Where Do Printers Fit On The Internet?

The Internet is truly an amazing thing. From the news we here every day, it sure sounds like the Internet has created more millionaires in America than the lotteries, and it seems only natural that printers should want to get in on the fun.

Before you jump too far in, though, please take a little bit closer and deeper look at what's going on, and please consider that there are really three categories of people involved in the Internet today: operators—entrepreneurs with a website and a product or service; investors—including venture capitalists, stockholders and sometimes the operators themselves—who provide the "green fuel" for all of this e-commerce development activity; and support forces—everyone from web-site designers to the companies who sell network servers and other computer and communications hardware, telephone access, and even shipping services for all of the myriad of products being purchased online.

Now consider this statement…those three categories are listed *backwards* in terms of who is really making money on/from the Internet. Support forces are making money as a result of unprecedented demand. (Did you note that UPS and other parcel shipping services have been riding a string of record months as more and more consumers are actually shopping—and ordering—on the Internet?) Many investors are making money as "dot-com" companies go public and their stock value soars through the roof, but there is a "dark side" to this picture too. Experts agree that the majority of e-commerce startups will not last long enough or show enough real promise to reach the acquisition or IPO stage, and the stock performance of those who do has not always been stellar.

Operators are probably in the worst shape as far as making money goes. The Internet has been responsible for adding quite a bit of new "language" to our culture—going online, surfing, e-mail, netiquette, etc.—but one of the most painful examples of this new language in the e-commerce community is "burn rate." Operators are spending huge amounts of money to establish an Internet presence and for the most part, it isn't being rewarded with profitable sales volume. Don't forget that even Amazon.com—the acknowledged pinnacle of current success in e-commerce—loses money on every order it handles, to the tune of something like $750 million in operating losses in 1999!

Where Do Printers Fit?

The real question here, of course, is where do printers fit on the Internet? Are printers making money as operators, and are there also opportunities to cash in as investors or support forces?

Let's start with the "support forces" category, because it's probably the easiest to address. Yes, there are definitely opportunities for printers here, because all of these e-commerce companies have printing needs. In fact, at least in the short term, the proliferation of e-commerce has increased the demand for printing services.

As for "investors," there are certainly opportunities for printers as individuals to make money by investing in e-commerce companies. As the old saying goes, all you need to get rich is a lot of money, and if you have money to invest, you should definitely be looking at the "dot-coms" and at mutual funds which specialize in technology stocks.

A little closer to home in terms of your business life, though, is the question of whether a printing company should invest its money and other resources in an Internet presence. The key here is to understand that an Internet presence is an *investment*, not by any means a short-term solution to your want or need to grow your business!

That takes us to the question of whether printers are making money on/from the Internet as operators. The body of available evidence says that the answer is no, at least not in the sense that the Internet is being used successfully as a new business development tool. While there are unquestionably a few success stories being told by printers who are receiving inquiries and even orders over the Internet, there is very little evidence to support the idea that a printer can reach out to raw prospects through a website and expect to develop much in the way of new business.

Specific Objective

Is that to say that printers will never be successful as operators on the Internet? The answer to that question really lies in a printer's expectations. If you look at the Internet as a conduit through which all sorts of brand new, highly profitable business will flow, you'll probably be disappointed. But if you look at an Internet presence as an innovative way to communicate with your customers and prospects, you're much more likely to be happy with the return on your investment.

In many ways, it's actually easier for a quick printer/copyshop operator to understand the realities of marketing through the Internet than it is for a larger commercial printer. The key to this understanding is that a website is a "store," and in order to be successful with a store, you have to be able to bring people into it. It's interesting, in fact, to consider the evolution of marketing strategy as our society has gone from "bricks-and-mortar" to "mail-order" to "click-and-order." Storekeepers have always understood the need to bring the people to the products, but direct marketers have had considerable success with a different strategy—bringing the products (or at least images and information) to the people. The Internet provides a quantum leap in the variety of image and information a marketer can provide, but the challenge of bringing "sticky eyeballs" to a website is every bit as great as the challenge of bringing people into a retail store. Direct marketing certainly has its limitations, but it is still a highly proactive enterprise where a marketer identifies a prospect and puts information directly into his or her hands (or at least his or her mailbox!)

Amazon.com and many other "dot-coms" have proven that an Internet "store" can pull in orders, but look at all of the money they're spending to try to bring people to their stores! Throughout the winter holidays and on through the Superbowl—the heaviest advertising season of the year—didn't it seem like just about every other ad on TV or in the magazines you read was for an Internet store? Seriously now, do you really want to have to expand your advertising budget just to get people to go to your website and take a look at your advertising?

"Click And Lock"

If the Internet has limitations as a new business development tool, what is it good for? One thing it's good for is to help you defend and "lock-up" your current customers! Consider the basic service capabilities that digital technology and the Internet allow. Orders can be entered via the Internet, both the quantity/paper/shipping specifications and the "digital original." Proofs can be sent out and returned via the Internet. It's even possible to let customers into your production software via the Internet to check the status of their orders (an idea that seems to horrify printers, but one that customer-types *really* like.)

What do your competitors offer? At least some of them offer low prices, and the only strategy for competing with those printers is to offer greater value. (By the way, it's a fair assumption that all of this "Internet Bidding Service" activity we're hearing about will bring new low-price competitors to your market. Isn't that another good reason for you to look for ways to provide even greater value?) Focus on the fact that if you make it easier for customers to buy, you will almost certainly find it easier to sell! Just remember that the definition of "buy" goes beyond simply placing orders. To the printing customer, that definition includes every aspect of dealing with your company.

All of this suggests that the best Internet strategy for a printer is to develop a communications portal, a way to make it easier for current customers to do business with you. It has always been true that the things which appeal to current customers represent a competitive advantage which can be applied to new business development. In other words, just having a website will probably never bring you much in the way of new business, but what your website *can do* can be a very powerful selling point—both in defending your current customers and developing new ones!