

Service Innovation Challenges for the Print Industry

Dr.S.PARTHIBAN,

Associate Professor, Department of Management, Gobi Arts & Science College

I. Introduction

"Service innovation" is a broad term that has to do with making changes in the direction, organization and even the product line of a business in order to anticipate demand and keep the company in the forefront of an industry. Sometimes referred to as anticipatory thinking or anticipatory innovation, the idea is to accurately project upcoming trends within the marketplace and make changes in the way the company does business in order to ride the wave of those trends to greater financial rewards. Considered a hallmark of true entrepreneurship, service innovation will often involve a combination of changes that affect various levels of the operation, depending on what is required to produce the desired result. Service innovation has received less attention in science over the last years compared to product innovation, although the importance of service innovation is steadily growing. In fact, for the printing industry service innovation and the service design approach have received almost no attention at all. Because of the current crisis in the printing industry that is due to digitalising, there is considerable pressure to find new business opportunities. Everyone in the print industry seems to agree that service innovation is a topic that can't be ignored. The general consensus though is that service innovation is not moving as fast as it should.

Don't let heritage slow down

A lot of companies in the print industry have a long and rich history. This history is definitely a valuable thing to cherish but it's also a thing that can be hard to deal with when trying to innovate and make progress. Just think about assets like existing staff with very specific skills, large investments in machines and an established customer base that has expectations of what you do and do not deliver. These assets don't provide the best environment for innovation to flourish. The heritage of a company is often a strong force that slows down new, potentially disruptive, developments. A strong heritage can cause companies to miss out on opportunities to innovate. To succeed at service innovation companies need to let go of the idea that heritage limits the capability to innovate. Of course this is easier said than done. Especially when your current business model relies on this heritage. Heritage should be treated as an enabler to design new innovative propositions.

Start small and get rid of the current targets

The goal for them was to imagine a start up that buys all its production facilities from their current print company. Just like it currently buys ink, paper and machines from other suppliers. People adopted a mindset where the current business forms the foundation on which they can build a new start up. It can be hard to think small when have just spend a lot of money on the latest digital press. When pursuing service innovation heritage is not the only thing need to let go of and rethink the current business targets. Targets like the return on investment time for your digital press. These targets do not apply in new start up. Service innovation starts small and needs to grow in a company with a dominant heritage. By adopting the mindset of a start up think about opportunities without being limited by the targets of the current business.

The end of the finished product

Large scale units are an indication of a market that is dominated by finished products and everyone is doing their best to optimize the production process. A typical thing that happens in these markets is that sooner or later online marketplaces arise making it easy for consumers to easily compare the prices different providers. Being able to see and compare prices instantaneously makes a market more transparent. The net effect usually is that it also puts more pressure on companies to further compete on the lowest price. Something that is welcomed from a customer point of view it pushes companies to show their added value if they are not the cheapest. This market in which the language is dominated by large scale units and finished products is also represented in the direct communication with customers.

Adopt a human oriented language

Interactions, relationships and experiences are some of the keywords when talk about services. These human oriented keywords form a strong contrast to the large scale units that currently dominate the language.

Companies that put effort into service innovation must recognize that they need to learn a new language. A language where there is less talk about finished products and more about why people would need the finished product in the first place. The first step in this language transition is to take a step back and look at the worries your products take away from customers. The reality is that a lot of print companies already provide services but because they don't communicate in that way with their customer's price remains the main differentiating factor. A deep and profound understanding of what customers do with product is the only way to deliver added value.

Services are more than an add-on to a product

Service is often perceived as a (free) add-on to a product. In a lot of cases service is seen as an additional offering that can't exist without a product. The truth is that are indeed surrounded by these type of product oriented services. A characteristic of these type of services is that you usually only need them when something is wrong with product or for maintenance of product. Companies that have a business model that is strongly tied to a finished product like the print industry usually struggle to see the potential of a service driven business model. For these companies services are subordinate to the finished product. In these situations the finished product is irreplaceable and the service is optional. This phenomenon where the product dominates the business model is also clearly present in the print industry.

Make products facilitate service

For service innovation to work it's essential to develop an alternative business models in which products are replaceable and facilitate the delivery of a service. A service can be much more than just an addition to a product when increase the scope of service innovation to also include product-service combinations and service driven ecosystems. Especially not in the print industry where the finished product still forms the main source of revenue. Designing a service driven business model is a process that takes time, patience and maybe above all courage.

Have the courage to explore the unknown

Service innovation is getting a lot of attention lately and rightly so. Four major challenges in slow the progress of service innovation. These challenges transcend the print industry and can found in any product oriented industry.

- Heritage brings legacy and often expensive assets that slows down service innovation. Create space for experiments and start small is a good strategy to make progress.
- The finished product plays a central role in the communication with customers. There should be a language transition towards helping customers.
- Innovation in the print industry is strongly driven by technology. There are many opportunities for companies that are able to redefine meaning of the solution they deliver.
- In current business models services are subordinate to the finished product. Service innovation needs new business models in which products are replaceable and facilitate the delivery of a service.

II. Conclusion

It provides guidance and direction rather than point to a fixed solution that can implement tomorrow. Although this might sound discouraging the good news is that it's an open playing field with huge opportunities. It's a matter of time before more companies realize the potential of service and shake up the industry. Either way overall conclusion is that can expect some exciting times ahead.

References

- [1]. Cramer C., and Hipp C., Service innovation and service design in the German printing industry. In: Melkas, H., Harmaakorpi, V. (Eds.), *Practice-Based Innovation: Insights, Applications and Policy Implications*, Springer, Berlin Heidelberg. pp. 305-322.
- [2]. Martinez, V., Bastl, M., Kingston, J. and Evans, S., Challenges in transforming manufacturing organisations into product-service providers. *Journal of Manufacturing Technology Management*. v21 i4. 449-469.
- [3]. Nijssen, E.J.; Hillebrand, B.; Vermeulen, P.; Kemp, R. (2006), "Exploring Product and Service Innovation Similarities and Differences", *International Journal of Research in Marketing*, *International Journal of Research in Marketing*, **23** (3): 241–251.