

Shrink to fit

Printing company improves business by narrowing its focus on most profitable niche



By Rafael Mittlefehldt
Contributing writer

To grow, Azure Imaging and Printing had to get smaller.

The company, now known as Azure Vehicle Graphics, used to offer the full range of services typically found at general printing shops.

Now, it focuses only on vehicle wraps — graphics imprinted on vinyl sheets that are attached to a car or truck, usually for advertising purposes.

Peter LoBrutto, president of Azure, says the shift was a conscious decision made so the company could grow.

Azure was launched toward the end of

2003, and for more than a year the company took all the business it could get, LoBrutto says.

But the staff began noticing that vehicle graphics were bringing in a majority of Azure's revenue.

"It was a natural progression — to a point where 80 percent of our business was in graphics, and was only taking 20 percent of our time," LoBrutto says.

In January 2005, it was time to make a change.

So Azure made use of a focus strategy, also called niching — a practice where a business will narrow its market and concentrate on a specialized cluster of products and services.

Eli Cox, marketing professor at the University of Texas, says such a strategy is common for those looking to grow.

"If a business finds that they do not have the necessary concentration or focus, then a narrowing is appropriate," he says. "The underlying idea is to define the business' competitive arena so they operate more potently than competitors in meeting customer needs."

LoBrutto says it makes sense for the strategy to bring in more business, because customers generally choose niche businesses over more universal businesses when they need specific services.

"If I want to get my transmission worked on, am I going to go to the transmission

specialist, or am I going to go to the general mechanic down the street?" he says. "From a marketing perspective, [the general mechanic] is not going to be the first guy I think of."

He says niching has allowed Azure to be among the best in the vehicle graphics business, rather than merely average in all segments of printing services.

"We're doing more wraps, making more money with less work," says Daniel Lowe, Azure's vice president of sales. "That just makes sense to me — less work, more money."

LoBrutto says Azure found niching difficult at first, because it takes discipline to turn down orders.

"We cringed at the beginning, because we were turning down business right and left," Lowe agrees.

But the benefits were soon apparent.

LoBrutto says that since the change, Azure's business growth has continued — but now the company has the resources to better handle that business.

Before, he says, the smaller, miscellaneous printing jobs would get in the way.

If a \$30 job tied up the printer for three hours, it would often delay a \$3,000 vehicle wrap order. Now, no other services conflict with the vehicle graphics.

Additionally, though the company already does business in a nationwide service area, niching has allowed it to depend less on Austin for revenue, LoBrutto says.

The specialized nature of the vehicle graphics industry makes it more suitable for long-distance transactions — a customer will pay to send his car or truck to another state for imprinting, but will take business cards or posters to a local shop, he points out.

Currently, only 20 percent of Azure's business is in the Austin area.

The rest comes from all over the United States and Canada. LoBrutto says he's considering expanding to Mexico and Latin America, but would need to hire a full-time Spanish translator before that happens.

Other companies are coming to similar conclusions about their own focus strategies.

Emily Kroes, a graphic designer with Ambient Graphics, a general printing company based in California, says the company will make a shift nearly identical to Azure's to narrow its market.

Within the next six months, she says, Ambient will reduce its focus to offer only two primary services: color transfers — imprinting digital images onto three-dimensional objects — and vehicle wraps.

Like Azure, Ambient saw “a huge red flag” when wraps and color transfers began generating most of the company's profits, Kroes says. Unlike Azure, however, Ambient's decision to niche was not born specifically from a desire to grow, but to stay “ahead of the game,”

she says. The company actually expects to lose employees because of the shift.

Azure, on the other hand, has already added one employee because of its shift, and now has four full-time employees. Lowe adds that, as business grows, adding even more employees will be the next step.

Azure's expansion has allowed it to begin offering what it calls “dealerships” across the country and in Canada.

LoBrutto says the dealerships will work like franchises, acting as independent arms of Azure, except that they won't do any of the printing themselves.

Instead, each dealership will pay the Austin store to print the graphics, which will then send the autos back to the external dealership to sell for a marked-up price.

So far, Azure has unexpectedly received responses from people all over the globe

who are interested in the concept, including Pakistan, India and Botswana. LoBrutto says he's looking into the feasibility of setting up foreign dealerships — a development that he says could push Azure to grow very fast.

LoBrutto says he came into the business not knowing much about the printing industry. Granted, that made the venture more risky, he says. On the plus side, it allowed those at Azure to be more open-minded.

He says it was that willingness to try new things that led to Azure's growth.

“Be open-minded,” he says. “But once you find that niche, go for it. Don't be afraid to turn down business in order to grow.”

Rafael Mittlefehldt is an intern for the Austin Business Journal.