

PERSPECTIVE

The Printing Industry: Handling the Shift with Skill

People say that the printing industry is in decline. Some claim that the paper era has come to an end therefore printing has no future. They just don't really know the sector: the world of printing is much more than just paper. After struggling for years, it is surviving by adapting to new processes, adding several new strings to its bow by also becoming a service provider, and by going after new business niches. Meeting growing consumer and business demands in terms of quality, environmental responsibility, and speed, will require investment and being receptive to change. It's a shift the sector will need to handle with skill.

Current Struggles

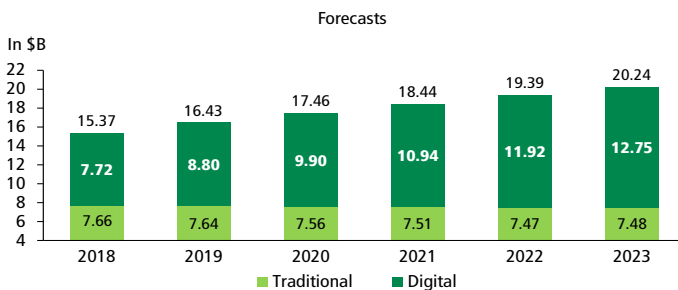
Like the rest of the economy, the printing world was disrupted by the arrival of new technologies, especially digital. The transition from paper to virtual, whether for information (newspapers, directories, etc.) or entertainment (books, magazines, etc.), wasn't a smooth one. Many newspapers and magazines were shuttered, some now offer a weekend edition only, while others are now published essentially online.

The gradual shift in advertising from paper to digital is an indicator of how the information and entertainment industries migrated. Graph 1 shows the expected growth in advertising spending on digital media in Canada (on desktop computers or laptops, mobile phones, tablets and other connection tools). These are forecasts based on the data available to date, with the tipping point in favour of electronic media possibly already

reached. As a result, spending on traditional media (including directories, magazines, newspapers, outdoor displays, radio and television) which was estimated at \$7.66B in Canada in 2018, may drop slightly in 2023 (-2.3%). In contrast, spending on digital media is expected to rise to \$12.75B from \$7.72B over the same period—a 65.1% increase! This trend has been building for a number of years and explains, in part, why a lot of dailies, weeklies and monthlies have had to turn off the lights permanently. They ended up at that point due to a lack of advertising revenue to finance their operations.

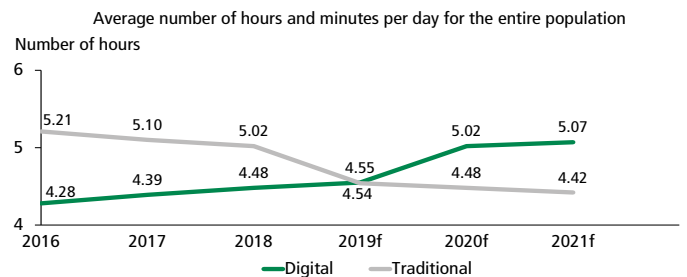
Furthermore, the winds of change are continuing to blow, since the interest in digital media among Canadians has overtaken traditional media, which is further hastening the already obvious slide (graph 2). Consequently, eMarketer, a research firm specializing in digital marketing, focused on the average time

GRAPH 1
Advertising spending in Canada on traditional¹ and digital² media in 2018–2023



¹ Includes directories, magazines, newspapers, outdoor displays, radio and television; ² Includes the advertising that appears on computers (desktops and laptops), mobile phones, tablets and other connection tools, and includes all advertising formats.
Source: eMarketer

GRAPH 2
The time Canadians spend on digital media exceeds that of traditional media*



f: forecasts; * Traditional: television, newspapers, magazines and radio.
NOTE: Age 18 and up. The time spent on each media includes all of the time spent on this media regardless of the connection tool or multitasking (e.g.; one hour of simultaneous multitasking on Facebook and Snapchat is counted as one hour on Facebook and one hour on Snapchat).
Source: eMarketer

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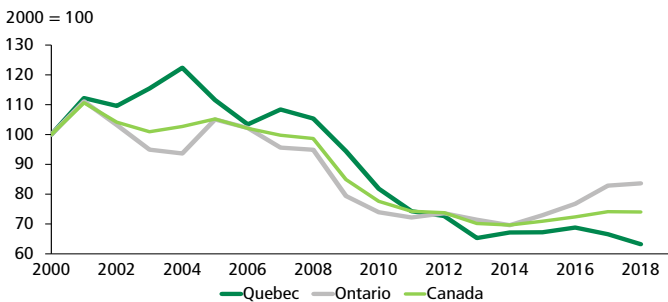
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spent daily on viewing digital media. So, in 2021, Canadians are expected to spend 5 hours and 7 minutes on digital media compared to 4 hours and 42 minutes on traditional media.

The shift in consumer and advertiser attention towards digital lead to the printing sector consolidating. Mergers and acquisitions accelerated everywhere in the world and are still going on. Services are being clustered and attempts made to offer more to customers. Canada and Quebec failed to avoid this trend.

Even if the industry continues to consolidate, it doesn't necessarily mean that it's shrinking. Real GDP for Quebec's printing industry stopped free falling in 2013 (graph 3). In fact, since 2013, the industry has stabilized somewhat despite the many head winds.

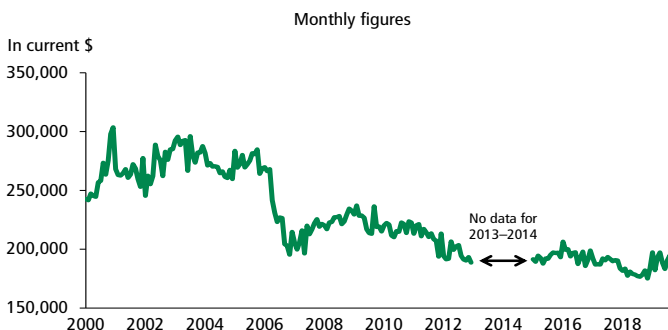
GRAPH 3
Real GDP for Quebec's printing industry stopped free falling in 2013



Sources: Statistique Canada and Desjardins, Economic Studies

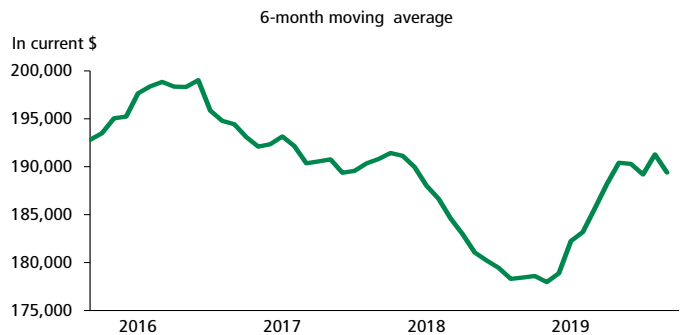
A look at manufacturing sales since 2000 shows that sales levels have changed little since 2006 (graph 4). These figures are in current dollars, which means, in fact, that sales volumes are only down slightly. A look at a shorter time period shows that sales rose in 2019 (graph 5). This is a 6-month moving average, as

GRAPH 4
Quebec: In 2019, sales were near 2006 levels



Sources: Statistique Canada and Desjardins, Economic Studies

GRAPH 5
Still, in the shorter term, sales in Quebec rose in the printing industry in 2019



Sources: Statistique Canada and Desjardins, Economic Studies

monthly fluctuations were too numerous to get a clear reading of the phenomenon.

In spite of the technological developments at a time when distance is increasingly less of a concern, printing remains to a large extent a local industry. The success of traditional activities is linked to the domestic market, not exports.

If the use of paper is declining, and sales are nonetheless holding up, even increasing a little, this means that new avenues are opening up to the industry. This point will be discussed below. However, it's important to first look at the issue of labour, which is a millstone around the neck of printing industry businesses that is preventing them from making headway.

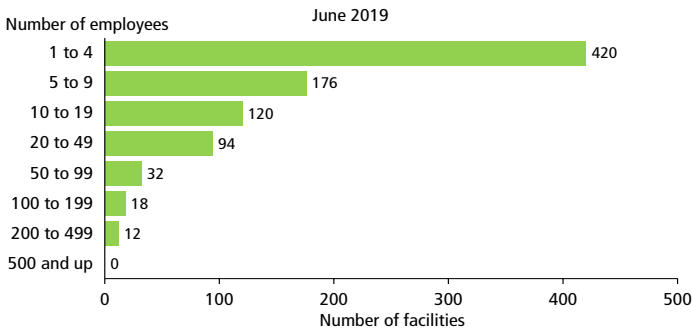
The Headache of Labour

Although the industry has slowed since the early 2000s, it still needs workers. The jobs to be filled are more complex than in the past, due to the use of technology. Furthermore, an aging work force is having an impact here as elsewhere.

Mid-2019, Quebec had 872 printing plants and related businesses (newspaper publishers are not taken into account here) according to Statistics Canada's Business Register (graph 6 on page 3). Practically half of them (420) had fewer than 5 employees, 20% had between 5 and 9, and 13.8% had hired no more than 10 to 19. In fact, 96.6% of industry facilities employed fewer than 100 workers. It's a world made up of small businesses. Estimates show that approximately two thirds of them were located in the greater Montreal area.

The industry has needed workers for a long time now. According to the 2018 diagnostic by the Comité sectoriel de main-d'œuvre des communications graphiques du Québec (CSMOCGQ), the aging work force, in particular, is affecting the technical trades associated with printing and finishing. At the same time, the job of graphic artist and graphic designer have a younger work force and enough qualified workers.

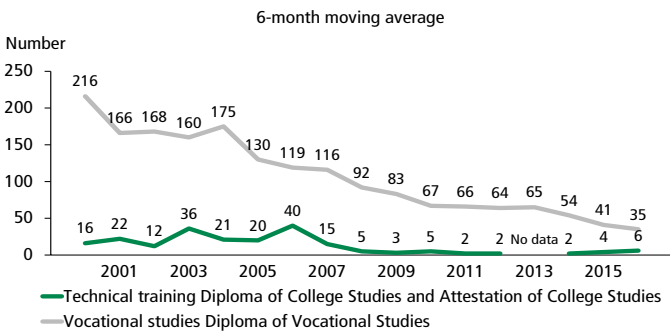
GRAPH 6
Number of printing facilities and related activities in Quebec



Sources: Statistique Canada and Desjardins, Economic Studies

How to recruit and fill jobs when the spotlight, in recent years, has been on closures and the possibility of printing becoming extinct? These two phenomena make the sector less than attractive for young people looking for a trade with a future. The lack of students is such that professional and technical training programs can hardly be offered due to the lack of enrolment. Graph 7 shows the decline in the number of graduates since 2000 in Quebec.

GRAPH 7
Number of graduates in vocational and technical training programs that lead to the printing trades



Sources: Statistique Canada and Desjardins, Economic Studies

Still, the battle isn't lost. Unable to count on recruiting young, new graduates, the CSMOCCGQ has worked hard to develop programs for existing workers. The Workplace Apprenticeship Program is just one example of this. It helps workers obtain a "certification of qualification" issued and recognized by Emploi-Québec. It is a mentoring program. Continuous training workshops are also offered, as is online training. They don't issue the equivalent of a Diploma of College Studies or a Diploma of Vocational Studies, but they do help bridge the labour shortage. These are but a few examples of solutions that the industry has come up with that also emphasize the value of the various trades and professions in the printing world.

Adapting to Survive

Printing businesses aren't standing around with their hands in their pockets. Some of them are following the move to a virtual economy and are open to electronic publishing. In some ways, they're becoming a hybrid that is both a manufacturer and a service provider. It's one way of seeking out other revenue streams in a growing niche. In keeping with this, some printing businesses provide marketing and communications advice. The experience gained also helps to offer document design services.

Others adopted digital printing, which opens up a whole range of possibilities, in addition to preserving the traditional processes that have served them well in some business niches. And others have sought to enter business segments that differ from those they're already serving. Packaging is one of these. It's a world of endless possibilities. The growth of e-commerce has helped printers to see it as an opportunity to diversify. The food sector is also an area of demand, and the needs are great.

The reduction in the use of paper in some areas has forced printers to explore new avenues by printing on plastic, glass and fabric. [Flexography](#) is hugely versatile and increasingly in demand by buyers. Still, the industries must invest: it's fundamental. The quality of the work, which is not an insignificant variable, depends on it.

Looking Ahead

What will be the future of the printing industry? It will be comprised of a lot of things that we anticipate and a huge number of things that can't even be imagined at this point. Right now, we already know that digital enables customization and, in this regard, there are promising developments still to come. Made-to-measure, which was already a feature of the industry, will become increasingly important.

Traceability, especially in terms of quality and hygiene, is gradually becoming one of the needs that printers will have to meet.

"Smart" packaging is also showing promise. It allows data to be shared and gathered; this is no longer science fiction. This packaging enables data, such as major variations in temperature and impacts likely to damage a product, to be received and shared. Tracking these parameters will help ensure product quality. Electronic printing will be the medium that will carry this information on a large scale, and printers will be called upon to make it happen. For now, more conventional technologies, such as serigraphy, flexography and [rotogravure](#) may be used to print information sensors. Nevertheless, adopting these technologies means tooling up and investing to meet the demand.

For now, circuits printed using polymer inks are gradually becoming more common in the world of printing. Still, research is being done on perfecting the processes that have to reduce their ecological footprint. Researcher efforts are not just focused on "green" printed circuits. Like consumers who are increasingly

concerned about the impact of products and packaging on the environment, researchers are also seeking processes and inks that are completely in line with this philosophy. The entire production and delivery chain must respect these principles. Printers won't be spared; they're increasingly being asked to use environmentally friendly products.

For some printers, the future lies in transforming printing into a solutions centre for publishing and printing (on physical or virtual media). They offer a multitude of services, from the design to the production of physical and virtual documents. Others are even offering delivery services direct to the customer. Lastly, the printing industry can't avoid the web's influence, where speed is of the essence. Production rates have already risen in recent years; expectations are that they'll go even faster.

Being Open to Change

Will the advent of new technologies get the better of the printing industry? No. On the one hand, they can add another dimension to the industry. On the other, at the rate at which they're being implemented, the technologies are only increasing, not decreasing. In recent years, the printing industry has succeeded in holding its ground after years of decline. Digital's advance has not slowed during this time, which seems to indicate that the sector is currently undergoing a transformation.

There is one thing that can't be denied: printers will be in high demand to respond to consumer and business needs, and these needs are changing. Several trends coexist and are potential gold mines: customization, traceability and the connectivity of things, to name but a few. At the same time, their ability to integrate into production chains that respect the environment will be watched more closely. The requirements are also rising in terms of turnaround time and quality. If the printing industry wants to keep up, it will have to invest, decompartmentalize and remain receptive to change.

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