Exploring New Opportunities in Global Print & Packaging

HIGHLIGHTS FROM THE PRIMIR 2013 WINTER MEETING

At the PRIMIR 2013 Winter Meeting held in Chicago on December 9-11, participants gathered to hear presentations about recent research results from three new studies in advance of the highlights that will be distributed to both PRIMIR and NPES members early in the New Year.

First, in an overview of the updated landmark “World-wide Market for Print: Identifying Global Opportunities for the Print Industry” study, Alex Chan, Senior Consultant for the Economist Intelligence Unit (EIU), shared crucial findings with attendees. Among highlights from the data presented in the study, he reported that as of 2012 the global print market was $578.6 billion U.S. and by 2017 is forecast to grow to $668.6 billion U.S. However, by 2017 China is forecast to become the largest print market nudging the U.S. into second place. (See Figure 1, page 3)

Key drivers of change for print markets worldwide include the global economic recovery; increasing incomes and consumption, especially with reference to emerging economies; increasing population; rising literacy and the growth of digital technologies.

In the second presentation titled “Packaging in Emerging Markets,” attendees heard from LPC Inc., who conducted research for PRIMIR about the markets in Latin America and the Asia-Pacific region, and shared insights into which are prime targets for PRIMIR and NPES members’ products and services.

Focusing on four key countries within those regions, LPC noted that in 2012 Brazil, Mexico, India and China accounted for 28% of the $234.4 billion global packaging market. By 2017, with a total global market of $288.5 billion, those four countries’ share will increase to 35% of the total. Much of this market share is directly attributed to the drivers of change also noted in the “World-wide Market for Print” study with increased wealth/increased consumption leading the way.

According to the LPC study, China exports more printed packaging than any other emerging market in the world and is the second
Sometimes, the opportunities to achieve success are right in front of you. All you need is the inventive spirit and vision to take it to the next level.

A great example of this is what happened in the laboratory of scientist Percy Spencer in 1945. Spencer was experimenting with a magnetron device, which generates microwave signals. Suddenly, Spencer noticed that a “Mr. Goodbar” candy bar in his pocket had started to melt. Intrigued, he put some popcorn kernels near the magnetron, and watched them pop. He realized that the microwave signals had caused a heating effect, which led Spencer to invent the microwave oven.

Many of you know this story. I share it as an example of the kind of insightfulness and imagination that will help many of us in the graphic communications industry recognize and seize opportunity at a time of uncertainty.

You would need to have blinders on not to see the transformation in our industry created by new technology, and wonder how the role of print will evolve. With the huge growth of digital marketing channels like mobile, social, email and other Web channels, all of which use complex data to customize messages to consumers, many printers wonder about the future value of print in this multichannel world.

Numerous publications are going out of print and moving to an all-digital format. There’s also the “go paperless” campaign, which is spreading messages—some of which are misinformed—that print is not as sustainable as electronic billing and document management.

For those printers with enterprising vision, there is a big opportunity to offer more value with print as a high-quality, VIP medium as part of cross-media campaigns that capture consumers’ attention. This goes much further than simply ink on paper. Printers are no longer just outputting. They’re using print to help their customers communicate more personalized messages that influence behavior.

Printers that can offer higher quality printed pieces, shorter turnaround times and expertise in leveraging customers’ data will not only survive, but thrive. There’s also great opportunity for the companies that manufacture and distribute those products and processes to partner with their customers and rise to this new challenge.

To say the least, it’s a time of growing optimism and excitement in our industry. The timing could not be better for me to offer my leadership as chairman of NPES.

For many years, I’ve found NPES to be an extremely valuable advocate and resource for our industry. Under the management of Ralph Nappi and his team, the level of engagement by NPES on behalf of our industry has been incredible. I look forward to helping guide the strategic direction and focus of NPES in a way that continues to drive our industry to even greater importance and prosperity. I also want to congratulate Chris Payne as past chairman for his leadership.

NPES offers market data and research, conferences and events, advocacy on legislative issues that affect our industry, and other programs that can directly impact your business.

I encourage everyone to be informed about the services and resources that NPES provides, and take full advantage of them.

I wish each of you happy and safe holidays.
were UV- and EB-related. Boer stressed that UV/EB industry participants play a key role in increasing utilization of these curing technologies by educating the industry and brand owners on the benefits of UV/EB curing. Printers/converters who have implemented these curing technologies report both customer and operational benefits including fewer quality concerns, increased productivity and turnaround time, and quantifiable production cost savings.

In concluding, Boer noted that the energy-curing market is a high-value market but there are many players who are often at conflict. The report notes this will remain a high-value “specialty” market until education, standardization, consolidation and/or cooperation between all industry players comes to the forefront.

The study indicates that in 2012 the total global analog equipment and supplies revenues were $37 billion worldwide, of which 15% were UV- and EB-related.

In conjunction with these events, NPES is also hosting a Trade Mission to India and Sri Lanka which includes comprehensive tours of printing plants, dealerships and distributorships.

For more information about the Print Business Outlook Conference 2014, visit www.npes.org or contact NPES Assistant Director International Trade Pernilla Jonsson at phone: 703/284-7200 or e-mail: pjonsson@npes.org.


NPES to Host Second Print Business Outlook Conference, New Certification Program, and Trade Mission to India and Sri Lanka

NPES, together with co-organizer the Indian Printing Packaging & Allied Machinery Manufacturers’ Association (IPAMA), will hold the Print Business Outlook Conference 2014, February 18, 2014 at the Hyatt Regency in Chennai, India. This second annual conference, themed “Printing Business Beyond Boundaries,” is expected to bring together more than 200 print leaders representing commercial printers, newspaper publishers and package printing markets.

Preceding the Conference, on February 15 and 16, 2014 in New Delhi, NPES will introduce the Color Management Professional (CMP) program, a new instructional certification program for color management best practices for use by press operators. The CMP program is sponsored jointly by NPES, IDEAlliance and Konica Minolta.

Leading graphic communications companies have demonstrated strong support for the 2014 Conference with Konica Minolta assuming Platinum sponsorship of the event. Other graphic communications companies sponsoring the event include Gold Sponsor EFI, Silver Sponsors HP and QuadTech, and Bronze Sponsor Toyo Ink. The Conference is also supported by the U.S. Commercial Service (USCS), the All Indian Federation of Master Printers Association (AIFMP) and Madras Printers & Lithographers Association (MPLA).

In conjunction with these events, NPES is also hosting a Trade Mission to India and Sri Lanka, February 19-23, 2014—which will include the Print Business Outlook Conference—allowing NPES members to explore this large and fast-growing market and the various potential opportunities for their companies. The Trade Mission takes in the major printing centers in India and Sri Lanka and includes comprehensive tours of printing plants, dealerships and distributorships.

For more information about the Print Business Outlook Conference 2014, visit www.npes.org or contact NPES Assistant Director International Trade Pernilla Jonsson at phone: 703/284-7200 or e-mail: pjonsson@npes.org.


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Fighting “Patent Trolls” became a major issue this year and remains a top NPES government affairs priority along with much delayed postal reform, as the 113th Congress wraps up its first session at year-end. Legislation addressing each issue is moving in Congress, but neither has been resolved and both remain the focus of NPES and its allies in the printing and mailing industries. NPES is working closely with its members and their customers on these issues.

**Patent Trolls Not a New Menace**

Abusive assertions of patent infringement by Patent Assertion Entities (PAEs, or “Patent Trolls”) are not new or novel, but they have reached new heights in recent times. Both President Obama and Congress are taking steps designed to reduce if not eliminate the menace of patent trolls. Specifically, the U.S. House of Representatives has passed H.R. 3309, The Innovation Act, which seeks to address abusive assertions of patent infringement by patent trolls, but is fraught with fatal flaws that could forestall an exigent rate increase. Though a welcome bipartisan effort that includes a number of constructive provisions, its provisions are extremely flawed and make it unsupportable by the mailing industry. However, the fatal flaws could be corrected by the adoption of an amendment by Freshman Senator Tammy Baldwin (D-MN), which seeks to prevent the Postal Service from unilaterally raising rates to unsustainable levels. Progress on S. 1486 has been repeatedly delayed and will be kicked into 2014.

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

**Postal Reform More Urgent than Ever**

The United States Postal Service’s financial situation remains dire and demands that Congress enact postal reform legislation. This is even more urgent now that the USPS Board of Governors has requested an “exigent rate increase” for 2014—meaning a 5.9% rise in postage rates, 4.3% greater than the Consumer Price Index. NPES and its mailing industry allies staunchly oppose this, arguing that it would drive mail out of the system at a substantially accelerated rate and result in the loss of even more private sector jobs.

Postal reform legislation that could forestall an exigent rate increase is advancing in Congress, but its enactment remains problematic. Specifically, the House Committee on Oversight and Government Reform has reported H.R. 2748, the Postal Reform Act of 2013. NPES and its allies support the measure because it provides reforms indispensable to preserving the Postal Service, a core national asset. But in the Senate, S. 1486, the Postal Reform Act of 2013, has only recently been introduced.

At PRINT’S VOICE ’13, U.S. Postmaster General Patrick R. Donahoe (center) discussed critical postal reform with NPES members.

Blue brings with him 20 years of experience in the printing industry, including many years of knowledge and management in a host of critical areas ranging from application engineering to project and support management and aftermarket business development.

After a four-year hiatus from the print industry and now returning as CEO of manroland web systems North America, what major changes do you see?

The rise of digital inkjet printing has been the most dramatic change. The technology of digital print engines and finishing equipment has improved to meet the quality demands of industrial scale digital printing catering to high volume print production, and the market now expects on-demand and variable data print capabilities.

On the offset side, I have seen the increased importance of strong, sustainable aftermarket fundamentals. Many offset print houses are focused on reducing cost of ownership and cost to print for existing equipment through upgrades to software, hardware retrofits, and comprehensive training programs.

Overall, there is still a focus on innovation and new technology as well. However, to generate the interest for new equipment sales, a manufacturer must have something new and different to give them a reason to buy. Sometimes, this means increased automated technologies and engineering innovations to offset rising manpower costs and higher efficiency requirements, but more often I’m hearing from the market that they are looking for simple, smart solutions.

manroland web systems North America was created nearly two years ago. Has it met the goals initially envisioned for the organization, and what’s next?

One of our initial company goals was to establish ourselves as a separate entity, make certain the industry knows we are back and focused for a long run, and continue to serve customers and meet revenue goals throughout the changes in the company, which we have successfully accomplished. Our main strength was and continues to be the relationships with customers, technological leadership, and the overall talent of the North American team. By investing in a directly owned subsidiary in North America, manroland web systems also reaffirms the importance of the market and customers to the overall strategy of the company.

Our ongoing goals are to continue improving our responsiveness and flexibility to changes that fit our customers’ needs and budgets through continued expansion in our services portfolio. We are experiencing some great success in the area of controls upgrades through the genuine know-how we bring to our customers, and we are developing programs for process optimization—including selective training and effective use of production consumables supplied by manroland web systems.

On the horizon, we are looking at growing our product focus on digital finishing, a new arena for us with growth potential, leveraging our long-term expertise in paper handling, folder and finishing technologies, crafted over many years of innovative technical leadership.

Looking ahead, what do you see for the industry in the next three to five years?

Clearly the economics of the industry indicate we are still in a state of recovery, with modest, but steady growth. The last five years have caused companies to invest more cautiously, but they will still invest to optimize the revenue opportunities that still exist in print.

Flexibility in press designs and retrofits allow for print houses to expand product offerings. We understand this is now a “blend game” where it is important for us to focus our partners on the most cost-effective incremental projects that help support their vision for the long term. The lines between publication and commercial print operations will further blur, as commercial printers take on outsourced needs of media, and publishers with the right equipment will continue to expand their commercial print business.

Manufacturers and service providers who have not adjusted their business practices (or company size) in response to industry need will struggle, with the advantage going to those focusing on high-quality production, customer service and a strong entrepreneurial spirit. Only the adaptable will survive in the long term.

Having experienced the recent NPES 2013 Annual Conference as a “first timer,” what did you find of most value? What other association programs or services do you have “earmarked” for your organization’s participation, and why?

NPES gives its members the latest facts and figures to accurately predict market activity. Forecasting is absolutely critical with the current volume of total equipment sales in our region. Also, NPES gives some perspective on the importance of synergistic relationships between manufacturers in the print industry.

We are looking forward to participating at GRAPH EXPO, and our involvement with co-located events like ING and manrug, the manroland Users Group for our newspaper customers. We are also increasing our involvement in the digital inkjet finishing arena and associated activities next year.
Emphasis on “No Excuses” Leadership and New Opportunities at 2013 Annual Conference
NPES ELECTS NEW BOARD CHAIRMAN AND DIRECTORS

The NPES 2013 Annual Conference, held at the Hyatt Regency Grand Cypress in Orlando, Florida, brought with it a mix of strategic business and social interaction. At this year’s “short-form,” one-day conference attendees participated in a “No Excuses Leadership” themed educational program, which featured keynoter Jay Rifenburg, leading author, speaker and trainer on the relationship of core values to effective leadership. Other presenters included renowned economist Dr. Ken Mayland; Alex Chan, Senior Analyst with the Economist Intelligence Unit and lead researcher on the newly updated NPES/PRIMIR “World-wide Market for Print” study; outgoing NPES Chairman Chris Payne, Director & Vice President, Commercial Marketing, Eastman Kodak; and, Steve Ebanks, co-owner, Xerographic Digital Printing.

Gina Testa, VP Marketing, Xerox Corporation (right foreground) together with DJ Burgess, President, Burgess Industries, joins NPES 2013 Annual Conference attendees taking advantage of the Opening Reception to exchange their “state of the industry” insights and perspectives.

William “Kip” Smythe, Jr. (right) receives from NPES Chairman Chris Payne the 2013 Harold W. Gegenheimer Individual Award for Industry Service, along with a standing ovation from Annual Conference attendees, in recognition of Kip’s numerous achievements over his 33-year NPES career.

Steve Ebanks, co-owner of Xerographic Digital Printing in Orlando, FL (right) “told it like it is” to NPES Annual Conference attendees in a revealing Q & A session led by Michael Ring, President, Xelikon America, Inc. (left) titled, “A Customer’s View of Our World.”

Alex Chan, Senior Analyst, Economist Intelligence Unit (EUI), delivered highlights from the much anticipated NPES/PRIMIR study, “World-wide Market for Print: Identifying Global Opportunities for the Print Industry,” that reveals opportunities for firms in the print supply chain—and the countries to watch.

Mark Kammenberg, President, RBP Chemical Technology, Inc. (left), and program keynoter Jay Rifenburg, President, Rifenburg Training and Development (right), discover during a networking break they share something in common—West Point is their alma mater.

Francis McMahon, Vice President Marketing, Canon Solutions America receives on behalf of Mal Baboyian, the 2013 Harold W. Gegenheimer Corporate Award, particularly recognizing the past support and contributions of Océ.
In the fast-paced, highly competitive and changing graphic communications industry employers are often faced with daunting challenges in finding skilled and qualified workers.

NPES Board 2013-14

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The Graphic Arts Education and Research Foundation (GAERF) has announced the launch of a FREE Industry Career Center (graphicCOMMcentral.org/Career) located at graphicCOMMcentral.org, the gateway to the graphic communications industry for students and educators. The new online career resource, managed by the OutputLinks Communications Group (OL Group), allows companies and educational institutions to register open positions, including internships, and also for students and educators to post their resumes and search for industry-related employment opportunities, all at no charge.

In the fast-paced, highly competitive and changing graphic communications industry employers are often faced with daunting challenges in finding skilled and qualified workers. The graphicCOMMcentral Industry Career Center is designed to connect employers with talented individuals and keep them in the industry, helping to address the employment issues facing the industry.

Educators will also find the Industry Career Center of value when seeking university professorships or teaching positions at secondary or post-secondary institutions. Additionally, the new online resource is the ideal place to identify potential candidates for open job positions at community colleges, colleges and universities.

To learn more visit: graphicCOMMcentral.org/Career or contact GAERF Director Eileen Cassidy at phone: 703/264-7200 or e-mail: ecassidy@npes.org.
Going forward it is still difficult to tell if we’ll see a steady growth pattern since we continue to experience short periods of growth followed by declines.

Market Intelligence News: UCC Filing Update

The chart compiled from UCC data provided herein by Equipment Data Associates (EDA) shows up-to-date UCC (see definition below chart) activity for all printing equipment. Although UCC filings are a combination of new equipment sales, used equipment sales and re-financings of existing placements, they are still a strong indicator of market activity.

Although we continue to see up and down fluctuations in new equipment filings, there appears to be a very slight upward trend developing since the January reading of 394 units has grown to 435 units in October (10% increase). Even with this slight increase, the data has still declined since December 2012 when units were as high as 490 (11% decline). Going forward it is still difficult to tell if we’ll see a steady growth pattern since we continue to experience short periods of growth followed by declines. Used equipment filings have followed a similar up and down pattern as well with those filings having dropped to 159 units in October, down from 215 units at the start of 2013, and 146 units in December 2012.

This information is extracted directly from EDA’s comprehensive database of nearly 30,000 records for purchasers of printing equipment. For more information, or to join the free NPES Market Data Program, contact Assistant Director, Market Data & Research, Rekha Ratnam, at phone: 703/264-7200 or e-mail: rratnam@npes.org. For specific information about the market intelligence services offered by EDA, contact Mauricio Jurin at phone: 704/845-1099 or e-mail: mjurin@edadata.com.