NPES Announces Formation of Brand Owners Council

FOCUSED ON PRINT PRODUCTION ISSUES OF KEY IMPORTANCE TO PACKAGING INDUSTRY

NPES has announced the formation of a new Brand Owners Council to address and provide essential guidance on print production issues of key importance to today’s packaging industry. NPES formed and will support the efforts of this group based on the Association’s experience and involvement as an accredited ANSI standards developer of both national and international standards.

Previously, no industry segment-wide group had existed to develop universal communication guidelines or conformance evaluation criteria (conformance schemas) for the package printing industry. Rather, many consumer products companies (CPCs) developed their own unique set of rules, which required a printer to follow different rules for each CPC they supported, often forcing them to purchase particular tools, or specific testing, for each. Printers will benefit from the work of this group with a savings in time and resources via requirements and evaluation criteria that have been developed in a common format. Measurement equipment manufacturers will also benefit from common measurement requirements for their products.

“We are delighted to be able to fill this role for the industry, and do so in support of aligning the value chain,” advises NPES President Thayer Long.

With the advent of digital printing and other advancements in our industry the supply chain environment will change rapidly. While exciting, without a collective group getting information into the right hands it could be chaotic. One of the objectives for this new Council is to develop a clear and concise synopsis of standards group activities that will be of value to brand owners.

The inaugural meeting of the Brand Owners Council held on January 10, 2017, included representatives from Kimberly-Clark, Pepsi Co., and Diageo. The meeting addressed the creation of a schema that brand owners can provide to their supply chain partners, which will require them to have proper viewing conditions, calibrated and verified instruments, and defined and repeatable workflows. This work will be based on ISO 19303-1 Graphic Technology — Guidelines for Schema Writers — Part 1: Packaging Printing, one of the ISO standards that NPES is working to develop as an international standard.

“This is an exciting opportunity for consumer products companies to provide aligned input on their requirements to their supply chain through industry standards. It will improve the printers’ ability to match a global requirement through effective communication, and align many brands to a similar workflow through communication, metrology and standards, reducing cost for supply chain partners,” states Council Chairman Steve Smiley, President, SmileyColor and Associates.

For more information about this new Industry Council, and how to become involved, contact: Debbie Orf, NPES Senior Director, ICC and Standards, at phone: 703/264-7200 or e-mail: dorf@npes.org.
“Every success story is a tale of constant adaption, revision and change. A company that stands still will soon be forgotten.” Richard Branson’s thoughts on change are spot on. Technology today brings change faster than ever, disrupting all industries and transforming all aspects of our lives.

At NPES we recognize not just that change and transformation are inevitable, but that it is important for us to be at the forefront of change. As I mentioned last year, NPES leaders are engaged in the process of building a new business plan that will enable the association to serve as a strategic partner and deliver real business impact to our customers.

Our starting point was to gather feedback from our members and the broader industry. However, this time we did not simply ask “What should we change?”, but rather “What kind of association is needed … now?” How does print remain relevant? What does the industry need? What hinders the industry today?

In compiling a comprehensive, yet clear and compelling assessment of the issues, the team looked both externally at the overall value chain and internally within the organization and its members to find new ways of achieving operational excellence and address real business and industry challenges.

The research brought forth key areas of opportunity that will form the basis of a new, leading-edge plan for the organization and allow it to reimagine, reinvent and refocus as we continue our path to find new ways of driving the industry towards growth; find new ways of developing and nurturing future industry leaders; facilitate new collaborations; and, discover new opportunities in global business development.

One of the first things you will see beginning this year, is that our Membership will be transforming to deliver greater value to members. We will bring together NPES and PRIMIR under one all-embracing membership structure, enabling one subscription for both; in most cases, adding immediate value and cutting costs for others.

It’s important for me to stress that this is not your “business as usual” strategic business plan. It’s not a simple rearrangement of the furniture. This is a complete rebuilding of the organization to increase the impact we have in a time of industry transformation and disruption.

We’re aspiring for that success story that Richard Branson portrayed. We do not aim to stand still nor do we intend to be forgotten any time soon! ■

GAERF Launches 2017 Student Design Competition

THE CHALLENGE: TO MAGNIFY! A PRINT AD PROMOTION VIA DIGITAL MEDIA

Demonstrate how to “MAGnify!” attention to a product via a printed magazine ad linked to digital media—that is the challenge for entrants in the 2017 Student Design Competition from the Graphic Arts Education and Research Foundation (GAERF).

In keeping with the annual contest’s goal to engage and motivate students aspiring to a future role in the Graphic Communications industry, this year’s competition challenges participants to combine their critical thinking and creativity with the latest technology to design and produce a printed magazine ad, featuring a product of their choice, with a link to digital media to demonstrate the essential role that print plays in today’s multichannel media mix.

The competition is open to all students attending secondary or post-secondary institutions in the continental United States who are studying in a graphic communications/printing, advertising, graphic design or interactive media program.

“GAERF is proud to continue its commitment to supporting education initiatives by encouraging creativity and self-expression in students through the art of design and production,” said GAERF President Thayer Long. “This year’s competition, which centers on effective graphic design to convey information both in print and digitally, will serve to recognize our best and brightest students, as well as the significant commitment of their instructors.”

Entries that are submitted by the June 2, 2017 deadline and selected by GAERF will be judged by a panel of industry professionals to choose one secondary and one post-secondary school winner for each of the first, second and third place awards.

First place winners and their instructors will receive a two-day all expenses paid trip to attend PRINT 17 in Chicago, IL. The $2,000 student awards will be presented during PRINT 17’s Career Awareness Day on Thursday, September 14, 2017. Second place winners will be awarded $1,500, and third place winners will receive $1,000.

For complete information about the GAERF 2017 Student Design Competition visit: www.gaerf.org. ■
Members of co-hosts NPES and Idealliance, along with other supporting associations will convene in Washington, D.C., March 22-23, 2017, for a joint 2017 Legislative Conference themed, “The First 100 Days.” The Conference will bring key Trump Administration officials and Members of Congress together with printing and mailing industry executives for an exchange of information, policy direction, and most importantly industry advocacy. Top printing and mailing priorities during the formative First 100 Days of the 115th Congress and Trump Era are: pro-growth comprehensive tax reform, cost-effective healthcare reform, reduction of burdensome government over-regulation, restructuring and revitalizing the U.S. Postal System, and reducing patent troll abuses while also protecting patent-holders’ rights. Boosting support for this important agenda, the National Association of Printing Ink Manufacturers (NAPIM) and the Tag and Label Manufacturers Institute (TLMI) have joined the Conference as Sponsor Associations.

“This joint 2017 Legislative Conference is a valuable opportunity to reach out to our congressional representatives on issues of concern to the printing industry, and also gain actionable strategies for our own companies,” says NPES Government Affairs Chairman Greg Salzman, President, Aleyant Systems. “We urge NPES, Idealliance, NAPIM and TLMI members to join us as we speak directly to our elected officials and hear from political and policy experts on issues vital to our businesses and our employees’ livelihoods,” continues Idealliance Board Chairman Tim Johnson, CEO, Impact.

“With crucial business issues on our legislative agenda all at play in the First 100 Days, it’s important that we stay abreast of developments, and imperative that we weigh in with the information policymakers and legislators need to make informed decisions,” states NPES President Thayer Long. “Face-to-face discussions with constituents are the most effective way of getting the message across to lawmakers,” adds Idealliance Executive Vice President Ken Garner. “We can’t afford to just watch from the stands; we need to be in the game.”

The Legislative Conference kicks off on Wednesday, March 22 with a Welcome Luncheon. The day continues with afternoon policy briefings by invited Members of Congress, Trump Administration officials, and other Washington, D.C.-based policy experts, and concludes with an evening Congressional Reception.

The program resumes on Thursday with congressional office visits, featured breakfast and luncheon speakers, and will conclude at 4:30 p.m.

For program updates, sponsorship opportunities, or to register, visit: www.npes.org/2017LegislativeConference.aspx. For more information contact NPES Vice President, Government Affairs Mark J. Nuzzaco at phone: 703/264-7235 or e-mail: mnuzzaco@npes.org, or Idealliance Executive Vice President, Ken Garner at phone: 703/837-1070 or e-mail: kgarner@idealliance.org.
Inspired by rapidly evolving global markets and technology sectors that continue to dramatically impact print communications, PRIMIR and NPES members gathered together in Marco Island, Florida, November 14-16, 2016, to explore ways to transform challenges into profitable new opportunities. Focused on the theme, “PRINTscape: Worldwide Markets & Megatrends,” a robust agenda engaged participants representing over 40 NPES and PRIMIR companies, in strategic conversation and dynamic presentations.

This third combined NPES Annual Conference and PRIMIR Winter Meeting opened with a keynote presentation, “Economic Forecast 2017 – The Road Ahead,” by the widely popular (and keenly accurate) Alan Beaulieu, Senior Analyst, Economist and Principal with the Institute for Trend Research (ITR).

Beaulieu provided an extremely thorough, yet understandable, economic forecast, noting that while the occupancy of the White House may have changed, in actuality, the economy and stock market are largely agnostic to who is in office, as any changes to policy will not have any immediate economic impact. Beaulieu noted several key positive factors that are providing major uplift to the U.S. and globally (Figure 1). And that, despite much of the pessimism that exists for the U.S.’ standing in the world, this nation continues to be the largest economic engine for the world. However, he noted there does exist another growing “Great Depression” come 2030, with the combination of growing domestic net interest, healthcare and social security spending that today represents $3.7 trillion of the federal budget, and in 2035 will increase to 71% of federal spending or $10.1 trillion in obligation.

In the shorter term, the U.S. economy will continue to grow and expand, experiencing a 1.9% rate of growth in 2016, and projected 5.5% (or $16.6 trillion) growth rate in 2017. This growth will not be sustainable though, and the nation will experience a slight recession in 2019, before the “roaring 20’s” return with the foreseeable good years of 2020-2022.

Beaulieu also dispelled the myth that “businesses are leaving the U.S.” He noted that from 1995 to the present, there has always been more money flowing into the U.S., than out; that Foreign Direct Investment continues to increase; and, that the U.S. is the 2nd most competitive manufacturing nation in the world— and by 2020 will be the 1st most competitive again. Manufacturing is currently the 4th largest employer in the U.S. and job openings are at a 15-year high, the U.S. Purchasing Managers’ Index also continues to rise, as do retail sales (consumer spending) and the stock markets—all good signs of a solid favorable current economy.

Marco Boer, Vice President of I.T. Strategies and certainly no stranger to NPES and PRIMIR Fall Meeting Wrap

Throughout the combined NPES and PRIMIR program, participants enjoyed the enhanced synergies for information sharing and benefit of numerous networking opportunities.
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PRIMIR principals, presented the results of the PRIMIR study, “Megatrends in Printing Applications, A Refresh and Future Outlook,” which revisited prior 2010 PRIMIR research that viewed the industry through the prism of a rising digital promise and expansion into the conventional print space. Boer introduced the session with the question, “has the decline of page volumes steadied out?” and shared that this unique study, definitely puts into context both the growth and decline of page volumes, and is a seminal publication unlike any other report available to equipment and supplies manufacturers who seek answers to where to invest resources, time and strategy through 2020. Boer stated the objectives of the study were to: 1) size, contrast and compare page volumes by 12 applications and 3 print technologies; 2) describe key market trends driving page growth/decline for each application; and, 3) highlight tipping points/drivers/barriers, which will move conventional to digital print.

The three technologies Boer presented were documents, publishing, and packaging and four applications within each.

Noting the ~3.2% CAGR overall decline in page volumes in North America (conventional and digital), from 2007–2020, which equates to ~5,306 billion pages, as the majority attributable to publishing, which declined ~7.4% or ~6,121 billion pages (most due to newsprint). Another ~1.9% or ~460 billion pages is lost in documents.

Packaging, however, represents the area of growth with +2.3% or +1,276 pages gained through the period. By 2020, packaging printing will be larger (by pages) than publishing and Boer made special note, that if companies plan to invest in the future, packaging’s potential cannot be ignored.

Looking at the same page volume trends and loss of ~5,306 billion pages by technology (Figure 2), the loss was realized wholly in conventional decline ~3.5% or ~5,639 billion pages, with inkjet pegged at +16.3% gain or +328 billion pages, while toner increases slightly at +0.3% or +6 billion pages. Boer did note the caveat on the assumption for inkjet’s ability to print on a broader range of substrates, like coated, and at higher volumes. Lastly, and a more telling story is that Boer pointed out digital’s share of 1.3% (1% toner, ~3% inkjet) of the total page volume in 2007 with its rise to a projected 5.3% share of page volume in 2020 (1.6% toner, 3.7% inkjet). The study’s primary conclusions are: the confirmation that digitally printed pages continue to grow independently of decline in conventional printed pages; the high percent of digital print growth areas include corrugated (liners and direct-to-board), newspapers (on-serts), and marketing collateral (displacement from conventional); and, that high volume digital print markets remain direct mail, marketing collateral and transactional.

David Humphreys, Director of Custom Research, for The Economist Intelligence Unit presented highlights of the study continued on page 6
recently completed “Worldwide Market for Print 2.0: Global Opportunities in Packaging” study, which focused on 26 countries representing 80% of global GDP and 70% of the world’s population. Humphreys emphasized that between 2015 and 2020 print packaging global revenues will grow $44 billion or +18%, from $242B to $286B, an average growth rate of +3.4% CAGR in U.S. dollar terms (or, +5.2% CAGR in local currencies). He also noted the team of EIU consultants worked closely with a joint task force of NPES and VDMA member companies to conduct this most comprehensive research and analysis to date on the global print packaging market in the first ever, co-produced study by NPES and VDMA.

Notably in 2015, 78% of total global print packaging revenues was concentrated in the top five markets comprised of the U.S., China, Japan, Germany and the U.K., however, he pointed out that the largest share and fastest pace of future growth will be recognized in emerging nations, primarily in the Asia-Pacific region, which will grow from 39% of packaging revenues in 2011, to over 45% by 2020 (Figure 3). Humphreys noted the accelerated growth of emerging markets remains the dominant trend and driving force behind the print packaging industry outlook, due to rising middle classes – over the next five years 200 million households will rise into this category, 80 million in China and 75 million in India. While India will post the fastest growth over 2016-2020 at 12%, and similarly Indonesia at 10.1% and Vietnam at 9.7%, he also expressed the caveat that the fastest-growing print packaging country markets also tend to be the smallest.

From an incremental growth perspective, of the $44 billion in growth by 2020 from 2015, large economies will experience the largest growth – China $15.2B, U.S. $10.7B, India $6.8B, Japan $2.9B, and Germany $2.7B. All subcategories of print packaging will also grow at rates of 3-5% CAGR, with corrugated print packaging enjoying the highest share of the global packaging market at $101 billion in 2020, though demonstrating the slowest rate of growth at 3.5% in the next five years. Flexible print packaging will be the fastest growing segment at 5.7% average annual pace to post revenues of $73 billion in 2020. Humphreys stated that specific country markets across developed and emerging economies will experience varying rates of growth, in all subcategories that also include folding cartons, labels and tags, and other segments such as direct print on metal and rigid plastics. Besides the comprehensive report received by all NPES/PRIMIR and VDMA members, an extremely versatile Excel dashboard was included that provides historical data, forecast estimates through 2020 and key macroeconomic and demographic indicators; interactive heat maps; and the ability to prepare multi-variable comparative charts and tables across countries and regions.
I have no doubt that the impact of 3D printing/additive manufacturing will be revolutionary. These technologies will be part of mainstream manufacturing—it is just a question of how soon and how much.

The revolution is already underway; laser sintering has now replaced roto-molding as the standard choice for manufacturing several aerospace parts, such as ducts in the environmental control systems in aircraft, including Boeing’s Dreamliner. The list of benefits accrued by adopting the technology is astonishing—lightweighting; reduced in-service maintenance; elimination of up-front tooling cost; design freedom for improved performance; reduced part count; no storage for tooling, etc. Even more staggering is the range of application areas. Technologies such as composites found their sweet spot in transport applications, but with 3D printing/additive manufacturing the sectors that can benefit are diverse.

Today, products from hearing aids to lamp shades are routinely manufactured this way.

The key barrier to widespread adoption today is the slow rate of production. Single spot processes, e.g., a scanning laser, are simply unable to scale up to volume. This is where industrial inkjet technology has a real edge. Using inkjet to print curable resin or to print infra-red absorbing ink to promote selective sintering in machines designed for high throughput is at the core of taking 3D printing/additive manufacturing into mainstream production. And this is where Xaar is looking to exploit its existing portfolio of products and to develop future products in a market that is consistently growing at approximately 30% year on year. We see enormous potential for the supply of industrial-level, highly reliable, robust printing systems capable of operating in demanding environments and with a challenging range of materials. Further, our heritage in manufacturing high added-value products in significant volumes places us very well to understand and address the volume manufacturing challenges that will be presented by this new, revolutionary, technology.
The bright side in recent years has been total market shipments, where there have been steady increases starting from 2010 mainly due to increases in shipments of digital presses up until year-end 2015.

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TRENDS IN SHIPMENTS FOR EQUIPMENT AND SUPPLIES AND THE TOTAL MARKET

![Figure 1 - U.S. Shipments of Printing Equipment and Graphic Arts Supplies](image)

Through the third quarter of 2016, sheetfed offset press shipments rose 20% and printing equipment increased 8% to $182 million and $279 million respectively, compared to $152 million and $259 million through Q3 2015. Graphic arts supplies shipments fell 5% to $421 million from $443 million through Q3 2015. While in 2015, the market for production digital presses increased 5% to $2.1 billion for the year, up from $2 billion posted in 2014, digital presses decreased 17% through the third quarter of 2016, compared to the same period in 2015 (Figure 1).

The bright side in recent years has been total market shipments, where there have been steady increases starting from 2010 (besides a slight dip in 2012 and a slight increase in 2015), mainly due to increases in shipments of digital presses up until year-end 2015. Typically, there is a strong correlation between the increase in digital press shipments and the decrease in offset press shipments due to the shift of some offset work to digital presses. However, with steady growth of offset presses throughout 2015 and more robust growth through Q3 2016, this correlation currently doesn’t apply. Note also that the dollar volume is still a lot greater for digital presses, however, the rate of growth has recently slowed.

With offset presses continuing their growth, it seems that traditional press manufacturers are forming successful alliances and partnerships to integrate digital and other features into their equipment. While offset presses have had a pattern of starting off strong and experiencing a decline by year-end, digital presses experience the exact opposite—starting slow and ending strong. Current trends, however, are proving this theory wrong and it will be interesting to observe the outcome for both at year-end.

NPES tracks monthly shipments across 80 different categories of printing equipment [imaging/pre-press, pressroom and bindery/finishing] and graphic arts supplies [film, plates, proofing products and the related chemistry]. The production digital color press data 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.

DID YOU KNOW?

Overall, 51% of respondents said they read newspapers in print only. Plus, 14% said they read newspaper content in print, on the Web, and on mobile devices. Another 10% said they read newspapers both in print and on the Web, but not mobile.

— Nielsen Scarborough Study, 2016