



## June 2006 Archives: Images

### Sign business propels Foxfire

By LARRY NAGENGAST

When John Ferretti sees a "10 for \$10" sign in an Acme supermarket, he just has to smile. And it's not because he's spotted a bargain.

Ferretti is CEO of Foxfire Printing, the Newark-based company that has shown Acme how to save time and money printing and posting pricing signage throughout all the stores in the supermarket chain. And Foxfire has done the same for others — Shop-Rite supermarkets, Eckerd Drugs, Pep Boys auto supplies and Toys 'R Us, to name a few.

There's nothing particularly glamorous about printing millions of signs week after week but it's what Foxfire does best — making up 60 percent of its business.

And, Ferretti says, this is a huge market that still has plenty of room for growth.

The secret to Foxfire's success — Ferretti projects gross revenues of \$22 million this year — is not so much what Foxfire prints but how it manages complex databases in a way that not only generates attractive signage but also enables retailers to post the signs more efficiently.

According to Ferretti, for retailers with traditional signage systems, "the labor to hang the sign costs five to 10 times the actual cost of signs themselves. If a company is spending \$2 million on signs, it's spending \$10 million to \$20 million to hang them."

Printing signs in stores, a system many retailers used 10 years ago — and lots of them still do — "is a lousy economic model, using the most expensive labor, store labor, to produce signs, using printers that are very slow," Ferretti says.

But Foxfire has a better way, one made possible by the arrival of Xerox iGen3 digital color printers and the perfection of proprietary database-management software created by a former printing partner that Foxfire acquired in 1999.

Until that purchase, Foxfire, founded in 1991, had developed a business that focused on printed image four-color sign shells. The printing partner, LSW Inc. of Landover, Md., then used its software and black-and-white laser printers to print prices on Foxfire's shells, which were then sent off to retailers to hang in their stores.

Thanks to the iGen3, Ferretti explains, printing four-color signs, complete with images, has become affordable for many retailers. What makes Foxfire special is how it uses the software to give retailers something they can't do themselves and could get from only one or two other printers nationwide.

Take Eckerd Drugs, one of Foxfire's best-known clients. Eckerd's has 1,542 stores with 12 price zones in six different marketing regions. Stores of with different square footage have different configurations, so the firm has 158 different planograms, the sheets that specify exactly which product goes on which shelf in which aisle, and how much space they take up in each location. Prices change every week, and so do elements of the planogram.

Eckerd's sends Foxfire images that it wants to use in its signage — pictures of aspirin bottles, shampoo, dish detergent and diet soda. Separately, it sends Foxfire the planograms, along with a list which stores use which planogram. Finally, it sends Foxfire updated price lists every week (and more frequently when it has one-day or two-day sales).

Literally millions of different pieces of data, from several sources within the drugstore chain, arrive at Foxfire.

And now, the magic.

Not only does the database-management software match the right prices with the right signs, it adjusts the size and spacing of the type so everything fits neatly and is easy to read.

But here's the really good part: the software directs those iGen3 printers to spit out the signs in full color, cut and stacked, in exact planogram order. The signs are boxed and sent to a distribution center or direct to the store.

Then, at the store, it's a fairly simple task to open the box, take the signs for each aisle, start at one end and place each sign, in order, exactly where it's supposed to go.

"The sophistication of the software makes it easy to adjust pricing by marketing zone. You could have pricing per store, if you were so inclined," Ferretti says.

"It is a very sophisticated system, but I think we've perfected it very well," he says.

"It's really not that hard for us to set up a new client."

As stunningly practical as Foxfire's system seems, it takes time to cultivate clients. For example, Ferretti says, it took four years to land the Pep Boys account.

"As you become a leader in new technology, early adoption isn't always easy," he says.

Another new client for Foxfire is Dollar General Stores, which Ferretti says is opening 35 to 40 new stores a week. For each new store, Foxfire is producing "planogram strips," four feet long by one inch wide, that slide into the channel on the front of each shelf in the new store. Each strip indicates which product goes on a particular shelf, and how many facings for each product. Once the strips are in place, Dollar General merchandisers can move down each aisle, filling each shelf with precisely the right amount of each product.

No matter how great the growth prospects for the store signage market, Foxfire isn't hesitating to develop other approaches that capitalize on its ability to customize data.

For example, in addition to sending out generic circulars each week, Ferretti figures it won't be long before supermarkets utilize the data they collect when shoppers use loyalty cards to send individualized direct-mail pieces offering specials on products they know a particular customer is likely to buy.

"We can do zone pricing for supermarkets, and now we have the capacity to do this in direct mail, one to one," he says.

Foxfire has about 130 employees, about equally divided between its 65,000-square-foot offset printing facility in the Delaware Industrial Park in Newark and its 35,000-square-foot digital printing facility in Upper Marlboro, Md., east of Washington, D.C.

Most of the customized supermarket work is processed at Upper Marlboro but plenty of store signage comes out of Newark as well.

And there's more. Foxfire has carved a second niche as the printer and fulfillment center for manufacturers of computer and video games. "We do a lot of \$10 and \$20 games for medium-sized publishers," Ferretti says. In essence, the game publisher provides the content for the packaging and Foxfire prints the packages and the jewel case inserts. Duplication of the CDs is outsourced, but Foxfire puts the whole package together, then ships the games to retail distribution centers.

Foxfire also prints DART bus schedules, brochures for pharmaceutical companies, operating manuals for a forklift manufacturer, jewelry catalogs and some periodicals, including Delaware Business, the Delaware State Chamber of Commerce magazine.

Ferretti is continuing to look for opportunities for Foxfire to innovate and expand. While printing is the company's business, the key to its success is how it creates efficient systems that help its clients strengthen their bottom line through increased sales and improved operating efficiencies.

"Print just happens to be the byproduct of our solutions," Ferretti says.