PRINT 13 wrapped up its five-day run at McCormick Place in Chicago on September 12, 2013 on an upbeat note, receiving positive feedback from both exhibitors and attendees. “Two common themes seemed to be repeated by attendees and exhibitors alike at the show this year,” said Ralph Nappi, president of the Graphic Arts Show Company (GASC). “First, a sense of optimism existed that has not been evidenced in our industry for a few years; the second was the surprising number of deals that were inked at the show.”

Reinforcing its position as the year’s industry event, PRINT 13, together with co-located CPP EXPO, welcomed a double-digit verified attendance increase over the 2012 event. Among the total 24,695 participants, which included exhibitors and attendees, 16,728 actual verified attendee/buyers—up 22% from 2012—came well prepared to examine, compare and purchase the latest graphic communications technologies. Additionally, the show saw an uptick in participation of high-level decision-makers from among 9,489 unique buyer companies—up 15%—compared to the 2012 event.

Based on its commitment to reporting the truest and most accurate attendance numbers the Graphic Arts Show Company (GASC) defines “actual verified attendees” as registered onsite show goers—counted only once—regardless of their number of days at the show, or times they enter the exhibit hall.

PRINT 13 was a bustling marketplace of the very latest profit-enhancing technologies and applications for the broad range of attendees who came from 12 key industry segments well prepared to examine, compare and purchase.

See pages 6 & 7 for more PRINT 13 photos!
dent, to serve on the board of directors.

Two Sides picks up nicely where the former Print Council left off and complements other organizations that are promoting the versatility, effectiveness, and sustainability of print. Two Sides’s unique roles come from its aggressive efforts in fighting “greenwashing,” currently focusing on banking, utility and financial companies that urge customers to “go green” by substituting paper statements and correspondence with electronic communications. Take a look at this impressive list of companies (right) that, this year alone, Two Sides has convinced to remove sustainability claims by going paperless, when in fact cost savings were the primary motivation. This is a serious campaign that is taking head on some heavy hitters of the corporate world. And as you know there are many more to convince.

The strong value proposition of Two Sides is a bottom line and quantifiable success in the fight against greenwashers. Two Sides has a very broad coalition and membership in the graphic communications supply chain including forestry, pulp, paper, inks and chemicals, prepress, press, finishing, publishing and printing. What’s more, these are people who are dedicated to setting the record straight about our industry’s solid environmental credentials and commitment to sustainability.

Over the next year you will see increased efforts and promotion by Two Sides to target greenwashing companies and to espouse the virtues and effectiveness of print through fact sheets and other tools. If you have any interest, take a look at their website at: www.twosides.us. They are always interested in engaging people through their marketing committee — NPES Director of Marketing and Communications Debbie Vieder serves on that committee — and they have a sustainability committee too.

Please look for future updates in NPES News as we will continue to bring more news of Two Sides — or contact me directly. But the main point I want to relay for you is to be aware of this small member-driven organization that has already been effective in directly combatting organizations that greenwash against print. There are indeed Two Sides to every story; it’s important to tell the “side” for our industry’s perspective.
Mixing It Up!
PRINT'S PLACE IN THE NEW MEDIA MIX WITH INTEGRATED MARKETING

Integrated marketing, also known as “cross-media marketing,” “multichannel marketing,” or “cross-channel marketing,” links together traditional offline media such as direct mail, broadcast and print ads with the interactive capabilities of web, mobile, and social networks. To gauge the impact of integrated marketing on the printing industry, in late 2012 PRIMIR commissioned InfoTrends to conduct a study that included insights gained from marketers and print service providers.

The completed study, “Impact of Integrated Marketing on the Printing Industry,” was circulated exclusively to PRIMIR members earlier this year. It provides a thorough view of the forces shaping and driving integrated marketing and offers perspectives on print’s place in the new media mix, print service providers’ role in offering integrated marketing services, and opportunities in the marketing community. It also addresses how suppliers to the print community play a role.

The study identified five vertical markets that offer the highest growth opportunities for integrated marketing including: automotive, financial services, food and beverage, healthcare and retail. According to the PRIMIR study, integrated marketing spend for these five vertical markets is expected to grow at a compound annual growth rate (CAGR) of 11%, reaching $25 billion in 2016. Overall, the share of integrated marketing will grow from 18% of total ad spending in 2011 to 26% in 2016 (see Figure 1).

Marketers view integrated marketing as media-agnostic with channel consideration based upon particular campaign objectives. On the bright side, the study found that for the foreseeable future, print will continue to play a strong role in the integrated marketing mix, although ongoing media diversification will elevate the use of other channels in conjunction with (or as a replacement for) print media. Over the next year, 47% of firms practicing integrated marketing expect the importance of print to remain the same and another 32% expect its importance to increase in the near term. The good news: less than 1% of the study respondents expect print to be fully eliminated from their integrated marketing mix (see Figure 2).

The PRIMIR study revealed that printing firms are not top of mind when selecting a provider for integrated marketing services. Most marketers view printers as vendors that fulfill one component of a campaign and not as a strategic partner to help plan, manage and execute campaigns. Findings from a related recent InfoTrends study reveal that a mere 13.3% of marketers...
Print service providers who can measure response and demonstrate the ROI of integrated marketing are in a solid position to address marketers’ challenges, and enhance their own value along with the value of print.

What Role Do NPES Members Play?

Understanding the markets, applications and specific workflow requirements for integrated marketing is essential for success of both the supplier and the printer. Vendors to printers should assume a thought leadership role in integrated cross-media marketing, since guiding customers in developing product applications will strengthen print’s role in the future—a win for the entire print value chain. Business development services, sales training, and guidance on operational effectiveness are essential if print is to play a prominent role in integrated marketing. Equipment vendors and suppliers should focus on digital printing, while still remembering that offset printing remains a staple. High-speed, high-resolution inkjet print heads mounted on offset presses can extend the role of offset to produce variable data on otherwise static pieces.

Education on value-added technologies demonstrates to printers, marketers and designers how the creative use of special effects can make printing dimensional, tactile and interactive. Finishing techniques and special effects get print noticed and acted upon. (PRIMIR will be releasing a study later this year about “Value-Added Printing & Finishing for Improved Profitability” that will provide invaluable insights.)

Software vendors should develop channel-agnostic automation tools. Tomorrow’s marketing automation tools need to automate entire conversations between businesses and consumers across all channels. In addition, data mining and analytics, including location awareness, are driving communication strategies. Sophisticated, yet easy-to-use data analysis software tools will be invaluable to printers and their customers.

Many cross-media marketing campaign products are adding intuitive, browser-based, campaign-design dashboards that allow end-users to easily create trigger-based cross-media communications. Advancements in these offerings will help anchor print service providers in the integrated marketing supply chain.

Substrate suppliers should look for opportunities to supply affordably priced inkjet-treated substrates, in addition to the high-gloss coated papers for digital printing. This can be accomplished by partnering with printers, marketers, and designers to understand their requirements, helping them select the right substrates, and by developing new products that incorporate their needs.

And, it goes without saying that suppliers must continue to play an active role in defending the sustainability of paper to correct marketers’ perceptions that online channels are more eco-friendly than paper-based channels.
Many companies have had to adapt and innovate to survive in recent years; what key factors lie behind your success?

We too have had to adapt quickly to the changing market. Until January 2013, Morgana was a privately owned U.K. manufacturing business with over 80% of its production going to export markets, and a great U.K. direct sales business. Over the last 10 years we’ve developed a strong distribution channel in most areas of the world, very focused on designing products that overcome some of the challenges of finishing digitally printed sheets. Through the acquisition, our combined strengths—Morgana in offline finishing, and Plockmatic in inline finishing—have developed some great solutions for partners such as Xerox and Ricoh. Now being part of the larger organization gives us a very stable platform to continue to develop and grow the business.

Key to our success was realizing early on just how rapidly the digital print sector would grow. When launching the original AutoCreaser at Drupa 2000, we couldn’t believe the market reaction to such a simple device—but realized that digital output was going to be where our future lay. Being a relatively small organization, we could react very quickly to the changing needs of the market, and develop and manufacture products to meet those needs. Working closely with the print engine manufacturers has been another key factor for us, and now with the integration of Plockmatic, these links will only get stronger.

In addition to the inline products, Plockmatic’s entire range of booklet making systems for offline production has been rebranded and brought into the Morgana portfolio, providing many different options to really tailor the correct solution for a customer. Moving forward we will be developing new products with the combined expertise of both R&D groups.

What plans does Morgana have for expanding into other global markets over the next three to five years?

The European financial crisis has led to some of our traditionally strong markets effectively going away, so we’ve focused on other areas and made good progress globally. We entered into a joint venture in Australia two years ago and have seen significant results there and in New Zealand, but now need to look more closely into the other strongly growing South Asian markets. At China Print 2013 we made some very positive contacts and are also reviewing distribution options in India, where there are literally thousands of print shops. Ironically that market can be difficult for equipment manufacturers because of the cheaper cost of labor available to carry out finishing and other operations manually. In Latin America, digital print appears to still be a small proportion of the overall print output, but it’s growing and presents us with a significant opportunity.

The U.S. market is hugely important to us. We have added new technicians and sales people to the U.S. group to provide better coverage of the market and allow us to continue the growth we’ve seen there in recent years. Interestingly, the Morgana brand has a great reputation in the U.S. I spoke to people at PRINT 13 who had been running our original UFO folders for 15 years or more—and they still won’t give them up for a new one!

What trends do you see on the near horizon that will impact your business?

We see further consolidation in the mature markets where we have been strong in the past. We need to continue to focus on emerging markets and ensure that Morgana is well recognized as the production in these areas moves towards digital output. There seem to be some “green shoots” coming through on the economic front, which may encourage printers to invest—so many people have lacked confidence in recent times that the investment in new finishing machinery has been low on their priorities. Subsequently they don’t have efficient finishing methods for today’s demanding turnaround times.
1. Fully engaged and ready for business at the Sunday opening, buyer-attendees came well prepared to explore and purchase the latest graphic communications technologies.

2. PRINT 13’s “sweet” spot—the debuting “Inkjet Candy Store” show floor feature—gave show goers the opportunity to see and compare the newest wide format inkjet printers.

3. The “In-Plant Place” pavilion and its networking hub was a welcoming show floor destination for in-plant and print center pros.

4. PRINT 13 attendees flocked to the expo floor to investigate the record-setting number of MUST SEE ‘EMS technologies and products, 49 in all, chosen by an industry expert panel as this year’s most innovative and compelling at the show.

5. PRINT 13’s hands-on computer labs, taught by industry experts, were among the more than 100 workshops, seminars and presentations that were packed with information, ideas and “take-home” guidance.

6. “Photo Finish—The Photo Imaging Pavilion,” new for 2013, was the place for attendees to find all things photo: services, suppliers, substrates, software and all sorts of equipment.

7. At Latin American Day, to help PRINT 13 attendees better understand the Latin American market for print and its opportunities, NPES Latin America Director Hamilton Costa identified the major markets in the region and forecast their growth through the end of 2013.
8. The popular Marketing Pavilion offered attendees daily ‘hot topic’ sessions in The Marketing Theater along with a variety of resources and networking opportunities for today’s marketers and PSPs transitioning into MSPs.

9. The Deliver ROI Theater, sponsored by industry experts the USPS and AMSP, offered attendees education sessions, best practices, plus the most current solutions, research and market data for mailing services, marketing, and print services providers.

10. PRINT 13 offered attendees a multitude of opportunities to reach out, touch and “test-drive” equipment and technologies across the show floor, with exhibitors on hand to answer their specific questions.

11. PRINT 13 Career Awareness Day on Thursday welcomed local area graphic communications students who, after a lively morning presentation and announcement of the GAERF 2013 Student Design Competition Awardees, explored exhibitor booths seeking a first-hand perspective of the industry.

12. Foretelling the positive energy at PRINT 13, the pre-show EXECUTIVE OUTLOOK Conference, which drew the largest attendance since 2005, addressed ways of “Driving Profits through Innovation, Integration and Communication.”

13. The PRINT 13 International Day programs welcomed printer delegations from around the world, including this joint delegation from the North India Printer’s Association (NIPA) and the Offset Printers Association (OPA).
Post-press manufacturers are highly dependent upon new press equipment sales for new business. The bad news is that fewer new presses are being purchased as print volumes continue to decline (see Figure 1) and, hence, fewer opportunities are arising to sell new post-press or finishing equipment. The good news is that with continuing market consolidation among print service providers, those that are purchasing are buying highly sophisticated and automated presses—along with highly sophisticated and higher-value finishing equipment.

The implication for post-press manufacturers is an urgent need to “right-size,” which involves downsizing to produce fewer units, while “up-sizing” to meet the demand for more sophisticated finishing equipment.

The printing press industry is in the classic downward slope of a life cycle. The potential customer base is consolidating and shrinking and a used equipment market, along with a knowledgeable base of maintenance personnel, are keeping the installed base alive longer than anticipated. However, not all is lost for finishing equipment manufacturers.

As the financially weaker print shops disappear, those remaining should, in theory, become stronger. Those stronger print shops will be in a race to establish the most efficient and the highest volume businesses, and to achieve this they will need to have the lowest price, the greatest flexibility, and the most highly automated equipment.

Opportunity for Finishing Manufacturers

The opportunity for finishing equipment manufacturers is in addressing the needs of this upcoming, financially stronger base of print shops that remain. This means more productive, more automated presses. Fewer units will be sold than previously, but the top-line revenues and profit margins will be attractive for manufacturers.

The application/market focus of those presses will need to be on marketing collateral and direct mail—applications still in a growth mode and less likely to be impacted by electronic technologies in the near term. Those applications likely require more frequent paper changes than long-run periodical and publishing applications, which continue to be more severely impacted by electronic technologies (see Figure 2).

A focus on marketing collateral and direct mail applications by press manufacturers, in combination with advanced nesting software, will open up web-to-print opportunities that until recently have been profitably accessible to only the very large print providers. Web-to-print business infrastructure will be critical in driving up print volumes for the remaining financially strong print shops; it will open business from a regional to a broader national and even international customer base. To make web-to-print a profitable business, it has to become nearly labor-free. Automated finishing is an absolute requirement of web-to-print. The goal of a highly automated web-to-print operation is for most of its labor effort to be concentrated on packaging and shipping the final print job.

Threats to Finishing Equipment Manufacturers

As mentioned earlier, the threats to finishing equipment manufacturers from electronic technology alternatives will get stronger in years ahead as at least 25% of page volume disappears. Finishing equipment manufacturers must “right-size,” staying two steps ahead of the industry’s print volume declines to remain profitable.

Simultaneously, with smaller R&D budgets, they must invest in creating more automated finishing equipment, in order to provide print shop customers with the types of new equipment they will need.

How Do NPES Post-Press Manufacturer Members Respond?

NPES post-press manufacturer members are very cognizant of the looming challenges. Demand for presses from emerging markets is somewhat mitigating the decline in demand in Western markets, but, ultimately, overall demand for presses and associated finishing equipment will continue to decline.

Since we are still in the early stages of digital press market development—particularly ink jet production printing—automated finishing of digital production printing output remains under-served and is an area of opportunity. Some finishing equipment manufacturers are trying to apply their products designed for analog printing presses to...
production inkjet printing presses, sometimes with misguided energy. For example, some are showing their automated finishing equipment with inkjet production printers for newspaper applications. Unfortunately for reasons too numerous to mention here, newsprint printing with inkjet technology is unlikely to become broadly popular; hence the resources that have gone into adapting newspaper finishing equipment to work with high-speed production inkjet printers are unlikely to pay large financial dividends.

Concurrently, the equipment demands for finishing digitally printed books remains in need of further investment to more effectively match the finishing equipment requirements with digital book printing production printers.

Conclusion

Printed page volumes are in irrevocable decline. Electronic technologies are freeing content, allowing more rapid dissemination than ever before. Print doesn’t become obsolete, but the low-value pages that were previously created to attain the lowest possible cost per page, and then stored in inventory, are no longer tolerable in new business models.

Ironically, electronic technologies are enabling printing to become more efficient—allowing offset presses to print very short runs, just in time—closing the gap between digital and analog production printing. This will require a re-balancing of NPES finishing member firms’ workforces, a process that must be matched in scale just in advance of sales trends. More software and electrical engineers will be required than mechanical engineers, and on the whole there will be fewer manufacturing staff required as the unit volumes of finishing equipment continue to decline. The value of each finishing unit sold will be higher, keeping top-line revenues relatively stable, but the transition to a new business model will be required. Those finishing equipment suppliers who transition their infrastructures to a “fewer unit, higher-value” business model will prosper. Those who lag in adapting their business models and infrastructure will fall behind.

As expressed in the NPES Strategic Plan, it is vital that NPES members understand the impacts of electronic technologies on print to adapt their companies for continued success in today’s “new world” of print. Responding to this need, NPES News features this series of special reports based on the 2011 PRIMIR “Impact of Electronic Technologies on Print” study by I.T. Strategies, Inc.

To make web-to-print a profitable business, it has to become nearly labor-free.
Packaging: the GROWING Frontier

As the North American printing industry continues to consolidate, one segment, packaging, is experiencing growth. It is currently the fastest-growing sector, though the opportunities vary according to the vertical market (food, beverage, pharmaceutical, entertainment, healthcare, etc.) and the key application or segment (folding cartons, corrugated, tag and label, and flexible packaging).

The PRIMIR study, “Packaging: Evaluation of Vertical Markets and Key Applications,” conducted by Karstedt Partners LLC explored the issues that brand owners, the consumer product companies (CPCs), face as they grow their businesses. The study also looked at the opportunities that may be available to companies in the print-value chain—printers, converters and supplies manufacturers—and the accompanying drivers and barriers to growth.

Figure 1 shows the value of retail vertical sales (top five categories) and packaging shipments by key application projected through 2015. In terms of machinery shipments, according to the PMMI “2012 Shipments Study,” U.S. packaging machinery shipments (including exports) experienced considerable growth in 2011, surging by 19% to U.S. $7 billion (see Figure 2). For the same period, packaging machinery consumption (including imports) rose 23% to U.S. $8 billion. Exports were up 16% and imports 35%.

Figure 2: Summary of U.S. 2011 Packaging Machinery Industry Results

Looking at machinery shipments by end-use market segments, we can see that foods (36%) and beverages (24%) were the largest segments for sales (see Figure 5).

Eric Frank, Vice President of Marketing for KBA, noted, “The packaging segment is too often seen as ‘one market.’ To effectively serve the market a vendor must drill down and focus research and development efforts on customer needs in focused vertical segments.”

Influences affecting the packaging market include the increasing desire for and implementation of sustainability; environmental effects; regulatory volatility; fluctuating cost of raw materials; changes in consumer demand; and, transportation costs. But, to the consumer, product packaging is seamless. It is made of a broad range of materials and substrates, with a myriad of colors, folds, pouches, sleeves, zippers, caps, labels, wrappers and tops. Occasionally, upon encounter-
Packaging represents a real growth opportunity for printing and converting companies. However, the myriad possibilities in production methods, substrates, inks, coatings and adhesives for each type of packaging can present a real challenge.

To the brand owner/manufacturer, a product’s package design and development may well be the culmination of many hours of complex product development, in-depth research studies, focus tests, and customer surveys, as well—all with the goal to create consumer appeal and demand. Product packaging not only reflects these developmental factors, but also ongoing social and demographic shifts that define how the product is made, marketed, packaged and distributed. The now-aging baby boomer generation will use certain products differently than the millennial. As they design the packaging, the brand owner needs to take into account lifestyle, requirements and tastes of all who consume the product.

Brand owners also need to provide multiple packaging options for consumers who are seeking a variety of product choices: price, size, and quantity being the most obvious. This results in multiple SKUs (stock keeping units) for the same product.

John Kalkowski, Director of Marketing at Delkor, sees both the opportunities and the challenges, “Packaging represents a real growth opportunity for printing and converting companies. However, the myriad possibilities in production methods, substrates, inks, coatings and adhesives for each type of packaging can present a real challenge. Because converting is only the first step in the packaging process, the printing requires a high level of precision. It can affect each step downstream, from forming the package to filling, loading, closing and shipping. Typically, the printer must identify a particular niche and work toward excellence in that specific area.”

Firms in the print value chain must be aware not only of the challenges posed by consumer demand and the market in general, but also the underlying trends in each segment of the packaging industry. There is constant innovation in package design, creating packaging and products that fit the needs of our modern lifestyle for time savings and convenience. There are a number of new and unique materials and processes currently being tested, such as nanotechnology, which could have a significant impact on films and coatings.

Looking to the future, there will no doubt be more use of interactive and/or intelligent packaging than we see today: QR codes, RFID tags and chips, NFC tags, 3-D bar codes and varying degrees of personalization and customization. Printed electronics on a variety of packaging substrates can also be used to enhance marketing and promotional efforts to improve the customer experience. Additionally, various anti-theft solutions and track-and-trace systems can now be built into the packaging of certain products; most, however, are not yet cost-effective enough for general use.

Often called eco-packaging, the desire for packaging to be more environmentally friendly is very prevalent. Consumers, marketers and manufacturers look for sustainability of both the product and of the packaging—more natural products, biodegradable or compostable, and to extend the product/shelf-life.

Time will tell. Those in the print value chain need to seek out opportunities that match their capabilities or that they can adapt to. Digital and, print-on-demand label and package printing match up well with “flexible and nimble,” as well as with leaner manufacturing initiatives, multiple versions, increased customization and targeted marketing. Combine this with other key factors such as sustainability, upcoming and new technologies and innovative product and package development—and this growing frontier seems to be on track to keep pushing forward.
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*Exact dates, based on Congressional Calendar, to be announced in January 2014

DID YOU KNOW?

31% of the paper and paperboard recovered in the U.S. went to produce containerboard (i.e., the material used for corrugated boxes) and 12% went to produce boxboard, which includes folding boxes and gypsum wallboard facings.