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NPES news

THE ASSOCIATION FOR SUPPLIERS OF PRINTING, PUBLISHING AND CONVERTING TECHNOLOGIES

When is Print...not Print?

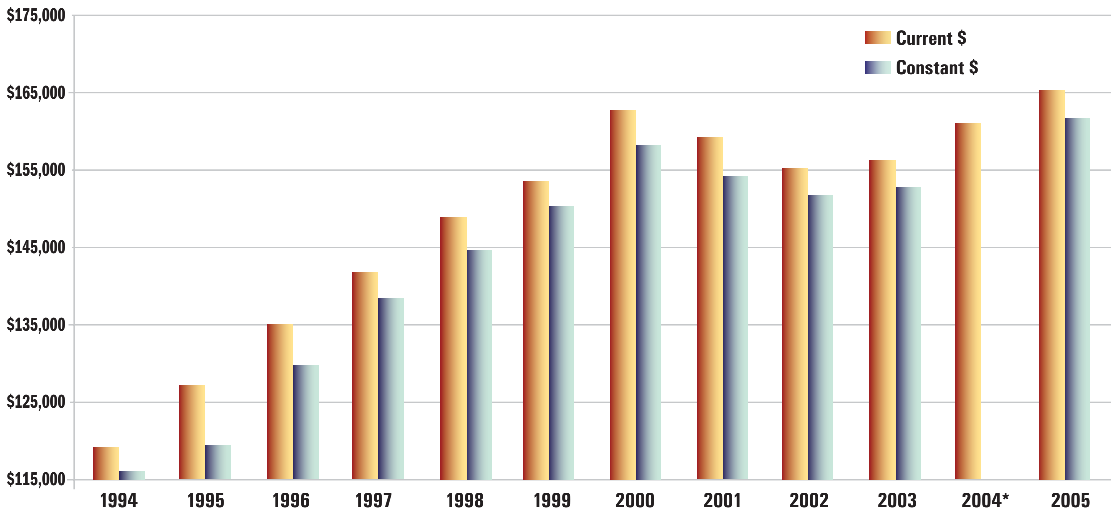
ANCILLARY SERVICES ARE BOLSTERING PRINTERS' PORTFOLIOS OF OFFERINGS

By William K. "Kip" Smythe, NPES Vice President

In my last article (April 2006), I discussed the general environment facing NPES members' customers – namely printers, publishers and converters. Most industry pundits believe that somewhere between 1998 and 2000 marked the high water point for the printing and publishing industry as total industry revenues measured in inflation-adjusted (constant) dollars were approximately $158.4 billion (see figure 1). Now, don't let the 2005 data fool you as it appears that the industry has climbed out of the doldrums of the past five years. The 2005 data is vastly different from the 2000 data, as you will see.

FIGURE 1

TOTAL U.S. PRINTING MARKET *(Millions of Dollars)*



Source: Printing Industries of America; U.S Department of Labor

** Please note that the Constant $ value for 2004 was omitted due to a shift in classification systems from SIC to NAICS by the Bureau of Labor Statistics that year.*

By the year 2000, the impact of electronic alternatives to print began to emerge in the data, although I believe the impact started at least eight years earlier in 1992. Printers are always looking for opportunities to build revenue, and those who are more entrepreneurially inclined began to offer ancillary services in the early 1990s. By ancillary, we mean services other than printing that are complementary to the communication process.

Why offer ancillary services? Many printers found that their core print business has become commoditized and their profits from print are declining. These savvy printers recognized the changing landscape and developed a new "self view" away from being "printers" to being "communications solutions providers." Such printers focused their business on the communication of structured documents through traditional printing processes plus the addition of digital printing, on-demand printing, the Internet, cross media production and other non-print value-added services. In figure 2, a survey conducted by the National Association for Printing Leadership shows that a significant number of printing companies are diversifying beyond print. In fact, many of the services provided by these printers have little or nothing to do with printing.

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president's perspective

The Impact of Strategic Convergence

Ralph Nappi
NPES President

A few weeks ago at the AIIM/On Demand Conference in Philadelphia, I enjoyed opportunities to converse with NPES members and industry experts, many of whom were united around a dynamic theme: Success in the new marketplace draws on our ability to leverage print as part of an integrated approach to communicating a message or selling a product. In this model, content is distributed to a mix of media including print, the web and broadcasting, in such a way that these media actually enhance the objective of the communication, be it selling or information dissemination.

The concept echoes an earlier trend rooted in the entertainment world. Recently I spent some time at the Disney MGM Studios. One of the attractions, "Walt Disney: One Man's Dream," provided a perspective on the creative genius of the man behind the park (and so much more). During the 1950s, Walt Disney Studios was confronted by the new medium of television. Rather than viewing it as an invasive threat, Walt gave careful consideration to entering into this new market in such a way that he was able to "leverage the rest of the business" – with spectacular results.

Fast-forwarding to the present day, many are aware of Tom Friedman's best-selling book, *The World is Flat*. I'm particularly struck by his reference to "the triple convergence" of three issues – productivity increases, three billion new capitalists, and the emergence of new technologies including wireless, VOIP, and multi-purpose devices like Treo and Blackberry. This triple convergence is right where we live and work. Many see this as a threat to print; others don't even have it on their radar screens – but the Disneys among us consider this an opportunity to leverage our businesses.

THE KEYNOTE SPEECH AT AIIM/ON DEMAND, by Bruce Chizen, CEO of NPES member company Adobe, offered thought-provoking insights that should hold a lot of interest for those involved in the print world. Chizen believes that for the first time ever, we are seeing a convergence (there's that word again) of message, media and mobility. He further noted that soon consumers will expect messages to "enhance, not interrupt" their lives. Rather than being bombarded by 3,000-plus messages a day – a vast majority of which have no meaning to us – innovative organizations will find ways to provide relevant communications that engage people.

Think about it. The software, hardware, and data services already exist to allow this type of relevant, permission-based communication. Who will be the early innovators spurring people to look forward to receiving a variable data print piece, a telemarketing call or solicitation because it is exactly what they need, rather than what somebody wants to sell them?!

What does this mean to us? Equipment suppliers need to consider the entire channel of communication. It is no longer about one medium versus another medium, but what each can do to help the other be successful. It is not about preserving or protecting print, but about defining the media that complement print, and integrating your company with other organizations that leverage what both bring to the table.

Walt Disney could have focused on making his movie studio stronger than any other, but he decided that embracing and developing the new medium of television was the way to grow the overall business. It was obviously the right decision. Tom Friedman and Bruce Chizen, like Disney, are not protectionists but visionary opportunists. Please challenge your key thinkers to consider the opportunities of strategic convergence. Integrating and leveraging strengths with those of different organizations headed in the same direction could provide unprecedented returns for your business. ●

WHEN IS PRINT... continued

The services shown in red in figure 2 are ***non-print*** ancillary services.

If printers have been diversifying into non-print services and this is part of their revenue stream, the question becomes…what is the true volume of printing? It's clear that for some time, part of the printer's reported revenue comes from things other than print. As NPES members and suppliers of technology for printing, we need an accurate view of the volume of PRINT. This is the only way we can understand our true potential for selling to our customer base. The answer to this question leads to three more questions:

- When did printers start offering non-print services?
- What percentage of printers offer these services?
- What percentage of sales do non-print services represent of printers' total revenues?

A casual glance backward shows that many commercial printers were offering non-print services as far back as 1992. The chart below shows the non-print service and the approximate year that a significant number of printers began offering the service:

SERVICE	YEAR
● CD ROM	1992
● Internet Development/Hosting	1994
● Warehousing	1999
● Fulfillment	1999
● Database management	2001
● Consulting	2001

Two independent surveys were conducted in the past year to determine the percentage of printers' revenues that are non-print ancillary services. A Printing Industries of America study showed these services to be approximately 8.2 percent of revenues, while a National Association of Printing Leadership survey came in at 9.6 percent. The NAPL survey estimates that non-print services will grow to 16.7 percent of revenues by 2010.

FIGURE 2

DIVERSIFICATION PLANS

DIVERSIFICATION BEYOND INK-ON-PAPER IS ONE WAY PRINTERS ARE PREPARING FOR FUNDAMENTAL CHANGE IN HOW PEOPLE COMMUNICATE

SERVICE	WILL OFFER BY 2005	CURRENTLY OFFER
Art, design, creative	71.0%	66.0%
Fulfillment	70.7%	58.6%
Mailing	63.9%	52.2%
Client training/consulting	52.8%	42.9%
Database Management	50.0%	34.6%
Variable-content digital printing	48.1%	27.2%
Internet/Web services	47.2%	29.0%
CD services	33.6%	28.1%
Facilities management	17.0%	10.8%

While both of these surveys provide interesting information, they derive from limited samples within the respective organizations' memberships.

In order to get a more representative view of the entire printing industry, the Print Industries Market Information and Research Organization (PRIMIR) commissioned an in-depth study of ancillary services that will be completed and distributed to the NPES and PRIMIR membership by mid-summer. This study is based on a random sampling of all the printing industry market segments and will provide a statistically reliable estimate of the amount of non-print ancillary revenue in the printer's revenue stream. A preliminary estimate from this study reports that on an overall basis, the non-print revenue level is $15 billion in 2005. More importantly, the study will show the level of non-print revenue by market segment which will help members better gauge their true market potential on a segment by segment basis.

With significant volumes of printers' revenues coming from non-print, the true volume of printing has been overstated for some time. As figure 3 illustrates, the true volume of printing revenue is about $15 billion less than the reported industry revenues when non-print services are removed.

THE FUTURE FOR THE SAVVY printer involves diversification into non-print ancillary services and the adoption of digital printing technology to augment the core business of traditional commercial printing by offset, flexo, gravure and screen processes. In essence, the printer must redefine his or her business by:

- Reassessing the entire product/service offering
- "Unbundling" services previously included free in the price of the print job (e.g. data management and creative services)
- Creating new services such as facilities management, web page development, CD ROM fulfillment, kit fulfillment, digital photography, etc.
- Embracing new technology

What this means for NPES members is twofold. First, the actual volume of printing is significantly less than the revenue numbers reported by industry associations. Second, and perhaps more importantly, there are opportunities for members to offer solutions that help printers expand into ancillary services. NPES members have shown great ability to develop innovative solutions that make printers more efficient. We now need to expand those innovations into the mailing, fulfillment, database management, warehousing, web site development and other arenas where printers need to invest to grow their businesses. Following are some key areas where NPES members are expanding their offerings:

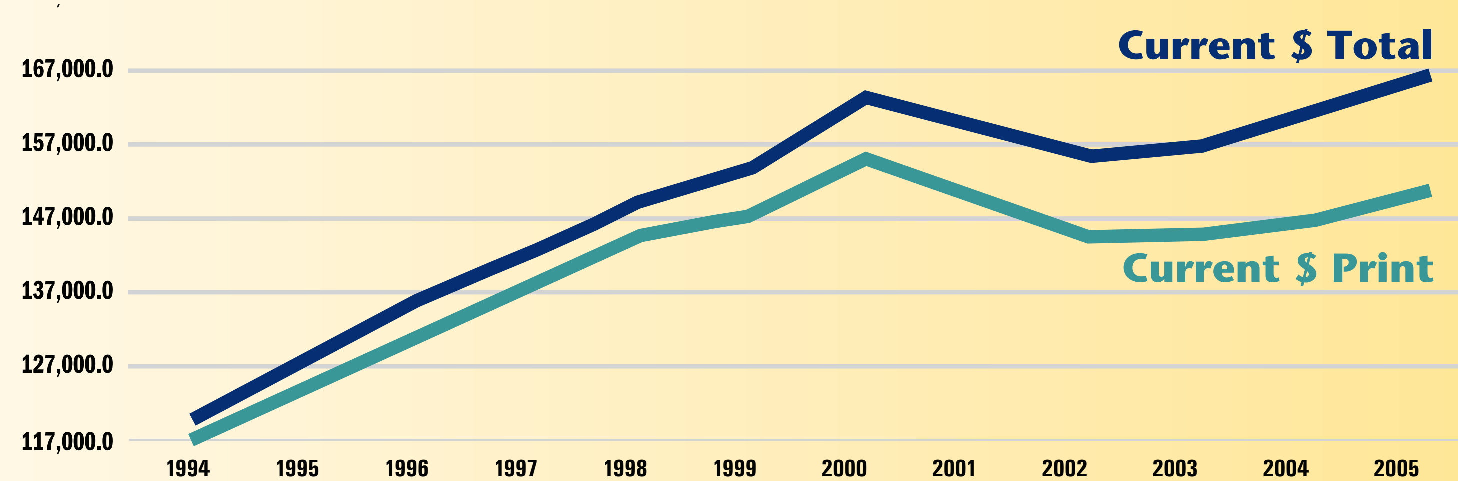
- Database/archiving software that is the key to producing "clean" variable data printing.
- Automated kitting and fulfillment machinery that takes books, brochures, CDs, DVDs, videotapes and other odd-sized pieces, and collates and shrink wraps them for shipping.
- Computer integrated manufacturing-enabled products.

This last item is the key to process automation, which will further streamline the printer's workflow and squeeze cost out of production processes.

Despite the challenges facing printers, printing and publishing is still a huge industry. There are significant opportunities for NPES members to thrive by adjusting to changing realities of the market they serve.

FIGURE 3

ANOTHER LOOK...Total U.S. Printing Market *(Millions of Dollars)*



Source: Printing Industries of America; U.S Department of Labor

One on One:
Joe Webb

A 28-year veteran of the graphic arts industries, Dr. Joe Webb is well known as a consultant, forecaster, and commentator. He is the founding partner of PrintForecast.com, which publishes the free newsletter PrintForecast Perspective, the paid newsletter/ podcast PrintForecast Contrarian View, and other global print business planning and forecasting resources. I spoke with Joe last month in Philadelphia at the AIIM/On Demand show.

– Doug Sprei

Let's tune our discussion around where you see the industry as a whole going and how printers and suppliers may be getting on track to success amidst all the changes.

How much time do we have? (laughter) One of my first NPES events was PRINT '80. A couple of years ago I pulled the *Graphic Arts Monthly* issue that covered PRINT '80 and I looked at it in comparison to what our industry is like today. It's absolutely incredible, the upheaval that has occurred.

> **"We're going from serialized deployment of media to a simultaneous deployment where things are on websites, and brochures, they're being published in magazines – all of these are occurring at once."**

Take the whole nature of capturing ideas and images. At one time publishers and designers were at the mercy of a production process where they had to get things together and then hand it off to someone else. Now production is part of creativity. As people are creating things, they are working ideas and choosing aesthetic elements that they used to have to rely on somebody else for. But it goes much further: they are taking those ideas and designing from the outset that it's not just going to be print, that it's going to appear on a website, in some kind of streaming media, in broadcast, a focus of banners for events, a combination of promotional materials –

A multichannel mix.

Right. We're going from serialized deployment of media to a simultaneous deployment where things are on websites, and brochures, they're being published in magazines – all of these are occurring at once.

Are you seeing this issuing from what used to be a printing company which has evolved now into more of a well-rounded communications provider?

My biggest concern is that a lot of this is happening outside the view of the printing company. There are few printing companies who understand many of these things, partly because they don't use it themselves. Or they are not marketers; they've always been manufacturing people. Especially, printers who grew up in the business loving the process of printing more than the medium of print have difficulty transitioning to understand why people print, and what opportunities there are to leverage and work with new media – in an overall process of which print is one medium being used.

It's said that printers tend to be an insular bunch, yet an increasing number are coming to understand the relationship between these different media channels, that e-media and print can enhance each other. For example, magazines are building robust websites, as well as the catalog marketers–

You're reading my stuff!

Sure, I'm reading it there and other places.

The most important place to read it is not in my stuff, but over with the people who are creating content. It's obvious with the catalogers. The bulk of them have wanted to get into e-commerce; it helps them offer a broader range of products to their customers that they don't always have to have in stock or support with space in the catalog, which costs a lot more money than space on a website. Second thing is they want to reduce their promotional cost, by having a website using e-mail marketing, and other electronic promotions and shifting to direct mail they can drive more people to a website. Sometimes they make tradeoffs, such as printing a catalog of fewer pages and directing people to the website for things that they don't see, or for special sales.

How much are printers participating in the bigger picture apart from producing the catalogs?

Printers aren't much in on the strategy we're talking about in catalogs; but publishers are very active trying to develop non-print revenues. Advertising and subscriptions on the net offer limited revenue potential for publishers because a computer screen is not like a magazine. With a magazine, the more ads you get the more pages you can print – but you only have a computer screen in front of you, and people will only go so far into a website. So publishers are also looking for revenue through events. Printers know that events require printed promotional materials; they require seminar materials. But there are other promotions that publishers are doing, like mailings on behalf of their clients; and they are looking for all kinds of services to add on to their publishing business. And since printers think the job of publishers is to publish a printed magazine, they don't always see all these other things occurring.

Yet the world of printed magazines has been changing quite a bit also.

What I find interesting looking at publishing data from the Post Office is the amount of periodical shift. You look at overall magazine circulation for 15 years or so, and it's been flat. In that span of time the number of publications has been growing at a rate not far from GDP. We're shipping out the same amount of stuff but the number of titles is increasing because through databases they can appeal to smaller niches thanks to desktop publishing and technological improvements. The cost of creating a niche publication and the circulation required to support it has a lower threshold than before. With rising affluence and changing interests, a technology magazine may be on its way down but there are gaming magazines that we never had before…there's always change occurring, and each of these markets has an appeal for a period of time to advertisers and others.

To many printers it just looks like, "oh there's a print job for us to do" – they're not getting involved in working with the content. The best many printers do is have deeper knowledge of postal regulations than the postal service does, which is of great value to publishers; but put it on the other side of the press, the content side, and it seems like a lot is just left on the table there.

Of the printers you meet on the leading edge of understanding the integrated mix of media, what are some characteristics you've been seeing?

Back in the dark ages when I did my doctoral dissertation, which was on marketing of mid-size commercial printers, I had printers report on their profitability and I also asked the educational background of the owner. The owners who had business degrees were twice as profitable as those who had technical degrees. That started to imply that they were looking at print not as a process, but as a means by which they could provide something of value to customers and get paid for it.

Now when I talk to printers about their interactions with new media and what they are doing, for years I've noticed that people who came out of the design or the advertising industry and then became print business owners have a totally different look in the way they run their business and what they are actually printing. They are more fascinated with content as opposed to process. But I can walk through almost any print shop today and ask what is running on press and they will describe to me how many sheets, the size, numbers of colors, whatever. I'll never get "Oh, this is for this particular corporation, they're running a promotion on a brand new product being introduced next month and it does the following, and their target audience is this group of people..."

Sounds like they are removed from the real reason the job is on the press.

It's a sign that they are brought in so late into the process that it's not about "we need a campaign to do X; what's your opinion about how we can do this?" They're not in that discussion. One thing I've said for a long time is that printers, since they are not at the lunch between the designer, agency and client where they are writing on the napkin and drawing up all that stuff, they can't influence the way a job is going to be done or even who is going to get it.

At Print Outlook last December, we had a panel of printing company presidents from firms ranging from \$6 million to \$20-plus million in size. One of the panelists said "I'm not hiring print salespeople anymore; I'm recruiting from ad agencies because that's the kind of person I need in my sales force." Essentially, he was looking for someone more plugged into the whole chain of content generation and what it's trying to achieve.

I was chatting with a printer one time and asked him what events they went to or what organizations locally they were involved in. He told me, "I go to the American Marketing Association Chapter meeting." I said "how come?" He said, "No printers ever go there, I have them all to myself."●

Burgeoning Hispanic Buying Power Nets a Major Impact on Print

By Marisa Preuss, NPES Manager, Marketing Communications

By the year 2050, it is estimated that Hispanics will comprise 25 percent of our nation's population, making the Hispanic community the fastest growing demographic in the nation. The latest numbers from the U.S. Census Bureau show that Hispanics currently comprise more than 14 percent of the population, making it the largest minority with 42.7 million members.

They're also young. According to the latest numbers from the U.S. Census Bureau, the median age of a Hispanic resident is 27 years old, compared to the median age of 36 for the nation as a whole. Hispanics also tend to have larger households and more children, statistics show.

With numbers like these comes power – *buying power*. According to Direct Magazine, Latinos have been buying triple the rate of inflation. Their purchasing power is above $348 billion, 92 percent of which is disposable income. By 2009, this number is predicted to escalate to over $900 billion.

American businesses are paying attention. According to HispanicBusiness.com, advertisers spent more than $3.3 billion in 2005 to market products to Hispanics living in the U.S. Traditionally, Spanish-language advertising was used to reach this market, but new data reports that second- and third-generation Hispanics tend to favor English. As a result, advertisers are targeting their efforts even more to reach these customers.

"Regardless of whether they speak Spanish or English, Hispanics will always respond to Latino-flavored advertisements and publications," says Juan Guillermo Tornoe, marketing guru and head of the Hispanic branch of Wizards of Ads, Inc. based in Austin, Texas. "The demand for these publications is only going to go up."

What does this mean to you?

The growing influence of the Hispanic population on the marketplace cannot be underestimated. As U.S. companies deepen their reach into this expanding market, the demand for print increases. As a result, commercial printers who are capitalizing on this new market are enjoying new streams of revenue. These profits cannot help but result in expanded budgets for purchasing new equipment, parts and supplies.

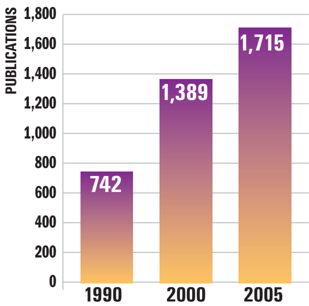
Roland Garcia, president and CEO of Original Impressions, has experienced this first-hand. His Miami-based company attributes nearly 25 percent of its sales to the Hispanic market. Customers like Burger King, for example, turn to his full-service firm to print their international promotional materials in English, Spanish and French Canadian.

Points out Garcia, "The Hispanic market is growing. By reaching out to this clientele and staffing accordingly, we are well-positioned to respond to customers' needs and as a result grow our business." •

The State of Hispanic Print 1990-2005

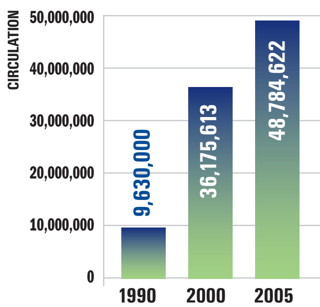
NUMBER OF PUBLICATIONS

The number of Hispanic Publications Increased 131% from 1990 to 2005



U.S. TOTAL CIRCULATION

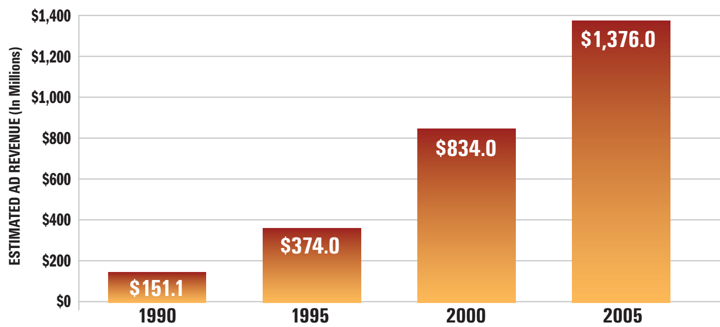
The circulation of Hispanic Publications Increased 407% from 1990 to 2005



Hispanic Publication Advertising Sales 1990-2005

AD REVENUE

The estimated Ad Revenue of Hispanic Publications increased 810% from 1990 to 2005.



These numbers include Puerto Rican publications as well as Mexican border publications with US circulation. Source: Latino Print Network

Getting Fat on "Lean Manufacturing"

STREAMLINING PRODUCTION IS A KEY TO PROFITS IN "COMMODITY" MARKET

"Commoditization" need not spell doom for a profitable business, even though the word itself may send shivers down the spines of graphic arts managers.

In fact, it's possible to run a thriving business in a stable or shrinking market space, with an operational strategy geared to maximizing productivity and minimizing costs.

ECRM Imaging Systems, based in Tewksbury, MA, is the proof. The company is the last major manufacturer of film-based imagesetters, according to Vice President Mark Givens. "Film-based imagesetters are a market that has been dying for ten years, yet it is still a core part of our company's revenue. We are able to do that because we have the lowest cost possible. We can build things at a very low cost, sell at a very low price and still maintain a very competitive profit margin for both us and our dealers."

Indeed, ECRM is able not only to maintain its profits selling a supposedly commoditized technology, but also to continue supplying spare parts for thousands of machines sold over the last two decades and still in service.

The key to this success, Givens says, is "lean manufacturing." In the late 1990s, he relates, ECRM realized that it had a strong customer base and an excellent reputation, yet some big changes were in order if the company were to weather the coming storm of technology and market shrinkage.

The key to these changes was a basic adjustment in its production planning.

"We were building to a forecast," Givens says. "That means building in fairly small quantities, and predicting what you're going to sell. You may end up building units that sit on the loading dock because there aren't any orders for them."

ECRM's immediate inspiration for change was the example set by Dell Computers. "We wanted to go from 'build-to-forecast' to 'build-to-order,'" Givens explains.

The new strategy meant ECRM would not build imagesetters and platesetters far in advance of selling them, only to let them sit in a warehouse. Instead, inventory would be drastically reduced and new machines would be built only when a firm order was already in hand.

The company's platesetters are partially customized, in that they are adjusted at the factory to work ideally with the specific CTP plate product the customer prefers. This flexibility is a key appeal of the product to customers. In order to deliver this added value at a still-attractive price, ECRM had to look long and hard at the costs associated with every other aspect of its manufacturing – and particularly such basics as sheet metal, optics, electronics and other common components.

"We had to start at the base of the supply chain, people who are bringing in the piece parts," says Givens. "We needed to create a sea change in the way manufacturers delivered these parts to us."

A majority of ECRM's suppliers were local Boston-area companies, and remain so today. These strong local relationships turned out to be a big plus in implementing the new strategy. "We went to our suppliers, and our challenge to them was not just to deliver stuff to us in smaller quantities but to do it at a lower cost, too. We wanted smaller quantities, in different mixes at times, and less expensive, besides."

Givens adds that ECRM deliberately rejected an approach based on pressuring its suppliers. "We succeeded because it was a collaborative effort. We realized we could 'make' them do it, but we might also drive them out of business."

ALONG WITH CHALLENGING ITS suppliers, ECRM also gave high priority to becoming the suppliers' preferred customer, for example by paying its bills very promptly and by remaining open to their suggestions and feedback.

By working together with suppliers, ECRM quickly achieved some impressive results, including a reduction of 10 percent in materials costs in a short time. This was a cost reduction that translated directly into profits: Even with revenues unchanged, the company netted 10 percent more as a result of its increased efficiency. In addition, unsold machines no longer lingered. The company went from three inventory turns per year to fifteen.

ECRM Vice President Mark Givens

Achieving new efficiency in ordering and delivery of basic components generates a long string of related payoffs. "This is the building block that allows you to work in a smaller space," Givens explains. "You need less square footage, with less inventory on hand. You have less cash tied up in inventory. You require fewer people. When you walk through our facility, you could look at certain parts of the manufacturing floor and literally see no activity. We have very few people building a lot of product. The block that everything is built on is the supply chain, and the build-to-order philosophy."

What's more, ECRM takes the same approach to ordering its spare parts. Instead of projecting needs in advance and ordering large quantities, the company places more frequent orders for smaller quantities, and has achieved similar savings in managing its spare parts inventories.

"We design our products to have a very long life, and we sell millions of dollars worth of parts," Givens says. "We're locked into years of recurring revenues that we wouldn't get otherwise. We treat this process the same way we do manufacturing. We build to order, not only for new equipment but for our spares demand."

Keeping costs under such tight control also enables ECRM to offer attractive margins to its dealers and other resellers. "Our fundamental value proposition is that they are more profitable selling our equipment than that of any other competitor," Givens says.

Products like film-based imagesetters may have little prospect of long term growth, and opportunities to boost revenues may be slim. In many ways, ECRM finds itself in the classic "commoditization" trap that industry consultants and other experts urge manufacturers to shun.

Yet the profits are there, and continue to be healthy. Proof positive, says Givens, that an aggressive approach to manufacturing costs can create opportunity where others may see only gloom.

"How else," he asks, "is it possible for a small manufacturer based in the United States, producing all its equipment in the U.S. with materials sourced in the U.S., to compete with global giants?"●

news and notes

MAILING & FULFILLMENT SERVICE ASSOCIATION WILL BRING LEADERS, STAGE SEMINARS AT GRAPH EXPO® AND CONVERTING EXPO®

The Mailing & Fulfillment Service Association (MFSA) will present six value-packed seminar sessions on the specialty's key business opportunities and technical challenges at this October's GRAPH EXPO® and CONVERTING EXPO® 2006.

MFSA will also stage its annual Leaders Conference in conjunction with the biggest graphic communications and converting trade show of the year, bringing to Chicago more than 100 of the most influential leaders of the mailing and fulfillment business.

Graphic Arts Show Company, producer of GRAPH EXPO® and CONVERTING EXPO® 2006, expects the Mailing & Fulfillment Center at this year's show to be the biggest yet, with more than 40 exhibitors filling roughly 30,000 square feet.

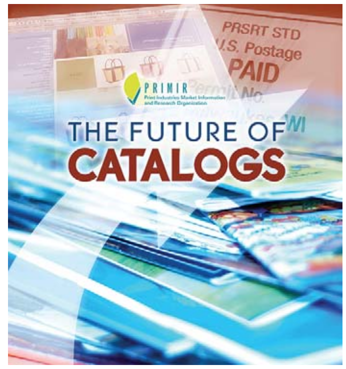
"Our members have a natural interest in GRAPH EXPO® and CONVERTING EXPO®," says David A. Weaver, president and CEO of MFSA, "because this event brings together so many leaders, vendors, technologies and opportunities."

The Mailing & Fulfillment Center will also offer an array of free presentations in its own theater on the show floor, featuring presentations by top vendors and consultants in this sector. For more information, visit the show's website at **www.graphexpo.com.**

THE FUTURE OF CATALOGS REVEALED BY PRIMIR

A new Print Industries Market Information and Research Organization (PRIMIR) study, The Future of Catalogs, has been completed and will be distributed exclusively to all members of PRIMIR.

The study evaluates and profiles



consumer as well as business and industrial catalogs providing volume statistics for 2006 and forecasts thru 2011. It also identifies trends in the catalog merchandising industry and print catalog production. In addition to extensive analysis of industry databases, a physical study of nearly 6,000 catalogs was conducted. In-depth interviews were conducted with catalog merchandisers, printers and their supply chain representatives to gain up-to-date real world insights.

According to Bill Lamparter of PrintCom Consulting, who conducted the research for PRIMIR, a key finding of the study is that "the catalog's primary function is shifting from direct response selling to driving customers to the Internet or webalog. With the shift from selling to driving readers to the web, the content, structure, and size of catalogs will change, principally by a reduction in page count."

A number of factors are influencing the future of catalogs from within and outside of the printing industry. Print catalog marketing and merchandising executives are intrigued by the Internet and are researching and experimenting with webalogs. At the same time they are not confident that the web alone can deliver sales without the print catalog as a driver. The nature and form of the print catalog of the future is in question. The time is ripe for printers to help catalog merchandisers increase response rates by creating a 'new look' print catalog or making them distinct and exciting by introducing specialized coatings, diecutting, in-line foiling, holograms, and audio.

For PRIMIR membership information contact **Jackie Bland**, PRIMIR Managing Director at jbland@primir.org, or by phone at (703) 264-7200, ext. 287, or visit www.primir.org.

NPES AT ALL IN PRINT CHINA

Staff from the NPES China office and Center will be on hand at the All in Print China Exhibition, and will be ready to assist any NPES member companies visiting the show. The show runs from June 14-16 at the Shanghai New International Exhibition center.

NPES's booth number is W3C216. For more information, contact the NPES China Office:
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Shanghai, 200060, China
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