

Opportunities for Commercial Printers in Packaging

As several commercial printing markets become commoditized, former commercial shops pursue package printing opportunities.

Commercial Printing and Packaging Are Converging

It's easier for commercial printers to break into packaging than it would be for package printers to play in the commercial world. Even so, success in packaging requires expertise, investment, and a dose of self-confidence.



By Patrick Henry

To be clear: not every commercial printing business is also destined to become a package printer. These segments of the industry remain distinct, and the overlap of opportunity between them has limits.

But what's equally clear is that the convergence of the two segments will happen to the full extent that it can. And, judging from trends seen in the most recent *Printing Impressions* 400 roster of the industry's leading companies ranked by annual sales, the movement of commercial printers into the packaging space is accelerating.

The 2019 edition of the venerable list includes 90 companies that reported both commercial and package printing as being among their specialties — 17 more than on the *PI* 400 list of 2018. Their average and median percentages of revenue derived from packaging — 17% and 10%, respectively — were smaller than the corresponding percentages from 2018, perhaps reflecting the pressure of increased competition among providers.

For many commercial printers, the attraction of packaging is difficult to resist. In the NAPCO Research report, "Running A Profitable Printing Business: A Playbook for Defining Strategies and Solutions for Success," nearly three-quarters (72%) of printer respondents that reported double-digit sales growth said they were seeing high or moderate demand for packaging.

Similar findings document the tidal pull of one segment into

the other (read "What the Surveys Say" sidebar on page 21).

However, there is no strict playbook for this kind of convergence. Some commercial printers realize they have been growing naturally into packaging, and they embrace it as a de facto part of their business. Others target and enter the market more strategically. In either case, the ingredients of long-term success are the same.

A Genuine 'Gee Whiz' Moment

Packaging "was one of those slow, gradual offerings" at Allied Printing Services, according to John Sommers, president and CEO.

The Manchester, Conn., firm was fully equipped to produce things like pocket folders, glue-tabbed dimensional printing, and counter stanchions for brochures. Sommers says that once the company added high-end diecutters and folder/gluer from Bobst and a battery of six- and eight-color Rapida 106 presses from Koenig & Bauer, it dawned upon everyone that, "Gee whiz — we have all the tools of the trade when it comes to packaging."

Charlie Cox, partner and COO at Wallace Carlson Printing in Minnetonka, Minn., similarly recalls that his company "kind of gravitated into it" about seven years ago.

"We could just see that the packaging sector was constantly growing," he says, in contrast to the leveling off of the commercial side of the business. The convergence with packaging accelerated

when Cox and his partners Ann Turbeville, CEO, and Brian Turbeville, president, added an eight-color Komori Lithrone GL840P H-UV perfecter, a Brausse 106CE Tornado diecutter, and a Brausse TA900 folder gluer.

The roots of packaging at North Star Printing in Spanish Fork, Utah, go back to 2006, the year the company acquired a half-size sheetfed press from Heidelberg that could print on packaging stocks.

Neil Foster, co-founder and CEO, says this wasn't what North Star originally intended to do with the press — until it found it could use the Speedmaster CD 74 to give its customers better and faster folding carton printing services than they were getting from their regular providers.

Today the company's packaging workhorse is a six-color Speedmaster CX 102, shortly to be joined by an eight-color Speedmaster XL 106 now being installed.

From Trade Printer to Packager

A story of a more deliberate push into packaging is told by Dean Taylor, the owner of Taylor Graphics in Irvine, Calif. He says that as a trade printer, the company spotted its opportunity in the short-run work that larger packaging printers were turning away.

Taylor Graphics takes on these jobs with the help of a six-color RMGT 926 LED-UV press. It is now accepting them from brokers and other trade customers through a new Web-to-print portal called PrintEasy.net. "What the 4overs of the world did for business cards, nobody has done for packaging," prior to the launch of this site, Taylor asserts.

No matter how they broke in, packaging has been good for these firms. At North Star, Foster notes, the



Neal Foster, co-founder and CEO of North Star Printing, produces packaging on a pair of Heidelberg Speedmaster sheetfed presses: the eight-color Speedmaster XL 106 perfecter, above, and a six-color Speedmaster CX 102.

WHAT THE SURVEYS SAY

From "Convergence in The Print Industry: Understanding Growth Opportunities and Competition"

Surveys underlying a PRINTING United Alliance/NAPCO Media report on convergence found commercial printers expressing interest in corrugated (indicated by 11% of respondents), flexible packaging (31%), folding cartons (32%), and labels (43%) as segments they are targeting.

From "Adding Value to Digital Printing"

374 commercial printers reported producing the following packaging applications: labels and/or tags, 39%; flexible packaging, 7%; corrugated packaging and displays, 13%; folding cartons, 17%; and shrink sleeves, 3%.

From "Defining Sales Success Factors in Today's Print Shops"

80% of respondents experiencing sales growth of 10% or more identified expanding the range of print applications offered to customers as a driver of that growth. Nearly as many (74%) cited expanding services to become a one-stop-solutions provider.

From "Digital Package Printing: The Time Is NOW!"

The majority (61%) of brand owners surveyed said their typical turnaround requirement for labels and packaging ranged from less than two days to five days. The mean expectation was six days — two days less than what packaging printers and converters reported as being their typical turnaround time for labels and packaging.

Brand owner respondents reported growth in demand for folding cartons (51%), color printed corrugated boxes (55%), and corrugated POP and in-store displays (57%).

From "Running A Profitable Printing Business: A Playbook for Defining Strategies and Solutions for Success"

Nearly three-quarters (72%) of printer respondents reporting double-digit sales growth said they were seeing high or moderate demand for packaging.

50% share of overall revenue derived from packaging has become so central to the business model that "we couldn't make it work without it."

Taylor says that while his other lines of business remain strong, packaging work, now representing about 60% of his revenue, could climb to 80% as the new portal brings more of it in.

Sommers and Cox report somewhat smaller contributions from packaging, but their shares are substantial, and both expect them to go up.

The benefits also extend to production workflow. Sommers, for example, says Allied Printing noticed early on that slow times for commercial production tended to be busy times for packaging, and vice versa. Adding "pure packaging accounts" to the commercial mix proved to be a good way of filling in the dips. "They seem to fit together very well in terms of timing and seasonality," he points out.

'Natural Migration' Occurs

Armed with what they already know about printing and finishing heavy stocks, most commercial printers recognize folding cartons as being the packaging application they're best suited to take on.

The move to packaging was a "natural migration" for Taylor Graphics, according to Taylor, given that the company had two-thirds of what it needed in existing press and diecutting capabilities. Adding the remaining third, folding-gluing, completed the picture.



Dean Taylor (center), CEO of Taylor Graphics, poses with the company's RMGT 926 LED-UV press, which can print as few as 500 boxes, with Lead Pressman Javier Alvarez (left) and Plant Manager Tom Murray.

At North Star Printing, Foster says, “if it can be folded and glued, we’re doing it” — and finding that these techniques work just as well for cartons as they do for presentation kits and other types of commercial work.

He recalls that the crossover came in very handy during the recessionary slump of 2009, when the only “decent, job-lot sized orders” the company was getting consisted of cartons. This is what prompted North Star to focus on growing that side of the business, Foster notes.

Besides folding cartons for consumer products and pharmaceuticals, Wallace Carlson has found a profitable niche in secured packaging: the printed and often elaborately finished carriers of prepaid credit and gift cards seen at checkout aisles in retail outlets everywhere. Cox says these packages can be enhanced with foil and glitter, soft-touch surfaces, tip-ons, and tear-string closures in single passes on his Komori and Brausse equipment.

Integrate to Win

The printers agree that one key to success in packaging is having fully integrated finishing under the same roof as the presses.

When manufacturing packages that must perform without problems on filling lines, Sommers says, “that consistency is so important. You cannot have defects.” Foster likewise points out that in order to maintain “cradle to grave” quality control, North Star Printing performs all of its post-print work in-house, including fabricating its own cutting dies.

Making the right investments in technology is another prerequisite for efficient production. Cox, for example, notes that the flash-curing capability of Wallace Carlson’s H-UV Lithrone GL840P increased throughput of packaging jobs by 20%.

Commercial shops also acquire other kinds of technology that full-service package manufacturing requires, such as the Esko Kongsberg i-XL router that Sommers installed at Allied Printing to make comps and prototypes in “onesies and twosies” quantities for test marketing. Taylor Graphics operates an Esko Kongsberg XP router and an EFI VUTEk GS3250LX Pro wide-format LED hybrid printer for the same purpose.

Although, with the exception of Wallace Carlson, the print providers profiled here produce some or even most of their packaging

in what they describe as short runs, digital printing does not account for much of it.

Taylor says 90% of the packaging volume at his company consists of runs of 5,000 to 10,000 boxes, all of which comes from his RMGT 926. He notes that, thanks to its extensive automation, the press can print economically in batches all the way down to 500 boxes — only below that would the job go on his Xerox iGen5 digital press.

Foster says North Star Printing can produce packaging jobs of 3,000 to 7,000 sheets on its Heidelberg Versafire digital press, which handles stock thicknesses up to 18-pt. But that range, he adds, isn’t typical of the packaging workload.

Inkjet Press Investment for Folding Cartons

Allied Printing, according to Sommers, operates 14 digital presses, many of which can print board stocks. Their drawback for packaging, however, is their small format size. This, he says, is why the company is close to making a decision about acquiring either a 29” or a 40” production inkjet press suitable for folding carton work. “We don’t feel we can wait until next year, given the volume and the demand,” Sommers observes.

With their dual credentials as commercial shops and packaging providers, these four companies have gained corresponding insight into the differences and the synergies between the two types of printing.

One thing to keep in mind when venturing into package printing, Foster advises, is that “it takes a lot more square footage” to be in that business than to operate solely as a commercial plant. Room has to be made for diecutters (of which North Star Printing has just added two), folder/glueers, and the other heavy machinery that packaging manufacturing depends on.

Cox points out that where package printing and commercial printing part company is in the latter’s greater number of short runs and job setups. He says that the higher volumes of package printing enable Wallace Carlson to “extrude true efficiencies out of our equipment” in economical and profitable press runs.



Betina Sommers, co-founder of Allied Printing, and her grandson, John Sommers, president and CEO, with one of their high-speed Rapida 106 presses from Koenig & Bauer.



Charlie Cox (left), COO, of Wallace Carlson Printing, is pictured with his partners Brian Turbeville, president, and Ann Turbeville, CEO, at the company's eight-color Komori Lithrone GL840P H-UV perfecter.

Don't forget, Taylor notes, that "there's an expertise in packaging" for commercial shops to acquire, sometimes by virtue of learning from mistakes.

But Sommers contends that, despite the learning curve, "it's easier for a commercial printer to dip into packaging than it is for a packager to dip into commercial printing." He thinks one reason is the commercial segment's built-in propensity for quick-turnaround production, a trait highly valued by packaging customers.

His perception is well grounded. In another report from NAPCO Research, "Digital Package Printing: The Time Is NOW," the majority (61%) of brand owners surveyed said their typical turnaround requirement for labels and packaging ranged from less than two days to five days. The mean expectation was six days — two days less than what package printers and converters reported as being their typical turnaround time for labels and packaging.

Say 'Yes' to Synergy

A welcome by-product of the convergence of two lines of business is the complementary relationship that arises between them. This simply means that selling one type of product helps the provider sell more of the other type, building stronger ties with customers in the process.

Foster declares that as a result of the "pretty good synergy" that exists between commercial printing and packaging, "you turn more into a graphic communications company. You have a lot more interaction with your core group of customers."

With packaging, Taylor says, there are more opportunities to say, "Yes, we can do that." Customers benefit from having a broader portfolio of products to offer their customers. He points out, for example, that when designers present their clients with sample packages from Taylor Graphics, the extra touch "makes it easier to keep their faces in front of them."

When it comes to commercial printing and packaging, Cox says, "there definitely are synergies between them, and our model is built to handle both very well." One example of complementary work is the terms-and-conditions statement included with gift cards in the secured packaging that Wallace Carlson produces: printed on 40-lb. offset paper, folded down, and inserted along with the card to complete the kit.

Sommers believes strongly in diversifying Allied Printing's product lines, putting it in athletic terms: "The more sports you play, the better an athlete you will be." But, he counsels that self-confidence as a package printer isn't easy to achieve.

In the beginning, he recalls, "the mindset was the biggest obstacle." He admits to being "intimidated" by hearing mainstream packaging producers insist that their skills could never be replicated by outsiders from the commercial segment.

But, that highfalutin idea discouraged Sommers no more than it has ever discouraged any other commercial printer determined to find parallel success in packaging. "We are good at figuring things out," he says, "and that's exactly what we did." ●

WHO WE ARE

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For 61 years, *Printing Impressions* has provided authoritative coverage and analysis on industry trends, emerging technologies, and graphic arts industry news, with a focus on the commercial printing segment. We connect with our audience via a monthly publication; a daily e-newsletter; videos; webinars; the Inkjet Summit; and the “Show Daily” for PRINTING United, the largest industry trade show in North America.

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