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- The future of printers
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Printers sink

An industry that puts ink to paper is fighting for survival

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It used to be like printing money
ENORMOUS rolls of paper sit on the floor of the humming plant. Once loaded they show a surprising turn of speed for something so bulky, the paper racing into the printing press at 80 kilometres per hour. On the other side emerge neatly folded, printed bundles. The factory is a forest of conveyor belts, threading machines, hangers and other equipment that Johannes Gutenberg could never have dreamed about.

An industry that has raked in fat profits for years is struggling. Plunging circulation has forced many newspapers and magazines to shut. Survivors are seeing readers increasingly opt for screen over inky paper, so media companies are printing fewer and slimmer physical copies.

Rising online sales and wobbly economies mean that retailers are not ordering catalogues and marketing material as they once did. The rising cost of paper has not helped.

Shrinking demand has put large printers such as Schlott Group in Germany out of business. Survivors have little pricing power in a fragmented industry: in America the top 400 printers have less than 30% of the market, according to IbisWorld, a research firm. Some say printing firms can now charge only around half what they did five years ago.

If journalists are gloomy about the outlook for their industry, printers are despondent. Media companies can still make some money as readers switch to digital editions; a printer cannot. The outlook for newspaper printers is particularly grim, says Robert Picard, a media economist: advertisers are now keener to run their adverts in magazines on high-quality glossy paper than in newspapers, whose circulation is dwindling. But newspapers and magazines require different printing equipment, so switching over is costly.

Some printers are offering marketers and retailers the option of printing more personalised catalogues to target different groups of consumers more accurately. But this is not as lucrative as "long runs", printer-speak for running off hundreds of thousands of identical copies. Several printers (including Rupert Murdoch's News International, which prints its own newspapers) have opened their presses to competitors to earn extra money; last year the newspaper group won a contract to print the *Evening Standard*, a London daily. A few reckon that they can turn a profit from the digital switch, and help clients to design electronic versions of their printed material.

Others are branching out into new businesses. "We know there's a freight train coming towards us," says Tom Quinlan, the boss of RR Donnelley, a large American printer (and one of *The Economist's* printers). Over the past 18 months the firm has bought nine companies including an online self-

publishing site, a financial-data firm and one with a technology that newspapers can license for an online-payment system. If you can't print them, join them.

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