

## The Circle of Life

*Is it time to break away from the herd?*

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My father-in-law has a great sense of humor. Like when I arrived at his office that late-September afternoon several years ago – my palms sweating, my stomach upset, and I kept nervously feeling for the box that housed the engagement ring in my breast pocket.

Knowing full well what I was up to, he casually introduced me to every person working in the building that day before welcoming me to the family over lunch. He then warned me that his daughter comes with a lot of stuff. While I adjusted well to the influx of shoes, bags and other fashion accessories she came with, I simply wasn't prepared for the massive volume of baby stuff we've been accumulating since our baby boy was born last November.

One of my son's favorite toy sets is the stuffed collection of *The Lion King* cast that dangles over his changing table. Needless to say, that movie's theme song often enters my head at random times without invitation. Perhaps it's because I've spent a lot of time recently thinking about new beginnings, the closing of old chapters, and of life cycles in general. To that point, businesses need to do the same.

In the January edition of *The Flip Side*, I described three simple profiles of shops serving the graphics industry. And I'd like to further that point – specifically as it relates to the adoption of inkjet technology. We may all be familiar with the Product (or Industry) Life Cycle, as first described by Theodore Levitt in a 1965 article published in the *Harvard Business Review*. His original analysis included four stages of development – Introduction, Growth, Maturity and Decline.

### **AT WHAT STAGE IS INKJET?**

If we analyze inkjet printing as a single technology in the signage and graphics industry, I'd have to say that we're entering the Maturity stage. That stage includes the slowing of sales increases, widening product lines, loss of competitors, falling profits and heavy promotions. Sound at all familiar? But if we take a closer look, each inkjet technology (and arguably each market segment and industry profile) is at a different and unique place of its own.

How do I know? One of the aspects of the Growth stage is the need to differentiate because of increased competition. Several years ago we included a new survey question in one of Web Consulting's annual reports on the U.S. wide-format inkjet market.



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The question read, "Has your shops primary business focus changed (namely how you define your business) in the last two years?" Of the 281 shops who are using wide format inkjet printers, 48.4 percent answered yes; and of the 53 shops not using wide format inkjet printers, 17.6 percent answered yes.

So, while there isn't enough room here to fully analyze these groups by innovators, adopters, and laggards, it's generally safe to assume that adopting new technology can lead to change. According to this survey profile, nearly three times as many shops have overhauled how they define, approach and execute their core business objectives.

### **INVENT OR INVEST?**

So, while change is good, it is at times difficult to choose between development from within versus reaching outside of your organization. Think you're alone? You're not. According to some 2007 research, nearly 2/3 of all shops surveyed (66.8%) have annual sales under \$1 million.

Looking at this data several other ways, half of U.S. shops have sales between \$100K and \$1 million, and almost one out of every five has sales between \$500K and \$1 million. The trick is staying competitive yet differentiated. The same goes for the suppliers to the industry. I feel that we are also amidst the Age of Consolidation. I said years ago that this market needed to streamline itself and I think there will be fewer and fewer significant players serving the market – either through acquisition, merger or simply exiting the market altogether.

So whatever the vehicle, the market will continue to cycle through some much-needed changes. And positive change requires action, while remaining passive might have a less favorable outcome.

I am reminded of a Swahili proverb that says, "Every morning, a gazelle wakes up knowing it must run faster than the fastest lion. Every morning a lion awakens knowing it must outrun the slowest gazelle. It doesn't matter if you are a lion or a gazelle, but when the sun comes up you'd better be running."

Stay tuned.

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