

Challenges for the Printing Industry Globally in 2014 - This is a major Global Sector that is changing `Daily` that Impacts on You and other sectors!

WHAT IS AFFECTING THE DEMAND IN PRINTING GLOBALLY?

Economy, Technology and Management of Change!

- There are a number of important factors affecting demand for printing globally. These include:
 - Trends in consumer spending
 - The state of the global economy
 - New technology and the speed of change
 - Changing customer expectations
 - Globalisation
 - Environmental concerns

One of the most important factors affecting demand for printing is a trend in consumer spending (rapid increase in internet shopping and a rapid decline in high street retail shopping). Indeed, this factor affects demand in a number of significant ways. Levels of disposable income and consumer spending have a direct impact on the amount of money companies invest in advertising, impacting a range of printing markets from advertising literature, catalogues and direct mail through to the number of pages - magazines and newspapers. There is a vast increase in website retailing/advertising with `no` printing involved!

The more people are spending, the more companies spend on advertising (rapid increase in electronic advertising), resulting in an increase in demand for digital printing/electronic POS. But, people are spending less rapidly, month by month so far in 2014 globally and this will continue in 2015 and beyond. Also, there is a major switch to Document/Print Management Programmes by corporate organisations with hard and soft documents.

Consumer services companies are suffering a massive loss of sales, profits and confidence that will intensify fears that house-holds are cutting their spending budgets across the board. A large range of services in the entertainment, catering, leisure and travel industries said sales

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had stagnated over the past three months. The worst fall was among personal and leisure services companies.

We must bear in mind that retail sales make up 40%+ of total consumer spending, with the rest going on cars and services of which are being hit with decline. Therefore, manufacturers are struggling in the face of softer demand.

Furthermore, trends in the way in which people spend their money are also important in terms of generating demand for printing. For example, the increasing number of both elderly people and people under the age of 30 has meant that there is more spending on leisure activities. This results in increased demand for the printing of items such as tickets and programmes for venues. On demand printing by Digital operations is increasing due to rapid turnarounds and personalisation.

The economy also impacts on the printing industry in a number of other ways. Adverse economic conditions result in companies cutting back on advertising expenditure, as well as food manufacturers cutting back on packaging costs. This will have a negative impact on the printing industry, resulting in fewer orders, and more basic work. Also, the import of printed products into the UK/Europe/USA is increasing day by day due to lower costs from other countries.

The strength of currency in each country has had a considerable impact on the demand for printing globally, this is why the Asia countries can be more competitive. Plus, when the UK as a strong pound, coupled with the weak Euro has/can enabled European companies to win valuable print jobs.

The development of new technology continuously and the rapid speed of change has had an important impact on demand, and will continue to play a major role throughout the this and the next decade.

The world - wide - web, in particular is regarded by trade sources as an important factor generating demand for digital printing in many areas. Also, the vast developments in new technology have resulted in changing customer expectations. As printers are able to produce printed material faster, more cheaply and more efficiently, customers expect a better product and service. The customer will continue to `demand innovative` ways of being efficient and cost effective, this can be achieved by a `Solutions/Print Management Service` programme. This service is lead by experts with close customer relationships that keep supplier and customer working together in harmony.

The printing industry is a major sector globally. It is affected by a number of key issues. These issues are also world-wide concerns.

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The principal issues are;

- **Over- capacity world wide**
- **Economy**
- **Rising Costs (materials/energy)**
- **New Technology and the speed of change**
- **The Environment**
- **Postal Deregulation**

These factors have had and will continue to be very important on the development of the industry. In the immediate/medium term there will be a reduced print manufacturing availability due to mergers/alliances and companies `going out of business` globally!

Over- capacity

As a result of the fragmented nature of the printing sector in the developed countries globally, the industry has been affected `big-time` by surplus capacity. This excess capacity has increased over the last few years, despite continued retrenchment of employment, closures and failures among small, medium and large sized companies in the UK, Europe and the USA. Also, the starting up of new print manufacturers in China, the Middle East and the `new` European countries. The investments in the `new print manufacturers` (mainly digital) are exceptional high, due to low `overheads` and a higher return in a global trading environment. These investments in foreign manufacturers will impact on the UK /European and USA `big time`, companies/people need to wake up to very skilled and experienced people of all ages from these countries. Many UK personnel work for these foreign manufacturers who are highly skilled and experienced.

It is currently believed that over capacity in the UK/Europe/USA printing industries runs at approximately 40% +, affecting every sector. The effect of this over capacity has been substantial pressure on margins, forcing companies to look for alternative ways to increase profits, through moving into different or niche sectors or looking for these new sectors by mergers with other synergy companies.

Again, this has led printers to strive for efficiency through cutting costs, resulting in redundancies and cuts in other business activities. But, utilisation of both expensive equipment and people are the major criteria.

Economy

The economy is an extremely important factor for the printing industry in a number of ways.

- **Economic conditions have a significant impact on investment.**
- **Affects not only expenditure on advertising but on all printed material.**
- **Levels of disposable income have impact on `commercial`/`traditional` printing.**

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- **Small changes in the economy globally have a significant effect.**
- **Rising costs erode margins.**
- **Strength of Currencies globally**

The biggest factor pulling down economic growth will be the `high street`, with consumer spending growth down (no growth) this year. Plus, the switch from retail shopping to internet shopping that is in rapid growth year-on-year. This will mean less demand for printed products which will then impact on printing generally on traditional and digital printed material. There is a growth in electronic POS material which brings innovation to the retail shopping arena!

The future is to `wake-up` to the facts;

Rising Costs

- **Rising raw material costs.**
- **Paper mills facing `untenable pressure`.**
- **Increasing customer requirements/demands.**
- **A move from paper to printing on synthetic substrates.**

New Technology

The rapid development of new technology is one of the most important issues impacting on the global printing industry. New developments in improving productivity and efficiency as well as enabling printers to create new products for the customer have enabled many companies to forge ahead of their competitors.

- **Digital printing is the most important development since Litho. Digital presses have been available since 1995, so the technology is no longer in its infancy. The Digital market is expanding rapidly as more companies are seeing the advantages of Digital in terms of increased productivity and lower costs. Digital is taking market share from conventional printing by cost savings being a major key factor.**
- **The development of waterless printing has also been important, but not as important as Digital in terms of reducing overall cost.**
- **Another impact on saving costs is single fluid ink.**
- **Other developments designed to increase productivity and cost effectiveness include the creation of new types of paper.**

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- **The development of print portals has enabled printers to bid for jobs on-line and allowed print buyers to deal direct via their web-site worldwide. This has increased productivity and efficiency in terms of time management.**

The Environment

Key factors to impact on the printing industry.

- **Legislation-Global Directive on Packaging Waste/Waste Strategy.**
- **The Climate Change Levy-new energy tax on business.**
- **Energy and fuel costs will increase by more than 20% + annually.**
- **ISO 14001 certification benefits-lower costs by using less energy and economic incentives such as taxes, charges and trade permits.**

The Future Keys to Success

The future is about offering `solutions` to customers by operating a Document/Print/Solutions Management/Workflow Solutions Programme and methodically looking at how you manage your business with the `right` people. Take on board a Non-Executive Director of many years experience and skills, training programmes, business models, skilled and experienced people of any age, because that is what most of the world are investing into, by making their organisations successful by investing into people, business models, technology and managing the management of change. Also, keeping a close eye on the speed of change, that will affect your business. Building very close working relationships with your customers by supplying their needs, knowing your customers strategy, looking at innovation and at all times looking at the rapidly changing world so you and your customers stay in business successfully.

Fresh thinking requires a vision to see beyond the conventional. When you combine excellent quality with outstanding value for money you will begin to realise the full potential of creative and well presented business solutions. Together, the sky`s the limit. Have passion to learn and let the knowledge help you to be successful in life whatever sector you are in globally.

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In 2014, organisations will be obliged to constantly reinvent themselves. The effective leader understands that instilling leadership traits in others is an essential part of making that reinvention successful.

About the author:



Colin Thompson is a former successful Managing Director of Transactional/Print Manufacturing Plants, Document Management/Workflow Solutions companies and other organisations, former Group Chairman of the Academy for Chief Executives, Non-Executive Director, Mentor - RFU Leadership Academy, Mentor - Coventry University, Mentor - The Chartered Institute of Personnel and Development, helping companies raise their `bottom-line` and `increase cash flow`. Plus, helping individuals to be successful in business and life in general. Author of several publications, research reports, guides, business and educational models on CD-ROM/Software/PDF and over 1000 articles published on business and educational subjects worldwide. Plus, International Speaker/Visiting University Professor.

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