DELIVER at PRINT 13
USPS SPONSORS NEW MAILING & FULFILLMENT CENTER

When PRINT 13 opens this fall, September 8-12 in Chicago’s McCormick Place, a historic new twist on the ever-popular Mailing & Fulfillment Center will be unveiled. Still the largest mailing exhibition in the world, this expanding show floor section will debut as the newly reimagined and re-branded “DELIVER” pavilion.

Most importantly, here in DELIVER—now sponsored by the United States Postal Service (USPS), PRINT 13 buyer-attendees will gain unprecedented access to all of the research, market data, best practices and solutions for bridging print with marketing to achieve stellar business results.

Because 40% of everything printed is mailed, along with Mailing & Fulfillment professionals that flock here each year, now Commercial Printers; Corporate, Education and Government In-Plant Centers; Quick/Instant Printers; and Transactional Printers will join these buyer-attendees in DELIVER, eager to see the variety of manufacturers’ and suppliers’ demonstrations and to gain new “nuggets” to maximize the ROI of direct mail and integrated media programs.

Adding to the information and resources available here, new attendee-drawing features in DELIVER will include the:

• **DELIVER ROI Theater**
  Produced by: The United States Postal Service (USPS)
  Featuring FREE 30-minute sessions throughout the show by USPS executives and innovative cross-media marketing pros—the absolute authorities on DELIVERY; and,

• **“Ask the Mailing Expert”**
  Sponsored by Association of Marketing Service Providers (AMSP)
  Providing FREE expert advice by the pros from the ultimate association in this space—AMSP!

For more information about PRINT 13, visit: www.print2013.com.
need is today—industry-wide knowledge sharing. When I first started working for a pre-press supplier in the 1980s, trade shows at that time were super important. They were one of the few places to get information—the alternative was from the trunk of a salesperson’s car, full of boxes of brochures. Back then, trade events were also the only opportunity to train our salespeople, and meet with customers to compare solutions and demonstrate our latest technology. During the show we issued press releases, handed out samples and distributed thousands of printed product brochures. There were no cell phones or PCs. We used overhead projectors and foils to give presentations, and if a customer wanted more information, it had to be sent via postal mail.

Since then, both our tools for communicating and our industry’s environment have dramatically changed. In today’s digital world, customers have immediate access to information that’s up-to-date and personalized to their business needs. Sales teams no longer carry collateral; rather they send electronic requests to fulfill a specific customer’s needs with a printed brochure/data sheet. Today our salespeople have more information on their iPads, smart phones and PCs than we could ever take to a trade show in the past. Customers are increasingly using online tools to conduct research, receive training, and solve their daily business challenges. They find value in smaller group sessions and 1:1 consulting. They are looking to trade associations and users’ groups to connect with industry peers, participate in hands-on labs, hold roundtable discussions and attend classroom courses.

Although the world has become more connected and with many new ways to communicate, what will never change is the need to meet with customers and help solve their individual problems. Those meetings are more important today than ever before with our industry exponentially more complex.

For trade shows to remain relevant and a viable forum in this hyper-connected world, they must morph to meet the changing needs of both attendees and exhibitors. PRINT and GRAPH EXPO are prime examples leading this change as co-located events at these shows continue to grow in depth, diversity and numbers.

As vendors we need to find ways to maximize this “new” trade show experience by providing innovative ways to educate our customers that reveal new and emerging opportunities for them in today’s increasingly complex business environment. And, as trade shows continue to provide unequaled face-to-face access to prospective new customers, we must find innovative ways to ensure a strong presence among our competitors. And as the marketing landscape shifts, vendors will look at trade shows not necessarily in terms of floor space and equipment, but as essential knowledge-sharing events.

Trade events remain indispensable forums for bringing together customers and prospects that come with buying power for meaningful discussions about their individual business needs. Suppliers like Kodak are working to explore new ways to reinvent and expand those vital customer engagements at trade events.
The U.S. Postal Service Steps Up Its Mobile Game

In 2013 the U.S. Postal Service (USPS) will continue promotional initiatives designed both to entice marketers to integrate mobile technologies into their direct mail pieces and to increase consumer awareness to drive uptake. “The whole industry is evolving and we’re trying to do our part to push innovation,” says Gary Reblin, the agency’s VP of domestic products.

In May 2012 the USPS incented marketers with a postage discount if they included 2D barcodes on their direct mail pieces and satisfied certain criteria, which included information alongside the code telling consumers why they should scan it, a connection to a mobile-optimized site, and a connection to either a commerce-enabled or personalized site.

Reblin says that 20% of Standard Mail users participated in the promotion last summer, and 18 to 20% of direct mail marketing pieces had QR codes even after the USPS’s promotion ended. For Reblin, this validates the project. “Our true measurement is: Are [marketers] continuing to use it?” Reblin says. In November the USPS came out with another mobile promotion, offering a postage discount for mailers with barcodes that linked to a mobile-optimized shopping site.

The USPS’s 2013 promotional initiatives will go beyond mobile barcodes—such as near-field communications (NFC) and augmented reality (AR). The first promotion, beginning March 1, will offer postage discounts for mailers that integrate hard-copy coupons that can be redeemed via mobile technologies—for instance, scanning and storing a coupon with a mobile device. “Mobile and iPads can really enhance direct mail and couponing in general,” Reblin says.

A second promotion, beginning August 1, will provide postage discounts for enterprise customers that use “cutting-edged innovations” in their mail campaigns, including NFC—which enables communication and data exchanges based on proximity—and AR, which amplifies images with interactive menus, videos, and graphics. “Mobile barcodes are just the beginning,” Reblin says. He’s most excited about the possibilities around NFC, especially as in-store retailers implement credit card readers with NFC capabilities and tech companies like Google introduce mobile wallets. “When you go to the store and tap [your mobile device] on the NFC reader,” says Reblin, “not only is a payment made on the credit card you have, the coupon is automatically deducted because it’s linked in the mobile wallet.”

Expand Your Horizons With NPES 2013 Trade Mission to China
LOOK EAST FOR BUSINESS OPPORTUNITIES

China has grown to be one of the world’s most dynamic print markets, comprised of 100,000 printing enterprises with nearly three million employees.

The Chinese print industry has rebounded from the global financial recession, is healthy, and has shown strong development since 2009. As the world’s second-largest economy, China’s rising incomes and urbanization continue to boost consumption of printing and packaging products, putting high demand on equipment imports.

This trend is expected to continue for at least ten years and offers new opportunities for the U.S. suppliers and manufacturers of printing equipment and technologies.

Why a Trade Mission?
The trade mission, packed with first-hand information and on-the-ground, in-depth experiences, will be a great help for those seeking new market opportunities to expand their business to China.

• Market Briefings
• Printer and Equipment Manufacturing Facility Visits
• Roundtable Meetings
• Attendance and NPES booth participation at China Print 2013
• Individual Business Meetings with Prospective Customers and Distributors
• Cultural Activities

Exhibit at China Print 2013 NPES members can take advantage of booking individual booth space at the 2013 China Print show, or join the NPES booth for a very low fee.

NPES China Business Trade Mission
May 13-23, 2013

China Print 2013
May 14-18, 2013
China International Exhibition Center (NCIEC), Beijing, China

Sign Up Online for Trade Mission

Deadline
April 1, 2013

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There is no doubt that the role of print within the media mix will continue to evolve, becoming more targeted, relevant, personalized and timely.

**One on One**

**CHRIS LIEN**

**place the role of print is changing; what new opportunities do you see on the horizon for your company?**

The market…it’s shrunken, but as it transforms and we look into additional services to find new ways to message, mixed channel or multichannel marketing is critical. Our customers need to be able to tie together multiple messaging techniques in a very strategic way: sending, for example, direct mail in conjunction with a message to a mobile device, and possibly an email as well.

Continuity of the message communication is critical and to do that we need to be able to match data; through a traditional mailing list, a cell phone record, or through data in an email system. Connecting those threads together is part of the expanded data services that Bell and Howell offers its customers.

Tying together the mail piece, the mobile message, and the email message needs to be done strategically, so that as the scheduled mail piece is out for delivery by a carrier, a message can be sent to a mobile device informing the recipient to scan the QR code in the direct mail piece that is waiting at home in the mail with an offer that is unique to them. Now, that’s a very powerful message.

Our customers are doing that today. Bell and Howell provides the mobile technology apps to implement the mobile messaging. We’re also leveraging that foundational piece: the direct mail. And timing is everything. We employ the postal service’s intelligent mail barcode (IMb) to track those pieces and our customers can see through our track and trace service exactly where their pieces are in the delivery stream.

**What technology trends have had the greatest impact on your market?**

Volume is no longer the deciding factor…we have some customers who are doing a couple hundred piece mailing and also certainly some doing hundreds of thousands. I’m seeing that the volume and the messaging and the ways to leverage them are changing all over the place. Those who are astute enough to begin applying the data, timing and visibility are going to get the biggest bang.

Today only the basic intelligent mail barcode, which doesn’t have to have the full built-in tracking infrastructure, is required; however, Bell and Howell urges customers not to wait until 2014 when the postal service will, if it sticks to its guns, require the full-service intelligent mail barcode. If customers do not take advantage of it now, because our software, services, and support are already in place, they’re missing out on the opportunity to be on the leading edge, the leadership position of leveraging a direct mail piece as part of a mixed-channel message system.

**What do you see for the future of the industry over the next few years?**

The postal service’s digital solutions area will allow it to offer more solutions to its partners and customers. Initially, USPS will need to provide visibility into its mail processing stream, at least for its partners, like Bell and Howell.

To my mind, the value of the intelligent mail barcode really is not about the barcode per se, rather it’s about “intelligent mail.” This gives us three pillars of opportunity: accountability (I know my mail piece is on its way); visibility (I can see where it is); and, predictability (when is it going to arrive?). Those three pillars are essential with any digital solution.

Then, what is the postal service going to be able to do under the law? We must wait to see what it’s going to do as it expands its monopoly and its growth strategies. My prediction is that the postal service will continue to grow digital solutions and the visibility of intelligent mail; and really push quickly to get back into the package game—a market they really just gave to UPS and Fedex. USPS will also need to work with its partners so that we’re helping to leverage the changes in economy. They can’t just sit back and let the postal service die.

Finally, the overall financial restraints on the postal service: They need to be able to move and move quickly in building out opportunities for growth, but if they’re going to be hampered by law and postal accountability enhancement act issues, that’s going to be very, very difficult.
Chief among ATRA 2012 capital investment tax incentives is the one-year extension of 50% Bonus Depreciation through December 31, 2013, which would have expired at the end of 2012.

Last-Minute Fiscal Cliff Deal Agreed
CONTINUES INCENTIVES FOR CAPITAL INVESTMENT IN 2013, RETROACTIVE FOR 2012

The American Taxpayer Relief Act of 2012 (ATRA2012), signed into law January 2, 2013, avoided “fiscal cliff” automatic tax increases for most Americans and improved capital investment incentives for 2013, as well as retroactively for 2012, a very favorable outcome considering the alternatives. Job-producing expensing and bonus depreciation continue to find bi-partisan support.

Regrettably, ATRA 2012 missed what former Clinton budget director Erskine Bowles called the “magic moment” to also enact spending cuts, along with tax and entitlement reforms necessary to truly control rising federal debt, as reported by the Committee for a Responsible Federal Budget (CRFB).

While ATRA 2012 has numerous facets, the following is a brief summary of the principal provisions affecting capital investment, a top priority for NPES members and their customers.

Bonus Depreciation
Chief among ATRA 2012 capital investment tax incentives is the one-year extension of 50% Bonus Depreciation through December 31, 2013, which would have expired at the end of 2012.


Section 179 Expensing
Another important ATRA 2012 provision extended and increased IRC Section 179 Expensing.
Shrinking page volumes caused by electronic technologies are the “perfect storm” for offset press manufacturers. Demand for “instant” content is eroding the old business models, especially those that were dependent upon storing large inventories of print. Add to this an economic recession, and now the inventory carrying costs are no longer a part of the cost of doing business, but are exposed as a potentially greater cost than the actual cost of print itself. This is furthering opportunities for digital printing which, in turn, is accelerating the decline of what some call “low-value” offset pages—those pages sitting in inventory of which the content frequently became obsolete before usage. (See Figure 1)

The implication for conventional press manufacturers is not good, and is likely to get worse as the compounding effect of 4-5% annual decline in offset pages (see Figure 2) translates into a 25% erosion of the market need for printed pages by 2016. Not only are existing offset presses in the base lasting longer because their utilization is lower, but additionally fewer print shops are able to invest in new modern offset presses that could mitigate and solve some of the “instant” print need issues.

The press industry is in the classic downward slope of a life cycle. Its potential customer base is consolidating and shrinking, and a used equipment market and knowledgeable cadre of maintenance personnel are keeping the installed base alive longer than anticipated. However, not all is lost for press manufacturers. As the financially weaker print shops disappear, the remaining print shops, in theory, should become stronger. Those stronger print shops will be in a race to establish the most efficient and the highest volume businesses. To capture the highest volumes, they will need to have the lowest cost, most flexible, and most automated equipment.

**Opportunity for Press Manufacturers**

The opportunity for press manufacturers lies in addressing the needs of this upcoming, financially stronger base of remaining print shops. This means more productive, more automated presses—presses that are up to 80” wide, presses that feature fully automated prepress and plate loading, presses that can automatically duplex print, presses that offer in-line varnish and a wide range of finishing options. Those presses will be expensive, more than others previously offered by the manufacturers. Fewer units will be sold than previously, but the top line revenues and profit margins will be attractive. The application focus of those presses will have to be on marketing collateral and direct mail—applications that often require more frequent paper changes than long-run periodical and publishing applications. Periodicals and publishing have been, and will continue to be more severely impacted by electronic technologies. (See Figure 3)

Press manufacturers’ newfound focus on

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**Figure 1: Content and Advertising Business Model Pressures Are Root Cause of Decline of Print**

![Content and Advertising Business Model](source: PRIMIR “Impact of Electronic Technologies on Print” Study 2011 by I.T. Strategies, Inc.)

**Figure 2: Trillions of Letter-Size, Simplex Production Pages, North America**

![Trillions of Letter-Size, Simplex Production Pages, North America](source: PRIMIR “Impact of Electronic Technologies on Print” Study 2011 by I.T. Strategies, Inc.)
marketing collateral and direct mail applications, in combination with advanced nesting software, will open up web-to-print opportunities for their customers. Web-to-print business infrastructure will be critical to driving up print volumes for the remaining financially strong print shops, since it expands business from a regional to a broader national and even international base of customers.

**Threats to Press Manufacturers**

The threats to press manufacturers from electronic technology alternatives will get stronger in years ahead as at least 25% of page volumes disappear. Press manufacturers must “right-size,” keeping two steps in advance of the industry’s print volume declines in order to remain profitable. Simultaneously they must invest their smaller R&D budgets in the creation of more automated presses to entice print shop customers to buy new equipment.

**How Do NPES Press Manufacturers Respond?**

Press manufacturer members are very cognizant of the looming challenges. Demand for presses from emerging markets is mitigating the decline in demand somewhat in the Western markets, but ultimately overall demand for presses will continue to decline. To fill the gaps during the transition towards smaller and smarter press manufacturers, one opportunity might be to leverage distribution and customer access/trust to help those customers move further into digital printing.

Some press manufacturers are now distributing and reselling other branded light production and wide format graphics printers, and others are offering integration of inkjet technology on their core press transport technologies. The challenge to distributing other brands’ products is not only a margin balance (in other words, is there enough money in it to keep everyone happy in a partnership), but also the need to retrain and restructure the compensation incentives for the existing press salespeople. Typically digital production equipment that is resold is priced at a fraction of the cost of an offset press, which makes the commission less enticing to most salespeople. Now they have to sell multiple units of a technology that they’ve long touted as “irrelevant.”

Some manufacturers are betting on a magic bullet in the form of disruptive productive inkjet technology, which is expected to be under development until drupa 2016. The challenge will be to fund the R&D that is required to bring this disruptive inkjet technology to market. Recent R&D figures in inkjet development investments range between $100 million and $800 million. While the press manufacturers intend to integrate rather than develop the core inkjet technology, the funding required to aid the technology developer to reach commercialization will have to come from somewhere.

In the meantime, until press manufacturers are able to generate meaningful revenue from digital printing equipment, advanced offset press sales must be the answer.

**Conclusion**

Printed page volumes are in irrevocable decline. Electronic technologies are freeing content, allowing more rapid dissemination than ever before. Print won’t become obsolete, but the low-value pages previously created to attain the lowest cost per page and then stored in inventory until they become obsolete are no longer tolerable in new business models. At the same time, electronic technologies are enabling just in time, short run printing on offset presses to print very short runs, thereby closing the gap between digital and analog production printing.

The opportunity for press manufacturers is to automate press technology and cater to the remaining financially stronger and generally larger print shops. Unit manufacturing and sales may be lower, but the value of these automated next generation presses should enable press manufacturers to stabilize top line revenues—more so than the declining pages volumes might indicate.

**Figure 3: Impact of Electronic Technologies on Print Volumes: A Comparative Look**

North America, 2011–2024

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February 2013
NPES Booth at PRINTPACK 2013/
Trade Mission to India/
Print Business Outlook Conference 2013
February 23-28 • New Delhi, India

April 2013
PRIMIR Spring Meeting
April 8-10 • Daytona Beach, Florida
CGATS/USTAG Meetings
April 16-19 • Irving, Texas
ISO TC 130 WG 5 Meeting
April 24-26 • Atlanta, Georgia
ICC/FDA Medical Imaging Color Conference
April 29-30 • White Oak, Maryland

May 2013
NPES Booth at China Print 2013/
Trade Mission to China
May 17-18 • Beijing, China
TC 130 Working Groups Meetings
May 18-24 • Shenzhen, China
NPES Booth at Expograpica 2013
May 22-25 • Guadalajara, Mexico

June 2013
NPES/Printing Industries of America
Capital Hill Fly-In: Print’s Voice 2013
June 4-5 • Washington, D.C.
ICC Meetings
June 10-12 • Seligenstadt, Germany

August 2013
CGATS/USTAG Meetings
August 13-16 • Clemson, South Carolina

This “quick take” visual showcase will bring to the attention of NPES members, and other website visitors, informative brief updates on key programs and more.

Just a Click Away:
New Video Gallery
Delivers Expert Insight

Visitors to www.npes.org will find our newest feature—the Video Gallery—under the home page “Industry Resources’ navigation tab. This “quick take” visual showcase will bring to the attention of NPES members, and other website visitors, informative brief updates on key programs, pre-event previews, post-event highlights, and more.

Within content categories for “NPES” and “PRIMIR,” the Video Gallery now hosts a variety of recent selections, including excerpts from PRIMIR 2012 Winter Meeting presentations. Watch excerpts from the following presentations in the NPES website Video Gallery at: www.npes.org/IndustryResources/VideoGallery.aspx

• John Zarwan, President and CEO, J Zarwan Partners, providing meeting attendees with an overview of findings from a just-concluded study for NPES and PRIMIR entitled, “Defining and Understanding Communications Platforms Trends and Implications to the Print Value Chain.” The study examines all communication platforms, both qualitatively and quantitatively. Dr. Zarwan’s presentation also provided insights from brand owners, along with where the control points are for making media mix decisions.

• PRIMIR member Roman Hohol, Director, Marketing Practice Area, AMEC, participating in the marcom-themed day with a talk about “The Mobile Media Revolution: Will Print Become a Luxury Item?”

• InfoTrends presentation of the findings from another PRIMIR research effort they are wrapping up titled “eCommerce & Print Business Models.”

• Tom Ashley, Director and Founder, Pivotal Resources, USA, providing an overview on “Emerging Printing Technologies,” setting the stage for his upcoming spring presentation of findings from the PRIMIR study on this topic.

• Kip Smythe, Vice President NPES Global Programs, exploring “The Market for Printing Equipment and Supplies,” based on statistics collected through NPES’ Market Data Program. PRIMIR Members can access additional videos of each PRIMIR research study presentation in the members-only area of www.primir.org. For more information about PRIMIR membership, meetings and the research studies contact PRIMIR Managing Director Jackie Bland at phone: 703/264-7200 or e-mail: jbland@primir.org.