



A PRIMIR Study on...

The Future of Print in the U.S.: Landscape, Implications and Opportunities

Changes in technology and shifts in media and marketing have dramatically challenged and altered the U.S. printing industry for years. While the global print market has been in a state of divergence for the past decade – expanding in developing countries and shrinking in most developed countries – the transformation has been significantly evident in the U.S.

Since 2000, the U.S. print industry has seen shipments decline over 40%; and over 30% of businesses have consolidated or disappeared. In 2001, there were 42,521 print establishments and 800,000 employees. In 2014, the number of establishments were estimated to be 29,590 and 453,000 employees and looking into the horizon, potentially another 7,000 – 8,000 establishments to be lost in the next five years. PRIMIR, the market research arm of NPES, commissioned a significant research study to help the industry understand the future business landscape and to identify opportunities.

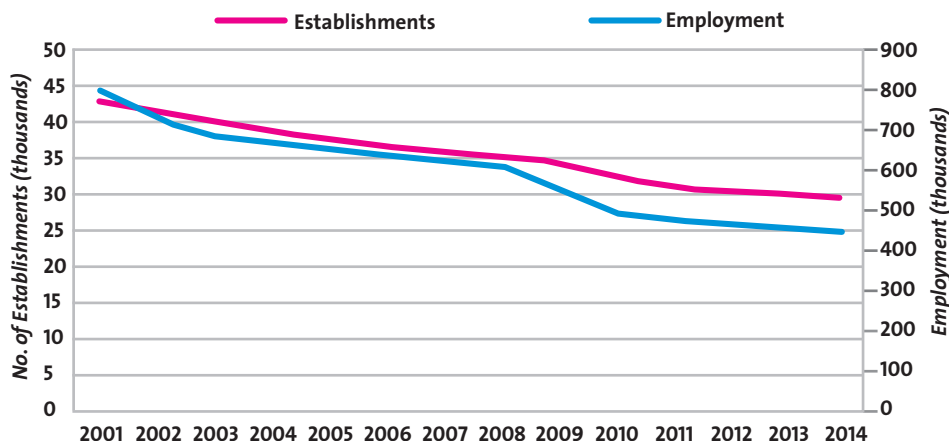
According to this important PRIMIR study, over the next decade, the U.S. commercial print industry will continue to experience a rapidly-changing environment with outside forces dampening the demand for print. Understanding the future landscape through the lens of these key drivers can shed definitive light on emerging opportunities. Recognizing consumer preferences along with the direction of both the U.S. economy and print related industries – technology, advertising, publishing and packaging – is critical for the print industry to remain a major American manufacturing sector.

UNDERSTAND TRENDS TO DEVELOP STRATEGIES FOR SURVIVAL IN THE FUTURE

There are major changes occurring in each of these areas that are interrelated. Critical trends uncovered and emphasized in the study, include the evolution of the consumer experience, the rise of data, the importance of mass personalization and product differentiation, and the role of social media in content generation and consumption.

Most of these trends will drive down the overall demand for print, but they also create opportunities for the pioneers of the print industry.

U.S. PRINTING ESTABLISHMENTS AND EMPLOYMENT



TREND #1

U.S. consumers are constantly evolving. Over the next decade, they will be seeking more product differentiation, experiences instead of material possessions and traceability. These trends will drive significant changes for businesses as consumers demand more value and are better able to evaluate choices using technology.

Technology advancements coupled with changes in consumer behavior will continue to have profound impacts on the print industry. The rise of sensors, data creation, social media usage and fatigue, mobile and portable devices, and the Internet of Things are specific technological developments relevant for printers.

TREND #2

TREND #3

Major trends occurring in the advertising industry that significantly impact commercial printers include mass-personalization, changing advertising channels, the evolving agency-of-record model, and difficulties with digital advertising such as ad-blocking, ad-viewability and ad-fraud.

The publishing industry has undergone extensive change over the past decade and will continue to see considerable change in the near future. There has been consolidation of many titles in the past few years, and there will continue to be extensive consolidation in the newspaper, book and magazine markets. Changes in consumer behavior are a key consideration for publishers since people are reading less printed content, and marketers will follow consumers.

TREND #4

TREND #5

Packaging presents a growth opportunity for U.S. commercial printers because of its size and favorable market forces. There are specific trends creating opportunities for printers in packaging. These trends include changing consumer preferences, shorter product lifecycles, shifting channel behavior, and environmental concerns.

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ADOPTING NEW BUSINESS MODELS

However, there are positive implications and opportunities for printers arising from some of these trends. Examples can be seen in data proliferation and packaging. Data creation and the application of it to advertising represent an opportunity for printers who are able to harness it. Printers who capitalize on packaging's ability to drive perception and pricing will find themselves a lucrative opportunity with consumer packaged goods companies.

Emerging business models for printers will center on three concepts: differentiation and specialization in a particular niche, providing new services, and improving human capital. Successful printers in the future will shift their businesses away from the traditional print-based model, and embrace these three pillars. They will need to think of themselves, rebranding if necessary, as business solution oriented partners. Most printers that fail to adapt from the traditional print model or continue to compete on price will likely be acquired by larger, more progressive printers.

VENDOR IMPLICATIONS

The major outside-industry trends identified will have a negative impact on the overall demand for print equipment, consumables, inks and substrates. Vendors need to quickly adapt their business models and products to account for these trends and to follow the successful commercial printers. Generally, printers will be purchasing less new equipment as there is a surplus of quality, old equipment available.

There are two key recommendations for manufacturers across these segments based



on these outside trends and the evolving print business models. First, there will be an increasing demand for digital print products because of mass-personalization and the rise of data. As such, manufacturers need to adjust their product offerings to give printers more flexible better equipment, consumables, ink and substrates tied to digital and variable printing. Second, packaging will be the only dependable print product category experiencing growth because of the demand for packaged goods and the innovation occurring in the industry. Manufacturers should look for ways to better compete in the packaging space. Flexography and digital technologies are two areas that will see growth across corrugated, tag and label, and flexible packaging.

Equipment

Printers will be purchasing less new equipment because the market is saturated with used equipment. Equipment manufacturers should look toward digital printing equipment because

shorter runs will be more prevalent. There are additional opportunities in flexographic equipment sales resulting from the rising demand for consumer packaged goods.

Consumables

U.S. consumables sales are expected to experience declines over the next five years as digital printing becomes more widespread and consumers demand fewer printed products. The best opportunity for consumable manufacturers lies within flexographic plates due to the expected growth in packaging. Consumable manufacturers should focus on sustaining revenue through products in the packaging and consumer plate applications markets.

Inks

Printing inks will likely see mild growth over the next five years and experience higher demand compared to equipment. There is an increasing demand for package printing inks because of the demand for flexible packaging, tags and labels, and metal cans. Ink manufacturers should look to ink related to digital printing, environmentally safe printing inks and more specifically, at special coatings, smell-and-stick inks and thermochromic inks.

Substrates

U.S. substrate sales will grow slowly as the packaging industry continues to expand. Films are widely used in consumer packaged goods, which is an area of opportunity for printers. Substrate manufacturers should focus on plastics that allow for saturated color and on substrates that allow for cost-effective use of solvent-free inks. There is also opportunity in digital printing substrates. ■

COMING SOON: Full-feature video with The Economist Intelligence Unit presenting “The Future of Print in the U.S.” research study findings, implications and opportunities.



For more detailed information on this study, contact rratnam@primir.org or visit www.primir.org.