PRINT 09 Overcomes Challenges of Global Recession

Delivers Solutions for Attendees, Results for Exhibitors

Proving once again its value to the graphic communications industry, PRINT 09 overcame the challenges of a severe global recession to host the year’s international graphic communications exhibition. More than 18,000 print professionals from 94 countries assembled at the expansive McCormick Place in Chicago, September 11–16, to examine, compare and purchase the latest graphic communications technologies.

While overall attendance was lower than at the previous PRINT, which took place in 2005, when the economy had been enjoying relatively steady growth from the previous few years, PRINT 09 drew a total 28,678 attendees, which included exhibitors and attendees, and 18,999 actual verified attendee/buyers. Based on its commitment to reporting the truest and most accurate attendance numbers, the Graphic Arts Show Company (GASC) defines ‘actual verified attendees’ as registered on-site show goers—counted only once—regardless of their number of days at the show, or times they enter the exhibit hall(s). Show data reports also reveal the event drew high-level attendees from 10,512 unique buyer companies who came to explore the equipment, products, services and applications demonstrated by the 680 exhibiting companies that occupied 566,284 sq. ft. of space across the expansive North and South Halls of McCormick Place. Also, new to the show this year were 126 first time exhibitors, many of whom joined...
There is a Lot Here!

Ralph Nappi
NPES President

There is a lot in this issue of NPES News, and while I have never used my column to summarize a newsletter issue, this would be the exception for two reasons. First, to highlight the fact that NPES is working hard for you to deliver relevant and valuable services and second, that we are accomplishing this with a lot less staff and resources. Which, until I reviewed this issue, made me recognize that the slimming down and refocusing of dwindling resources can actually sharpen an organization and maximize our effort. Look what I mean...

Despite our industry’s challenges and limited resources, NPES is providing a plethora of current, relevant and valuable resources that impact your bottom line.

PRINT 09: For all that has been said, good and bad, the show met or exceeded the large majority of exhibitors’ expectations and a larger majority of attendees’ expectations. While not the largest show or the biggest attended, it was a success. NPES and GASC stepped up for exhibitors, attendees and industry in many ways previously reported.

Market Data: In the last few months NPES introduced two new market data and forecasting programs and we are on the verge of another. We just released the second quarter economic outlook report by Alan Beaulieu of the Institute for Trend Research. Alan has provided presentations over the last few years with great accuracy. We also announced last month a program with Equipment Data Associates that allows members to mine UCC (uniform commercial code) data for determining market share, penetration and future sales. Our newest program, anticipating a January 2010 rollout, is focused on digital press data collection. We recognize that our market data reports come up short by not including digital press data and we are now close to reporting a complete outlook of press consumption in the United States.

Standards: While not an exciting aspect of our business, it is a vitally important component especially if you are selling sustainability, government regulations and high energy costs have on the North American packaging industry. Our study, “Global Trends in Packaging Affecting the North American Converter and Supplier Markets,” is to be released to NPES and PRIMIR members shortly. That, in addition to our just completed revisions to the “World Wide Market for Print,” makes what PRIMIR and NPES provide to our members in the research area a huge value.

Legislative: As much as 50 percent of everything printed goes through the US Mail. So the vitality of the USPS to our business cannot be overstated; which is why our government affairs efforts address this important issue, most recently by our efforts in leading an outreach drive called “MAIL Delivers JOBS.” This recent activity, which many of you saw during PRINT along with our continuing efforts fighting against the many state “Do Not Mail” campaigns, indicates our commitment to very specific legislative issues impacting our industry in addition to the general business issues like: healthcare, product liability and estate tax reform.

All these initiatives and more are in this issue of NPES News, which I share to highlight the fact that despite our industry’s challenges and limited resources, NPES is providing a plethora of current, relevant and valuable resources that impact your bottom line. Please take some time to review this issue and PLEASE ‘engage’ because it would be a shame if the 80/20 rule held true for these important services.
veteran exhibitors in recognizing the high caliber of attendees at this year’s show.

“The quality of attendees was outstanding,” reported Richard Trapilo, executive vice president and general manager of C.P. Bourg, Inc.

According to Don Ohlig, managing director of Fabrication Concepts Corp. OLEC Technologies LLC, “From my point of view, the show was very good. We were manning three booths and had steady traffic most of the time. I know there was not the number of visitors that most wanted, but the attendees were serious and more upbeat than I had seen in a while.”

“PRINT has the cachet, and attendees know that,” said Paul Foszcz, marketing manager at manroland Inc. North America. “If you’re looking to buy something in this industry, you’re here at PRINT. That’s one of the reasons we’re here.”

Mark Levin, president of Presstek Americas, observed “Especially in difficult economic times, it can be hard to predict the return on investment from a major trade show such as PRINT 09. Presstek was delighted with our decision to support the show.” Brian Wolfenden, director of marketing communications for Presstek, Inc. shared that “The show proved a strong venue to announce our new products and reinforce our brand image. We took order commitments across our entire product portfolio and captured qualified leads. PRINT 09 also helped us to gain exposure to a larger and more diverse audience.”

Dave Jackson, of EP Graphics in Berne, IN, was one of those who came to PRINT to buy. “PRINT gives you a chance to check out the newest equipment releases and talk with several industry experts in a very short period of time. Fortunately, we were in a position to be doing more than window-shopping,” he explained. “Over the past year we added digital printing to our bag of tricks, so we were shopping for software and finishing equipment to support that venture.”

Andrew Shama, from Proven Direct, Milwaukee, WI stated that his company attended the show because, “We like to put faces to names and to see all the new technology. The show provides a good way to arrange one-to-one meetings with specialists at vendor companies, see new products that are hush-hush, compare products in person and see the equipment running.”

PRINT exhibitors observed that attendees represented not just commercial printers but all segments of the graphic communications industry, including digital printers, book publishers, newspaper publishers, in-plant printers, transactional printers, mailing and distribution.

The show provides a good way to arrange one-to-one meetings with specialists at vendor companies, see new products that are hush-hush, compare products in person and see the equipment running.”
Because PRINT focuses on the entire process, including finishing any number of ways, they deliver all the people we need to put that process together from one to the other.”

New for PRINT 09 were four special market-specific presentations. “Newspapers Exploiting New Technologies to Remain Effective,” specifically geared for newspaper printers and publishers, quickly filled to capacity as 169 attendees filled the seats.

Attendees searching for new technologies gained the information they needed from demonstrations of ‘live’ running equipment across the North and South halls of McCormick Place combined with consultative discussions with the experts—PRINT 09 exhibitors.

PRINT 09 attendees explored “New Frontiers in RFID & Printed Electronics” at Future Print, the one-stop show floor destination for those seeking information about emerging technologies and future market opportunities.

professionals, along with print buyers, among others. Sophia Farina, Quark Inc.’s director of marketing for North America, for example, pointed out that she was able to see not just printers but also graphic designers and students at the show, while Jeffrey Brewer, vice president and general manager for GBR Systems Corp., commented on the number of mailing professionals who attended. “Because PRINT focuses on the entire process, including finishing any number of ways, they deliver all the people we need to put that process together from one to the other. No other show does that,” Brewer said.

Summed up by Ron Pueschel of bielomatik jagenberg, Inc., “PRINT and GRAPH EXPO come the closest of all the North American shows to addressing all the market segments we serve.”

The breadth of segments represented and range of technologies shown at PRINT 09 was an attraction for attendees as well, who were able to take in the newest profit-boosting equipment, products and services from the 680 exhibitors during the show.

“PRINT is a one-stop shop for new technology and new products, and most of the vendors we want to see are here with their new equipment,” said Roger Supalla, operations manager at Card Fulfillment Services in North Mankato, MN. “In this economy, you have to justify spending money on travel. We felt it was very beneficial for us to attend and see the new inkjet technologies and many other technologies.”

According to Howard Harris, president of Eagle:XM in Denver: “Technology is all about creating a big bang, but the real challenge is how you put it together. PRINT offers a great opportunity to look at future applications that would serve our customers and the related
technology to create efficient systems to meet their needs.”

As Mike Jeziak, president of Inkslingers USA, an experienced show goer and owner of a chain of tattoo studios, the patent for tattoos on clothing, and a large clothing line, remarked about the scope and breadth of PRINT 09, “We’ve gone to shows at the Rosemont Center and in New York, Las Vegas and Florida for years looking for one that has all the machines, graphics and packaging we need for our unique application, and this is the one I really needed to be at.”

Ultimately, “as trade shows have consolidated, our customers point to this show to find the solution to every application that’s keeping them up at night,” said Michael Aumann, president, Buhrs Americas, Inc. And, due in part to GASC’s efforts to make PRINT 09 a valuable and educational experience for those who were there, exhibitors and attendees alike expressed great satisfaction with the show.

“In spite of the economy, we had good attendance at our booth,” said Karen Gross, executive director of the Sustainable Green Printing Partnership. “We were able to reach a large number of our target audience in a short amount of time with a very concentrated effort by our staff. It’s difficult to reach these numbers in any other available format in such a short amount of time.”

Noted Jackson of EP Graphics, “I’ve been attending PRINT and GRAPH EXPO shows for 20-plus years, and this was the most productive show I’ve attended. All of our show goals were accomplished, and we are looking forward to the future with much optimism.”

Echoing the positive feedback about PRINT 09, Shamez Asaria, senior global trade show & applications manager of Gandinnovations stated, “We’re trying to pull people from different parts of the industry and this is a perfect show for us; Gandinnovations attends 32 shows each year around the world, but we are planning to exhibit a GRAPH EXPO 2010 and anticipating a better economy to showcase new products—PRINT and GRAPH EXPO are good venues for that.”

Next up for the industry is GRAPH EXPO 2010, with the return of PackPrint, set to take place October 3 – 6, 2010, at Chicago’s McCormick Place South. Six special-interest pavilions planned for the show will include the debut of the new Newspaper Pavilion. For additional information, visit: www.gasc.org.
In what may be evidence that the long-anticipated recovery may soon be here, the preliminary second quarter 2009 NPES market data numbers were mixed, with total equipment shipments continuing to decline but with shipments of total supplies increasing for the first time in the last four quarters. As the economists say, when the indicators start showing mixed results it is a good sign that the bottom has been reached.

Coupled with Fed Chairman Ben Bernanke’s recent assessment that the worst recession in 70 years was “very likely over,” the change in direction of the total supplies shipments bolsters the hope that our industry will participate in the recovery that most economists predict will take hold in the overall economy in this third quarter of the year.

Until that happens, however, the 2Q09 equipment numbers show just how high a toll the Great Recession has taken on our industry. If we extrapolate the first half 2009 total equipment shipments to the full 12 months, as illustrated in Figure 1, 2009 will come in at $731.1 million. It is important to note that these figures do not include digital equipment, which many industry observers believe would account for much of the reported decline in shipments.

For total graphic arts supplies, the good news is that the second quarter shipments increased by 10% ($21 million) from the first quarter numbers. As shown in Figure 2, annualizing first half shipments gives a total for the year of $867.5 million, down 19% from 2008 shipments.

What is certain is that the economy will improve, and companies need to plan now to take advantage of the opportunities presented by the recovery. To help them do that, NPES member companies have an unparalleled resource available to them: the free NPES Market Data program.

The NPES Market Data program has been providing participants with critical information on the size of the printing equipment marketplace for 50 years. The program has recently been enhanced with two new services that significantly increase the value of the information provided.

First, NPES recently entered into an agreement with the Institute for Trend Research, the company led by Alan Beaulieu, to provide participating member companies with expert economic analysis and industry forecast reports. Alan has twice been a keynote speaker at NPES conferences, and both times his informative and insightful economic forecasts have been the highlight of the meetings. Alan was one of the few experts to correctly predict the timing and severity of the downturn, and NPES members immediately saw the value in the information Alan could provide and requested that NPES work with him to provide forecasts for our industry.

The quarterly Economic Outlook Reports provided by ITR offer analysis and forecasts for the overall U.S. economy and six key industry product segments: total equipment, total pressroom equipment, sheetfed offset presses, total bindery, total graphic arts supplies and direct to metal printing plates. They also provide updates on key leading economic indicators that members can use to predict their own future activity.

These quarterly reports, with an annual value of nearly $20,000, are provided at no cost to those NPES member companies that
participate in the NPES Market Data Program. Those member companies that do not participate in the Market Data program will receive a limited report with the basic information on total equipment and supplies.

Second, as another value-added service to those members that participate in the Market Data program, NPES recently signed an agreement with Equipment Data Associates (EDA) to offer participating companies a 20% discount on EDA’s data services. EDA collects purchasing and financing information for buyers of printing equipment from UCC (Uniform Commercial Code) data, and companies that subscribe to EDA’s services can mine their extensive database to find out exactly who is buying which pieces of equipment and when they made that purchase or lease. Armed with that information, NPES members can identify previously unknown customers in today’s changing marketplace.

The free NPES Market Data program now offers it all: current and historical shipments information for key products, an expert analysis and forecast of where those markets are going, and the ability to know which customers to target to make a sale. If you do not currently participate in the NPES Market Data Program and would like to receive these valuable benefits, please contact either Curt Alt or Rekha Ratnam at phone: 703/264-7200 to sign up.

"What is certain is that the economy will improve, and companies need to plan now to take advantage of the opportunities presented by the recovery."

International Standards in Ballot

Four international standards are being issued for balloting early this fall; three address the safety requirements for different kinds of machinery used in our industry and one addresses the exchange of variable print data.

NPES is the Secretariat of the U.S. Technical Advisory Group (TAG) for the committees developing these standards. As such, your Association provides you with the valuable opportunity to participate in, and guide the development of these international standards. This can be done by active participation on the committees doing the work, and also via the balloting process of the U.S. TAG—the means by which we manage the official U.S. vote and comments at the balloting stages.

SAFETY STANDARDS

- **ISO 12643-1, Graphic technology — Safety requirements for graphic technology equipment and systems**: consists of five parts. Parts 1 and 4 recently completed balloting and are being published by ISO in early fall.
- **ISO 12643-1, General requirements**: provides requirements that are applicable to the equipment addressed in the ISO 12643 series; to be used in conjunction with one or more of the other parts. Recently revised, this new version is being published by ISO.
- **ISO 12643-4, Converting equipment and systems**: provides safety requirements for the design and construction of converting equipment used in the package printing, converting and graphic technology industries.

The following remaining parts undergo the final ballot this fall, giving you the opportunity to review the work and provide your input:

- **ISO 12643-2, Prepress and press equipment and systems**: provides requirements specific to prepress and press equipment and systems. This part supplements the general requirements contained in ISO 12643-1, and provides additional safety requirements for the design and construction of new press equipment and the auxiliary equipment integrated into the press control system.
- **ISO 12643-3, Binding and finishing equipment and systems**: provides requirements specific to binding and finishing equipment and systems. This part supplements the general requirements contained in ISO 12643-1, and provides additional safety requirements for the design and construction of new equipment used to convert printed or blank substrates into cut, folded, collated, assembled, bound or otherwise finished product. It can also be applicable to processes for preparing substrate for the printing process.
- **ISO 12643-5, Stand-alone platen presses**: provides requirements specific to stand-alone platen presses. This part supplements the general requirements contained in ISO 12643-1, and provides additional press design requirements for the design and construction of new hand-fed or automatic stand-alone platen press systems intended for diecutting, creasing, embossing, foil stamping and/or printing of paper, board and other materials processed in a similar manner.

STANDARD FOR EXCHANGE OF VARIABLE PRINT DATA

Another international standard that will undergo final ballot this fall is ISO 16612-2, **Graphic technology — Variable data exchange — Part 2: Using PDF/X-4 and PDF/X-5 (PDF/VT-1 and PDF/VT-2)**.

This standard specifies a document format (PDF/VT) and methods to enable reliable document exchange for variable data and transactional (VT) printing. It uses the Portable Document Format (PDF) Version 1.6, as restricted by PDF/X-4 and PDF/X-5 (ISO 15930-7 and ISO 15930-8, respectively), for the representation of such documents. It allows the specification of document structure and layout, content data and interaction of graphical objects in a graphics model that supports transparency and both device-dependent and device-independent color spaces. All elements either are included or provision is made for unique identification of externally supplied graphical content or ICC profiles.

PDF/VT is designed to enable variable data and transactional printing in a variety of environments from desktop printers to digital production presses. This includes hybrid workflows involving both conventional and digital printing.

WHAT YOU CAN DO

If you are interested in following this work, or reviewing and commenting on any of the draft standards listed above, contact Mary Abbott, NPES Director of Standards Programs, at e-mail: mabbot@npes.org or phone: 703/264-7229.
For more than 50 years, NPES’ Market Data Program has been providing participating companies with timely and comprehensive data on marketplace activity, allowing those companies to track the shipments of units and supplies and determine their market share with confidence. In July, NPES enhanced the program by providing participating companies with expert industry analysis and forecasts to help them understand what is coming so that they can plan now to take advantage of future opportunities. Now, NPES is pleased to offer companies that participate in the free Market Data Program significant discounts on access to comprehensive UCC-based market intelligence through Equipment Data Associates (EDA).

In August, EDA entered into an agreement with NPES to become the exclusive providers of UCC marketing intelligence to NPES members. A Uniform Commercial Code (UCC-1) filing is a financing statement that is required by law to be filed with the state to show that one party (usually a lender) has a security interest in another party’s (usually a borrower’s) personal property, and most frequently relates to the commercial financing of capital equipment through a lending institution.

UCC data is filed everyday throughout the U.S. Each UCC data filing statement has three components: the borrower, the lender, and what the borrower purchased, including make, model and serial number. Once the data is filed, EDA’s more than 50 employees manually review each filing to identify and correctly classify the transactions of printing equipment. What results is a robust database that offers subscribers continually updated information on exactly who is buying or leasing what pieces of equipment. This type of specific market information is invaluable to NPES members.

“As our industry evolves and the definition of our ‘traditional customers’ continues to change, information like this that can illuminate new customer segments is critical to the success of our member companies,” says Ralph Nappi, NPES President. “Whether you’re an equipment manufacturer trying to identify new proven buyer prospects or a dealer looking for a listing of all of the customers throughout your area that have the equipment you service, the information EDA can provide is the key.”

EDA’s market intelligence, as well as the wide range of metrics and analytical tools offered, empowers NPES members to harvest new leads, maintain a higher level of service, measure ROI of marketing strategies, and identify new product opportunities. EDA offers three ways to receive its data: a subscription to receive detailed data through the company’s Catapult software, a Catapult subscription to the mailing list only, and custom research projects.

“Our intention behind Catapult is to create an automated marketing analyst for manufacturers, dealer principals, and field sales representatives,” says David Schwartz, EDA vice president of sales and marketing.
NPES Urges Permanent Estate Tax Relief Now

Because many NPES members are relatively small family-owned businesses, permanent Estate Tax relief has been a longstanding association government affairs priority. To advance this priority in the 111th Congress, NPES has joined with a number of other small business organizations in urging Congress to act now to provide permanent Estate Tax relief.

Organized under the auspices of the Small Business Legislative Council, NPES and other small business advocates are calling on Congress to enact a permanent individual Estate Tax exemption of $3.5 million (indexed for inflation) and a top marginal rate of 45 percent, total permanent repeal of the Estate Tax not seeming to be politically likely.

Under current law enacted in 2001 the Estate Tax is scheduled to be repealed completely in 2010, but then will be reinstated in 2011 at its pre-Bush Administration level of 55%, with an exemption of only $675 thousand, unless Congress and the President act to forestall that reversion. At the same time, President Obama’s 2010 budget takes the position that the estate tax should be maintained at its 2009 parameters in 2010. This means that the “death tax” wouldn’t fall to zero next year as scheduled under current law, but estates will be taxed instead at up to 45%, with an exemption level of $3.5 million (or $7 million for a couple).

While the Obama 2010 budget position comports with the objectives of the new Estate Tax coalition, it won’t be permanent unless Congress and the President act to make it so.”

While the Obama 2010 budget position comports with the objectives of the new Estate Tax coalition, it won’t be permanent unless Congress and the President act to make it so.”
Sustainability, government regulations and high energy costs are three of the 20 trends affecting the North American packaging industry, according to a soon-to-be-released PRIMIR Study, “Global Trends in Packaging Affecting North American Converter & Supplier Markets.”

As with all industry segments, packaging has been impacted by the economy during the past year. Printed packaging 2008 shipments were estimated at $79.7 billion, according to the study. But in 2009 the picture changed. “Some markets are horrific, some just very bad,” comments Dave Costa of State Street Consultants, who conducted the research.

The PRIMIR study goes on to provide the market estimates to 2013 broken down by the four packaging segments studied (corrugated, flexible, tags and labels and folding cartons). Little growth is anticipated for corrugated with shipments in 2013 estimated to be $26.5 billion, up from $25.8 billion in 2008. Folding cartons also shows little growth during the period, only climbing to $11.58 billion from 2008's $10.9 billion. In contrast, flexible packaging and tags and labels show moderate growth in the years ahead. Flexible packaging, with industry shipments totaling $28 billion in 2008 is estimated to grow to $31.1 billion by 2013. Tags and labels, with shipments of $15 billion in 2008 are expected to grow the most to $17.5 billion in 2013.

Although factors differ in impact among the four segments studied, just six of the 20 trends identified will have the greatest impact—sustainability, government regulations, high energy costs, retailer involvement, global economics, and offshore manufacuring. We discuss three of these factors in this article.

**Sustainability** represents the most talked about trend underway. Retailers, with WalMart leading the charge, are touting a “save mother earth” philosophy. And, by the way, let's make money, cut costs and increase profits at the same time. Retailers’ emphasis on reducing packaging is planned through a number of initiatives:

- A reduced product-to-package ratio strives for packaging inside of the box being reduced, thus allowing for packages with smaller footprints;
- The increased use of recycled content in packaging;
- Cube utilization such as the use of trays and shrinking wrapping around larger quantity products like bottled water and canned goods; and,
- Packaging material sustainability.

Folding cartons and corrugated segments will be most affected by reductions in packaging materials and sizes of the packages. For example, the move from full-boxes to plastic wrapped trays will reduce the amount of corrugated used. On the other hand, flexible packaging will move to thinner substrates (providing a bright spot for press manufacturers as newer presses are better suited to handle these materials). Finally, label use will be negatively impacted as rigid containers convert to flexible packaging.

**Government regulations** are expected to take center stage as the new administration looks at potential new leg...
United States. If that were to occur, it would likely be harder for U.S. converters to compete with the pricing of off-shore packaging sources.

Sustainability-related regulations also may have a direct influence on packaging in the years to come. Regulating greenhouse emissions (Cap and Trade) is of concern to converters as no one knows what this will cost and how it will affect manufacturing operations. Also unknown is how recycling will impact substrates. Will the cost of recycling balance the yields obtained?

As the FDA gains greater power, the organization is expected to extend the use of warnings on tobacco packaging. These warnings would be much larger—so large that it could mean fewer graphics and changing printing requirements. The PRIMIR study implies that it is possible some food and tobacco-related packaging will move to black-and-white as a result of these new regulations.

The packaging industry is also impacted by the drive toward a greater emphasis on food safety. The ability to track and trace ingredients is desired and packaging/labeling will play a big role in this effort. In general, labeling will become more varied as the government requires more and more information displayed regarding food ingredients. Sodium content, for example, will be the focus of much attention, resulting in new designs, more components and more print work to change label contents.

A third major trend identified by the PRIMIR study is high energy costs. Working in conjunction with sustainability efforts, there is a drive to produce packaging with a smaller footprint and lighter-weight packaging in general. Because of the high energy costs involved, it is entirely possible that there will be a shift in substrates, with paper replacing plastics in some arenas, for example.

The PRIMIR packaging study also evaluated various scenarios that could play into the future of packaging. The most likely of those is the “extreme retailer influence,” which assumes that retailers take full advantage of their size and buying power to keep costs at the lowest possible level. “The best for the least” philosophy pits WalMart, Target, major grocery chains and national retailers such as Big Lots and Dollar General against one another. In the battle for market share, graphic packaging and innovative structures will be the primary weapons. This could result in:

- Frequent graphic changes;
- A proliferation of SKUs;
- Greatly expanded private labels;
- Best practices in printing required across the board; and,
- Better graphics and print quality in all sectors.

The increased use of private labels could lead to a promotional push for those labels to be perceived as “better than national brands.” In order to support this drive, packaging will have to be innovative (to match innovative national brand products being introduced).

This drive for private label branding and the increase in SKUs will mean more test marketing—giving those who specialize in short-run, sample packaging a step up in the market. Retailers will support these efforts with heavy marketing, coupled with direct sales programs in catalogs and on the Internet.

Extreme retailers will look to converters to supply innovation, demanding R&D in the areas of substrates (don’t forget sustainability), various unique types of closures, eye-catching graphics, and cost-effective inks and coatings with strong shelf impact. In this scenario, says Kevin Karstedt, who worked with State Street Consultants on the study, converters will need to “use the best to the best it can be used.”

Efficiency will play a huge role in future successes. Converters with the best processes, best equipment, best-trained employees and best supplier network will win out.

Automated and efficient processes will be required to be competitive in order to provide fast turnaround, short-runs, innovations and quality packaging at low costs.

Akin to “tough love,” concludes the study, the extreme retailer influence would require all participants in the packaging supply chain to become more agile, more efficient, more innovative, more cost conscious—and better corporate citizens.

The report, “Global Trends in Packaging Affecting North American Converter & Supplier Markets,” was distributed exclusively to PRIMIR and NPE members. Contact Jackie Bland, Managing Director of PRIMIR at phone: 703/264-7200 for membership details.
NEW BUSINESS MODEL IMPERATIVE FOR FUTURE SUSTAINABILITY

Addressing the current year budget crisis and the future sustainability of the United States Postal Service (USPS) have emerged as top NPES Government Affairs priorities during 2009. To these ends, NPES Government Affairs played a key role in rallying the graphic communications industry in support of the USPS by leading the MAIL Delivers JOBS industry letter drive at PRINT 2009. Partnering with NPES on this effort were NPES member xpedx, International Paper and Printing Industries of America.

This grassroots effort, which generated hundreds of letters from industry leaders and workers, urged Congress to provide the Postal Service with temporary relief from a $5.4 billion annual retiree health benefit payment required by law under the Postal Accountability and Enhancement Act (PAEA) of 2006.

On September 30 Congress provided the needed temporary relief by postponing $4 billion of the payment until a later year, at no cost to U.S. taxpayers, thereby averting the current budget crisis and mitigating the potential for a 2010 rate increase.

NPES also called upon Congress to work with the mailing and fulfillment industry and its suppliers and customers in developing a new Twenty-first Century business model to ensure the future sustainability of the U.S. Postal Service. The industry letter can be found at: www.npes.org/government/postal-relief-letter.html.

NPES has taken a leadership role in urging these actions, because a strong and sustainable U.S. Postal Service is vital to the mailing and fulfillment industry, its suppliers and customers, and the overall national economy. Specifically:

- The $800 billion plus mailing industry employs nearly 8.3 million workers and comprises more than 8% of US GDP;
- Millions of other American jobs and livelihoods depend on printed communications of all types, nearly 50% of which rely on the U.S. Postal Service for dissemination;
- Millions of these jobs stem from small entrepreneurial businesses already hard hit by the recession, which rely heavily on advertising disseminated through the U.S. Mail. An insolvent Postal Service would accelerate volume loss and exacerbate the situation; and,
- Unlike other delivery services, the U.S. Postal Service is mandated by law to provide universal service to every household in the United States, and in certain ways is also constrained by law from expanding the scope of its products and services, and from making its operations fully efficient and cost effective.

In light of these factors, it is imperative that the USPS and its customers, working together with Congress and the Obama Administration, develop a new business model that takes into account the continually changing nature of advertising and business communications, and gives the Postal Service maximum flexibility to adjust its operations in order to be effective and efficient in this dynamic new environment.

For more information contact NPES Government Affairs Director Mark J. Nuzzaco at phone: 703/264-7235 or e-mail: mnuzzaco@npes.org.