OUTLOOK 2016: The Future of Print in the United States

Since 2000, the U.S. print industry has weathered tumultuous change. Shipments have declined over 40% and more than 30% of businesses have consolidated or disappeared. The evolution continues as potentially another 7,000-8,000 businesses will be lost over the next five years.

For the next decade, the U.S. commercial print industry will continue to grapple with a rapidly changing environment as outside forces dampen the demand for print. Recognizing the impacts—which include changing consumer preferences and the direction of both the U.S. economy and print-related industries (technology, advertising, publishing, and packaging)—is critical.

On the upside, examining the future landscape through the lens of these key drivers will reveal new business opportunities.

The new 2015 Print Industries Market Information and Research Organization (PRIMIR) study, “The Future of Print in the U.S.—Landscape, Implications and Opportunities,” produced for NPES/PRIMIR by the Economist Intelligence Unit, sheds light on what lies ahead, driven by several significant trends:

- Evolution of the consumer experience,
- Rise of data,
- Importance of mass personalization and product differentiation, and
- Role of social media in content generation and consumption.

Printers who will be successful in the years ahead will formulate new business models to leverage these trends and,

This NPES/PRIMIR study on the “Future of Print in the U.S.” will serve as an extremely concise and strategic planning resource for Bottcher America for both our internal dialogue with employees and external discussion with customers, to benefit us collectively.

— David Dinsmore, President, Bottcher America Corporation

I absolutely loved it. I read it, made all sorts of notes on it and loaned it out since I felt it was so valuable... extremely informative.

— Douglas B. Herr, Director of Sales, Folding Carton, North America, Bobst North America, Inc.

Based upon the key concepts identified in this study, will innovate, differentiate, specialize, and provide new services. Most of the trends identified in this study will serve to drive down the overall demand for print; however, they will create new opportunities for progressive print industry pioneers.

According to the research, consumers will seek more product differentiation “experiences” instead of material possessions, desire traceability, demand more value, and be better able to evaluate their choices using technology. Coupled with changes in consumer behavior, technology advancements will continue to have profound impacts on the print industry. Trends in the advertising industry, such as mass-personalization, changing advertising channels, and digital advertising, will create significant impacts on commercial printers. However, other trends, such as changing consumer preferences, shorter product lifecycles, shifting channel behavior, and environmental concerns, will present growth opportunities in packaging for U.S. commercial printers. Also, as noted in the study, the publishing industry will continue to see considerable change in the near future with extensive
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consolidation in the newspaper, book, and magazine markets.

Consolidation in the U.S. commercial print industry will continue as a result of the downward pressure created by outside industry forces, and while the exact pace is unknown, it is likely to be more accelerated than gradual.

Today, with the printing industry saturated with overcapacity, buyers in the next two to three years will look to grow their businesses by purchasing customers. Sellers will be driven by a lack of succession planning and dwindling profits resulting from competing on price.

The United States is currently the largest print market. However, notwithstanding its recent economic challenges, China will likely overtake the U.S. print market in 2016. The decline in printing shipments is mirrored by a corresponding decline in the number of establishments and employment. In 2001, there were 42,521 print establishments and 800,000 employees; in 2014, there were an estimated 29,590 establishments and 453,000 employees (see Exhibit 1).

Printers who attain success in the future will transition their businesses away from the traditional print-based model and embrace strategies that include differentiation and specialization in a particular niche, providing new services, and improving human capital.

I perused this report and didn’t stop until I got to the back cover. The only time I looked away was to grab a highlighter to mark up key facts to share with my colleagues. I now have a better understanding of where the industry is heading and where Air Motion Systems ought to focus its time and resources.

— Joel O’Leary, Director of Business Development, Air Motion Systems, Inc.

(View the video testimonial at: http://tinyurl.com/Future-Print)
SAVE THE DATES!

PRIMIR 2016 SUMMER MEETING
June 22-24, 2016 • Denver, Colorado

PEAK PERFORMANCE:
PIONEERING PATHWAYS TO BREAKTHROUGH SUCCESS
Markets ▶ Technologies ▶ Applications

In times of great change—with evolving markets, rapid technological advancements, and pivoting communications platforms driven by rapid societal evolution—industry suppliers who find new ways to achieve peak performance, will attain significant future success. Recognizing that brand owners and customers are empowered with more influence and market control strategies than ever before, they seek to engage only with the most informed supplier-partners.

Just in time, the PRIMIR 2016 Summer Meeting will reveal innovative new pathways to profitability. Based on late-breaking, proprietary market research, the program will provide essential insights on current growth markets from food packaging and coatings, to success strategies in the vibrant in-plant printing sector, and include up-to-the-minute intel on brand owners’ influence on printing.

Highlights of this timely, fast-paced three-day program, feature an “insiders’” plant tour, engaging industry expert panel, highly interactive roundtable discussions, and dynamic networking sessions. Here, participants will share their experiences, learn current best practices for utilizing exclusive PRIMIR research, and return home with “the formula” to execute actionable strategies to ensure competitive advantage in the months and years ahead.

Each year since 2010, as the industry convenes at GRAPH EXPO/PRINT, the “Positively Print” program celebrates the company-branded campaign that best captures the power of print in the media mix.

The annual award program is co-sponsored by the Graphic Arts Show Company (GASC) and Two Sides North America.

The “Positively Print” program welcomes entries from companies in the print production process that, through their company-branded promotional activities, encourage, promote and stimulate print demand—based on its value, effectiveness and sustainability—as a vital and integrated component within a highly competitive media landscape.

The call for this year’s “Positively Print” award entries opened March 1 and may be submitted online at: www.positivelyprint.org by the June 1, 2016 deadline.

Entries may be nominated by anyone, including print suppliers (who may submit their own campaigns, or those created by others), as well as advertising agencies and public relations firms.

This year’s award presentation will take place onsite at GRAPH EXPO 16, at the conclusion of the EXECUTIVE OUTLOOK Conference on Sunday, September 25, 2016, at the Orange County Convention Center-North, in Orlando, Florida.

Incoming PRIMIR Executive Committee Chair Frances Cicogna, Manager Business Development & Segment Marketing for Canon U.S.A. (center right) and PRIMIR Vice Chair Rich Mullen, Vice President Market Development & Analytics, Domtar (right), recently visited NFES headquarters to continue work on PRIMIR 2.0 strategies and firm up plans for the upcoming PRIMIR 2016 Summer Meeting with NFES Vice President of Market Data and Research Greg Sallo (center left) and Assistant Director Market Data and Research Rekha Ratnam (left).

Past Award Winners

2014: IKEA — “Bookbook” Campaign
2013: SAPPI Fine Paper North America — “PRINT & Book”
2012: PrintCity — “PRINT! Seen! Lean and Green”
2011: Domtar — “Paper Because” Campaign
2010: “Exemplary Awards”**
- The Xerox Corp. — TV campaign describing the different ways print achieves results.
- Five major Magazine Publishers (Condé Nast, Hearst Magazines, Meredith Corp., Time Inc. and Wenner Media) joined forces to conduct print advertising campaign — “Magazines, the Power of Print”
- Printing and Graphics Association-Mid-Atlantic — “Print Grows Trees” Campaign
- Distinction Award”
- Hewlett-Packard (HP) — international in scope, even made it to the Cannes Young Lions International Advertising Festival competition, used two publications to support its efforts.

*One winner per year after 2010
Richard “Rick” E. Mullen, currently serving as PRIMIR Board Vice Chair, is Vice President-Market Development & Analysis for Domtar. Since joining Domtar in 2001, through its acquisition of the paper businesses from Georgia-Pacific, Rick has held a variety of marketing positions.

During his previous 10-year tenure at Georgia-Pacific LLC, Rick held positions with responsibility for both product development and product management.

From the view of Domtar’s marketing team, and your 35 years of experience in the business of manufacturing of paper, pulp and fiber-based products, how have recent trends in the graphic communications industry impacted your customers?

Even though electronic-based alternatives have grown over the past several years, paper and print remain an effective option to communicate with both consumers and businesses. We are seeing growth (some of it returning from electronic) in applications such as direct mail, printed books and catalogs, because they are effective, particularly in conjunction with electronic and web-based media. Another area now becoming a viable option is digital printing, first in data-driven applications, but now more frequently for commercial printing. In both cases, the most successful customers have analyzed the opportunities, mapped out their strategies and executed.

Based on your responsibilities for strategic project analysis, business plan development, and market trend analysis, how does your involvement in PRIMIR assist you in driving Domtar’s continued success in the marketplace?

A challenge for any supplier is to obtain credible information about your customers’ industry. With our membership in PRIMIR, Domtar has access to timely and leading-edge studies covering various aspects of the print industry. My personal involvement in PRIMIR over the past 11 years, on research task forces including for the recently published “Trends and Future of Direct Mail Through 2020” study, has provided our organization with invaluable insights and perspective. This, in turn, helps us to better understand our customers’ needs and develop products, services and ultimately, stronger relationships with those customers.

Domtar’s Paper Because campaign received the Positively Print award at GRAPH EXPO 11. As the company continues its leadership role in educating customers and brand owners about the value, effectiveness and sustainability of print, what can you share about some of Domtar’s latest initiatives?

The Paper Because campaign continues to advocate for paper through various videos and promotions. Most recently, Domtar released PaperPal, a program about the benefits of handwriting, where we connect youths and seniors in a letter writing program (see the video: www.npes.org/DomtarPaperPal). Researchers and doctors recommend handwriting for cognitive benefits and the development of fine motor skills. We also share resources through our Print Works program, which provides education, case studies and trends with printers and graphic designers to help them advocate and sell more print.

Looking toward the horizon, where do you see our industry heading in the next three to five years—and why are you optimistic about the future?

Until the decline in demand for paper levels off, which we believe it eventually will, we are encouraged to see that there are quite a few areas where paper is proving to have staying power. Printed books are as popular as ever, as people are finding that reading on paper is faster and helps with retention. Writing notes by hand remains popular in offices and schools because the brain processes information as it is written, which doesn’t happen when using a laptop. We are also encouraged that the overall print industry has gotten smarter and more creative, embracing new technologies and applications. Usually where there’s print, there is paper being consumed. In addition to communication uses, there are also many food packaging, medical and industrial applications where the demand for paper continues to grow. At Domtar, our products continue to meet the evolving needs of our customers, and we are optimistic about the future.
It is important to note that sharing these industry-specific resources with your printing/fulfillment company customers will demonstrate your commitment to their success, as they learn how to connect with highly skilled potential future employees.

Finding Tomorrow’s Talent

Without question, the skilled workforce shortage that continues to plague the U.S. has not left the graphic communications industry unscathed. According to The Manufacturing Institute, a foundation of the National Association of Manufacturers (NAM), over 82% of manufacturers have reported moderate to serious shortages of skilled talent (Source: The Manufacturing Institute’s 2015 Skills Gap Report http://tinyurl.com/2015-SkillsGap).

The Graphic Arts Education and Research Foundation (GAERF), formed in 1985 by Epicomm (formerly NAPL), NPES, and Printing Industries of America, offers several programs designed to assist print industry employers meet their manpower needs of tomorrow. It is important to note that sharing these industry-specific resources with your printing/fulfillment company customers will demonstrate your commitment to their success, as they learn how to connect with highly skilled potential future employees.

PrintED is the “flagship” national accreditation program for secondary and post-secondary schools that offer graphic communications curricula. Based on industry-developed standards and competency areas, the PrintED program offers accreditation in these areas:

- Introduction to Graphic Communications
- Digital File Preparation and Output
- Digital Production Printing
- Graphic Design
- Offset Press Operations/Bindery & Finishing
- Screen Printing

GAERF currently has 137 schools that are PrintED accredited, or in the process of being accredited, in 25 states.

Next, through a partnership between GAERF and SkillsUSA, students have the opportunity to earn a credential, through a series of skill assessments that validate their mastery of academic and workplace competencies. The competencies on which these assessments are based were vetted by industry and education representatives dedicated to helping our industry succeed. Via media-enriched questions, these assessments validate students’ technical skills and knowledge in:

- Advertising Design
- Digital File Preparation/Digital File Output
- Graphic Communications
- Offset Press Operations/Bindery & Finishing
- Screen Printing

During the 2014-15 school year over 7,000 students took these assessments.

Most recently, via the support of the Printing and Graphics Association of Mid-Atlantic (PGAMA), GAERF is midway through updating the assessments to ensure they are current with today’s industry standards.

As you meet with your customers and hear about their hiring challenges, refer them to GAERF online: www.gaerf.org for more information about local schools that could be training their next employee!

And, so that they may reach out to connect with these talented students, share this link to the list of PrintED accredited schools: www.gaerf.org/PrintED/AccreditedPrograms.aspx.

GAERF is dedicated to advancing knowledge and education in the field of graphic communications by supporting programs that prepare the workforce of the future. To learn more about GAERF’s other programs and services, contact Managing Director of GAERF Judy Durham at phone: 703/264-7214 or e-mail: jdurham@npes.org.
NPES Sets Ambitious Government Affairs Agenda for 2016

PRIORITIES BUILD ON REMARKABLE SUCCESSES GAINED IN 2015

NPES Government Affairs Director Mark J. Nuzzaco has announced an ambitious government affairs agenda for the Association for the second half of the 114th Congress. It includes:

- Making Bonus Depreciation permanent,
- Preventing “Patent Troll” abuse by reforming intellectual property (IP) laws,
- Approving the Trans-Pacific Partnership Agreement (TPP) trade agreement,
- Advancing the Transatlantic Trade and Investment Partnership (TTP) trade agreement, and
- Advancing Postal Reform.

All are high NPES government affairs priorities.

Acknowledging that the political environment surrounding this year’s presidential election makes achieving these goals challenging, Nuzzaco said that “NPES is nonetheless determined to advance its agenda during 2016,” to which he quickly added “but success will very much depend on the concerted efforts of Association members, including those who send and receive mail, mail service providers, printers, technology suppliers, postal worker unions, policymakers, and the general public.”

They are the result of years of NPES advocacy, and were brought into sharp focus at last year’s PRINT’S VOICE 15 Capitol Hill Fly-In.

NPES 2016 Government Affairs Agenda At a Glance

Bonus Depreciation
Making Bonus Depreciation Permanent would be a significant step toward full expensing, which would greatly leverage the economic impact of capital investment on a large scale.

“Patent Troll” Abuse/Intellectual Property (IP) Laws
Preventing “patent troll” abuse would relieve printers and their suppliers of the prospect of unjustified damaging litigation that threatens their very existence, and also jeopardizes the legitimate rights of innovators and intellectual property owners.

Trans-Pacific Partnership Agreement (TPP) and Transatlantic Trade and Investment Partnership (TTIP)
Trade agreements have proven benefits for U.S. manufacturers seeking to export to the 95% of the global market outside of the United States. TPP and TTIP will greatly assist NPES members exporting to the two largest and growing regional markets in the world.

Postal Reform
NPES remains committed to achieving the long-term sustainability of affordable universal mail delivery of printed communication by the United States Postal Service (USPS). This continues to be dependent on fundamental structural changes in the USPS business model, which require a legislative solution acceptable to all mailing industry stakeholders, including those who send and receive mail, and the general public.
Extend Your International Reach

BOoth SHARE WITH NPES AT DRUPA 2016

For NPES members seeking to explore or expand their outreach into the global marketplace, one of the most cost-effective and immediate ways is to have a presence at the largest print show in the world, drupa 2016, coming May 31–June 10 to Düsseldorf, Germany.

Throughout the show, from the highly visible and visited NPES/PRINT 17 booth, located inside the U.S. Pavilion, you will leverage this international business opportunity, avoid all of the logistical difficulties, and save the expense of staging an individual booth at the show.

In its role as drupa organizer, Messe Düsseldorf is keenly promoting new and fresh print applications that can offer new profit opportunities to printers who will come from around the world to explore the latest technologies destined to drive the market forward.

At drupa 2012, the reported attendance of 314,500 visitors from 130+ countries created a buying atmosphere where nearly 79% of attendees played an integral role in investment decisions, and over 40% had immediate investment intentions.

Featuring 19 exhibition halls, drupa 2016 will welcome more than 1,800 exhibitors who will be there to showcase their innovative business models, best-practice examples, future-oriented concepts and technological innovations and solutions. Learn how to join them by participating in the NPES/PRINT 17 booth share program.

For more information, contact NPES Assistant Director, International Trade Programs Pernilla Jonsson at phone: 703/264-7200 or e-mail: pjonsson@npes.org.

Keeping Up with International Standards

MAKE YOUR VOICE HEARD!

At the November 2015 ISO/TC130 Meeting in Seoul, South Korea, the following working groups convened: WG1 – Terminology; WG2 – Prepress Data Exchange; WG2/TF2 – PDF/X; WG2/TF3 – Variable Data Exchange; WG3 – Process Control and Related Metrology; WG4 – Media and Materials; WG5 – Ergonomics – Safety.

Standards in the printing, publishing and converting industry provide uniform, defined procedures and tools that help users produce quality products, which are safe for their customers, faster, more efficiently, and more cost-effectively.

NPES provides a leadership and participatory role to top organizations that develop national and international standards for the printing industry, including:

• Safety standards for printing, publishing and converting equipment, and

• Technical standards for data exchange, process control, color, metrology, post-press, etc.

Industry standards result from extensive technical discussions to find solutions that meet identified needs. Much of the work is developed in face to face meetings, supplemented by conference calls and e-mail exchanges. However, others contribute their expertise by reviewing and commenting on draft standards documents.

How Can YOU Get Involved in Standards Development?

Membership in the Committee for Graphic Arts Technologies Standards (CGATS) or the U.S. Technical Advisory Group (USTAG) is open to anyone with an interest. To apply, download a membership application at: www.npes.org/programs/standardsworkroom.aspx.

For more information, contact Debbie Orf, Assistant Director Standards Programs at phone: 703/264-7200 or e-mail: dorf@npes.org.

RECENTLY PUBLISHED STANDARDS

• ISO 17972-1:2015
  Graphic technology — Colour data exchange format — Part 1: Relationship to CxF/X (CxF/X-1)

• ISO 17972-4:2015
  Graphic technology — Colour data exchange format (CxF/X) — Part 4: Spot colour characterisation data (CxF/X-4)

• ISO 18619:2015
  Image technology colour management — Black point compensation

• ISO 12646:2015
  Graphic technology — Displays for colour proofing — Characteristics

• ISO 12647-5:2015
  Graphic technology — Process control for the manufacture of half-tone colour separations, proof and production prints — Part 5: Screen printing

• ISO 2834-2:2015
  Graphic technology — Laboratory preparation test prints — Part 2: Liquid printing inks

These standards can be purchased from NPES by contacting orders@npes.org.
In 2015, the market for production digital presses increased 5% to $2.1 billion [$2 billion in 2014]. Over the same period, the total market (traditional printing equipment, graphic arts supplies and production digital color presses) increased just 1% to over $3 billion. See the accompanying chart for more details on the total market.

Shipments for traditional printing equipment fell 6% in 2015 to $346 million [$368 million in 2014]. Printing equipment and graphic arts supplies shipments are now near their 2008/2009 levels, or years prior, and continue their steady declines. In 2015, shipments of graphic arts supplies declined 7% to $580 million [$623 million in 2014].

On the upside, since 2010 total market shipments continue to increase steadily (besides a slight dip in 2012 and only a slight increase in 2015) mainly due to increases in shipments of digital presses, which continue to be at their highest level since 2010. Typically, the increase in digital press shipments has a strong correlation with the dampened traditional pressroom equipment market and the continuing shift of some offset work to digital presses.

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). 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.