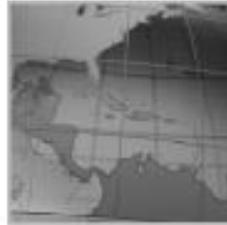Analysis

In-Plants: Helping Manage the Business Communications Supply Chain

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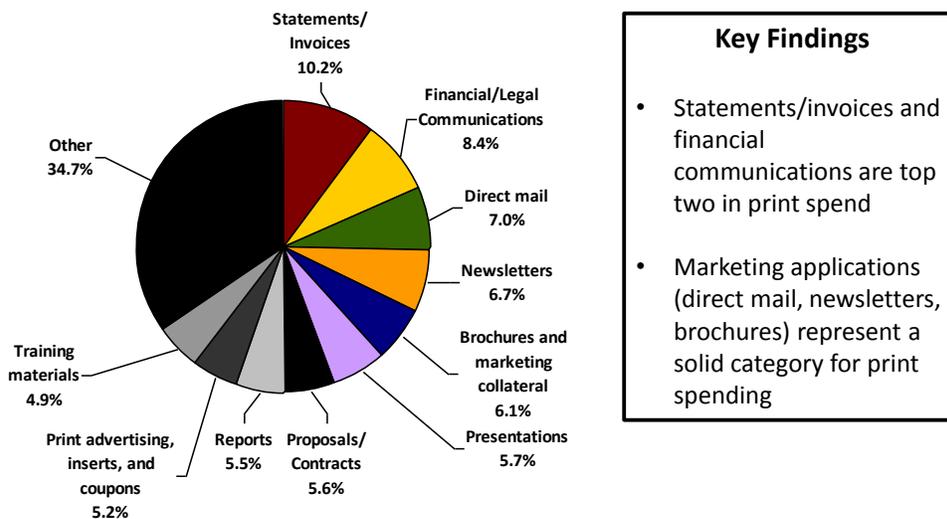
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Introduction

Enterprises are spending billions of dollars producing, warehousing, and shipping marketing literature, packaging, customer and employee documentation, point-of-sale displays, premiums, giveaways, signage, and handouts for all channels of market contact and engagement. How well this spend is managed and controlled can materially impact go-to-market effectiveness, as well as the optimal use of business communications dollars in creating business value and competitive advantage.

Spending by Print Application

InfoTrends' recently completed study entitled _Understanding Vertical Markets: Enterprise Communication Requirements_ surveyed more than 1,000 enterprises to understand how their communication dollars were being spent. While statements/invoices and financial communications were the top two choices in terms of total print spend, all marketing applications combined (direct mail, newsletters, brochures, presentations) accounted for over 25% of overall expenditures.

Figure 1: Of your total print spend, what percentage does each application account for?

N = 1,026 Enterprise Firms
Source: Understanding Vertical Markets: Enterprise Communications Requirements, InfoTrends 2012

While there are issues in all facets of the business communications supply chain, marketing materials represent a significant problem. According a recent Chief Marketing Officer Council study on the marketing supply chain, 30% marketers surveyed spent 20%-30% of their budget on marketing materials. Printed collateral topped the list of materials produced. The marketing supply chain, however, is broken. Marketers are facing significant challenges in creating, delivering, and tracking their investments in marketing materials. 78% of marketers surveyed by the CMO Council reported having closets or warehouses full of old materials, while 84% had sent outdated marketing

materials because of slow or inaccurate internal supply chains. In addition, 33% had no form of inventory management and significantly more had no real-time access to inventory or utilization levels. Up to 50% of marketing consumables is deemed waste because marketers lack a critical view into provisioning, logistics, consumption metrics, and localized needs.

"Carpe Diem" for In-Plants!

Today's buzz term should be *carpe diem*, which is Latin for "seize the day." With such high levels of expense and associated waste, a value proposition associated with managing the business communications supply chain means opportunities for in-plants. The **business communications supply chain** is the chain of suppliers that an organization relies on to produce materials (print, promotional products, and point of sale) to support their products and services. Over time, these supply chains have grown cumbersome and unwieldy as new partners, products, and technologies are added, resulting in increased cost, decreased service levels, and an overall loss of control.

With today's technologies including digital color printers and software-as-a-service web-to-print tools, it's time for in-plants to get back to the basics in terms of reducing overall business communications spend and adding to marketing efficiency. The premise of printing what is needed, when it is needed, and in the exact quantities required will resonate with the C-Suite executives that are trying to gain control of the business communications supply chain and its associated expenses.

InfoTrends' Vertical Market study indicated that user departments are viewing the Web as the preferred method of ordering printed materials and supplies. When asked what percentage of print is procured via the Web today versus two years from now, respondents expected to see substantial increases in online ordering. 32.8% of respondents indicated that they will buy more than 50% of materials via the Web within 2 years, and another 18.7% expect to purchase between 31% and 50% of their materials online. As a result, the average amount spent on Web-based order entry will increase from 31.9% now to 40% in 2 years.

**Figure 2: What percentage of your business' total print spend has been/will be ordered via the Internet?**
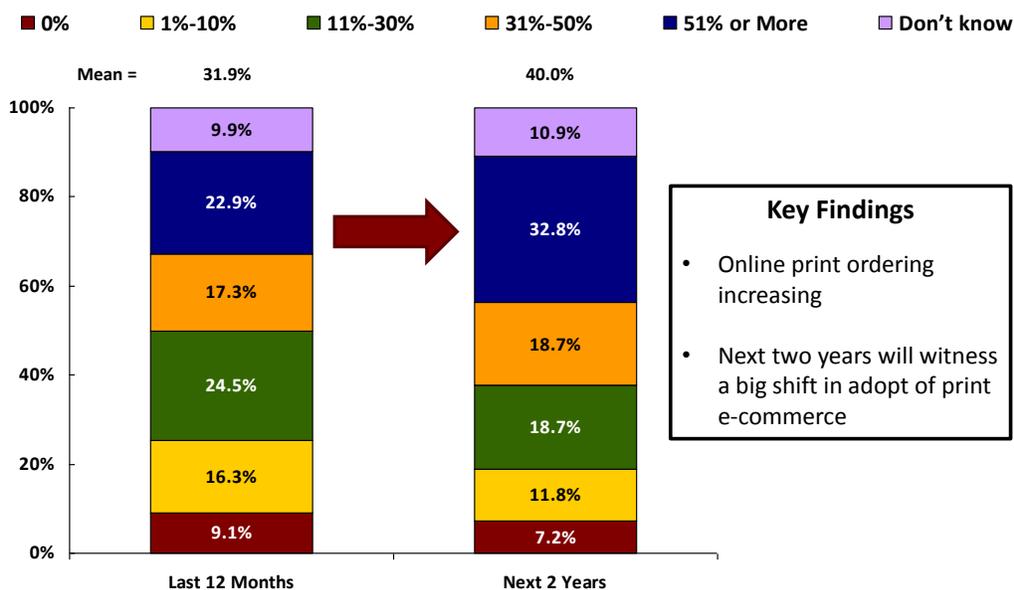
N = 896 Enterprise Firms
Source: Understanding Vertical Markets: Enterprise Communications Requirements, InfoTrends 2012

While in-plants lag behind print-for-pay organizations in terms of the utilization of Web-to-print tools, many are planning on investing in Web enablement in 2013. According to the InfoTrends' 2013 *U.S. Production Software Investment Outlook*, 28% of in-plants currently have Web-to-print tools and another 23% are planning on investing in 2013.
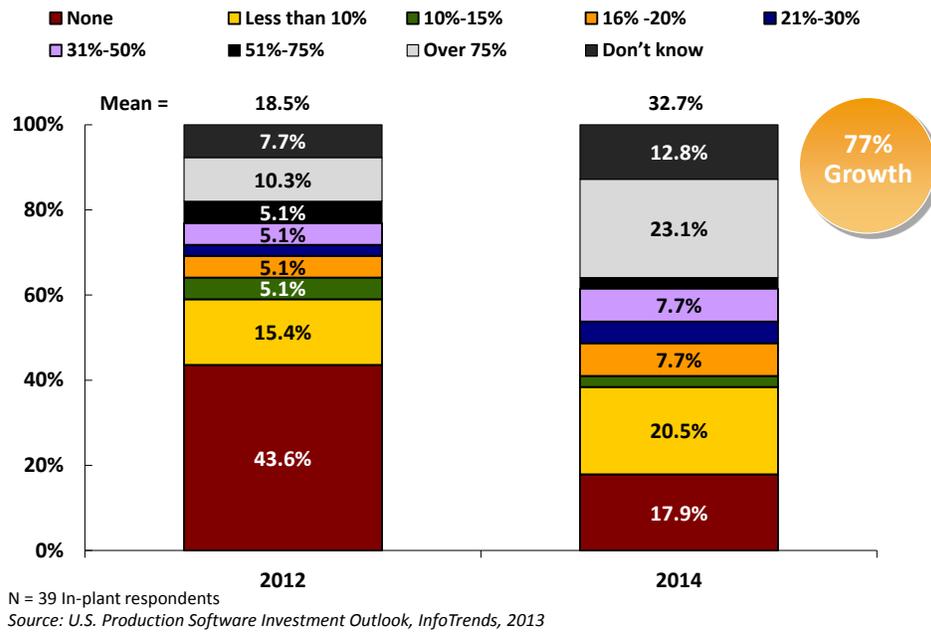
Figure 3: How would you describe your ownership of the following software solutions?
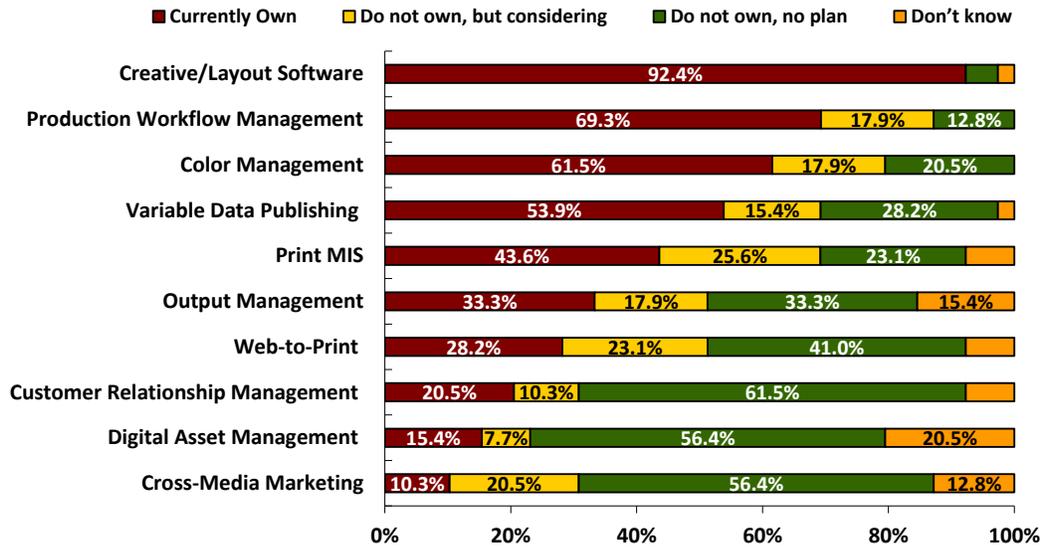
N = 39 In-plant respondents
Source: U.S. Production Software Investment Outlook, InfoTrends, 2013

The result of this increased investment is a substantial increase in projected jobs submitted via the Internet. The in-plants surveyed are projecting a 77% growth in the volume of digital print produced by the in-plant that is submitted through a Web portal. In-plants are working to implement dynamic online business communications supply chain solutions with complete print fulfillment features. They want users to be able to easily order and manage any digital media, business documents, business cards, catalogs, apparel, training manuals, employee documentation, and compliance information. They are also exploring how to provide tools with variable imprinting and customization.

Figure 4: What percentage of your business' total digital print volume is submitted through a Web portal or Website?

N = 39 In-plant respondents
Source: U.S. Production Software Investment Outlook, InfoTrends, 2013

Implementation requires a consultative approach in identifying inefficiencies and potential cost savings as well as developing best business practices to optimize the supply chain. Where the in-plant doesn't have the capability to produce specific items, it can source from other suppliers and manage the total supply chain from production to fulfillment and delivery. The in-plant can also provide insight and measurement related to materials being used to educate the enterprise about those that have the most value and where waste is occurring.

The Value Proposition Holds

It's time to change your vernacular. In-plants that have invested in the "Web-to-print" toolset need to deliver a comprehensive "business communications supply chain optimization" solution. What you are delivering as part of optimizing the supply chain includes just-in-time, on-demand delivery of marketing and business materials for the enterprise with zero inventory. The value proposition is clear—a Web-enabled marketing supply chain provides brand consistency, management of digital assets, revision and version control, options to customize content, and measurement/metrics about the utilization of specific marketing and business communications materials.

Moving Forward

The first step is to work with the executive team and gain agreement that there is a problem. Given current statistics and studies, there is an acknowledgement that waste in the marketing and business communications supply chain needs to be addressed in the face of reduced budgets. Enterprises need to provide information on products and services, regulatory data, product availability, prices, order tracking, incentives, and sales. You can differentiate your in-plant by focusing on Web-enabled supply chain management to strengthen your company's competitive position and support the successful delivery of business communications when and where it is needed and in the exact quantities required.

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A digital printing and publishing pioneer as well as a marketing expert, Barbara Pellow helps companies develop multi-media strategies. She assists companies in creating strategies to launch new products, building strategic marketing plans, and educating their sales force on delivering value.

Comments or Questions?