Printing and Mailing Industries Dealt Harsh Blow on Postal Reform as Baldwin Amendment Defeated

The Printing and Mailing Industries were dealt a harsh blow February 6 when a badly flawed postal reform bill, S. 1486, the Postal Reform Act of 2013, was approved by the Senate Homeland Security and Governmental Affairs Committee. This followed the stinging defeat of an amendment to the bill championed by freshman Senator Tammy Baldwin (D-WI), which would have prevented the legislation from permanently incorporating the 4.3% “exigent” postage rate increase granted by the Postal Regulatory Commission (PRC) last December, and from shifting rate-making authority from the PRC to the U.S. Postal Service, an unprecedented abdication of regulatory oversight of the postal monopoly.

NPES Government Affairs Director Mark Nuzzaco commended Senator Baldwin’s strong stand for her amendment, which was aggressively supported by the united Printing and Mailing Industries. But despite those efforts, Homeland Security Committee Chairman Senator Tom Carper (D-DE) and Committee Ranking Member Senator Tom Coburn (R-OK) prevailed in peeling away support from Baldwin’s amendment, which only a week earlier apparently had enough votes to block the detrimental legislation, by passing an amendment of their own that only slightly reduces the underlying legislation’s onerous impact.

“This is a major setback for the millions of workers in the Printing and Mailing Industries, as well as the millions of mail customers who rely on affordable postage rates to communicate with consumers across the nation,” said NPES President Ralph Nappi.

Despite the strong support of the Printing and Mailing Industries, the amendment championed by Senator Tammy Baldwin (l) was defeated by the efforts of Senator Tom Carper (center) and Senator Tom Coburn (r), when their amendment passed instead.

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we continually find ways to increase ROI, it is clear that many could benefit from leveraging NPES’ services further. Let’s consider a few of the ways that YOU can...

1. The recently released “World-wide Market for Print” study constitutes a comprehensive and credible source of current data that provides a review of growing market and sectors in the world. Fifty-one unique country reports in seven market segments, including print equipment and substrate forecasts through 2017. All this for FREE as part of your membership!

2. Every quarter, NPES publishes extensive market data for 80 equipment categories. This data provides an opportunity for you to benchmark your sales and market share against the other industry players. All this for FREE as part of your membership!

3. For the fourth year in a row, NPES will be partnering with Printing Industries of America for the PRINT’S VOICE Capitol Hill Fly-In. PRINT’S VOICE ’14 is in Washington, D.C. on May 6-7. Where else can you engage your congressman and senators, WITH customers, to encourage legislative policy that advances industry growth? And many members leverage the Fly-In with the help of NPES staff for an in-district visit by their representative. All this for FREE as part of your membership!

4. In July and November NPES will be hosting trade missions to Brazil and China to help members capitalize on high growth markets. Access to the NPES in-country staff provides resources to help you navigate duties and customs, identify qualified dealers, and translate pivotal material. You guessed it…all this for FREE as part of your NPES membership!

5. Throughout the year, NPES members work on an international stage creating standards for the safety, manufacture, efficiency and sustainability of printing equipment. These members at the “table” have the benefit of crafting these standards with their products in mind. All this for FREE as part of your membership!

You get the picture—and there are another dozen services on the “table” of offerings of which many of our members don’t always avail themselves. As
The USPS financial situation remains dire and demands that Congress act to put in place a sustainable Postal Service business model for the future. With this backdrop and before the Senate Homeland Security Committee took action, in late December 2013 the PRC granted the Postal Service’s request for the 4.3% exigent rate increase, combined with a 1.6% annual Consumer Price Index (CPI) raise that was effective January 26. The Mailing Industry staunchly opposed the increase, arguing that ultimately it will drive mail out of the system at a substantially accelerated rate and result in the loss of even more private sector jobs. The Postal Service had wanted a permanent increase to compensate for what they asserted were recession-related losses, but only got a temporary two-year exigent rate increase. Both mailers and the USPS have appealed the PRC action to the District of Columbia U.S. Circuit Court of Appeal, as S.1486, which would enact the rate increases permanently into law, is pending in the Senate.

Postal reform legislation is also on hold in the U.S. House of Representatives, after the Committee on Oversight and Government Reform reported H.R. 2748, the Postal Reform Act of 2013 last year. NPES and its Mailing Industry allies support that measure because it provides reforms they believe indispensable to preserving the Postal Service, a vital means of disseminating printed communication. For more information contact NPES Government Affairs Director Mark J. Nuzzaco at phone: 703/264-7235 or e-mail: mnuzzaco@npes.org.

According to the newly updated, landmark “Worldwide Market for Print” study, the global printing industry is highly fragmented, with the four largest printing companies accounting for just 17.6% of the industry’s revenue. The rise of emerging markets as a driving force in the printing industry will result in a still fragmented market, but one which is centered on developing countries rather than developed ones.

Emerging markets will become 37% of the global market in 2017, a leap from 22% in 2007. The average print market growth rate between 2012 and 2017 in non-OECD (Organisation for Economic Co-operation and Development) countries will be 7.3%, whereas it is expected to be just 0.8% in OECD countries. The concentration of the print market in the countries with the largest markets will remain a trend in the future: the top 20 markets in 2007 were 89% of the market.

By 2017, they will be 92%. China, an emerging market, is expected to grow immensely during the period through 2017 and is expected to overtake the U.S. as the largest print market in 2016.

Futurecast: Print’s 2017 Global Market Share
Plotting a Course to International Business?

HOW TO AVOID THE PITFALLS

Are you frustrated knowing that NOW is the time for your company to launch, or grow its existing business internationally, but find sifting through the myriad of information daunting? Whether you are an experienced exporter with your eye on promising new emerging markets, or a relative novice wondering just where to start, NPES can help!

NPES International Trade Programs are here to help as your “one-stop shop” for individualized information, guidance and direction for successful entry into key industry markets. NPES effectively opens doors for members by:

• Delivering essential data and information
• Facilitating new business connections
• Expediting entry into international business communities; and,
• Providing invaluable guidance on local customs and traditions.

Dollars and Sense

On your own, developing long-term trade and investment opportunities can be costly to pursue. NPES’ established framework of programs and events provide the most cost-effective way to pursue these opportunities—from coordinating your visit to an international tradeshow, to facilitating your participation in an NPES Trade Mission and ensuring that your goals are met, to also welcoming your company to booth share with NPES at some of the biggest print trade shows in the world. Each of these initiatives will help you directly connect with key decision makers who are actively seeking your products, your expertise, and your solutions. NPES will even work with you to find the best options for your business.

• ExpoPrint Latin America 2014: Booth

Did You Know?

American companies enjoy a huge advantage when entering international markets, as they are generally perceived as “world class.” American businesses that have the know-how and resources to enter new emerging markets have a huge opportunity to gain a competitive edge.

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• Expediting entry into international business communities; and,
• Providing invaluable guidance on local customs and traditions.

Expanding and diversifying our markets are the keys to our continued success. NPES International Trade programs have been instrumental in helping our company to strengthen and explore new business relationships; we cut through the noise and hit the ground running.”

— Stephen Metcalf, President & CEO, Air Motion Systems, Inc.

BUSINESS IN BRAZIL IS BOOMING!

Today’s Brazil is a “hot spot” of commerce with record levels of foreign investment, millions of people elevated from poverty, and a booming middle class that has created a vibrant new marketplace for global commerce.

Brazil is the sixth largest economy by nominal GDP in the world, and seventh largest by purchasing power parity.

Brazil has made important steps toward fiscal sustainability, as well as measures to liberalize and open the economy, significantly boosting the country’s competitiveness, ensuring an improved environment for private-sector development.

Share with NPES and Trade Mission: The quadrennial ExpoPrint Latin America show is the fifth largest print fair in the world. Featuring the latest technology for pre-press, printing, packaging and finishing, it takes place in a country that’s become a huge investment hub for companies from around the world.

What’s in it for YOU?

1. Booth share with NPES, a cost-effective way to connect with more than 45,000 ExpoPrint visitors
2. Network with key potential suppliers, customers and partners; and,
3. Make face-to-face connections on the NPES’ Trade Mission and Plant Tours.

For complete information contact Pernilla Jonsson at phone: 703/264-7200 or e-mail: pjonsson@npes.org. Stay up to date on all NPES International Trade events and activities at: www.npes.org.
have the experience of VITS International when it comes to high-speed finishing. High speed as we define it is 1,000 fpm and above. We have the knowledge and expertise to take digital printers to the next level of high-speed digital finishing.

**VITS International provides U.S. manufactured solutions for a global customer base with installations worldwide. From this experience, what advice would you offer industry suppliers who are now exploring opportunities in the global marketplace?**

The global marketplace can be a difficult arena in which to establish your company. To balance our strategy, we have taken a multi-pronged approach that utilizes direct sales, OEM relationships, and agents. Cultural differences and language barriers can be difficult to overcome, so in these cases we like to use agents. Our OEM relationships allow us to have a secondary salesforce promoting our product and getting us involved in the sales process when necessary. Of course direct sales are the best, when possible, which allow us to convey our message unfiltered to the customer in the manner that we believe is most effective.

Initially starting out in the market of variable data finishing, also referred to as “digital” print finishing, we had one or two powerful installations that we could promote, and having the customer who is willing to discuss our product, service, and company is the best advertisement possible. No matter how many times the manufacturer says something it always is more credible coming from a user. Next, we have established relationships overseas to help identify opportunities. You can’t be everywhere and a good network of information is priceless. Lastly, we execute. We follow through on what we say we can deliver, and when we do have difficulties with an installation (and everyone does) we stand behind our product and make it right. We build our equipment with an eye on exceeding performance and customer expectations, which typically makes for successful customers and builds loyal relationships.

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

For suppliers, we see continued consolidation or, unfortunately, some going out of business. Ten years ago you could have three to four suppliers providing the same type of product; today that is not possible—that’s the downside. On the upside, I think the industry will be left with stronger suppliers that have the ideas and technology to move the industry forward. Digital will continue to infiltrate all areas of printing and, as suppliers, we will have to continue adapting to the new challenges that are presented to us.

We see the Printing Industry as making itself leaner, more efficient, and adaptable to its customers’ wants and needs. There will always be Print. How it is bought, sold, produced, and used is what we all must try and stay ahead of as it changes!

**Having been a long-standing NPES member, and most recently experiencing the NPES 2013 Annual Conference, what have you found of most value? What other Association programs or services will your company engage to drive its future success?**

We had attended past NPES conferences and printing tradeshows internationally, so were familiar with what to expect. We came back because of the interaction with other suppliers, to hear how they are approaching the market and to learn how VITS can work with other suppliers to mutually promote our businesses. Over the past ten years the printing industry has changed drastically, and there are no longer as many venues to interact with suppliers and customers. We feel those venues were very important in developing relationships which, in turn, tend to be important and mutually advantageous for companies that want to remain successful. While we all have lean budgets, we feel in-person networking in a large group setting, such as the NPES Annual Conference or GRAPH EXPO [PRINT] as examples, are imperative for nurturing customer relationships.
At the end of 2012, shipments for printing equipment and graphic arts supplies fell -7% and -5%, respectively from 2011 levels. Equipment actually saw growth in 2011, but decreased again in 2012 ($460 million versus $497 million). Shipments of supplies also fell in 2012, however with less of a decrease than equipment supplies ($700 million versus $739 million).

NPES tracks monthly shipments across 80 different categories of printing equipment—imaging/prepress, pressroom and bindery/finishing—and graphic arts supplies—film, plates, proofing products and the related chemistry.

Production digital color press data, added for the first time in 2010, includes light and heavy production equipment sold to the commercial and in-plant printing industry, but does not include sales of production devices to the office market unless it goes to the in-plant printing facility within the organization. In 2012, while the market for production digital presses decreased 4% to nearly $1.2 billion, this was still higher than 2009 and 2010 levels. The total market (traditional printing equipment, graphic arts supplies and production digital color presses) also decreased 5% in 2012 to nearly $2.4 billion. Figure 1 illustrates more details on the total market by year.

Printing Equipment Snapshot

Overall, printing equipment shipments for the first three quarters of 2013 are down -7% compared to the same period in 2012 ($500 million versus $523 million). Declines are evident in all areas of the printing equipment arena with the exception of pressroom...
equipment, which increased +10% over the same time period in 2012. Despite this one area of growth, traditional equipment shipments are still nowhere near the levels of previous years.

**Graphic Arts Supplies Snapshot**

For the first three quarters of 2013, supplies shipments decreased on a dollar basis to $490 million, a -7% decrease over the same period in 2012 ($529 million). Typically, sales of film, plates, proofing products and chemistry are all directly correlated to shipments of printed products. In addition, the continuing shift of some offset work to digital presses has impacted plate volumes with litho plates down -5%. Until print volumes increase, supply products will continue their struggle to see growth.

**Digital and Total Market Snapshot**

Shipments of digital presses for the first three quarters of 2013 are up +12% compared to the same period in 2012 ($857 million versus $833 million). Shipments are up in 2013 YTD due to strong volumes in the second and third quarters. The total market for equipment and supplies is also up +5%, mainly due to the increase in digital presses, while shipments of analog printing equipment and graphic arts supplies continue to decline. (See Figure 2).

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### NPES Standards Update

**Setting the Bar Higher**

According to the Standards Boost Business web resource, www.standardsboostbusiness.org, from the American National Standards Institute (ANSI), “Companies that participate actively in standards development activities reduce costs, increase efficiencies, facilitate and maintain market access, and gain a more competitive advantage than those who do not participate. From a market share point of view, it’s likely that your competitors are actively engaged in standardization. Without your influence and input, competitors can dictate the way you will be doing business through the content of a standard. Worse yet, they can even include language that effectively standardizes your product off the market.”

NPES has been at the forefront of national industry standards development since the 1980s providing leadership under the auspices of two committees accredited by ANSI:

- **The B65 Committee**—develops safety standards for printing presses, bindery machines and other printing equipment, and
- **The Committee for Graphic Arts Technology Standards (CGATS)**—develops standards relating to pallet loading of printed materials, metrology, terminology, plates, process control, electronic transmission of publication ads, digital data exchange, color data definition, design workflow for packaging, and ink and color characterization for packaging.

Additionally, NPES administers the US TAG (Technical Advisory Group) to ISO Technical Committee 130 (Graphic Technology). Within ISO/TC 130, NPES administers the following five working groups and related task forces:

- **WG2: Prepress Data Exchange**
  - WG2/TF1 (TIFF/IT)
  - WG2/TF2 (PDF/X)
  - WG2/TF3 (PDF/VT)
  - WG2/TF4 (XMP)
- **WG5: Safety and Ergonomics**
- **JWG7: Colour Management (joint with ICC)**
- **JWG9: ISO 12640-5 (Scene SCID)**

**NEW STANDARDS**


**REVISED STANDARDS**

- **ISO 12647-1:2013** Graphic technology — Process control for the production of half-tone colour separations, proof and production prints — Part 1: Parameters and measurement methods
- **ISO 12647-2:2013** Graphic technology — Process control for the production of half-tone colour separations, proof and production prints — Part 2: Offset lithographic processes
- **ISO 12647-2:2013** Graphic technology — Process control for the production of half-tone colour separations, proof and production prints — Part 3: Coldset offset lithography on newsprint

These standards are available for purchase from NPES; member companies receive a 10% discount.

More information on the standards activities administered by NPES is available from the NPES Standards Workroom at: www.npes.org/programs/standards-workroom.aspx.
The Beginning

In the late 1970s the printing and publishing industry in the United States had no formal (ANSI) standards activities and, although there had been some earlier activities to start an ISO committee it had become dormant and essentially ceased to exist. The industry did use some of the standards developed by the photographic industry—specifically densitometry, sensitometry, and viewing conditions. But these were not optimized for graphic arts use. The prevailing attitude in the industry was standards were “lowest common denominator” and no one printed that way.

The Wakeup Call

In late 1979 Scitex introduced the first graphic arts image manipulation system. Such systems were called CEPS or Color Electronic Prepress Systems. The Scitex announcement was quickly followed by systems from Hell, Eikonix, Crosfield, and Dainippon Screen. Such systems were “practical” because the available computer processors and memory had finally become powerful enough to support the image manipulation required by the graphic arts industry. Then, and now, a typical graphic arts 8½ x 11 inch image is about 300 MB. These early systems all cost about 1.5 million dollars, had 2-4 MHz processors and less than 100 MB of online storage. Although such systems took about 20 minutes to rotate an image, they worked.

The user community was immediately faced with two issues. First, each of these systems stored data in a different format and orientation. Secondly, the only media available to move data between systems was 8-track magnetic tape. Those tapes carried no standard header or other information about the format of the data encoded on the tape. Therefore, these systems could not easily exchange data and the industry remained isolated islands of electronic data manipulation that continued to use film as its exchange media.

The industry desperately wanted to be able to exchange digital data between systems, and more importantly between organizations. Because this involved multiple companies in both the vendor and user communities, standards seemed to be the logical direction to take. An ad hoc industry group was formed called DDES (Digital Data Exchange Standards) in an effort to start the dialogue between vendors, and between users and vendors. This was the nucleus around which ANSI Image Technology Committee 8 (IT8) was created and chartered with NPES as the sponsoring organization.

The first approach was to simply rationalize and document the various formats being used and to develop standardized file headers to identify the contents of an individual tape (ANSI IT8.1 to IT8.5, which became ISO 10755 through 10759). This was followed by the development of media independent file formats, based on TIFF, called TIFF/IT (ANSI IT8-8, ISO 12639). TIFF/IT was subsequently replaced by the PDF/X data exchange file formats (ISO 15930).

What Does the Data Mean?

As long as halftone film was the principal exchange vehicle for printing "data," there was usually a close coupling between the organization preparing the film and the printing organization. The only major exception was the magazine publication industry, which had very tight specifications on the preparation of hardcopy proofs that were the formal agreement between the advertiser, publisher, and printer. The proof was the reference for printing.

Exchanging data seemed to be the key to taking advantage of the computer revolution and the step that would allow the graphic arts industry to move into the world of electronics. However, we quickly realized that there was no point in moving data between systems if you did not know what the data meant and how to consistently reproduce the images that it represented.

This led to a whole host of additional standards to define the meaning of the data and its reproduction, and the creation of the ANSI Committee for Graphic Arts Technologies Standards (CGATS) for those standards that were not file format related.

Read the full story at:
http://qrs.ly/tq3u8yc
Let Your Voice Be Heard

ON HOW TO:
- Restructure the U.S. Postal Service to continue affordable, reliable delivery of printed communications in the 21st Century
- Stop abusive Patent Troll practices
- Stimulate U.S. economic growth by eliminating onerous government regulations, and
- Facilitate exporters’ greater access to international markets

Meet Face to Face with Lawmakers Who Impact YOUR Business

- In Meetings with YOUR Elected Representatives
- During office visits with Senior Congressional Leaders & Staff
- Through Briefings on key Printing Industry Government Affairs Initiatives by Policy Experts

Learn Together with YOUR Printer and Manufacturer Peers

- What to Watch for in 2014 Congressional Mid-term Elections

Participate in Top Level Industry Networking on Capitol Hill

- U.S. Senate Briefing Breakfast
- Congressional Reception
- Policy Luncheons
- Welcome to Washington Dinner

QUESTIONS?
Contact: Mark Nuzzaco
NPES Director of Government Affairs
Phone: (703) 264-7200
E-mail: mnuzzaco@npes.org

REGISTER NOW!
WWW.NPES.ORG/PRINTSVOICE14
Does Value-Added Really Mean Adding Value?

NEW PRIMIR STUDY EXPLORES VALUE OF VALUE-ADDED PRINTING & FINISHING

New research from PRIMIR reveals the effectiveness and usage trends for numerous print application enhancements. The new study, “Value-Added Printing & Finishing for Improved Profitability,” addresses high-end color, new finishing products and techniques, special coatings, foiling, laminating, scented inks, raised inks, brand protection and security, metallic inks, metalized substrates, stitching and die-cutting, and more. The study explores use and effectiveness and identifies how brand owners incorporate these enhancements into their product advertising and packaging.

Conducting the research for PRIMIR, Hal Hinderliter, Hal Hinderliter Consulting Services explained that, “Adding value to print is often touted as a way to improve the profitability of print service providers, but until now there has been no definitive research on the topic. The study’s cross-sectional survey of print service providers, print buyers and brand owners, along with industry experts and leading vendors, provides a complete picture of the current state of adoption for value-added features and services. The future direction of many of these value-added enhancements is bright, providing a buffer from potential threats from disruptive technologies.”

In addition to a series of interviews with vendors, printers, trade shops and brand owners, findings were derived from nearly 600 survey respondents, more than 50% of which were print buyers and brand owners.

The study findings are clear: Print that includes value-added enhancements delivers positive ROI!

Although monochrome and commodity CMYK printing is in the crosshairs for digital replacement, print buyers and brand owners say it is difficult or impossible to replace print where value-added enhancements provide added benefits, functionality or visibility that helps them attain their marketing goals. Study results plainly demonstrate that print buyers and brand owners appreciate the benefits of value-added enhancements, and consider them to be cost-effective.

Printers must make their customers aware of new ways to improve print’s effectiveness, and vendors should help printers evangelize the benefits of value-added print and finishing. Marketing investments are desperately needed—not only to inform customers of new or underutilized options, but also to create and execute marketing campaigns for the printers themselves. Buyers can sense when the salesperson is advocating an untried solution; instead, printers need to “walk the talk” by proving the benefits of these value-added enhancements in
their own marketing campaigns.

Changes in sales strategy are also required to change the discussion from “price per unit” to the superior ROI provided by value-added print; rather than acting as order-takers, printer sales reps must become more proactive in demonstrating solutions that improve effectiveness. One brand manager described her consultative relationship with a value-added print provider: “They were very proactive and opened my eyes, and said, ‘Did you think about this?’”

Unfortunately, not all forms of value-added print and finishing are appropriate for all end-use applications or brand owners. However, limited growth is more a symptom of a decline in overall print than a statement about benefits of a particular enhancement. To stem this decline, printers and their vendor partners must develop an effective means to demonstrate print’s unique and enduring value.

Clearly there is a role for NPES members in securing print’s value. NPES members should become informed about the many value-added enhancements: which applications are best suited for each, and which of their printer customers have a need to bring these value-added enhancements to market.

In fact, the research uncovered instances in which printers indicated an unwillingness to offer any value-added enhancements that cannot be performed in-house. In 80% of cases, printers and trade shops refuse to outsource the value-added components of their production. Correspondingly, 38% of the print buyers and brand owners indicated that they expect all services to be performed in-house. Given the growth potential for many of these value-added enhancements, vendors who can provide the market support, equipment and supplies to facilitate these offerings have untapped opportunity.

Source: PRIMIR “Value-Added Printing & Finishing for Improved Profitability” study by HKOS.
New for 2014 is a pre-show “hot topic” webinar series designed to educate, entice, and drive the greatest numbers of “alumni” and new attendees to GRAPH EXPO 14.

GASC Expands Pre-Show Attendee Outreach & Education

NEW FOR GRAPH EXPO 14: MARKET-SPECIFIC WEBINAR SERIES

GASC innovates again! Even before GRAPH EXPO 14 opens this Fall in Chicago, even before the full complement of seminars and show floor theater learning sessions begin at McCormick Place, even before the first attendee registers! New for 2014 is a pre-show “hot topic” webinar series designed to educate, entice, and drive the greatest numbers of “alumni” and new attendees to GRAPH EXPO 14. Each fast-paced session in the series will be sponsored and led by industry authorities in each of 12 market segments.

Kicking off the series on Tuesday, March 4 at 1:00 pm will be the first session titled “Pacesetter Presses—Technology & Enhancements,” co-sponsored by News & Tech.

THE FUTURE OF PRINT MANUFACTURING (Newspapers & Semi-Commercial)

• Webinar #1: Tuesday, March 4, 2014
  Pacesetter Presses—Technology & Enhancements

• Webinar #2: Tuesday, June 3, 2014
  PostPress Panache—Technology & Enhancements

• Webinar #3: Tuesday, August 5, 2014
  High-Performance Prepress & Workflow

Each webinar in the new GRAPH EXPO 14 series is FREE to participants and 60 minutes in length (including Q & A). Watch for new updates to the 2014 schedule at: www.GraphExpo.com.

DID YOU KNOW?

In a study of 6th graders reading e-books and paper-based books, researchers found that the students who read print books had “better reading comprehension of the text, performed better on quizzes about the content of the material, and suffered less eye fatigue.” Students also expressed a preference for paper-based books.

—Study by Hanho Jeong, Chonbuk University, Seoul, South Korea, 2012