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Page 1 of 2

Market Spotlight Tech Tac Toe

**Selling tech products can help you acquire new customers
and grow business with existing ones**



Alan Bird, president, Complete Office Supply, says tech products are a significant category for the company.

Most office products dealers agree: Making money on tech products isn't always easy.

While the profit margin on some items is low, however, the potential for the category as a whole is undeniably high. Consider, for instance, the findings of an October 2013 study conducted by British telecommunications company O2 Business in partnership with the London-based Centre for Economic and Business Research (CEBR): An analysis of office productivity over the last 40 years found that office workers are nearly five times as productive today as they were in the 1970s thanks to the expeditious adoption of technology in the workplace.

"Rapid advances in technology ... mean that office workers can now get more done, in less time, for a lower cost," CEBR concludes.

Because it's hard to argue with the benefits of increased productivity, it's safe to assume that companies' investments in tech products will only increase as technology further embeds itself into the way employees work. Despite the challenges, therefore, forward-thinking dealers are expanding their focus beyond traditional office products to include tech essentials. They are finding ways to harness the tech trend to drive business among both new and repeat customers.

IT phone home

"We realized we needed a strategy to break into that market and do more tech business than we were doing," says Grubbs, founder and president of Express Office Products in El Paso, Texas. "Sometimes, there's a single bid for millions of dollars over a year's period. That kind of volume can really help you increase your margins."

Although he responded to numerous bid requests, success was slow to come until consultants at United Stationers helped him develop a competitive pricing strategy on ink and toner. They advised him, for instance, to factor manufacturer rebates into his bids; that helped him justify a lower price, which over time earned him more business.

At the same time he was pursuing bid opportunities with new customers, Grubbs realized that his existing base of 10,000 government customers also needed ink and toner. By getting them to buy it from him, he posited, he could easily increase the value of their orders without paying customer acquisition costs.

There was just one problem: Most of his customers didn't realize that Express Office Products sold ink and toner. To inform them that it did, Grubbs engaged United Stationers' Outbound Campaign Services program to make outbound phone calls to a sampling of his customers on his behalf.

"We picked a group of a couple thousand customers who had not bought from us recently and used that as a starting point, calling them and reminding them who we were and what products we had to offer, emphasizing toner cartridges," Grubbs says. "We immediately noticed an increase in business based on those phone calls."

It may not have been a "high-tech" marketing strategy, but it was certainly "high-touch"—and that's what it takes to move tech products, according to Grubbs. "We didn't say we have the cheapest toner cartridges," he concludes. "We just reminded them of the positive experience they had with us in the past and asked them to think about us not only for office supplies, but also for toner and tech products. That seemed to work."

Total solution

Shane Gibson looks at his business holistically. Like janitorial products, paper products, or any other product category, tech products are an important piece of the pie. Nevertheless, they're just a piece.

"Tech products aren't necessarily something we push on a daily basis," says Gibson, owner of Northern Office Products in Dewey, Ariz. "We're promoting our company, not any one product category."

Although he doesn't actively push or promote tech products, Gibson acknowledges that it's important to offer them to be a one-stop shop for customers who want them. "If you're already making a delivery, you might as well add more dollars to the order, even if it's something with a [low profit margin]," he says. "By making more categories visible to your customer, you become more of a total solution."

In that way, Gibson views tech products—mostly toner and ink, but also computer peripherals and accessories such as printers, cables, and keyboards—as a means to an important end: long-term, repeat customers who buy all their supplies from him because it's convenient for them to do so.

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Finding gaps in order history

Gibson's holistic approach is evident in his marketing strategy. Because it's his goal to sell the entire pie, his sales staff is trained to look for gaps in customers' order history, then fill them.

"One thing we do really well is look at what our customers are buying from us, then go hammer them with [marketing] material of product they're not buying from us," Gibson says. "It could be somebody who's bought from us, but never bought toner, or it could be somebody who used to buy toner from us, then stopped. If we see a customer hasn't bought ink from us in the last two to three months, my sales staff will send a flyer that says, 'Hey, we have toner and ink.'"

It's sort of like collecting loose change. If you need a dollar, you can't just pick up a quarter; you've got to grab all the coins you find. "You have to take the approach that you're making your money on the order as a whole," Gibson says. "Tech products are part of that."

When his father founded Complete Office Supply in 1988, "technology" was a category defined mostly by typewriters, calculators, and fax machines, explains President Alan Bird. Although his family's business originally excluded those products in favor of traditional consumable goods, it began integrating them into its business when customers began integrating computers into theirs.

Today, tech products are a significant category for the Indianapolis-based company, which recently decided to experiment with more tech items as a means of rebuilding its sales organization.

"I wanted to get ... into an inside sales model because I found that my outside sales model wasn't very effective," says Bird, who turned to United Stationers for sales and marketing resources that could help him execute the transition. "United sent a stream of information about new business generation. It said that new business development is stronger when it's focused on tech items. We decided that had to be rooted in fact; rather than try to validate it through research, however, we decided to validate it through practice."

United Stationers' tech flyers are the centerpiece of Complete Office Supply's resultant customer acquisition strategy. Although the goal ultimately is moving high-volume tech products like ink and toner, prospects typically want to place a one- or two-item sample order first.

"New customers don't typically want to jump off a cliff and give all their business to us immediately. They want to test us with a couple of small orders first," Bird says. "When we show up with a flyer, there's usually something in there that people respond to—an iPad accessory, a flash drive, a keyboard—so they can make a one-time-only purchase and actually test how we do."

A focus on accessories

When the company performs well on smaller tech orders, flash drives and mice eventually give way to paper and ink—although not printers, CPUs, or monitors, as Bird prefers to focus exclusively on secondary tech products. "When it comes to tech equipment, the support needed from the local dealer is greater than the technical expertise we have available on staff," he says.

According to Bird, tech products have given him not only the inside sales success he was seeking, but also longevity with his customers. "If I'm already selling them standard office products, getting them to buy tech items from me may boost my volume with the client anywhere from 10 to 30 percent overall," he concludes. "More importantly, though, it keeps them from going to another vendor to get what I don't have, and that gives me another platform to stand on."

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