

WORLD PRINTERS FORUM

OUTLOOK 2021-2022



World Printers Forum

ABOUT THE REPORT

Hoping for better prospects

The COVID pandemic loomed over us last year like the year before that. We have adapted our daily habits with work and other parts of our lives as the pandemic lingers, yet with signs of some light at the end of the tunnel. The World Printers Forum survey, conducted late last fall, indicates that there are better times ahead and revenue is going up. (That was of course before the current crisis in the Ukraine hit. More on that in a minute.)

The majority of respondents was also optimistic about the future and enthusiastic to expand their portfolio of printed products. It is also a positive sign to see that closure of printing plants is down from earlier years.

It is interesting to see the development of employment. More printing companies expect their printers to be more than just printers and be able to work in the mailroom as well and in some cases making plates. This will of course increase productivity and help with the bottomline of the company.

And just as it started to look like we were adjusting to life with COVID and buoyed by upbeat expectations, the Russian invasion into Ukraine brought another global crisis. In addition to the lives of millions being threatened, the effects of this war are reverberating into every facet of life and business. For newspapers, supply chains that are already under pressure will probably be even more disrupted. We can only hope for the best.

The network of the World Printers Forum offers a great opportunity for its members – both publishers and printers – to collaborate across borders to share best-practice, experience and knowledge to weather challenging times.



EXECUTIVE SUMMARY

Printing community upbeat on 2022 outlook

Newspapers' printing operations across the world told us they were looking forward to 2022 with a sense of hope. After a year of big challenges in 2020, 2021 turned out to be fairly positive in terms of revenue, according to the **WAN-IFRA World Printers Forum Outlook 2021-22 survey**.

And that's not all. The results of the survey, powered by data market research specialist Syno International, indicate an upbeat 2022 as most respondents expect an even better financial result.

Increasing revenues

The WAN-IFRA World Printers Forum Outlook survey is conducted each year to understand the trends and predictions in the printing industry. Printing executives from across the globe who are members of the World Printers Forum and part of the WAN-IFRA Global Media Trends Panel take part in the survey sharing their plans and insights.

The survey saw 73 respondents from 17 countries. Most of the newspaper printers that participated in the 2022 Outlook survey had average paid weekly circulations between 100,000 and 4 million copies.

While **more than 57 percent of them recorded increased revenues in 2021** compared to the previous year, around 67 percent were hopeful of even greater turnover for 2022.

A significant number of respondents, after seeing increased weekly circulation in 2021, feel certain their numbers will improve further in 2022.



Majority looking for expansion

With the days ahead looking more positive, printing companies also are looking at expansion plans in 2022. The majority of survey participants expressed hopes of continuing expanding the business with external customers.

While around **47 percent of respondents are also printing products such as books, catalogues, magazines, brochures** and so on, the remaining currently print only newspapers. With many thinking about expansion plans, that ratio might well change in the near future.

According to Paul Huybrechts, Managing Director of Coldset Partners, the printing division of Mediahuis Belgium, it's important that print managers have a wide range of different products they are able to print for commercial customers since newspaper printing only occupies a portion of the plant's capacity in many cases. These other products could be other newspapers, free sheets, cultural publications, magazines and so on.

Mediahuis invested almost 40 million euros between 2017 and 2019 in its printing plant on the border of the Netherlands and Germany, which is also close to France. Delivering the keynote presentation at WAN-IFRA's European Printers Summit in Frankfurt on 13 October 2021, Huybrechts said greater flexibility is one of the main reasons they invested in presses in 2017-2019. He noted that semi-commercial printing is becoming a larger portion of the work they are doing, and that it is working well for them.

"Whatever the customer wants – and if we can't do it, we'll subcontract it. Cooperation is very important. We try to work with everyone and that makes us stronger also."

Paul Huybrechts, Managing Director of Coldset Partners

EXECUTIVE SUMMARY

Outsourcing and closure plans decline

During the peak of the crisis, several publishing houses shut down their own printing plants and outsourced the work to external printers. However, the situation seems to have improved since.

More than 90 percent of the participants said they had no plans to close printing plants.

Around 44 percent of the survey respondents also made it clear they do not intend to outsource printing jobs to external printers in the immediate future. However, almost a third of the participants did seem to be considering the possibility.

No hiring, no layoff

Hiring plans seem to be on the backburner for now. Massive layoffs connected to the pandemic-induced economic crisis affected the printing industry, too, and a majority of the participants – more than 55 percent – recorded a headcount less than that in the previous year. However, the silver lining is that no further layoffs seem to be on the horizon. Almost half the number of respondents plan to maintain the current headcount in the coming year too.

Huybrechts noted that going forward it is imperative that the staff are flexible.

“Pressmen in our case are working in the print shop and also in the mailroom. They are flexible. It just depends on the work to be done. Our pressmen, or operators, are well paid, but we expect a lot of them,” he said. “We have a good staff, good people, following us on this journey. And that makes the print plant strong.”

Going hand in hand with that is training, he added.

“Training of people is key,” Huybrechts said. It’s very difficult to find people with the necessary skills today, he noted. “But you can train them yourself, and we have had a very good experience with that,” he said.

More than 75 percent eyeing investments

The highlight of the first edition WAN-IFRA Printers Forum Outlook survey, which was conducted in 2021, was the enthusiasm expressed by the printing community to make new as well as retrofit investments despite a difficult 2020. Similar to the previous year when more than **70 percent of the executives revealed their plans for investments**, this year, too, close to 70 percent respondents said they would be investing in the coming days.

More than 39 percent of participants plan both new as well as retrofit investments; around 24 percent plan to focus only on retrofit investments. The share of those who have solely new investment plans is relatively low at 6.1 percent.

In the prepress segment, most investments – retrofit as well as new – would be in CTP hardware and software according to the survey results. While most investments in printing would be in automation, the postpress area recorded relatively lower interest from the respondents in terms of investing.

With sustainability as the primary driving force, there have also been cases of media houses investing in efficient energy management systems and tweaking their operations to attain carbon neutrality in the future.

For example, Germany's Funke Mediengruppe in 2015 introduced energy management systems in its printing plants according to DIN ISO 50001 standards. In 2020, it was expanded to environmental management systems as per DIN ISO 140001 standards. These systems have helped create transparency allowing the team to focus systematically on measures to reduce energy consumption and emissions.

In 2021, the publishing house installed carbon dioxide calculators in its printing plants. Klemens Berktold, Managing Director for the printing business at Funke Mediengruppe, said this calculator helps to determine the carbon footprint for individual print orders. He was speaking at WAN-IFRA's World Printers Summit in October 2021.

"Starting next year we will operate our printing plants with green electricity. This measure will further reduce our carbon footprint."

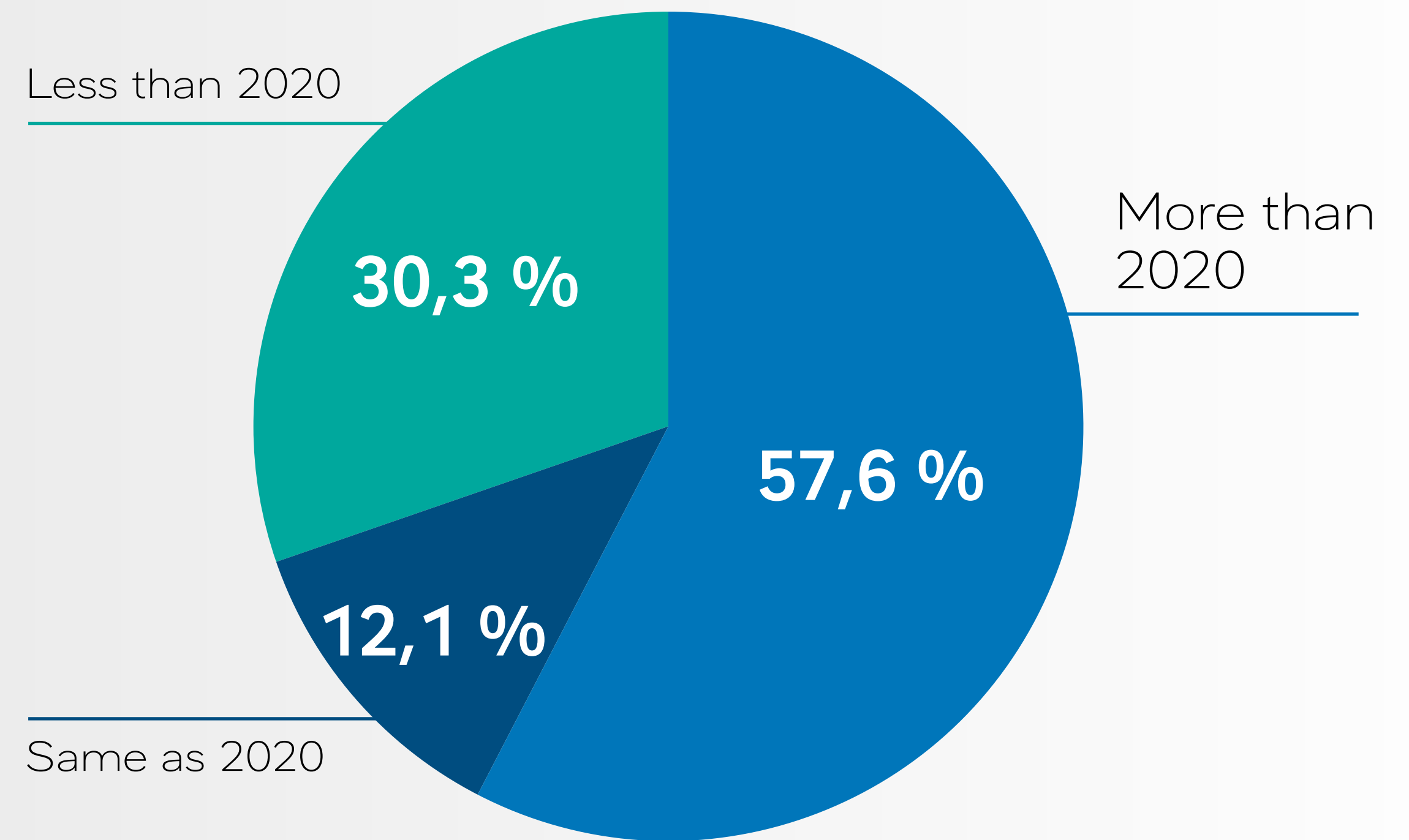
Klemens Berktold, Funke Mediengruppe

THE RESULTS OF OUTLOOK SURVEY

Increase in turnover despite Corona crisis

The answers to the first two questions of the survey come as a surprise. 57.6% of the respondents said they had achieved more revenue in 2021 than in the previous year.

How do you assess the business year 2021 compared to the previous year in terms of revenue?

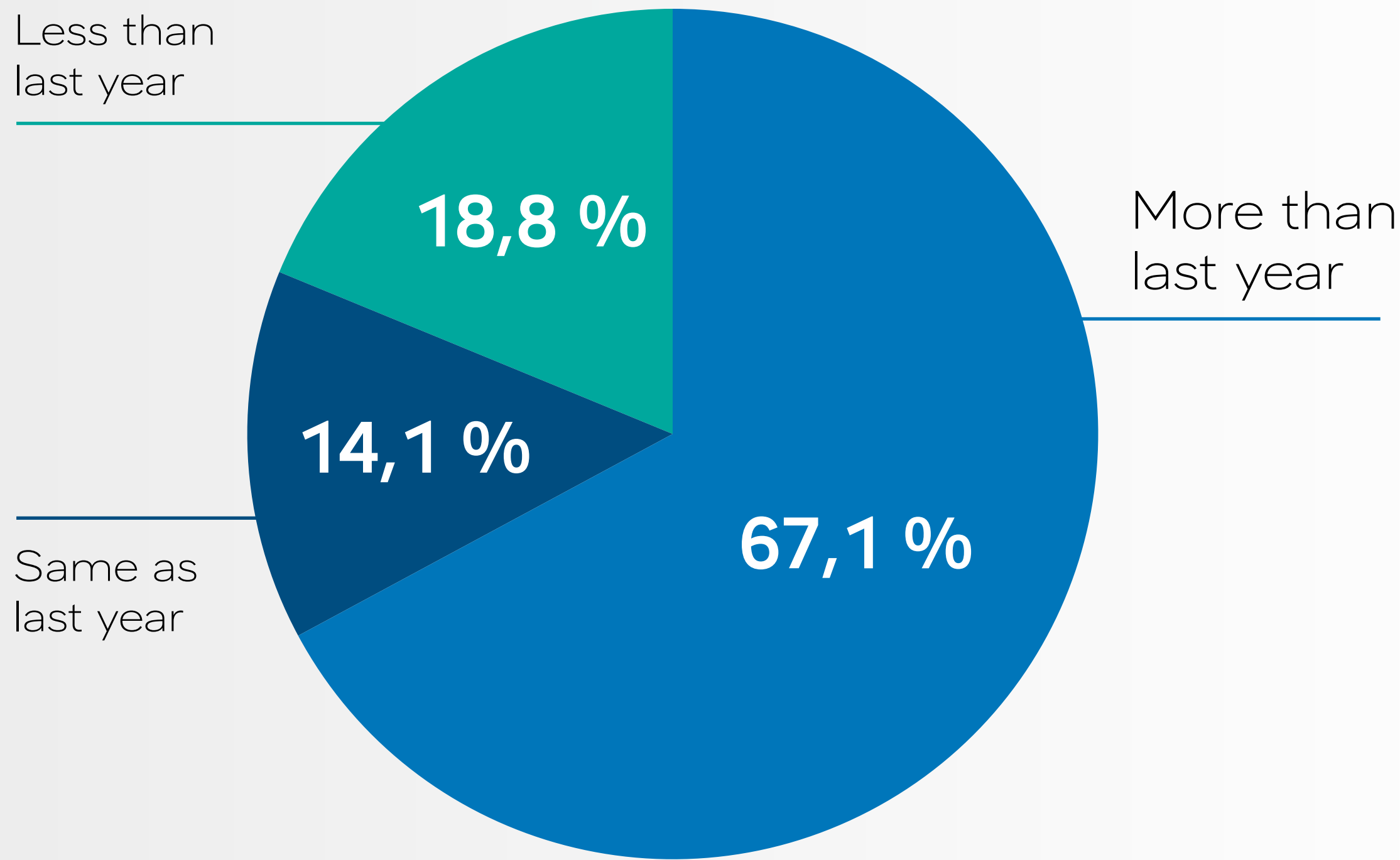


THE RESULTS OF OUTLOOK SURVEY

Even 67.2% of the respondents expect a further increase in revenue in 2022. Only less than 20% of respondents report or expect a negative revenue development. And this in the midst of the worldwide pandemic and in an industry – news-paper printing – from which many experts have expected only negative business developments for years.

Obviously, there is a lot going on here that the general public is not yet very aware of.

What is your expectation for the year 2022 compared to 2021 in terms of revenue?

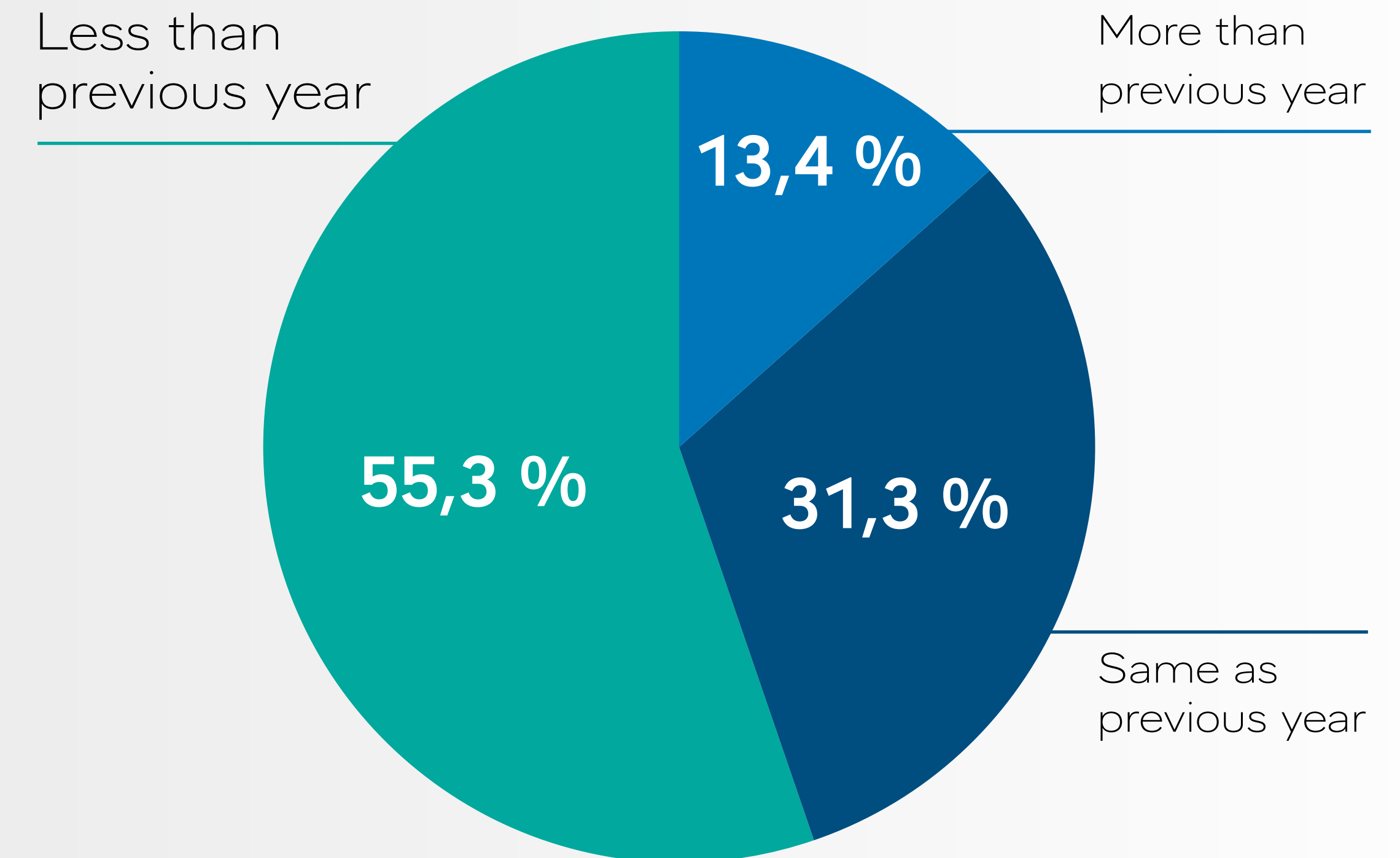


Workforces paid the price for the crisis last year

So while the majority of newspaper printers' revenues in 2021 were up on the previous year and most newspaper printers expect revenues to grow further in 2022, the workforces of most newspaper printers have shrunk in the past year compared to 2020.

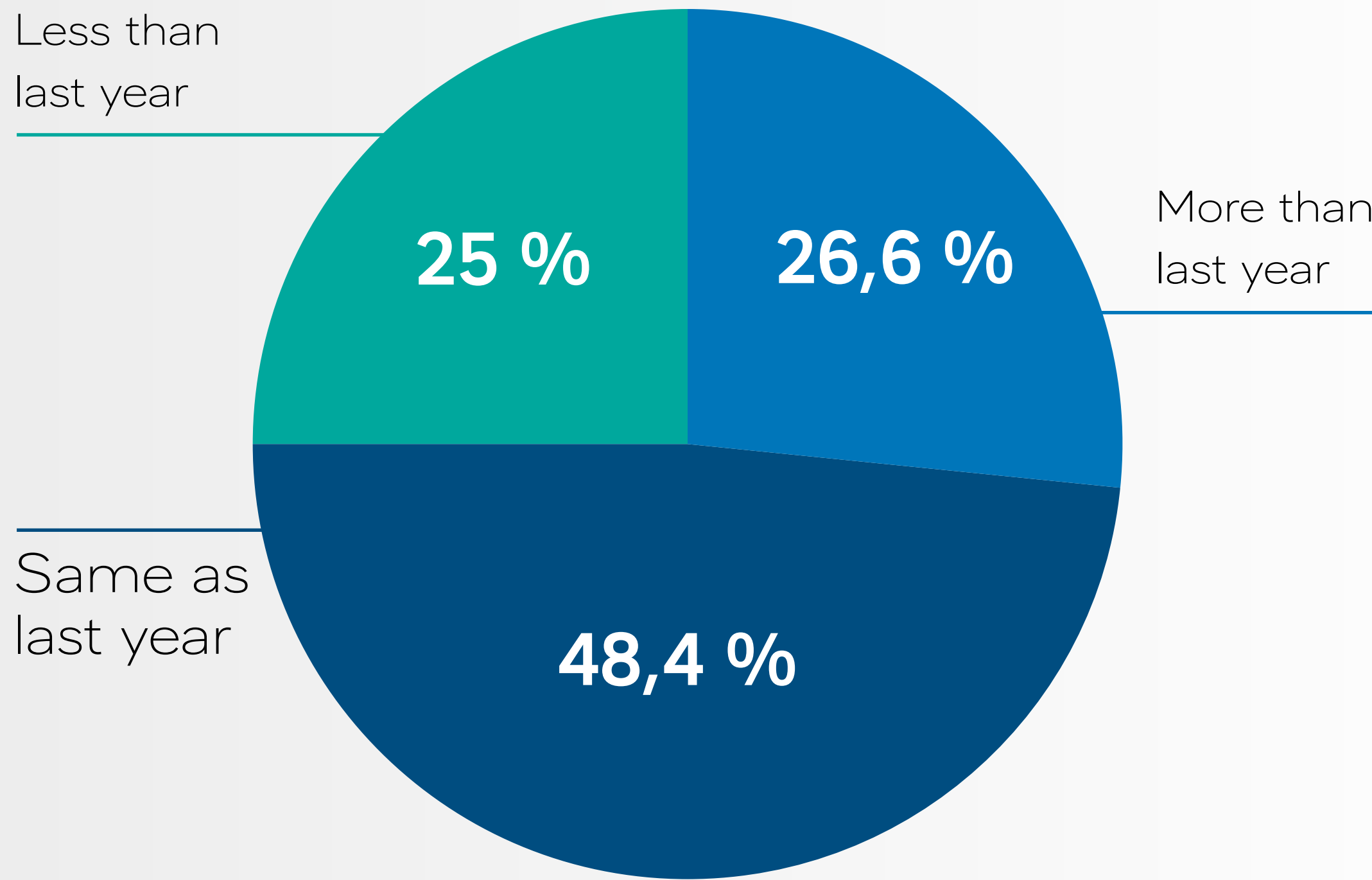
55.3% of respondents said that fewer people were employed in their companies in 2021 than in the previous year.

How do you assess the business year 2021 compared to the previous year in terms of headcount?



However, this trend seems to be gradually coming to a halt in 2022. For the current year, only 25% of the respondents say they expect a further decline in the number of employees, while almost half (48.4%) expect the numbers to remain the same.

What is your expectation for the year 2022 compared to 2021 in terms of headcount?

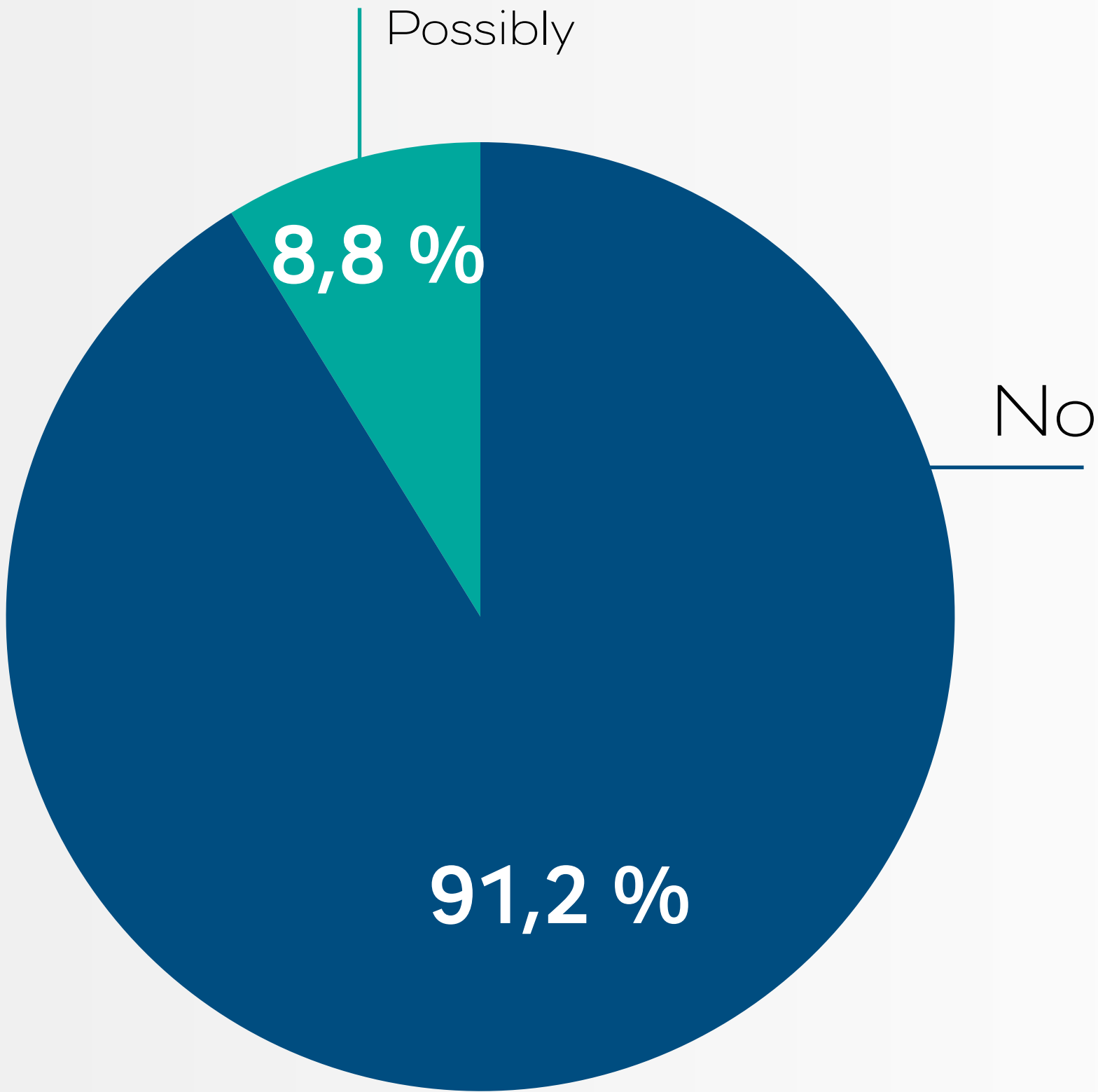


THE RESULTS OF OUTLOOK SURVEY

In any case, only a minority of respondents (29.4%) seem to consider outsourcing print jobs in the future. Closure of printing plants in the near future is ruled out by the overwhelming majority of respondents (91.2%).

Increased revenue despite declining staff numbers indicate that many newspaper printers have succeeded in significantly increasing productivity with the help of automation or in significantly reducing unit costs through new organisational and business models. The fact that the increase in turnover is due to higher prices seems rather unlikely in view of the general economic conditions.

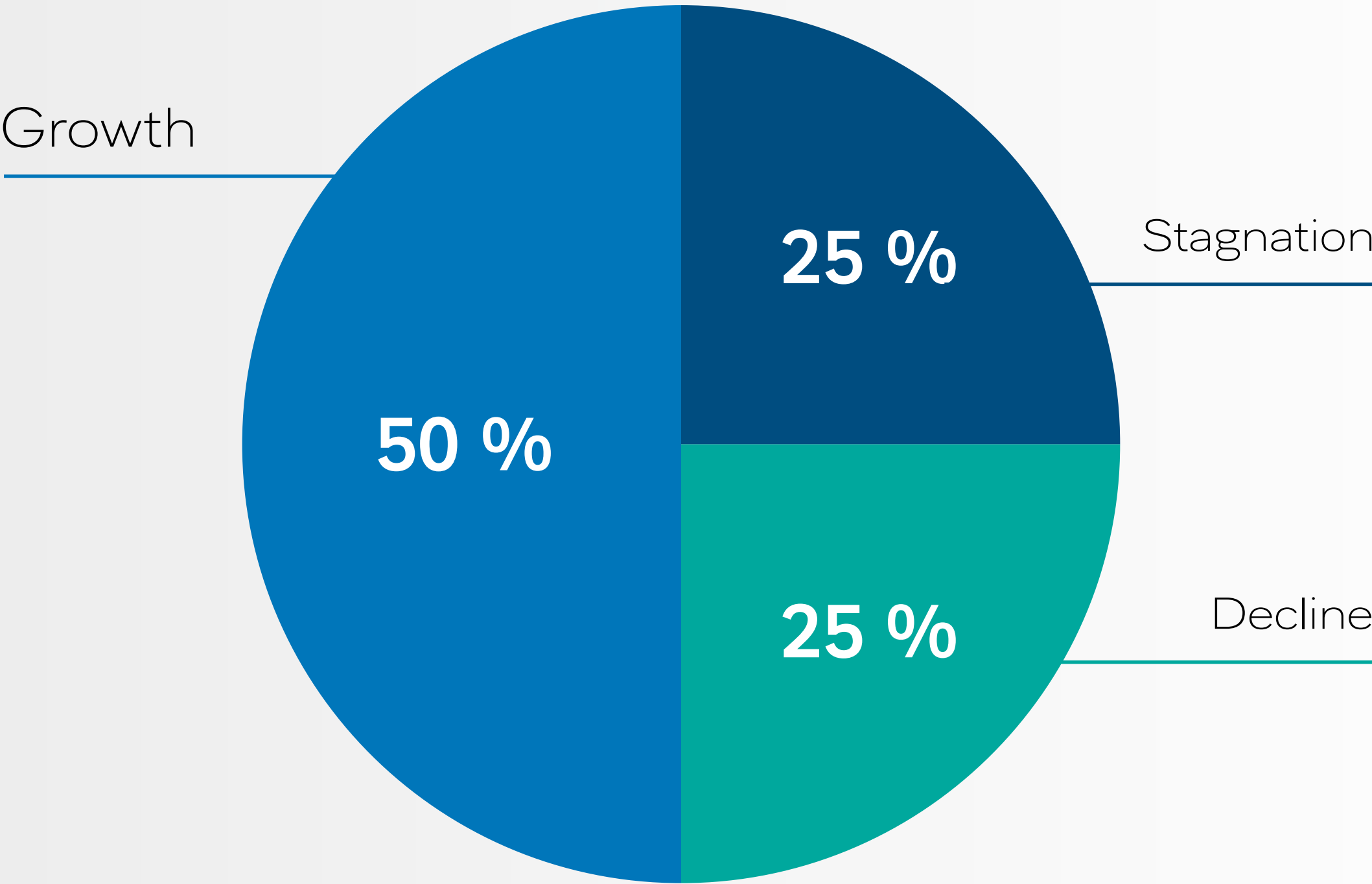
Do you have plans to close printing plants?



Optimism about circulation and page counts

Half of all respondents say they expect print circulations to increase. On the other hand, a quarter each expect stagnation or a decline in circulation. This optimism contradicts the widespread expectation of a continuous decline in newspaper circulation. But in this survey it is the newspaper printers who are the respondents. And it may well be that the consolidation of newspaper print plants has already been taken into account in these responses. That means fewer printers printing the same amount of newspapers, which means an increase in print run for the individual printer.

Number of companies expecting growth, stagnation or decline in weekly print circulation (2020-2021-2022)

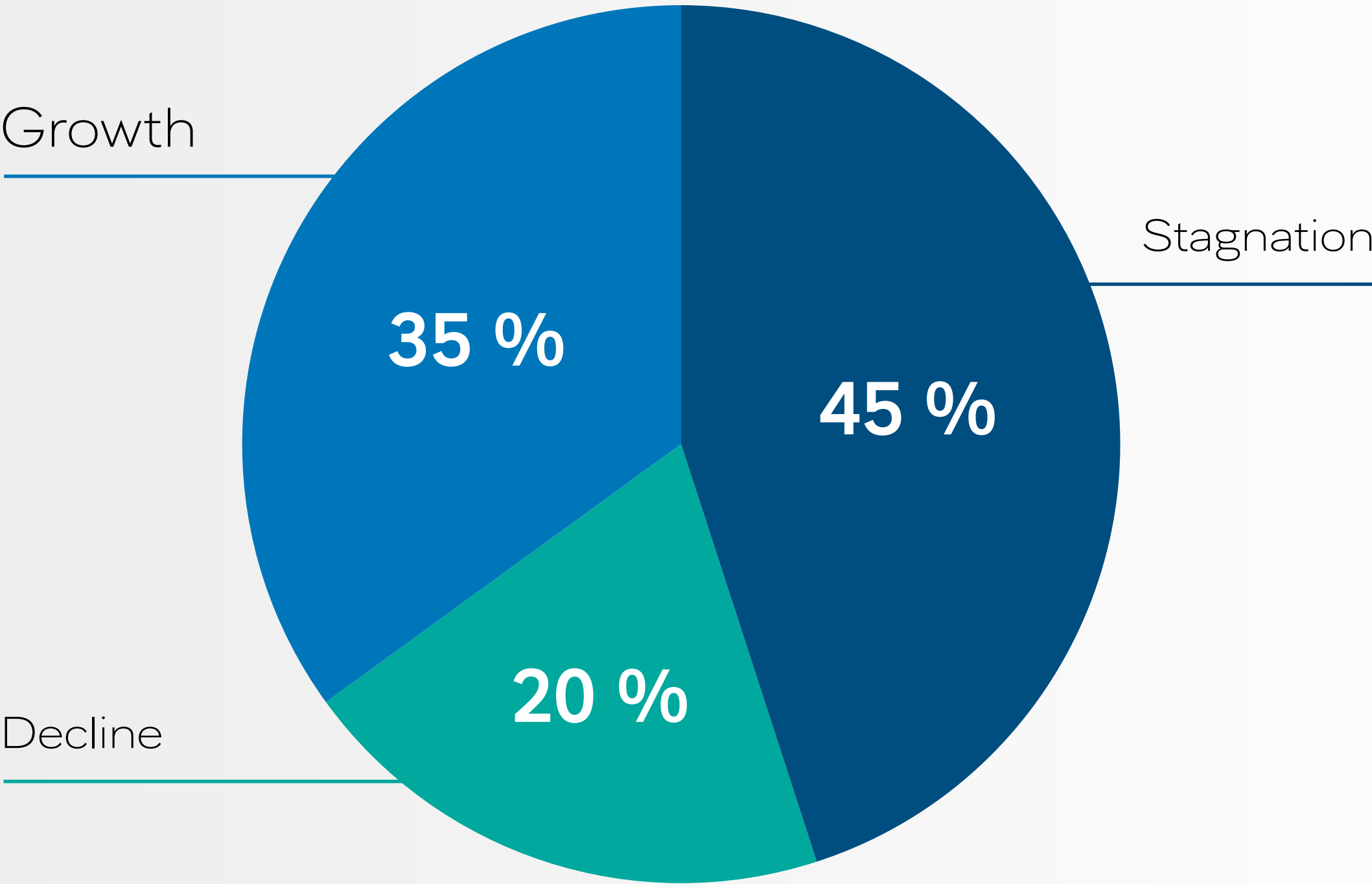


THE RESULTS OF OUTLOOK SURVEY

This view of things is also underlined by the expected development of the average number of print runs per week.

Here 45% of the respondents expect the number to remain the same, while 35% expect more and 20% expect fewer print runs per week.

Number of companies expecting growth, stagnation or decline in the number of print runs per week (2020-2021-2022)

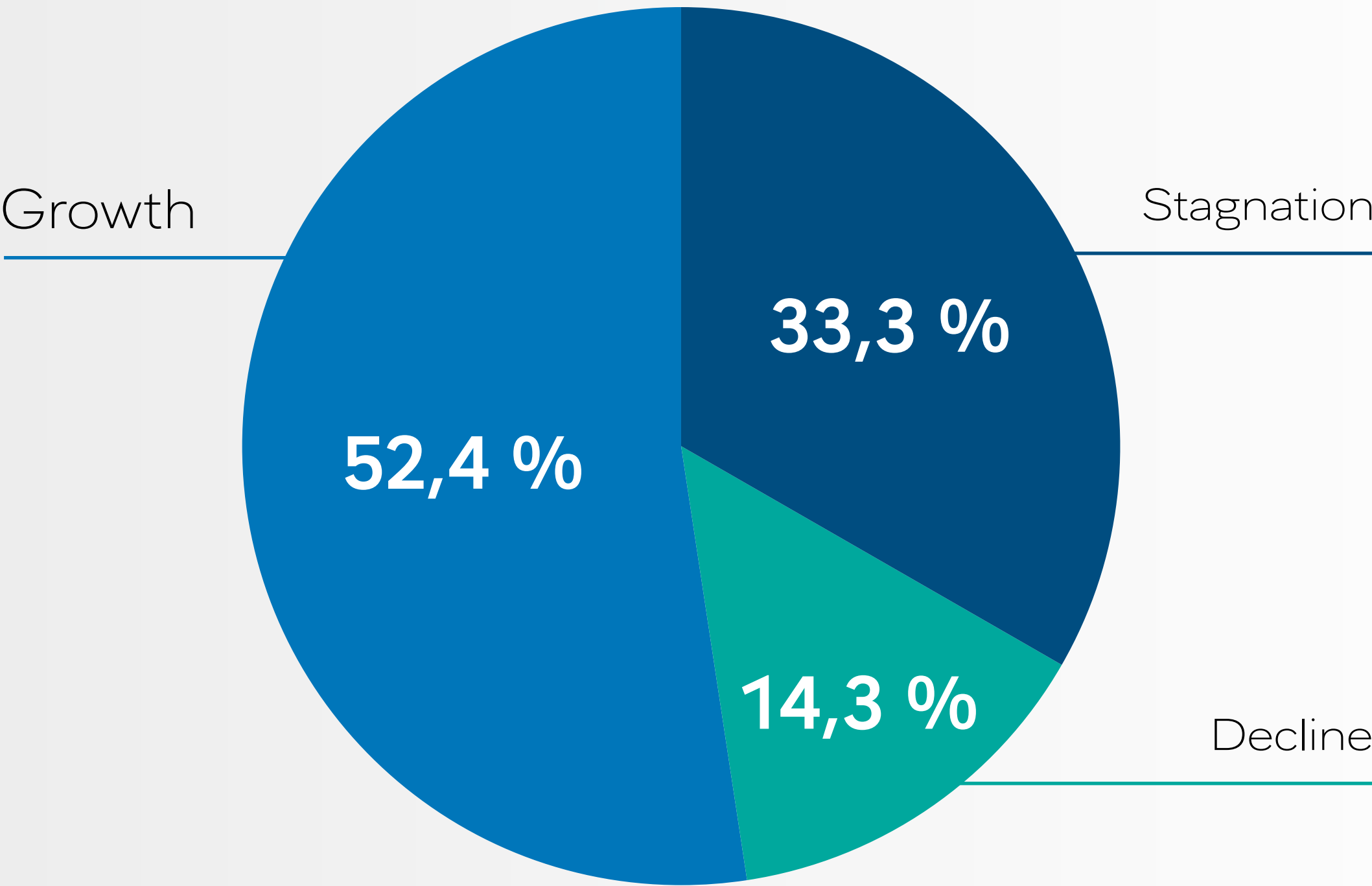


THE RESULTS OF OUTLOOK SURVEY

A majority (52.4%) of the respondents expects an increase in the page count per print job. 33.3% expect the numbers to remain the same and 14.3% expect a decrease.

This view obviously reflects an expected economic recovery of the newspaper industry after the significant advertising declines initially caused by the Corona pandemic in the beginning.

Number of companies expecting growth, stagnation or decline in the average page count per print run (2020-2021-2022)

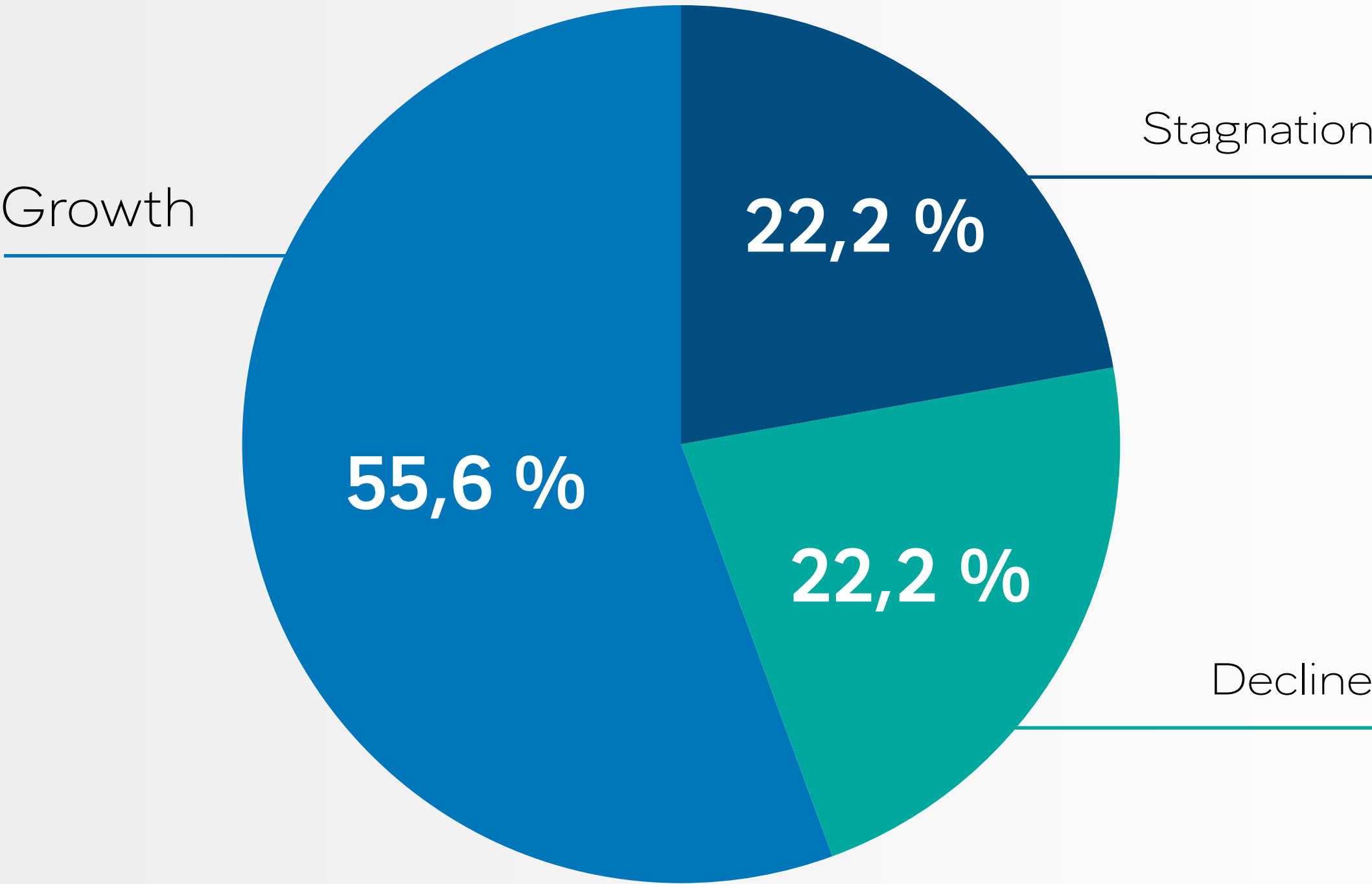


THE RESULTS OF OUTLOOK SURVEY

If print runs and page counts increase, then more printing plates are needed to accommodate this development. Accordingly, 55.6% of respondents expect an increase in the number of plates produced each week, while 22.2% expect stagnation or a decline in this segment.

It is no wonder that platemaking (CTP) is seen as the most important area for new and retrofit investment (see slides 21 and 22).

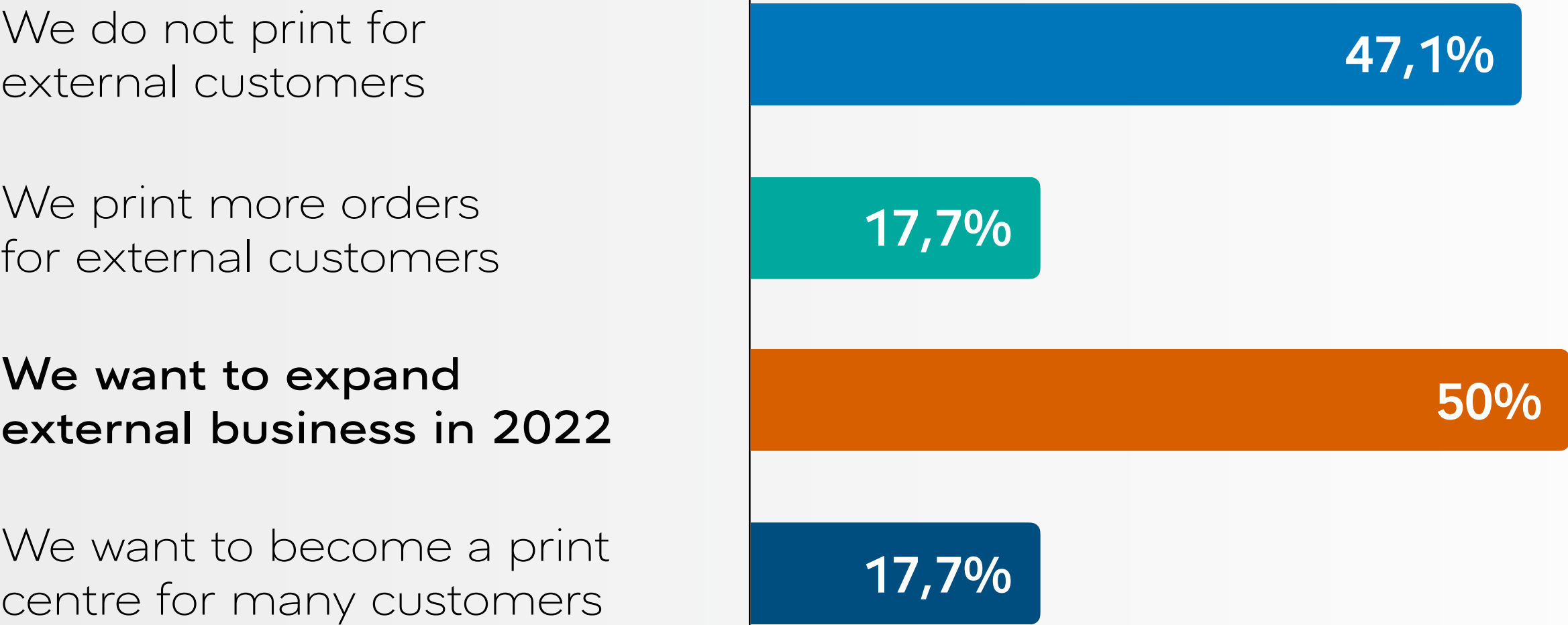
Number of companies expecting growth, stagnation or decline in the number of printing plates per week (2020-2021-2022)



Business with external customers

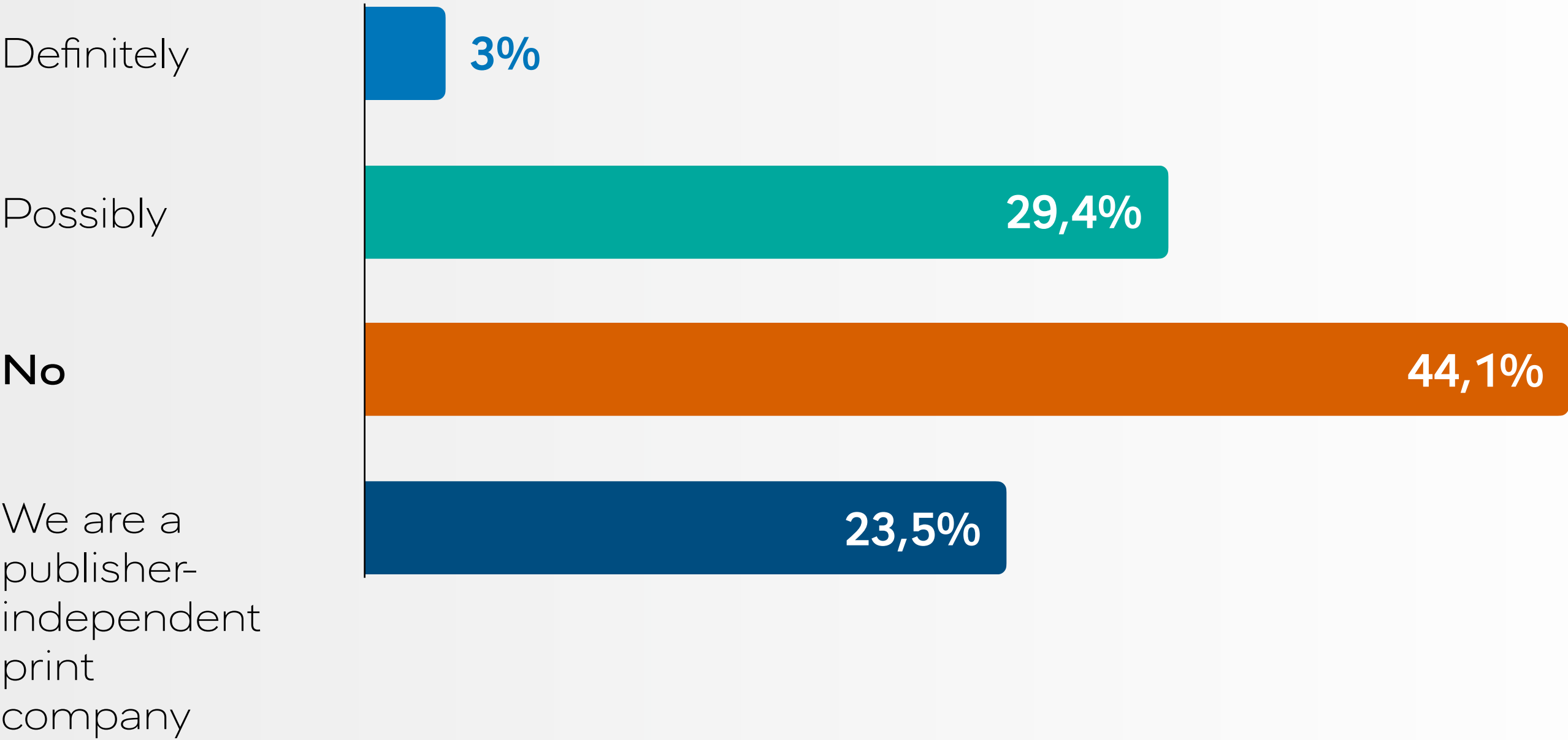
Newspaper printers are divided on the question of business with external customers. 47.1% say they do not work for external customers at all. In contrast, exactly 50% want to expand their business with external customers in 2022.

How is your print business developing for external customers and other publishers?



After all, 23.5% of all newspaper printers surveyed define their businesses as publisher-independent printing companies.

Is your publishing house planning to outsource print jobs to external printers?

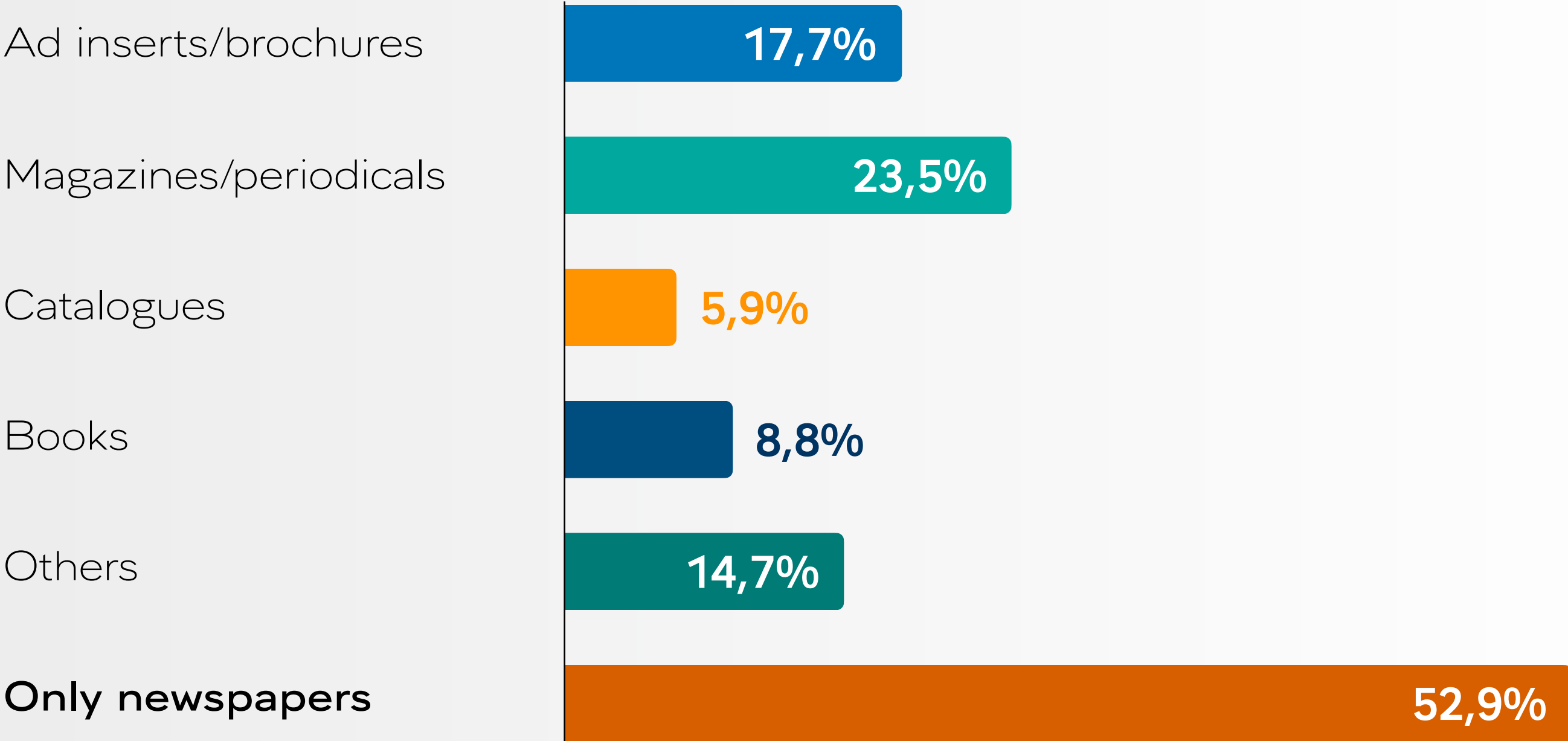


THE RESULTS OF OUTLOOK SURVEY

Slightly more than half (52.9%) of the respondents say they produce only newspaper products.

In addition, magazines and journals are of interest to almost a quarter of the respondents (23.5%), followed by advertising inserts and flyers (17.7%), while the production of books and catalogues is an option for only a few.

Are you expanding your business into areas outside newspaper printing? Which of the following do you print other than newspapers?

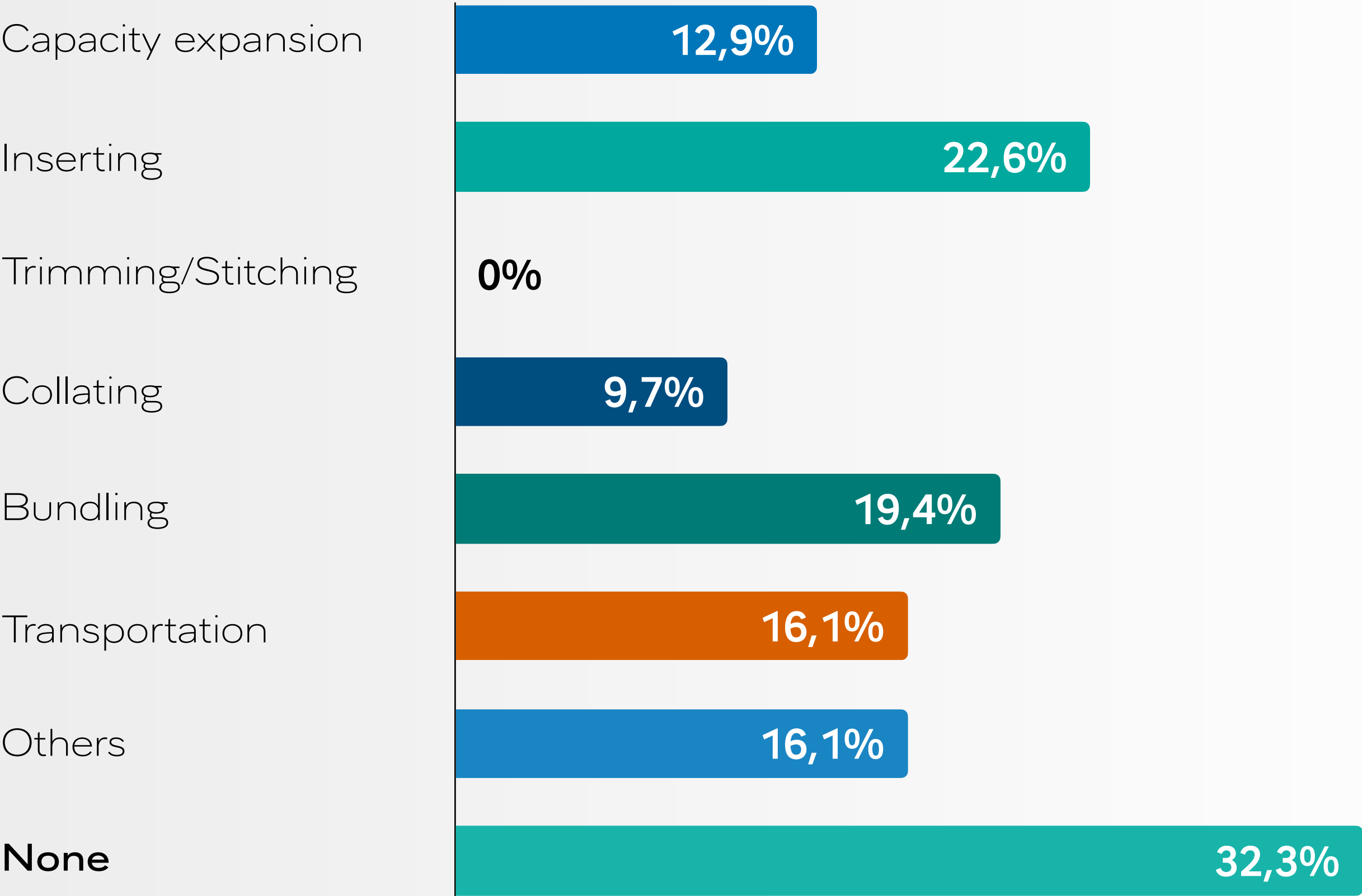


THE RESULTS OF OUTLOOK SURVEY

Although a total of 38.2% of the respondents show interest in the production of magazines, catalogues and books, this intention is by no means directly reflected in the investment plans of the respondents. Only 3.2% say (next slide) they are planning at least retrofit investments for trimming and stitching systems; for new investments this figure is a flat 0%.

9.7% of the respondents are planning new investments for collating machines and 12.9% want to upgrade their systems in this area through retrofit investments (see the next slide).

If you are planning new investments in postpress, in which areas?



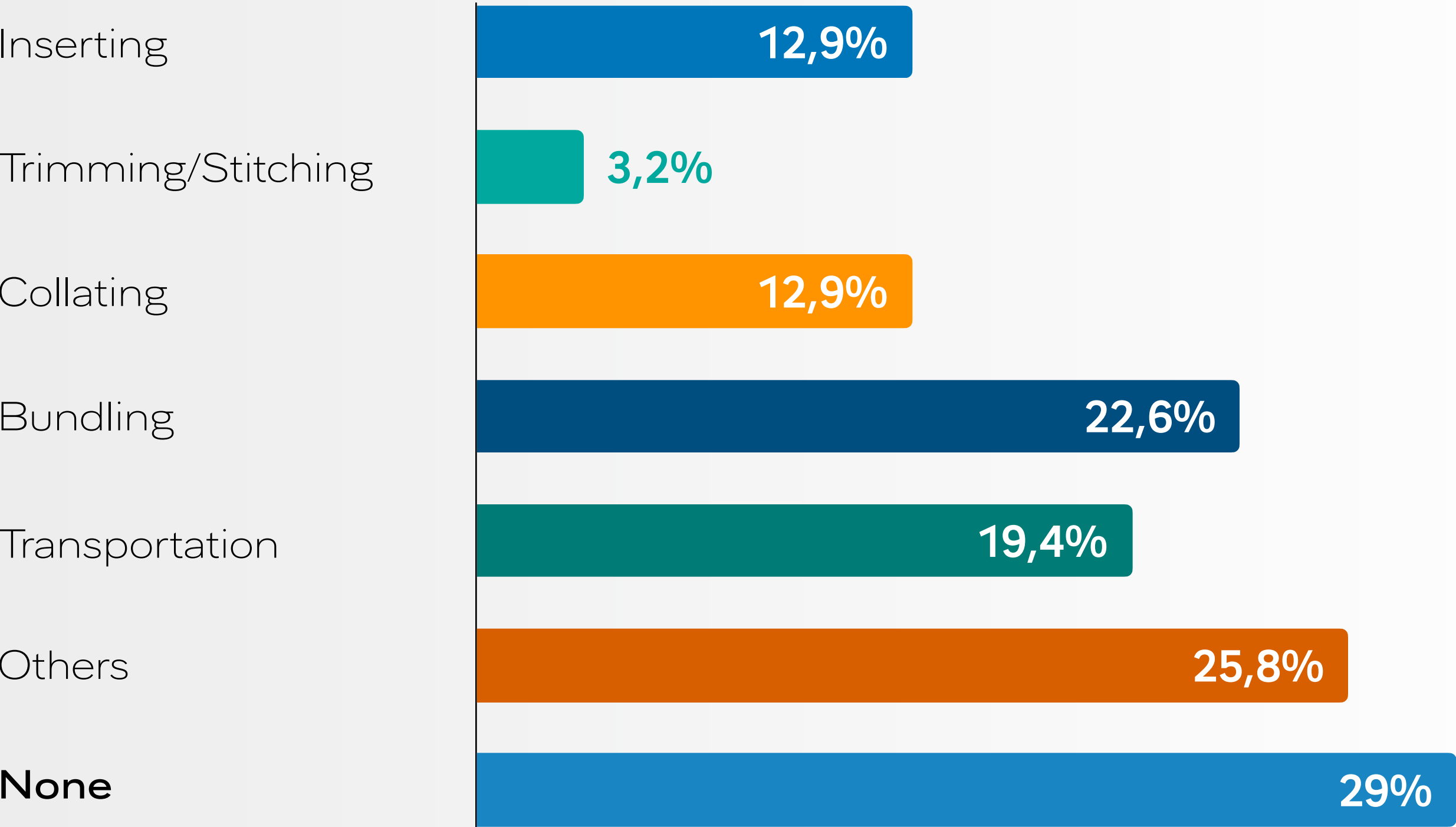
THE RESULTS OF OUTLOOK SURVEY

This can only mean that most newspaper printers who plan to expand their print business beyond pure newspaper printing are planning to do so with the help of cooperation partners in graphic finishing. Obviously, trimming and stitching in particular are considered essential.

However, the acquisition of own equipment in this area – at least in the current situation – does not appear to be economically interesting. And so some of the newspaper printers entering the production of magazines, catalogues and books will probably cover this work in cooperation with partner companies.

Possibly the answer of 29.4% of the respondents who are considering outsourcing print jobs (see slide 16) is to be understood against this background.

If you are planning retrofitting postpress equipment, in which areas?



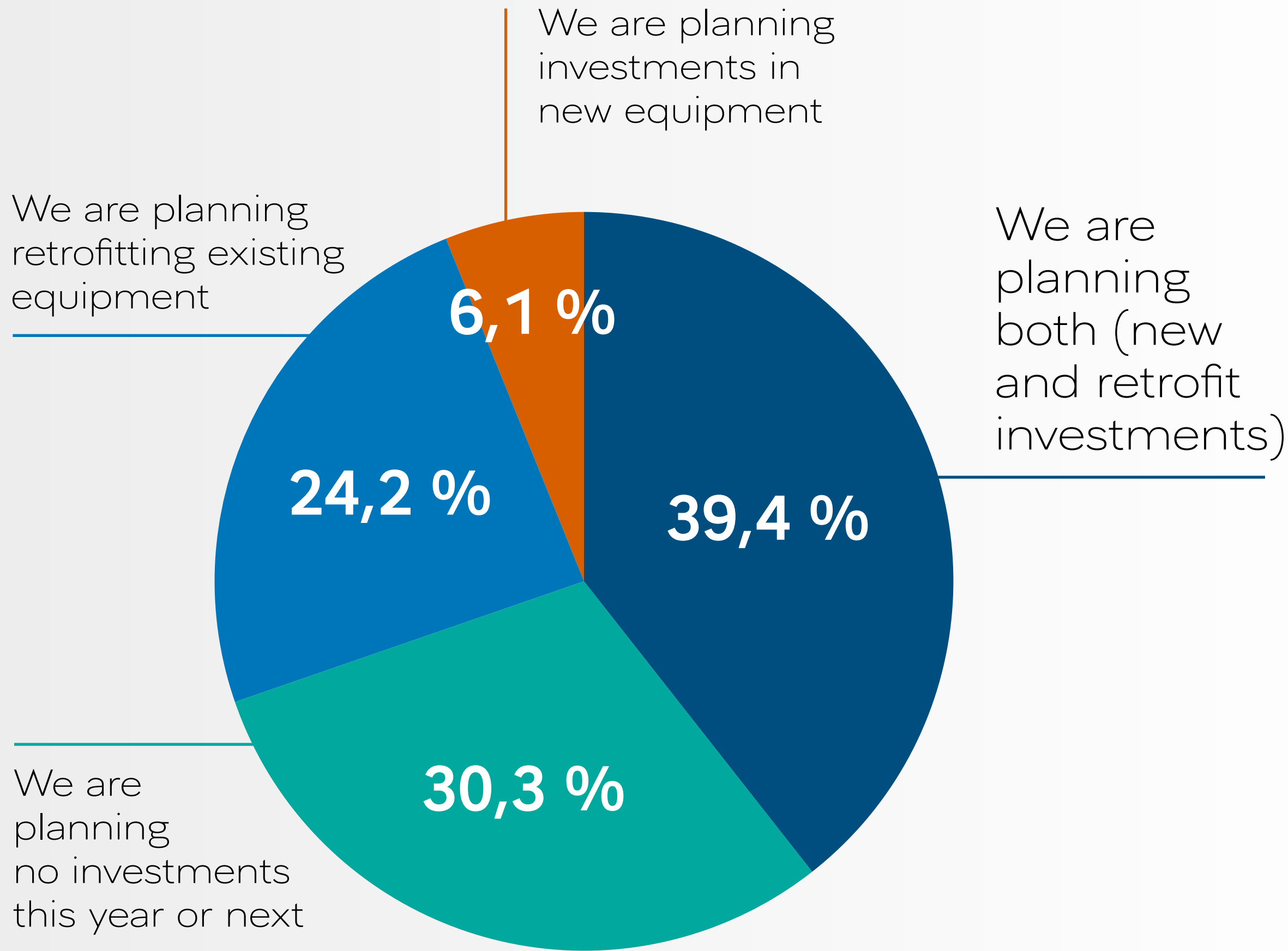
How to invest?

Business goals determine the direction for investment. This is no different for newspaper printers than for other industries.

Less than one-third (30.3%) of the respondents are not planning any investments for 2021 and 2022.

All the others very much have investment plans, namely 39.4% in new and retrofit investments, 24.2% only in retrofit investments and 6.1% only in new investments.

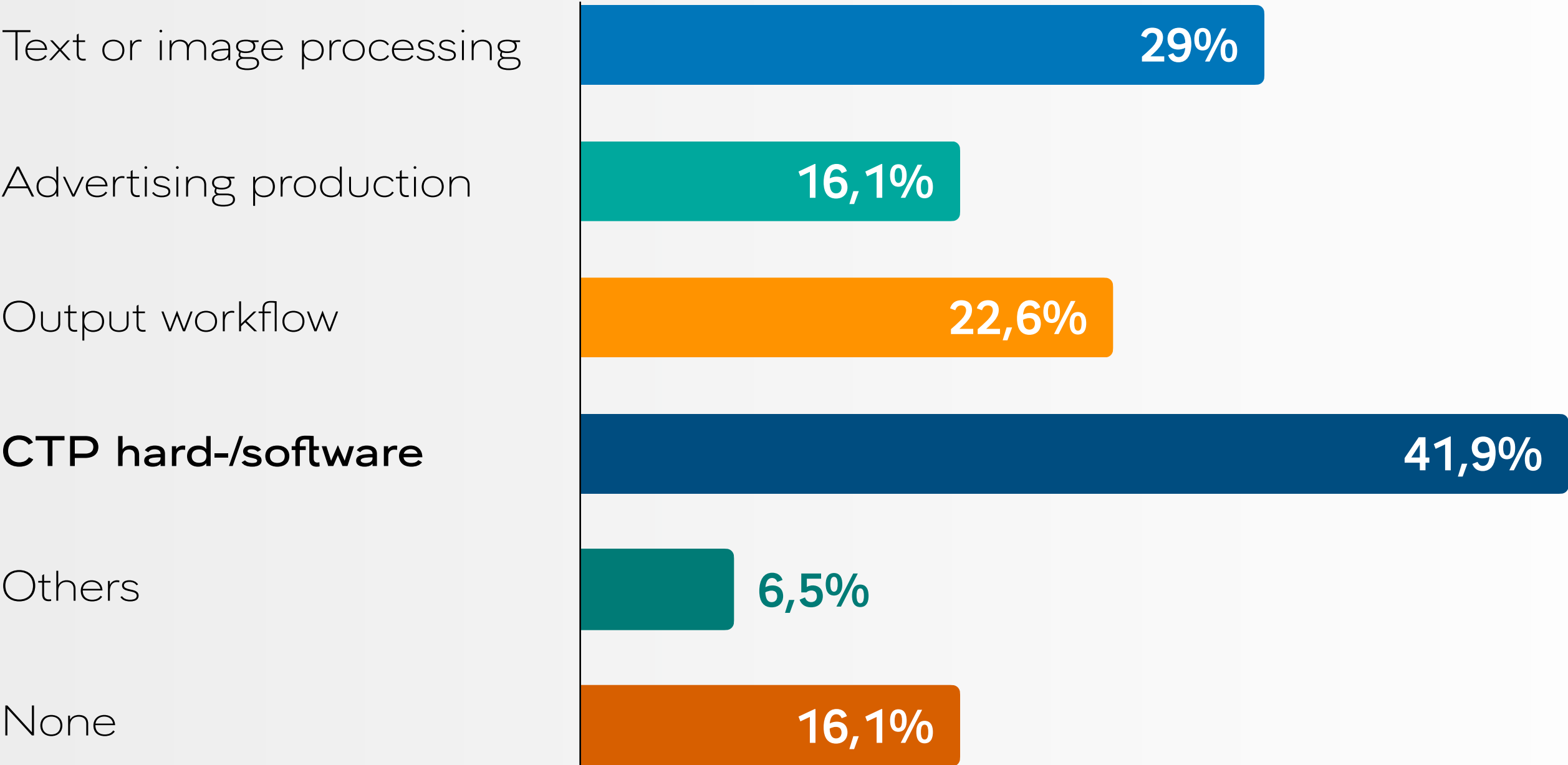
Are you planning new or retrofit investments this year or next?



Accordingly, investments are planned primarily for the following areas:

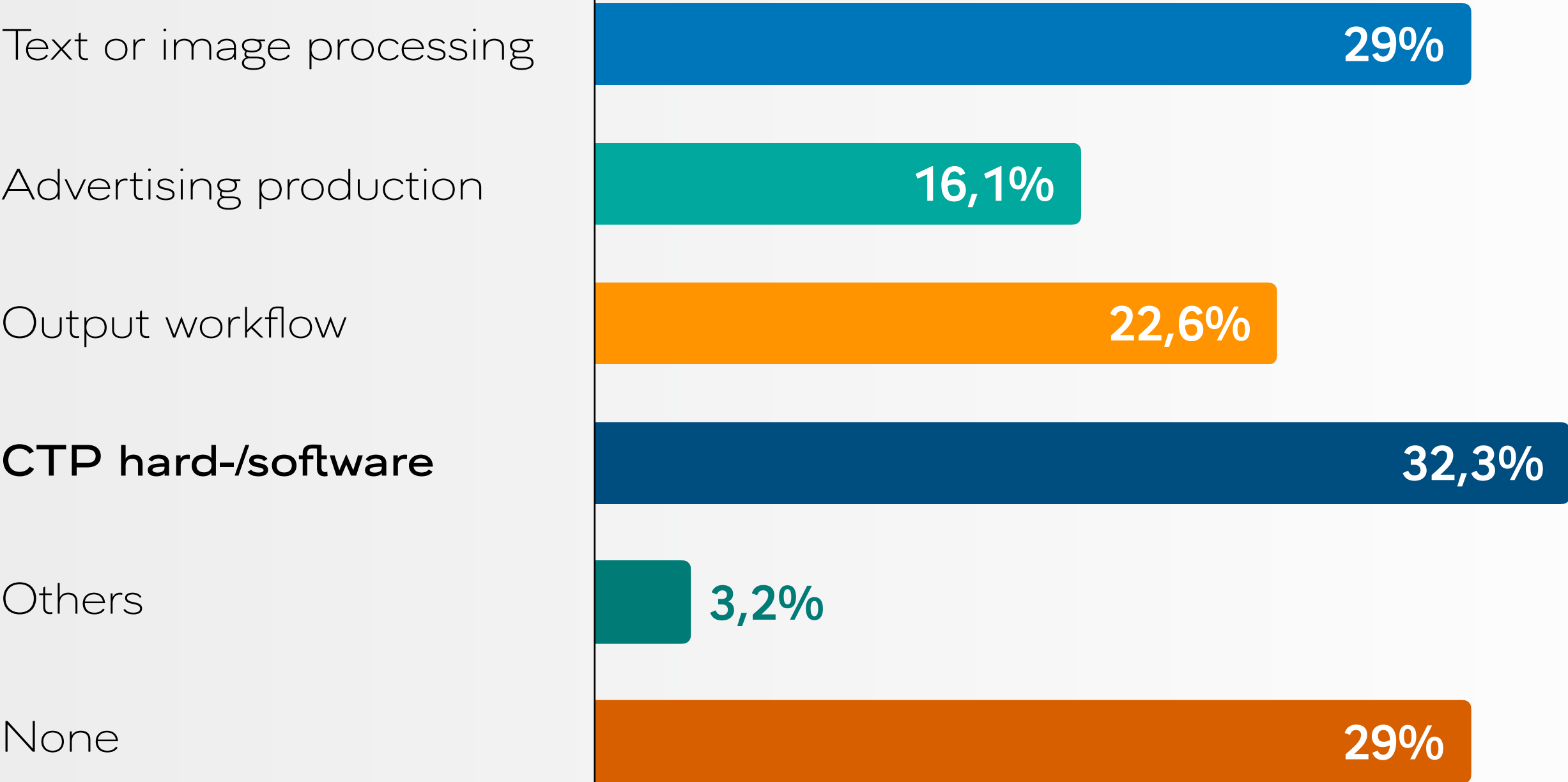
41.9% want to invest in new CTP systems and 32.3% are considering a retrofit investment in this area (see next slide).

If you are planning new investments in prepress, in which areas?



32.3% are considering a retrofit investment in CTP systems.

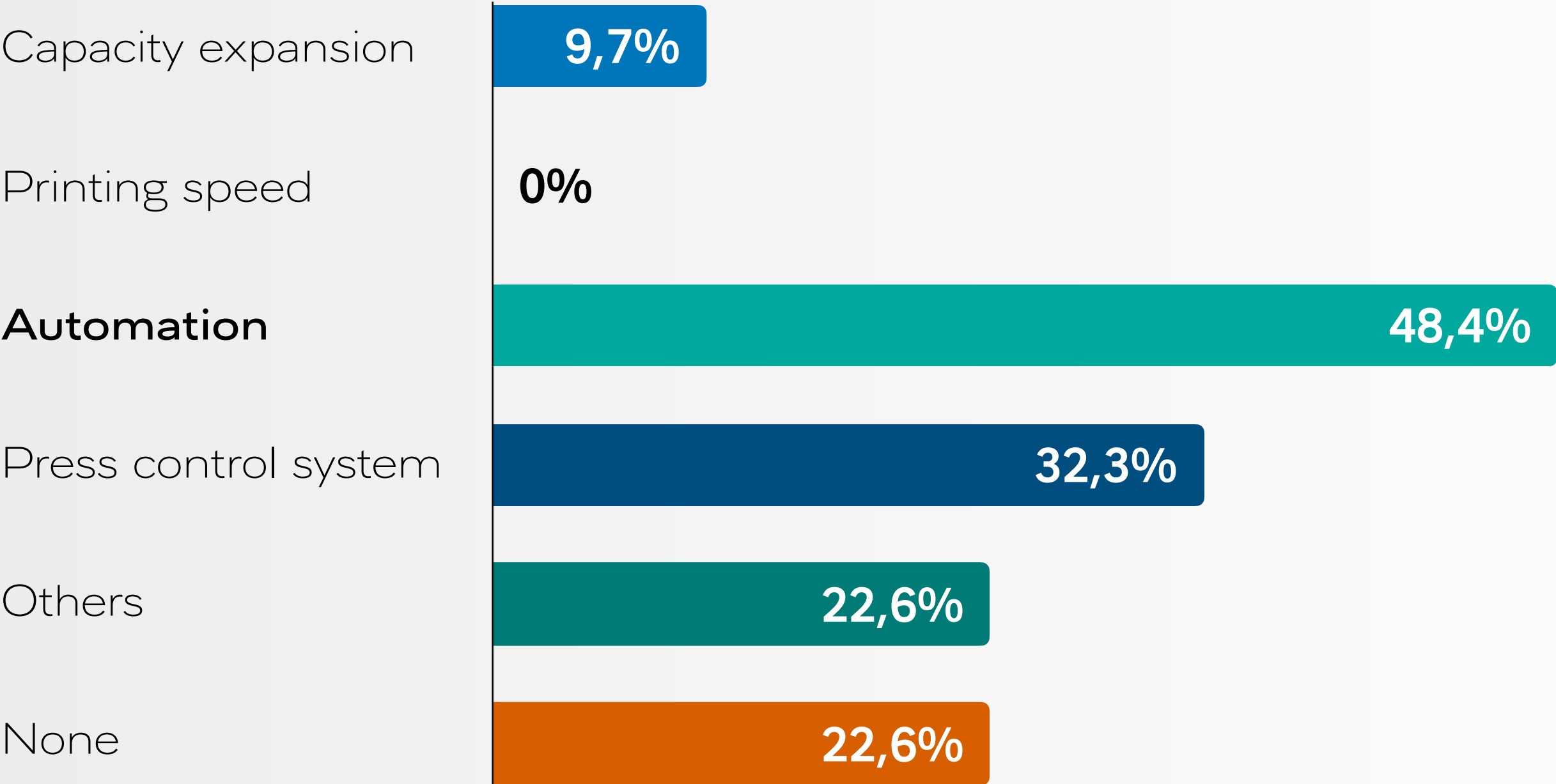
If you are planning retrofitting prepress equipment, in which areas?



48.4% are planning new investments in print automation and 41.9% want to strengthen their print automation with retrofit investments (see next slide).

32.3% are considering new investments in Press Control Systems, while 35.5% are planning retrofit investments for this area (see next slide).

If you are planning new investments in printing, in which areas?



41.9% want to strengthen their print automation with retrofit investments, and 35.5% are planning investments in Press Control Systems.

If you are planning retrofitting printing equipment, in which areas?

Automation

41,9%

Quality control/impr.

25,8%

Press control system

35,5%

Others

16,1%

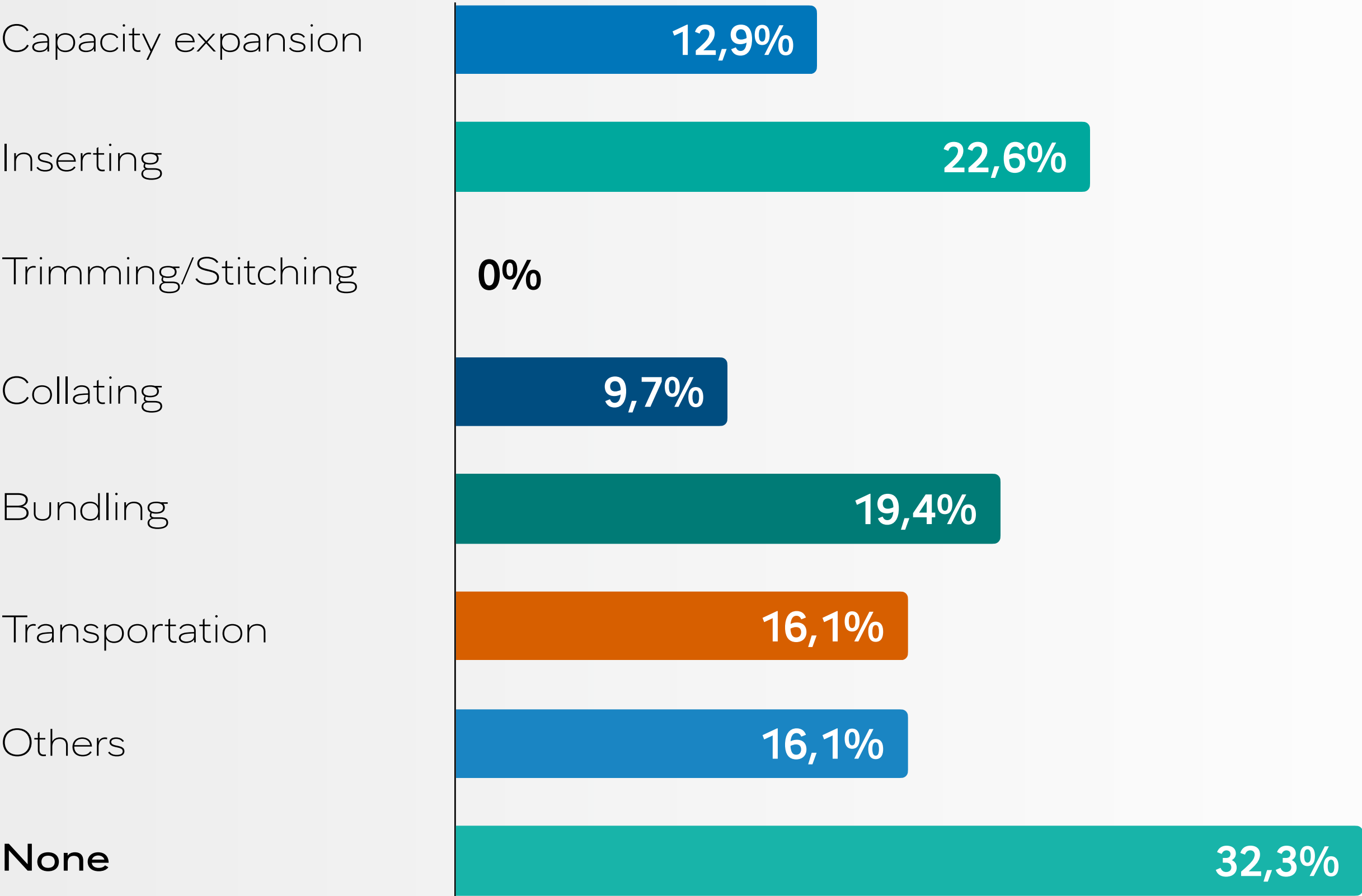
None

25,8%

THE RESULTS OF OUTLOOK SURVEY

22.6% are planning new inserting systems for their mailroom, and 22.6% and 19.4% want to make retrofit investments in mailroom bundling and transportation systems, respectively (see next slide).

If you are planning new investments in postpress, in which areas?



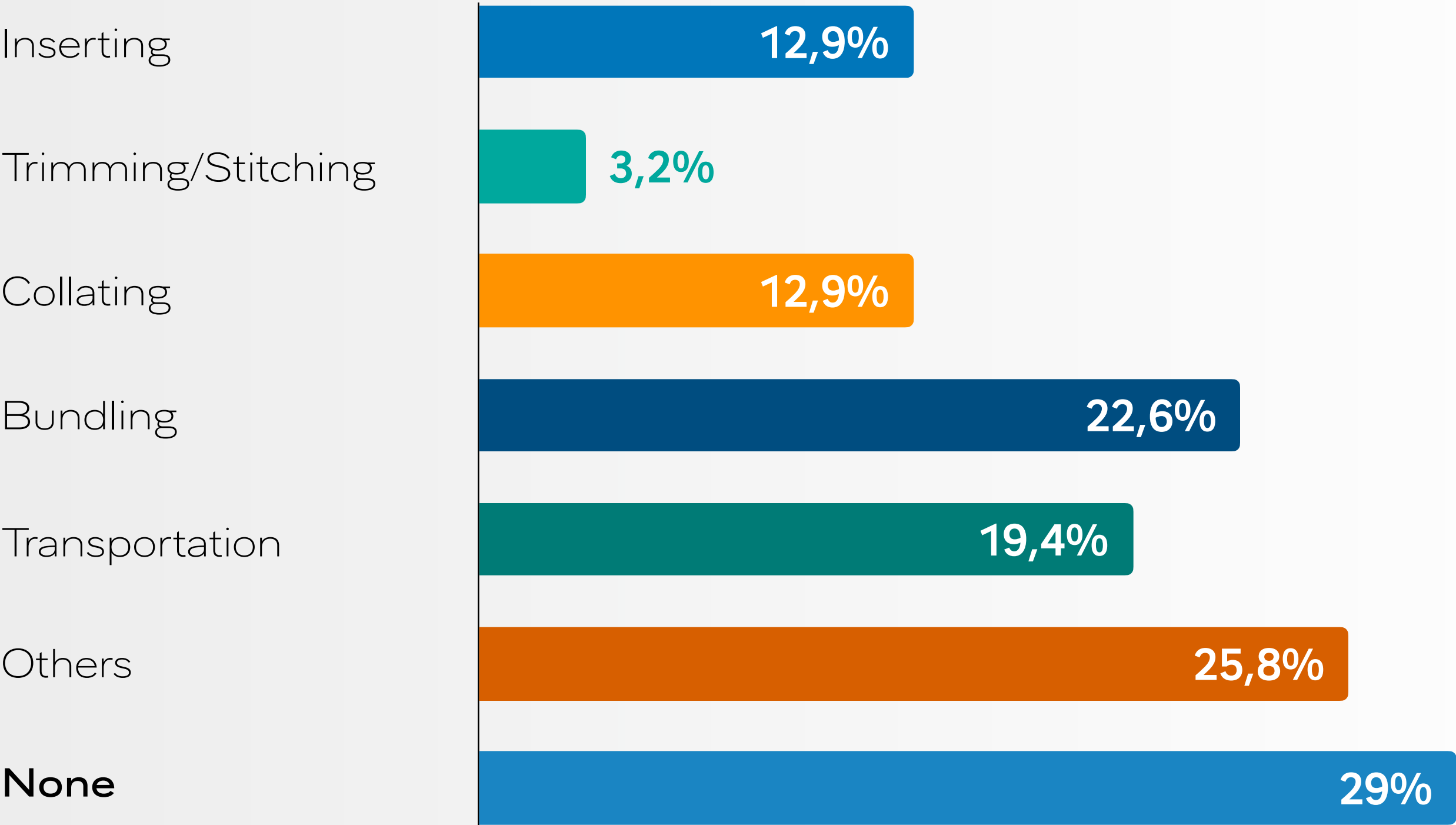
THE RESULTS OF OUTLOOK SURVEY

According to our survey results, computer-to-plate (CTP), print automation and press control systems will be at the forefront of newspaper printer investments in 2022.

Mailroom investments are dominated by the classics of inserting, bundling and transport systems. All these areas are crucial for the productivity of a newspaper printing plant.

The majority of newspaper printers aim to increase revenue and reduce unit costs.

If you are planning retrofitting postpress equipment, in which areas?



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