End-User Analysis

Divergence, Not Convergence, Dominates Copier and Printer Purchasing

Abstract: *This Perspective uses end-user research data to illustrate how divergent the purchasing roles and responsibilities are for copiers and printers within midsize and large companies in the United States. Products and channels may be converging, but those people responsible for purchasing document-output devices remain entrenched in their old and very separate roles.*
By Andrew Johnson and Lynn Ritter

Key Business Issue

What is the impact of networked printers on the copier industry? Specifically, will the copier market shrink if users favor the use of printers over copiers?

Strategic Business Assumption

The separate purchasing processes for printers and copiers will continue to inhibit deployment of multifunction devices in midsize and large organizations through 2002 (0.8 probability).

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Introduction

This Perspective examines how the continued disjoint between printer and copier purchases will impact the demand for those products and for future multifunctional product (MFP) purchases.

Dataquest analyzes all aspects of the document management device market to develop an accurate quantitative forecast and meaningful client recommendations. Tracking supply-side factors, such as new products, technology developments and channel dynamics, is an important part of this analysis. Dataquest believes it is equally important to continually measure the attitudes and behaviors of purchase decision makers on the demand side to understand a balanced viewpoint.

To this end, Dataquest completed a multinational demand-side research project in third quarter 1999 that took the pulse of buyers of printers, copiers and MFPs. It was an exhaustive study that probed into the decision-making process, attitudes, issues and future purchase intentions. The results of the study will appear as a series of reports that clarify the assumptions that form the foundation of Dataquest's various forecasts. For information on European study data, refer to the Dataquest User Wants and Needs study titled "Copying and Printing Trends," 2 December 1999 (PRNT-EU-UW-9901).

Market Research Study Methodology

This Perspective contains the results of a telephone survey conducted by Dataquest's Worldwide Research Operations group in San Jose, California. The survey questionnaire was developed by analysts from the Document Management group, in conjunction with Dataquest's Primary Research Center, based in San Jose. The telephone survey was conducted during regular business hours in July 1999. From the Computer Intelligence (CI) database, Dataquest obtained names of 2,387 randomly selected businesses.

Dataquest placed a total of 11,211 calls to secure 209 completed interviews. The survey has two tracks: one for printer respondents and one for copier respondents. Many of the questions are the same and, where appropriate, the study analyzes the difference between the two respondent groups. A total of 109 respondents completed the printer track and 100 respondents completed the copier track.

Respondent Demographics and Company Profiles

Respondents represent business sites in the United States with more than 250 employees, where more than 50 percent of those employees regularly use PCs. Dataquest believes this population is predisposed to document management solutions and is not representative of all U.S. businesses. However, the survey results are statistically representative of the attitudes and behaviors of a broadly defined target market for document output devices: companies operating with a high percentage of PC-using knowledge workers.

The screening question used to determine qualifying respondents looked to find the person responsible for acquiring copiers and/or printers within the organization. That person's actual role within the acquisition process may include evaluation of products or services, recommendation of specific solutions, or approving the acquisition.

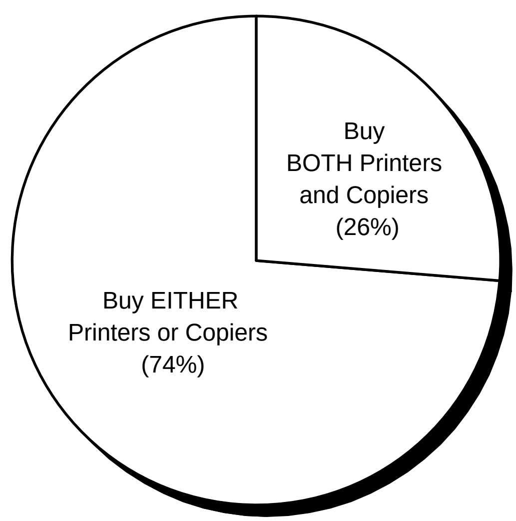
These study data include responses on a broad range of products. They were neither segmented by nor representative of any one print technology (inkjet vs. laser) or print type (color vs. monochrome). Responses are more representative of business-use workgroup products. For specific information on color printing products, refer to the Dataquest User Wants and Needs study "To Print in Color or Not to Print in Color, That Is the Question," 25 October 1999 (PRNT-NA-UW-9901).

Major Findings

Lack of Convergence in the Buying Process

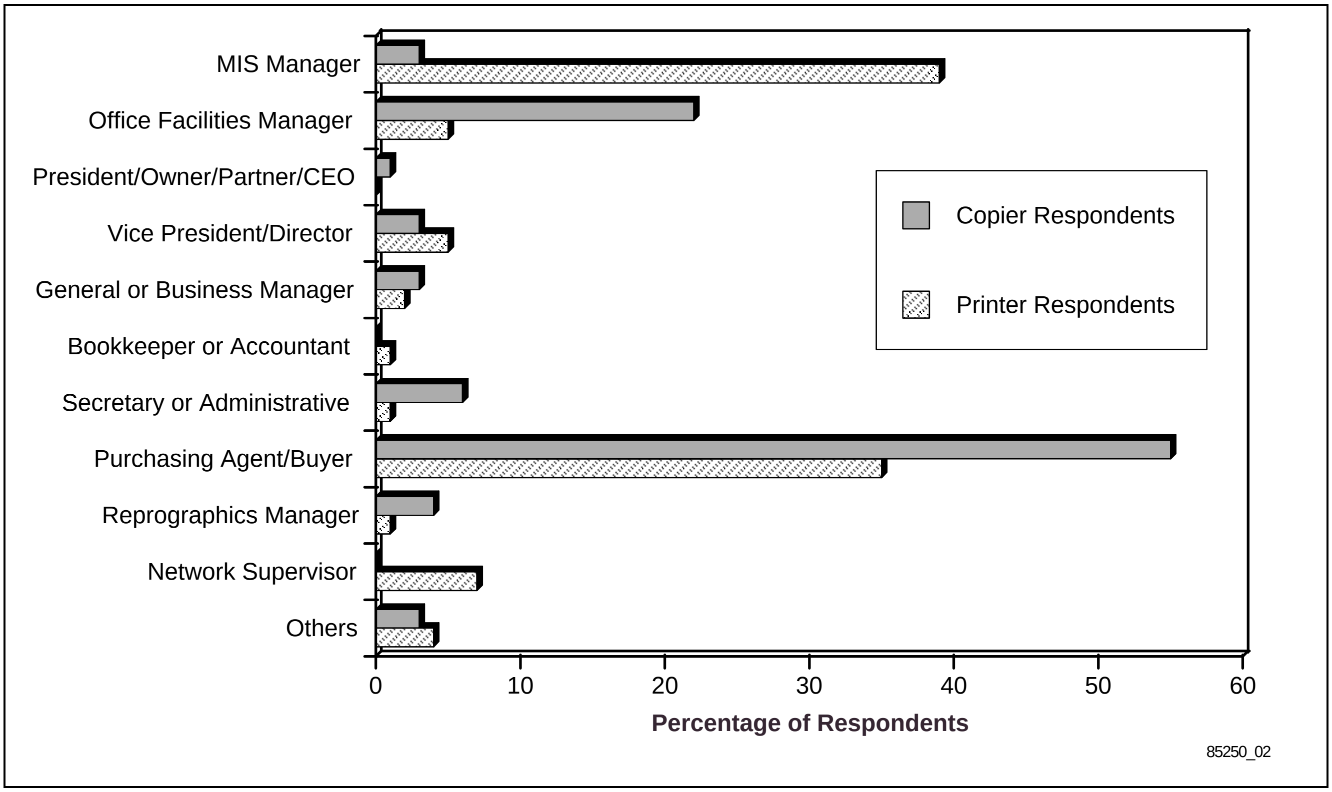
Copier and printer acquisitions are handled very differently. While this is certainly not a revelation to vendors selling into this space, it is noteworthy that, after at least five years of the industry talking about convergence of the product capabilities, the buying process for these products remains very separate. Figure 1 reveals that only 26 percent of respondents indicated that they were involved with both copier and printer acquisitions. Figure 2 illustrates the titles of the respondents that indicated they were responsible for acquiring printers and/or copiers. This tends to confirm popular opinion that the MIS department is the key to printer sales, while the purchasing department remains the focal point in the copier purchase decision.

Figure 1
Divergence in Buying Process for Printers and Copiers



Source: Dataquest (October 1999)

Figure 2
Job Title of Respondents by Printer Track and Copier Track



Source: Dataquest (October 1999)

These data have mixed implications for vendors looking to sell the "total solution" of copiers, printers and MFPs. Vendors who felt they were lagging in promoting a total document-output solution have not missed the boat. Three-quarters of midsize and large companies surveyed were not ready to hear the "we do it all" message anyway. Vendors still have time to cross-train sales representatives, integrate support functions and polish their marketing messages.

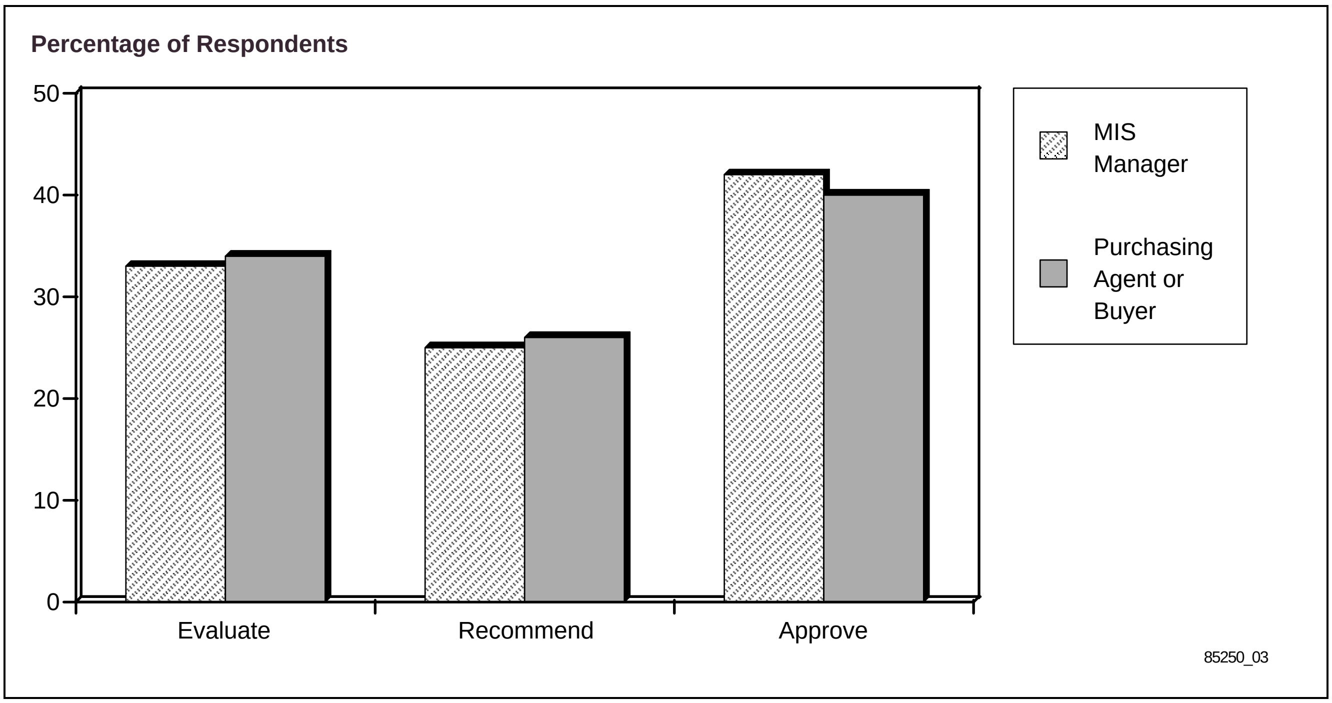
This is disappointing news for vendors that have invested in cutting-edge products and were planning on quickly selling an integrated document output management solution. These data tend to support what vendors may have already heard from their field sales organizations: most companies do not have an efficient, cross-functional buying process for acquiring the "total solution."

The Decision-Making Process: Evaluators, Recommendors and Approvers All Play a Role

Selling printers, copiers and MFPs into midsize and large companies is a complex challenge — and will likely continue to be one. For a sales representative, it is critical to uncover all the people involved in the decision-making process, as well as to understand their specific roles in that process. On a broader level, it is critical for a vendor to understand these same dynamics in order to effectively target and tailor the marketing message. The penalty for misunderstanding or ignoring these dynamics ranges from costing a sales representative a lucrative commission to wasting millions in misdirected advertising dollars.

Unfortunately, the results of the study do not provide any single magic formula for success. Figures 3 and 4 indicate that there is not a clear delineation between the roles MIS and purchasing agents play within the decision-making process. Figure 3 takes the top two people in the printer decision-making process, the MIS manager and purchasing agent or buyer, and cross-references their role in the purchase process. These data seem to contradict the popular notion that MIS primarily evaluates and recommends solutions, leaving the administrative function of approving purchases to department managers or the purchasing department.

Figure 3
Role in the Acquisition Process of Respondents, by Main Job Title, for Printers



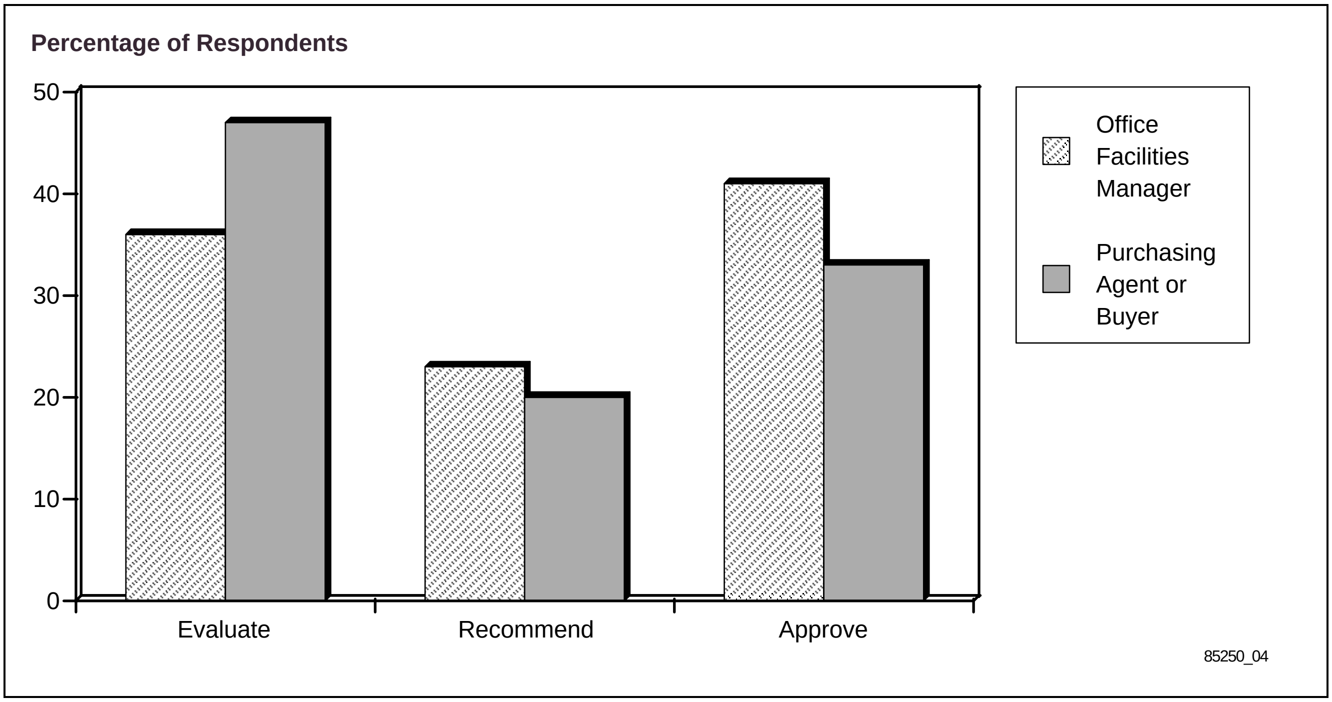
Source: Dataquest (October 1999)

Figure 4 looks at the two top positions in the copier purchase process: purchasing agents and office managers or facilities managers. Purchasing agents do more evaluating than approving, compared to office or facilities managers.

Differing Sources of Information Influence the Decision

Printer and copier respondents showed divergence when asked about the main source of the information used to influence the purchase decision. Copier respondents looked toward their sales representative as the primary source of information, whereas printer respondents cited that their past experience was most important. Figure 5 indicates the relative weight of the different sources of information between copier and printer purchases. This is bad news for copier vendors looking to break into the printer space without a track record for delivering printing solutions.

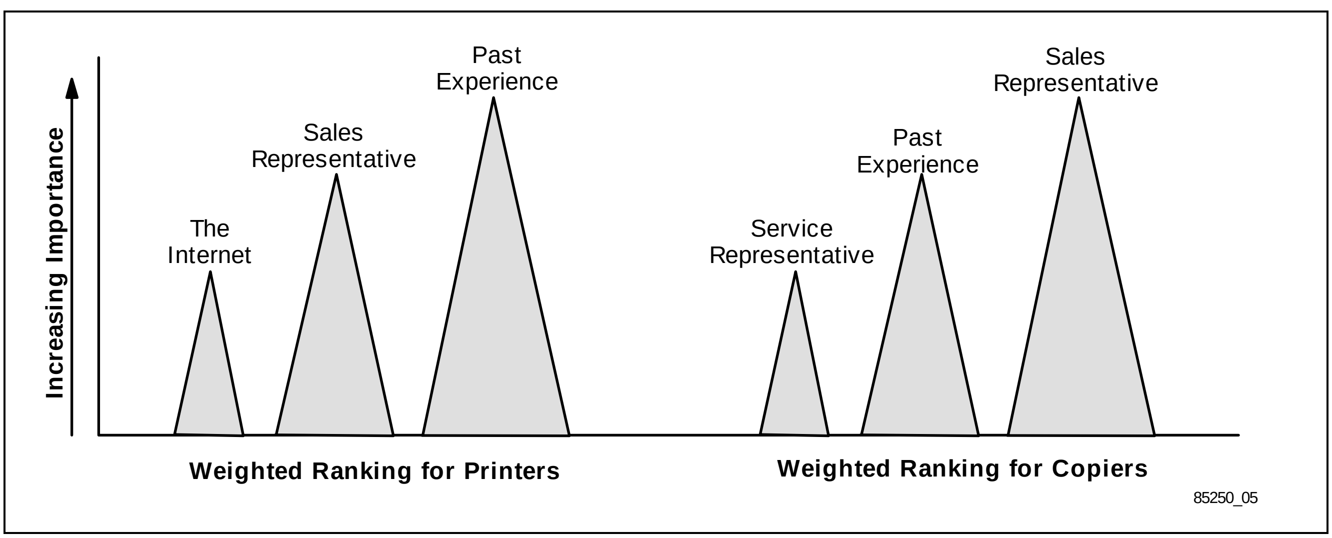
Figure 4
Role in the Acquisition Process of Respondents, by Main Job Title, for Copiers



Source: Dataquest (October 1999)

It is also interesting to note that printer decision makers frequently turned to the Internet for information. More widespread e-commerce may be little more than a click away.

Figure 5
Weighted Ranking of the Top Three Information Sources Used When Acquiring a New Printer or Copier

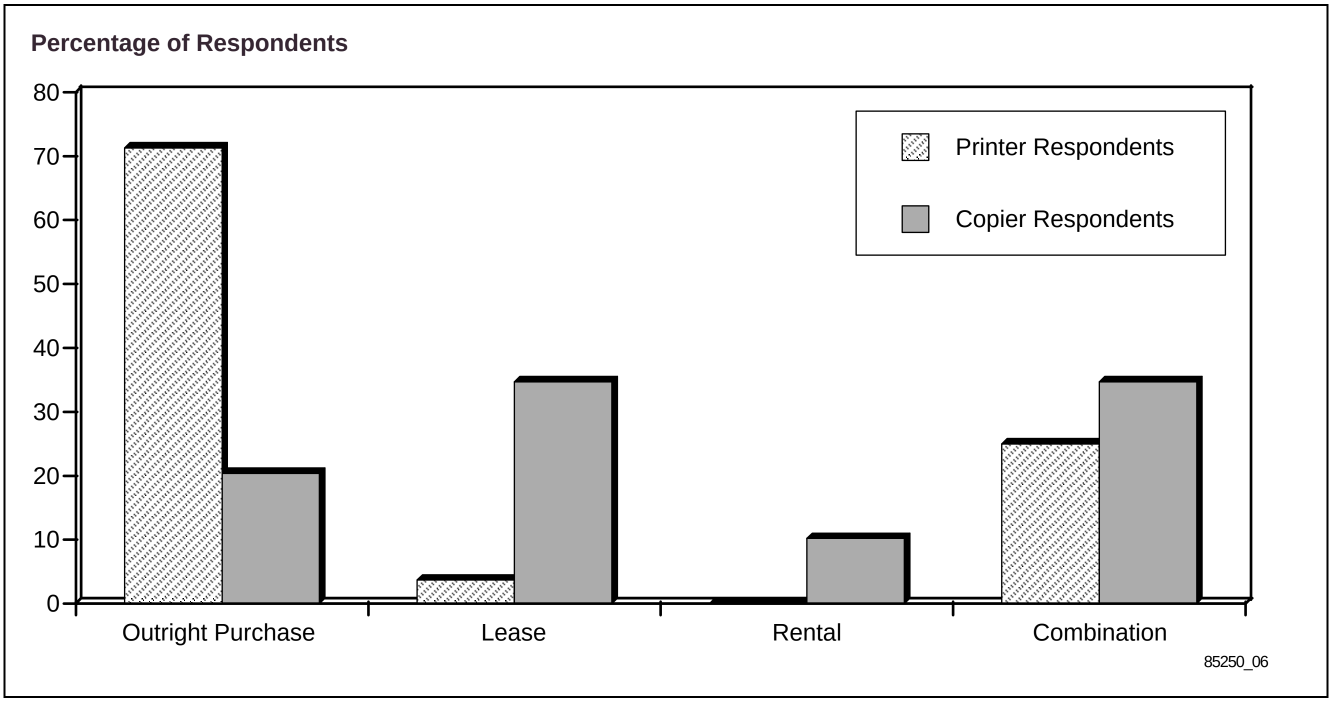


Source: Dataquest (October 1999)

Differing Ownership Methods

Maybe one of the easier challenges that copier and printer vendors will confront as they sell the total solution is how to adapt their sales strategies to the different ways companies acquire products. Figure 6 shows the dramatic differences between printer and copier acquisition methods. Printer respondents overwhelmingly opted for an outright purchase of the product, whereas copier respondents preferred a more balanced combination of financing methods. These variations should be factored into a flexible contract.

Figure 6
Printer or Copier Acquisition Method



Source: Dataquest (October 1999)

Dataquest Perspective

Convergence is relative, based on one's point of view. This Perspective presents the viewpoint of the decision maker for printer and copier products in midsize and large companies (over 250 employees) where more than half of the employees are equipped with PCs. The bottom line is that these decision makers do not see the same level of convergence hyped by vendors and market pundits.

Only one in four decision makers is involved in buying both copiers and printers. Copier buyers and printer buyers use different sources of information to make their decision and use different methods of acquisition.

If these knowledge-worker companies, with over half of their employees working with PCs, have a highly divergent buying process, how much more divergent are the processes within companies in the mainstream market?

Another reality is that the divergence of the printer and copier decision-making processes within companies inhibits the acquisition of products that do both: print and copy. Dataquest believes that until companies combine their internal acquisition and management processes for printers and copiers, copier-based MFPs with printing capabilities will not become mainstream products. As a result, Dataquest's forecast calls for a slowly increasing adoption rate of print capabilities on digital copiers.

The reality is that in today's environment, both copiers and printers are mainstream products. However, it cannot be denied that copiers have been part of the office landscape for far longer, can be had in every speed category, and are commonly found in the office environment. Printers, on the other hand, are of much more recent vintage, with lower-speed versions (workgroup printers) commonly found in the office, medium-speed versions (department printers) just appearing on the market, and higher-speed versions found in the back-office environment. Until recently, these devices were single-function in nature — copiers copied and printers printed. However, today, digital copiers, which can also double as copier / printers, are increasingly available from all copier vendors. In contrast, although several printer companies (HP, Hitachi Koki and Lexmark) are marketing printers with copier platens, the vast majority of printers on the market are still single-function.

Since dual functionality can be had, what are people going to give up? Users would be hard-pressed to give up their workgroup printers in favor of low-end copier / printers, which is why the low-end copier forecast is somewhat pessimistic. Since departmental printers are not very common at present, copier companies may have a chance to push the concept of a departmental copier / printer with dual functionality, which is why the midvolume copier forecast still shows some growth. Dataquest believes that in the high end, copiers will continue to have a strong showing, although the majority of them will probably be networked. It goes without saying that in an increasingly connected workplace, stand-alone devices will not have a place for too much longer, while devices resident on the network with true multifunctionality will capture more and more market share.

This study dealt mostly with current behaviors, attitudes and processes. Today, the key word is divergence, not convergence. Dataquest believes the pendulum is moving toward companies integrating their processes for managing document-output devices. It just is not happening as fast as some industry pundits would like to believe. The action items listed below recommend tactics to deal with the reality of the divergence.

Vendor Recommendations

Vendors should deploy a flexible product strategy that allows them to leverage one print engine "platform" into each market: one for copiers, another for printers. Additional functions (print, copy, fax and scan) can be added to the platform when, and if, the users are ready.

Vendors need to over-invest in a sales force to deal with a convoluted sales process. Larger companies use multiple decision makers, each with their own agenda. Expect longer sell cycles and adjust compensation plans accordingly.

Vendors need to have a multifaceted advertising campaign that reaches the divergent decision makers with a targeted message. Seminar selling, direct mail (e-mail) and vertical publications will be useful. Avoid the one-size-fits-all message.

Copier vendors need to establish a track record of delivering reliable printing solutions if they expect to win over the printer decision maker. Vendors are cautioned not to compete solely on the specifications of print functions on copier-based MFPs.

For More Information. . .

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