

Special Editorial Report

American  
**PRINTER**

# WEB OFFSET SURVEY

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INTERNATIONAL

2007



# Web printers Adapt To the times



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As the largest segment of the printing industry in terms of volume and total sales, web offset printers dominate the graphic arts. The ups and downs of these web operations have an impact on the industry as a whole, and they reflect on a large scale the changing attitudes and challenges of the entire industry.

Because of web offset's prominence, AMERICAN PRINTER publishes an annual report for this market segment, prepared in conjunction with the marketing research department of Prism Business Media, AMERICAN PRINTER's parent company. The resulting report provides a unique view of the current state of the web printing industry as well as a peek into the coming year.

This year's profile of web printers sketches a picture of an industry coping with change. With a purchasing environment that maintains print as a commodity, web printers are in the business of changing the way they do business.

This AMERICAN PRINTER exclusive report is sponsored by Goss Intl. (Dover, NH), [www.gossinternational.com](http://www.gossinternational.com).

## 1. What does the typical web offset printer look like?

Heatset & sheetfed, but not coldset	23%
Heatset only	21%
Coldset, sheetfed & heatset	20%
Coldset & sheetfed, but not heatset	17%
Coldset only	8%
Other	7%
Heatset & coldset, but not sheetfed	4%

About one in five operations runs a heatset web-only shop, while another one in five uses a combination of heatset web and sheetfed processes. Interestingly, an additional 20 percent run operations that use both coldset and heatset webs in conjunction with sheetfed presses. Our survey indicated web printers are pursuing new markets, which often have to be supported with other types of presses beyond web offset.

## 2. How many days per week do your presses run?

### How many days per week do you expect your presses to run in the coming 12 months?

	Last 12 months	Next 12 months
4 days	16%	10%
5 days	27%	<b>32%</b>
6 days	<b>31%</b>	31%
7 days	24%	25%

On average, plants were running their presses six days per week, followed closely by those plants running five days a week. Twenty-four percent ran seven days a week. Fewer respondents to the survey indicated that their presses would be running four days a week in the coming 12 months. These numbers appear to reflect a better environment for print, coupled with the ongoing demand for shorter cycle times from customers.



## 3. What products are produced on web offset presses?

	Past 12 months	Next 12 months
Catalogs:	52%	<b>51%</b>
General commercial/advertising:	<b>55%</b>	<b>51%</b>
Direct mail:	<b>55%</b>	49%
Magazines and magazine inserts:	50%	46%
Books:	47%	42%
Newspaper inserts:	42%	35%
Newspaper shoppers:	20%	17%
Other:	15%	13%

Direct mail, general commercial/advertising and catalogs remain the most often produced by respondents, both in the past 12 months and the next 12 months. While magazines remain a strong market for web printers, this is an area to evaluate closely. Publishers are putting more emphasis on revenues from electronic media, and page counts continue to slump. One way to evaluate the future success of magazines in your plant is to study the titles and their positions in the marketplace. If you are printing those titles that hold a No. 1 or No. 2 position, the chances of their continued success is great. However, if you are printing titles that lie in No. 3 positions in their market space, their long-term viability might not be assured.

## 4. What is your average makeready time?

	Heatset	Coldset
<b>0-45 minutes:</b>	<b>49%</b>	<b>49%</b>
46-60 minutes:	29%	31%
61-75 minutes:	6%	8%
76-105 minutes:	6%	4%
106-120 minutes:	6%	0%
More than 2 hours:	4%	4%

Speeding makeready is as important as ever. In the 2007 survey, 49 percent of both heatset and coldset printers stated average makeready was below 45 minutes. This is a big improvement over 2006, when only 23.1 percent of heatset printers reported 45-minute makereadies. Faster makereadies are a function of more emphasis on crew training coupled with more on-press automation and closed-loop color control equipment. However, color issues continue to be a concern, according to web printers. This includes registration, color matching and color settings.

## 5. How useful is makeready automation?

<b>Extremely useful:</b>	<b>60%</b>
Somewhat useful:	34%
Not at all useful:	2%
No answer:	4%

A vast majority of survey respondents rate makeready automation provided by web press manufacturers as somewhat or extremely useful (94 percent). In fact, 20 percent of respondents indicated that making makeready more efficient is the main thing manufacturers can do to improve their products.

## 6. What is the main thing web press manufacturers can do to improve their product?

Make electronic components more reliable:	13%
Reduce start-up waste:	12%
Reduce manpower requirements:	11%
Improve print quality:	8%
Enhance application versatility:	7%
Faster startups:	7%
Simplify operation:	6%

Faster startups, reduced start-up waste and more efficient makeready combined to make this the area of press operation that is under the closest scrutiny by respondents. Another area of improvement respondents note is the need for more reliable electronic components and simpler operation.

## What do direct mail buyers really want?

That's easy. Everything. They want greater response for less money on short notice with postage savings.

- **Database marketing and data mining techniques to develop targeted direct-marketing campaigns**  
Printers who can deliver this type of expertise will have an advantage in the marketplace.
- **Increased response rates**  
Printers need to be adept at helping clients measure the success of their direct mail. Those who can prove campaign effectiveness through solid metrics will excel.
- **Add variable content to deliver more personalized and customized direct mail**  
Highly targeted direct mail is seen as "the way to go" by marketers.
- **Invest in automated finishing equipment for shorter runs**  
Variable content means that each piece will be handled more often, and print runs will be shorter. The need for accuracy will be higher and integration more important.
- **Share your mailing expertise**  
Keep costs down by optimizing the mailing process. Marketers look to printers for expertise on saving postage costs.

# More efficient makeready: 20%



## 7. What percentage of your total revenue is derived from ancillary services (anything except ink on paper)?

None:	6%
<b>1-19%:</b>	<b>39%</b>
20-39%:	22%
40-59%:	8%
60-79%:	1%
80-99%:	2%
Don't know:	20%

This would seem to be the trick question of the 2007 survey. Although nearly two-thirds of respondents indicated they derive between 1 and 19 percent of their revenue from ancillary services, 20 percent just don't know. While nonprint revenues are climbing, printers don't always separate out those revenues. In a recent PRIMIR study, the average of non-print revenues across the industry was eight percent. However, researchers acknowledge that those numbers could be as high as 13 percent. Popular nonprint revenue services include creative design, list fulfillment, and mailing and distribution.

## 8. Will other print processes displace web offset?

Not according to **77%** of the survey's respondents, but 23 percent see the picture differently.

## 10. How critical is continuous investment in new technology?

<b>Extremely important:</b>	<b>44%</b>
Very important:	34%
Important:	12%
Somewhat important:	7%
Not at all important:	3%

Respondents to the 2007 survey were much more likely than 2006 survey respondents to say continuous investment is extremely important. In fact, in 2007, 44 percent rated continuous investment as extremely important, compared to 27 percent in 2006.

## 11. Where do you expect to see key innovation or progress in technology over the next five to 10 years?

<b>Makeready:</b>	<b>24%</b>
Overall workflow:	19%
Color management:	14%
Inline finishing:	11%
Hybrid press technology:	10%
Press controls:	8%

2007 survey respondents believe innovation most likely will be made in makeready or overall workflow. This represents a shift from last year, when respondents chose color management (23%) and inline finishing (19%) as areas of innovation.

## 12. What do you plan to purchase in the next 12 months?

<b>Heatset web offset press:</b>	<b>23%</b>
Digital press:	22%
Saddlestitching equipment:	16%
Computer-to-plate equipment:	16%
Four-color proofing system:	14%
Sheetfed offset press:	13%
Mailing/distribution capability:	12%
Management information system:	11%
Coldset/open web press:	5%
Hybrid offset press:	3%

Nearly one-fourth of respondents plan to purchase heatset web offset presses. Not surprising. But an almost equal number are planning to purchase digital presses. Attention is definitely turning to newer technology that can support shorter runs and more targeted products. The interest in sheetfed presses, mailing systems, digital presses and hybrid presses all reflect the need for web printers to offer a range of services to their customers.

## 13. How useful is integrated automation?

	Today	In 3-5 years
Not at all useful:	7%	0%
Somewhat useful:	<b>51%</b>	18%
Extremely useful:	34%	<b>64%</b>
Don't know:	5%	12%
No Answer:	3%	6%

The interest in integrated automation is increasing, with half of the respondents indicating integrated automation is somewhat useful today, compared to 64 percent who say it will be extremely useful in three to five years. Printers' attitudes appear to be changing on the subject of computer-integrated manufacturing. The only way to increase margins is to reduce costs. To do that, printers must find ways to cut downtime and automate as much as possible. To succeed, isolated aspects of the production chain need to be fully integrated.

## 9. Which print processes do you see as a threat to web offset volume?

<b>Digital printing (toner-based variable data):</b>	<b>55%</b>
High-speed perfecting sheetfed presses:	37%
Flexography:	8%
Gravure:	7%
Other:	5%

Toner-based variable-data printing seems to be coming into its own. With the equipment becoming more reliable, the quality matching offset (in the right hands) and the unique capabilities, this type of digital printing can replace at least some of the work currently done on web offset presses, most likely short-run jobs. Another technology to keep a close eye on is high-speed inkjet. With millions, perhaps even billions, being invested in inkjet technology development, it makes sense that an increased presence of inkjet (beyond mailing and addressing) will be a part of the web printer's pressroom arsenal.





## 14. What is the biggest challenge facing your company today?

	2006	2005
<b>Commodity pricing:</b>	<b>25%</b>	<b>28%</b>
Lack of skilled employees:	24%	5%
Production inefficiencies:	19%	28%
Increasing paper prices:	8%	5%
Finding capital to invest in new technology:	7%	10%
Survival:	6%	5%
Overcapacity:	4%	5%
Digital technology:	3%	5%
Environmental issues:	1%	5%

Commodity pricing remains one of the biggest challenges for more than 25 percent of web offset printers. Although the quest for the lowest cost probably never will be eliminated completely, print buyers do consider other issues. In fact, a recent study indicated 74 percent of the decision to work with a printer is based on the sales rep. "Some reps are obnoxious, and one wonders how they ever got into sales," says one buyer. "The hard job is for a salesperson to establish a relationship with the print buyer in the first place." When asked how print suppliers are at communicating competitive differentiation, 57 percent of print buyers say "poor." Considering print buyers' views, it may be that at least part of the commodity pricing challenge could be solved by intensive training in consultative sales. People buy from people they like. It's an important rule to remember in 2007.

## 15. What is the best way to improve your operation?

<b>Improve plant efficiency:</b>	<b>76%</b>
Speed press makeready:	35%
Install new production equipment:	35%
Improve the front-end link from customer to prepress:	33%
Improve postpress efficiency:	29%
Obtain better data on plant productivity:	28%

Printers obviously plan to invest in better systems across the board, based on the answers to this question. From communicating with customers through makeready and on to finishing operations, printers see a need to improve it all. In this latest web offset survey, however, 28 percent of respondents listed the need to obtain better data on plant productivity. With new MIS systems on the horizon and improvements in existing software, a great gap will be filled that will help printers better understand their operations. Also, in 2007 we can look to new partnerships with MIS vendors and press manufacturers to work out some of the kinks inherent in getting new presses to talk efficiency to both old and new MIS software.

## 16. What is the best way to improve the profitability of your company?

<b>Improve the cost of manufacturing:</b>	<b>26%</b>
Increase sales in current markets:	20%
Increase sales in new markets:	17%
Specialize in a targeted market niche:	10%
Become a "one-stop" shop:	7%
Increase prices:	6%
Merge/acquire a new company:	5%
Improve customer relationships:	4%



From year to year, these answers don't change much. Sell more and reduce the cost of manufacturing. Both are good goals, but all too often the plan to back up the sales effort is lacking. Based on the results of the 2007 survey, printers are more and more interested in automation and speeding makereadies—all tied into reducing the cost of manufacturing. Laudable plans. Although internal changes are needed, so are external changes. Looking to find new customers, adding services and developing consultative salespeople also are keys to growth and profitability.

## Don't forget

The Web Offset Assn. (WOA) Conference will be held April 29 to May 2 in Toronto. See [www.gain.net](http://www.gain.net).

**Reminder:** As of Jan. 23, 2007, all persons including U.S. citizens traveling by air between the United States and Canada must present a valid passport.