

for Affiliates this month in Center research:

Trends in Fulfillment Services

As printers come to grips with the market effects of overcapacity, consolidation, shorter runs, and squeezed margins, many are surprised to discover that a technology revolution has been quietly building strength in the most unlikely corner of the print shop: the bindery. This month we examine the research presented in the monograph *Industry Trends in Fulfillment, Finishing and Distribution (PICRM-2004-03)*, by Twyla J. Cummings.

Since growth trends in the overall economy no longer coincide with printing industry growth, printers can no longer hope for a rise in profits as the economy prospers. Print services providers are incorporating different strategies into their business models to respond to this new reality. Many are offering value-added services and the convenience of one-stop-shopping to grow their businesses. Finishing and distribution have become key value-added services that many printing companies are bringing in-house.

A Changing Industry

The sample for the industry survey in this research study consisted of databases from Finishing Resources, Inc., and the Binding Industries of America. Analysis of the survey data points to changing business dynamics in the printing industry.

The authors see a shift in the printing industry away from the traditional commercial printing company model and toward organizations that offer conventional printing along with a range of non-printing services. Eighty-three percent of the respondents indicated that in order for printing companies to remain competitive they would have to diversify by offering value-added services. Printing companies have to see themselves as "one with their clients," providing solutions rather than products.

Approximately 42% of the survey respondents characterize their business type as "full service provider." For the purposes of this research, a full service provider is defined as a company that provides a complete range of production services that begins with prepress and continues through to distribution.

Current Trends in Finishing

While the postpress area may not have seen the same radical technological change that has taken place in prepress departments over the past 10 to 15 years, there have been significant improvements in finishing and distribution, due primarily to digital and computer applications. Digital printing sparked a wave of in-line finishing developments such as in-line saddle-stitching, perfect binding, and three-side trimming

Center Spotlight

2005 RIT Isaiah Thomas Award in Publishing

Awarded to

Thomas Curley
President and CEO,
Associated Press

April 26, 2005
3:30 p.m.

Ingle Auditorium
RIT Campus

Presented by
RIT's School of Print Media

The Isaiah Thomas Award in Publishing, named for one of America's great patriot printers, recognizes outstanding contributions made to the publishing industry. Curley becomes the 25th recipient of the award.

[More Information](#)

One of the Center researchers, Dr. Twyla Cummings, is an organizer for the following seminar and invites you to participate!

R&E Council of NAPL 47th Binding, Finishing and Distribution Critical Trends Seminar "Finishing for Profitability NOW!"

April 5-6, 2005
Chicago

[More Information](#)

The e review

The eReview is a monthly publication of the Printing Industry Center at RIT for registered Affiliate companies. Articles are also published in the quarterly printed publication *PrintReview*.

options. New systems support variable sheet-count and variable information jobs with full integrity, because the sheets never leave the system.

Binding, folding, gluing, and stitching were the primary finishing services that the respondents' companies offer. Such standard finishing services are generally not outsourced, whereas specialty finishing services such as die-cutting, embossing, and foiling are frequently still outsourced.

In background research for this study, the authors found that six critical finishing trends were identified in 1999 by several industry consultants:

- selectivity/targeting
- personalization
- gimmicks
- distribution
- customer service
- automation.

Although these are still key trends in finishing, over the past five years they have been modified to include a focus on the human resource aspect of finishing. Due to reported labor shortages, much attention is now being given to acquisition, training, and retention of finishing personnel.

Fulfillment Trends

Fulfillment appears to be one of the primary value-added services offered by printers and finishers. Based on input from the pilot survey, fulfillment was defined as "the ordering, sorting, managing, assembly and dispersion of product through activities such as kitting, providing personalized customer packages of a product, or multiple products." Fifty-eight percent of all respondents offer some type of fulfillment service. Product fulfillment was reported at a slightly higher percentage than Internet fulfillment, kitting, literature fulfillment, or 'other.'

While current industry research suggests that fulfillment is the number one value-added service being offered, our survey found that e-commerce was the number one service being offered (71%), followed by fulfillment.

The NAPL *Survey of Fulfillment Practices* (2004) reports that for approximately 72% of overall respondents to its research survey, print volume has increased from clients receiving fulfillment services. Additionally, 75% overall and at least 65% in every company-size category reported that client profitability has improved as a result of offering fulfillment services.

Offering mailing, warehousing, and distribution has become distinctly advantageous for printers. Erik Cagle of *Printing Impressions* magazine believes that mailing capabilities today may seem like a value-added bonus, but two years from now those companies that have not committed to this discipline will find themselves in an unenviable minority. According to the Arandell Corporation, located in Wisconsin, adding mailing services has increased the volume of new jobs, because customers have embraced a one-stop-shopping mentality.

Future Trends

If we take a step back from the current research, a new question

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About the Center

Dedicated to the study of major business environment influences in the printing industry precipitated by new technologies and societal changes, the Printing Industry Center at RIT addresses the concerns of the printing industry through educational outreach and research initiatives.

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arises: How will the electronic distribution of information and print-on-demand impact traditional print distribution? The traditional print-and-distribute workflow is being replaced by one that reverses these steps; in such a model a file is electronically distributed and then the job is physically printed near the point of final delivery. It appears that customers will select a distribute-and-print option more frequently in the future.

2004 Research Monographs:

To read about this research in detail, download the monograph from: <http://print.rit.edu/pubs/picrm200403.pdf>

Other research publications of the Center are available at:
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