

Perceived Satisfaction by Customers in the Digital Printing Value System

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[Slide 1 - Introduction]

My name is Thomas Mejtoft and I am a PhD student at the Swedish research institute STFI-Packforsk, which is the research institute for pulp, paper, packaging and printing. My interest is in the farther end of the value chain, since my research area is business models and business strategies in digital printing.

Today I'm going to present a paper entitled "*Perceived Satisfaction by Customers in the Digital Printing Value System*".

[Slide 2 - Background]

I am going to repeat some really important things that our keynote speakers mentioned a couple of days ago.

To deliver a value that the customers appreciate is important in any industry, particularly in an industry like the printing industry, which is a **fragmented business** that **suffers from overcapacity**. It is basically this situation that has made printed matters to be regarded as **commodity products** by the general population.

Today the printing industry competes primarily on the basis of price and there have been continuous price reductions over time.

When starting to discuss digital printing, this technology differs to some extent from traditional printing technologies like offset since customer value can be added for example by printing **shorter runs** or by **customization using variable data printing**. Drawbacks are however **higher printing cost per printed piece** when the edition exceeds couple of hundred copies.

[Slide 3 - Objective]

The objective in the paper presented here today is to **study how customers in the digital printing value system experience the value received from digital printing**.

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[Slide 4 – The study]

Previous research both shows that digital printing houses tend to increase their share of direct customers. But still the majority of the revenues come from advertising agencies.

That's why the customer companies in this qualitative case study have been selected to represent both professional customers, i.e. advertising agencies, and non-professional customers, i.e. direct customers, to digital printing houses. In total 12 customer companies have participated in this study of which 8 have been interviewed.

The respondents interviewed were persons responsible for purchasing digital printing, which in most cases were project managers at the customer companies.

[Slide 6 – Results (CSF)]

To be able to easily present the data from this study, I have chosen to investigate some factors that are important when purchasing printed matter and they may differ between digital and traditional printing to some extent – Price, Time, Functionality/Possibilities, and Quality. The customers graded these factors from 1-10 depending on their demand on printed matters and their satisfaction with digital printing.

[Slide 7 – Results (CSF – Ranking)]



There was a slight difference in how the four different CSFs were ranked among each other between advertising agencies and direct customers for their general demands. However, both customer categories ranked quality as their main need and in total price was the factor of least importance. Advertising agencies ranked time and functionality as nearly as important as quality while direct customers ranked these CSFs nearly as unimportant as the price aspect.

	Time	Quality	Functionality	Price
Advertising agencies	2 (2.75)	1 (3.08)	2 (2.75)	4 (1.42)
Direct customers	4 (2.25)	1 (3.00)	3 (2.33)	2 (2.42)
All customers	3 (2.50)	1 (3.04)	2 (2.54)	4 (1.92)

[Slide 8 – Results (Demand vs. Satisfaction)]

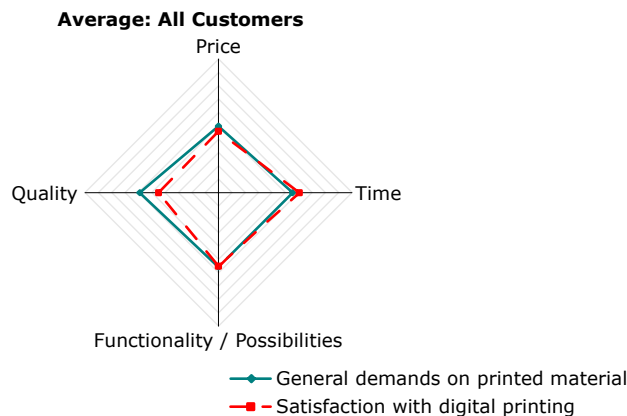


Image: The farther away from the center the greater demand and satisfaction.

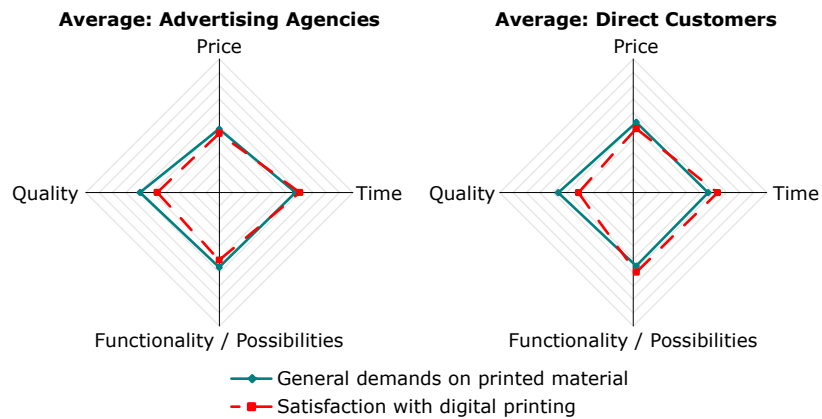
When their demand on the printed matters is compared with the satisfaction of digital printing, it was stated that both categories of customers were not fully satisfied with digital printing as a service for their printed material regarding these critical success factors (CSF). In fact, as you can see, time was the only factor that the customers were satisfied or more than satisfied with.

As I mentioned before, Quality was the factor that the customers deemed most important and had the highest demands. It is also the factor that they were least satisfied with in comparison with their need. Many respondents also pointed out the need for quality improvements to bring quality closer to what the customers expect, that is the quality of offset, if they were going to produce more with digital printing.

“The small differences [in quality and colors] may lower the status of digital printing just because one compare with offset” – Customer 6

As I mentioned in the beginning, Price was the factor that got the lowest total ranking and this is probably a result of the fierce price competition in the printing industry that makes the general price level low. The customers were however not satisfied with the price and this is just a consequence of the fact that customers, by definition, think that prices are too high.

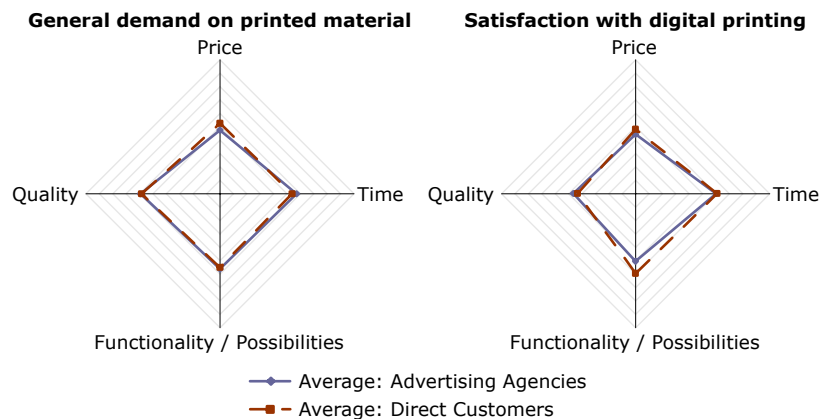
[Slide 9 – Results (Demand vs. Satisfaction)]



When this is divided into advertising agencies and direct customers, it is possible and see that these different types of customers differs in one factor – The possibilities and functionality of digital printing.

[Slide 10 – Results (Advertising Agencies vs. Direct Customers)]

This was the factor in which the biggest difference was noticed between the categories, which can easily be seen if the level of satisfaction for both advertising agencies and direct customers were plotted in the same graph.



The fact that direct customers are more satisfied with functionality than advertising agencies may come from two sources; direct customers level of knowledge regarding this area is lower than for advertising agencies and digital printing houses may influence direct customers more easily to take advantage of the technology and functionality.

[Slide 11 – Results (Engaging into digital printing)]

This study indicates that the **main reason for starting to use digital printing is print-on-demand** to be able to reduce editions, shorten lead times and to reduce stock keeping.

The need for the other unique feature of digital printing, **variable data printing, was a more uncommon reason** for starting to use digital printing. But over time variable data printing has, even though slowly, attracted the attention of the customers. And today several of the customers **feel that they benefit from different kind of variable data printing**, but mostly simple variable jobs like addressing and changing logos.

[Slide 12 – Results (Purchasing orientation)]

Both advertising agencies and direct customers strive towards having a **long-term relation with their digital printing houses**. But the research study shows that the direct customers were more interested in a purchasing orientation along with supply management where a larger proportion of the services alongside with printing, like original work, pre-press, distribution etc. were bought from the same supplier that provided their printed matters. This means that the **direct customers were more interested in contracting vertically integrated digital printing houses** that could provide for a full service solution. This is, as our keynote speaker from Xerox talked about, to build customer stickiness.

Advertising agencies on the other hand to some extent wanted to control every step in the value chain, which is both a knowledge and a cost issue since the knowledge of the print media value chain is greater among advertising agencies than among direct customers and it may also be possible to lower cost by individually contracting different companies for different tasks.

[Slide 13 - Conclusions]

To conclude this short presentation I would like to say that print **quality is in deed an important issue** and a key success factor of digital printing and the aspect of **short lead-times and short runs** in digital printing is the main reason for customers to start using digital printing and still also the biggest perceived customer value.

Since traditional printing technologies are decreasing their lead-times all the time to meet the market demands, it is important for the survival of digital printing to increase the use of unique features like variable data printing, which is in fact something that is happening since more and more customers start to take advantage of customization since the applications are becoming more user friendly with e.g. web interfaces.

[Slide 14 - Acknowledgement]

I would also like to acknowledge the funding organizations of the STFI-Packforsk Digital Printing Community project.

[Slide 15 - Thanks]

...and I would like to thank you all for listening.