of Internet and print technologies to give customers personalized and speedy results. Print services providers would do well, therefore, to embrace the Internet and use it to redefine their operations.

¹ Sherburne, Cary. (2005, February). The print e-commerce market, Part 1. Retrieved June 13, 2005 from <http://members.whattheythink.com/specialreports/050228sherburne.cfm>.

² Core, Erin. (2003, September). Caught up in the web [Electronic version]. *Graphic Arts Monthly*. Retrieved March 31, 2006 from <http://gammag.com/BackIssues/index.php?art=0309fe>.

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