

What do Customers Want from a Joint Selling Entity?

Contributed by Eli Kwartler, Kwartler & Associates, Amherst, Mass.

As part of its initial work in the FirstPak program, AICC's Marketing Committee felt that the best way to learn what was important to buyers when purchasing for multi-location, or on a national basis, was to conduct a telephone survey with key packaging users around the country. Some of their responses were not unexpected; however, many answers added new important information, which should help FirstPak companies market and sell to multi-location companies.

As expected, lower pricing was listed as the first priority. As the pricing issue was explored, however, it became clear that being competitive and then helping reduce overall packaging costs were tandem benefits. A given supplier's large size was not necessarily seen as a positive attribute. Being a profitable company with an assured paper supply contract and being able to service many locations are the key requirements.

According to the responses we received the perceived differentiation between the Independent and the Integrated was that the Integrated had the ability to service many locations and had economy of scale. Conversely, the Independent strengths were relatively unknown, but in general thought to be more responsive and flexible in terms of specialized products and services.

The following selected questions and their responses illustrate the concerns of major packaging users who have adopted a "single source" purchasing strategy. These have been edited for brevity.

1. How long have you been purchasing corrugated on a national or multi-plant basis? Response: 4.2 years

2. What was your main motivation or expectation for this purchasing policy? Responses in order of importance: "cost reduction"; "centralize buying"; "single supplier handling complex projects."

3. In your opinion, what can a large national or multi-national corrugated producer do for you that a local independent cannot? Responses in order of importance: "serve multiple locations"; "nothing"; "assured paper supply (we were put on allocation in 1995)"

4. In your opinion, what can a local independent corrugated producer do for you that a large national producer cannot? Responses in order of importance: "more flexibility and responsiveness"; "nothing"; "provide niche, specialized products"; offer better focus on service;

For more information on this end-user survey, or for a copy of the complete results, please contact AICC headquarters by calling 703.836.2422.