



# The DATA CAPTURE Report

Since 1977, the premier management & marketing newsletter of automatic data capture: Bar Coding, RF and related technologies.

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## Special SCAN: The DATA CAPTURE Report Reprint

### DNP IMS America Thriving After Sony Chemicals Acquisition

In July 2008, **DNP IMS America** closed on its acquisition of the thermal transfer ink ribbon business of **Sony Chemicals Corporation of America** [see *SCAN/DCR* 7/25/08]. Since then, DNP has moved quickly to merge the products and talents of the two organizations. Today, Satoshi Kondo, general manager of global bar code operations, says DNP is “a completely new company.”

Kondo told *SCAN/DCR*, “The TTR market has changed a lot in the past 10 years. In the 1990s, there were many reputable companies, and the industry was very competitive. Now, there are only three or four vendors that compete on a level playing field. There’s still a lot of vendors of low-end wax ribbons, and that market is limited. Margins are shrinking. However, in the high-end specialty sector, such as



**Satoshi Kondo,**  
general manager of  
global bar code  
operations, DNP.

our resin-enhanced wax ribbons, we can ask for better pricing. In this sector, you need to offer service and products that are designed for specific applications. Our TR4085plus™ is the industry leader in its category.”

#### **Finally—sensible pricing**

Over the years, the TTR industry has actually been its own worst enemy. Ongoing price wars, added with an over-abundance of vendors, has made it tough to survive. Some vendors haven’t. The term commodity was often used to describe the market. But, DNP, Director of Customer Relations, JoAnn Kemp, told us that it all depends on what element of the market you’re talking about.

“We’ve always absorbed manufacturing cost increases because it was necessary to compete,” said Kemp. “But, for the first time in the company’s history, we recently had to pass the increases along to our customers. This is primarily in the resin sector. Low margins are not healthy for the industry. If we are going to continue to offer better products and increased service, we have to make money.

“Our customers seem to be accepting this well,” she continued. “If we offer them the right product at the right time, it will perform like they want. Price is not the only issue with users. They come back when

you give them reliable ribbons and quick service.”

### **2X2 Promise**

To back up the company’s philosophy, DNP recently announced its new 2X2 Promise. Basically, it offers a money-back guarantee that any order received at the Pittsburgh facility by 2:00 pm ET, for two cases or less, will ship out the same day.

### **Challenges**

When asked about the biggest challenges facing the industry, Kemp said, “There’s been an emergence of competition in the industry, and most of these newcomers are offering inferior products. It creates confusion for customers. We have to go back and explain the difference between our specialty products and the low-grade ribbons that are flooding the market. We have to understand what our customers want, and then provide them with the best products for their needs.

“Perhaps one of the biggest challenges is that some of these new vendors have begun shipping directly to the customer,” Kemp continued. “Selling direct to the end user hurts the VAR community. They shouldn’t have to compete with vendors.”



**JoAnn Kemp,**  
*director of  
customer relations,  
DNP.*

### **About the recession**

Even with the tough times our industry is experiencing, Kondo said DNP is experiencing double-digit growth in some regions. “In countries such as Brazil, India, Russia, and China, we have seen 10% sales growth,” Kondo stated. “Sales in China are doing exceptionally well, largely due to the fact that all production seems to be moving there. The more production you have, the more labels you need to print. Being a global company enables us to capitalize on these thriving regional markets.

Continuing, Kondo told *SCAN/DCR*, “We experienced a temporary slow-down in U.S. sales, last Oct. Our current sales growth in the U.S. is only about 3-5%, but we expect that this number will increase as the economy begins to turnaround.”

### **The best markets**

There are usually some markets that do well, even in an economic downturn. When asked what markets are showing the most promise, Kemp answered, “Right now, flexible packaging, healthcare, and half-in printers (primarily wax). I think it’s important to note that, if it weren’t for our broad product line, as a result of our merger, we wouldn’t have been able to capitalize on these markets like we have. We closed the acquisition in July (2008) and by Feb. (2009), we had completely consolidated our organizations and fully integrated the Concord, NC, operations into the Pittsburgh facility. We’ll use the Concord facility, and our operations in Tula Vista, CA (south of San Diego) as distribution centers. This will help us save money in transit costs.”

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### **RFID—hurting or helping the market?**

For awhile, misleading stories in the mass media had some industry leaders worrying that RFID may replace bar codes. Obviously, we all know now that, as it turned out, bar code printer manufacturers have been the ones tasked with attaching RFID encoders to their TT products. It is unlikely that we'll see a time when no human readable/bar code label will be needed.

That said, we wondered how Kondo felt about RFID's affect on the market. "Many companies have tried to implement RFID," said Kondo, "but the cost is much higher than that of a traditional bar code system. RFID hasn't really affected our sales one way or another. There's still a tremendous need for our products.

"In the future, RFID use will grow, and we'll be there together. We may even see a time when we can offer ribbons to facilitate printed antennas."

"When RFID does take hold, users will need low-static ribbons," added Kemp. "Our TR4085plus currently incorporates an anti-static additive. We are

ready for RFID."

### **DNP's future**

When asked how DNP will proceed in the market, Kemp stated, "DNP got its start in the fax business. Sales of those types of products are decreasing, so we can now concentrate all our energy on excelling in our current markets. We have plenty of capacity."

Kondo told us, "We are approaching our customers and telling them we are now the new DNP group. The industry is going to see some fall-out, but we will definitely be one of the strong survivors.

"With respect to DNP executing any more acquisitions, we don't see that happening, but it is always a possibility. I think the industry may just see some vendors dropping out."

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