



A Critical Look at Offshore Printing

A Confidential Industry Report

prepared by



Joseph W. Webb, Ph.D., Project Director
Joseph R. LiPetri, Project Editor
Deborah Papineau, Research Associate
Vincent Naselli, Project Advisor

© 2005, Strategies for Management, Inc.
www.sfminc.com

Table of Contents

TABLE OF CONTENTS	1
EXECUTIVE HIGHLIGHTS	3
INTRODUCTION	9
THE WORLD HAS CHANGED IN WAYS MOST PRINTERS ARE NOT AWARE	11
HERE COME THE NEW MANUFACTURING COMPETITORS!	12
OFFSHORE PRINTING DYNAMICS AND ISSUES	14
CANADA & MEXICO VS. OTHER COUNTRIES	14
A WORD ABOUT IMPORT-EXPORT DATA	19
IS “OFFSHORE” A POLITICALLY CORRECT WAY OF SAYING “CHINA”?	20
CHINA’S PRINTING INDUSTRY	21
INDIA IS A SMALLER OFFSHORE SOURCE THAN MOST EXPECT	23
IMPACT OF OFFSHORE PRINTING.....	25
OFFSHORE PRINTING’S IMPACT DIFFERS BY PRODUCT.....	25
EFFECT BY PROCESS	27
EFFECT BY RUN LENGTH	27
WHAT’S GOING ON CONCEPTUALLY: A “BACK OF THE ENVELOPE” DISCUSSION.....	28
SOME NICHES ARE “GLOBAL”: BOOKS HAVE BEEN “WORLDWIDE” SINCE THEY WERE “INVENTED”	30
SOME PRODUCTS, LIKE NEWSPAPERS, STILL STRIKE FEAR IN SOME GOVERNMENTS	30
CHANGES ARE AFOOT FOR OTHER PRINT PRODUCTS	31
PACKAGING IMPORTS	34
RATE OF CHANGE IN PACKAGING IMPORTS FOR TWO LARGEST TRADE PARTNERS.....	35
“STEALTH PACKAGING”	36
ADVANTAGES OF “OFFSHORING”	38
QUALITY IS “EQUAL” IS IN THE EYE OF THE BEHOLDER.....	38
OFFSHORE PRINTING TRENDS.....	39
COMMERCIAL PRINT HAS NEVER BEEN A WORLDWIDE MARKET, BUT IS BECOMING ONE.....	41
ECONOMIC ISSUES AFFECTING THE VOLUME OF OFFSHORE PRINTING.....	44
FREE TRADE.....	44
EXCHANGE RATES	46
EXCHANGE RATES ON A RATE OF CHANGE BASIS, 1997=100.....	46
PAPER COSTS.....	47
SHIPPING TIMES.....	48
SHIPPING COSTS	48
PRODUCTION COSTS	49
TECHNOLOGY ISSUES	50
CAPITAL COSTS	51
LABOR ISSUES (AVAILABILITY/SKILLS)	51
FINANCIAL INTERMEDIARIES	52
REGULATORY/LEGAL ISSUES.....	53
PIRACY	54

ECONOMIC AND NATURAL BARRIERS TO OFFSHORE PRINTERS.....	55
TIME/TURNAROUND DELAYS.....	55
TECHNOLOGY INCOMPATIBILITY.....	56
TIME-INTENSIVE NATURE OF REMOTE COLLABORATION.....	56
LANGUAGE BARRIERS/MISCOMMUNICATIONS.....	57
LOCAL CULTURE/IDIOMS.....	59
TIME-ZONE DIFFERENCES.....	60
PRODUCTION CYCLES.....	60
TRUST IS A MUST.....	62
PROOFING CYCLES.....	63
PRINT-ON-DEMAND (CONDUCTIVE TO LOCAL OUTPUT).....	63
QUALITY OF MATERIALS/END PRODUCTS.....	64
US PRINTERS' EASY ACCESS TO A POSTAL SYSTEM.....	65
AVAILABILITY OF PRINT ALTERNATIVES.....	65
ENABLERS OF NON-U.S. PRINTING.....	67
DESKTOP PUBLISHING.....	67
DIGITAL PROOFING.....	68
PDF BECOMES FREQUENT FLYER.....	69
TELECOMMUNICATIONS.....	70
COLOR MANAGEMENT.....	71
COMPUTER-TO-PLATE.....	71
PROFILES OF SELECTED NON-U.S. PRINTERS.....	72
LONG REACH OF CHINESE PRINTING.....	72
U.S. PREPRESS VENDOR EXPANDS ITS REACH.....	73
INDIA PRINTER TARGETS COMMERCIAL WORK.....	75
INTERNET FUELS OFFSHORE TREND.....	77
THE NEW MULTINATIONAL PRINTER?.....	78
WHAT SHOULD U.S. PRINTERS DO?.....	80
CONSOLIDATE WITHIN YOUR OPERATION, AND MEAN IT.....	83
MAKE SURE EQUIPMENT IS NOT "MARKETING OBSOLETE".....	84
CHANGE THE FOCUS.....	84
DON'T SQUANDER PRESSROOM EFFICIENCIES ON ADMINISTRATION.....	85
DIGITAL PRINTING AS DEFENSIVE MOVE.....	85
THE OLD MEANING OF "WEB".....	86
FIND PARTNERS IN OVERSEAS MARKETS.....	87
INVEST OVERSEAS IN GROWING MARKETS.....	88
THE BOTTOM LINE.....	89
SELECTED IMPORT-EXPORT DATA TABLES.....	93
BALANCE OF TRADE, PRINTING AND PRINTING TRADE SERVICES.....	93
PRINTING DATA.....	98
PACKAGING DATA.....	111
BIBLIOGRAPHY AND RESOURCES.....	123
PRINTERS SUPPLYING PRINT WORLDWIDE.....	123
ARTICLES/REPORTS/WHITE PAPERS.....	129
GOVERNMENT REPORTS.....	136