

GET INTO WIDE FORMAT WITH DES AND ROLAND  
 "YOU TRUST US WITH YOUR COLOUR  
 NOW TRUST US WITH YOUR SIGN & DISPLAY SOLUTION"



Printing news and information for Australia & New Zealand

news

shop

employment

trade services

Print21



Search

## Latest News

PRINT



Read the latest issue of Print21 magazine

Subscribe for your print copy



SCREEN



### Supply side should share the journey with customers: James Cryer's commentary

Tuesday, 31 August 2010

By Print21

It's time for press manufacturers to work closer with their customers and look further than the next sale, says James Cryer.

For decades, those few but powerful manufacturers of offset presses have enjoyed a certain asymmetry when negotiating with their print customers – typically small – and scattered around the globe.

As an industry, do we want that arrangement to continue? As converters, do we have the mechanism to feedback our wish list to the manufacturers?

The recent seminar, *Can you still make money from Print?* continues to throw up lessons and observations that I think are well worth exploring. A cocky answer to the question would be, of course, to get out of offset and into digital – but that was probably not the answer the forum was looking for.



The discussion touched on an interesting, if seldom debated issue: just what is the ideal or most appropriate relationship that should exist between a supplier and its clients, particularly in a close-knit industry such as ours?

I stress this latter point, because all the major equipment vendors (offset and digital) claim, in one form or another to be *partners* with their clients, riding the wild tiger of economic fortunes – in good times and in bad. Sharing the pain and the joy, the agony and the ecstasy.

Well, do they?

For decades there has been a tight-knit coterie of two or three dominant European press manufacturers, enjoying a virtual oligopoly, supplying presses to the rest of the world – a fragmented market consisting of tens of thousands of small buyers, none of whom has any bargaining power. This has led to printing companies, instead of setting the pace of reform and innovation, being on the receiving end of a relatively slow rate of technological change.

Offset presses now, are not vastly dissimilar to their ancestors of 20 years ago – the only real difference being in the electronics and CTP – which innovation did not come from the press manufacturers.

The Euro press-gang were doing what comes naturally – behaving exactly like any other dominant supplier, when facing an undisciplined rabble – innovate as little as possible and make as much margin as you can. In other words, here was the perfect storm, enabling these massive "press barons" to enjoy huge returns and make super-normal profits.

The question of over capacity was raised as a possible contributor to our long-term low returns within the offset sector. In fairness, it takes two to tango in a sale: including a willing buyer. But, according to Andy Vels Jensen, you can't blame the supplier. As he emphatically stated on the night, "If you're not successful in this industry ... it is because of you. Overcapacity ... cannot be blamed for you losing money".

But hang on. Doesn't over-supply of anything inevitably lead to low returns?

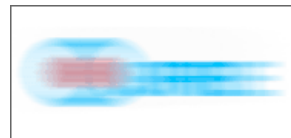


Click for SCODIX Options



latest news  
 packaging  
 labels  
 wide-format

Supported by



### Twitter Feed

A pathway to failure – Alan King on OnDemand. There are some intractable problems facing the industry . This is one. <http://t.co/Tjh6xANmqD>

Michael Wu wins the battle for OnDemand – Plenty of disappointed printers in Melbourne over missing out <http://t.co/IXv3PtckzF>

Starleaton expands with Zund agency takeover | Print21 Ben Eaton is on the takeover track. <http://t.co/GRTavWVg6C> via @sharethis

Joan Grace quits Printing Industries & Future Print –

How about this for an idea: all of us undisciplined rabble (ie, all printing companies in Australia) go on a press buying strike for a year. No more new presses! Work the existing ones harder, smarter, longer. This would achieve several things: 1) make printing companies instantly more profitable by more intensive use of existing capital, 2) allow capacity to run down, by not adding fresh capital to the mix, and 3) encourage the equipment manufacturers to apply downward pressure on their pricing (hey, cheaper presses!).

[It would certainly spell the end of the expensive support and service infrastructure that the industry relies on to operate efficiently... ed]

If the manufacturers aren't so keen on that idea, here's another one. De-engineer the presses a bit. Offset presses are typically built like Sherman tanks –built to last a thousand years. They're the equivalent of heavy rail, built of steel, whereas the trend is to light rail built of aluminium. OK, they'll fall to bits in a few years, but that's now quite acceptable as there'll be new technology just round the corner. And with lower up-front costs they can be written-off quicker anyway. Several Asian/Japanese presses come close to this business model – whether by accident or design is a mute point. But the point is, we have throw-away just-about-everything – why not apply the concept to offset presses? I've even got a name for it: *light-offset*. Or if you don't like that, *offset-light*.

OK, so as a prestige-conscious European press manufacturer, you're not too keen on that idea, here's another one. There are various ways to finance a press. More and more, we're hearing about this mysterious term, the click rate as applied to micky-mouse toys like office copiers, etc.

If one thinks about it, doesn't the click rate generate a closer, more genuine bond between supplier and client. Doesn't it also allow a slightly lower front-end cost, so it's more appealing to smaller printers? Doesn't it create a feeling of shared fortunes, ie, if you do better, I do better? And won't it be the ultimate test of whether a supplier is really prepared to be a partner in fact, or in name only.

I have spoken to a few offset equipment suppliers, and in principle, there is no reason why offset suppliers couldn't adopt some hybrid version of the click rate philosophy. And now that Heidelberg is snuggling up to one of the leading digital manufacturers, Konica-Minolta, it can find out how it works, in more intimate detail.

So, my challenge to the boardrooms of the big offset press manufacturers is – when are you going to display the ultimate demonstration of good faith in sharing the journey with your clients? Your future challenge is not to sell as many presses as you can, but to make sure each press you sell, is as productive as it can possibly be.

I suspect that the first offset supplier who introduces an optional click rate pricing model would be on a winner.

If you enjoyed reading this article    [Subscribe to the FREE Print21 news bulletin](#)

## Comment on this article

Name

E-Mail (will not be published)

Website

Receive comment notifications?

Comment

To receive notification of comments made to this article, you can also provide your email address below.

Email address

