

# Who prints the newspaper?

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## Change in the newspaper industry

- Change of market
- Shift of focal point
- Change of distribution

## Change of market

- Growing circulation in Asia and South America
- Declining circulation in North America, Europe and Australia
- More free dailies, +20% circulation in two years
  - “Leggo” in Italy, “Metro” in UK and Canada, “20 Minutes”, “Que! Adn” in Spain . . .

## Circulation change in percent

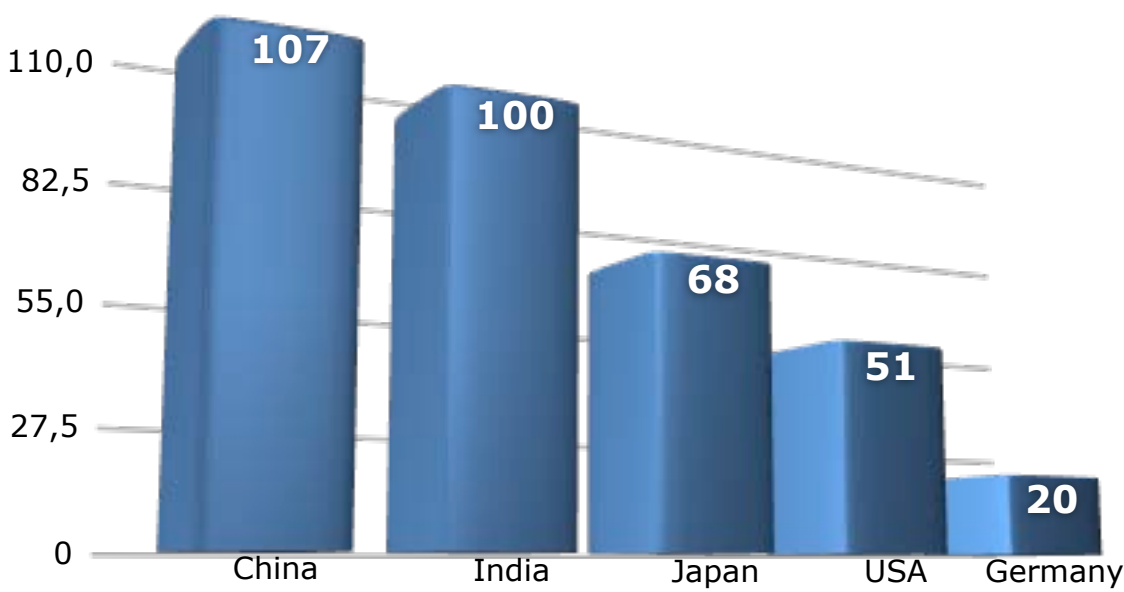


# Shift of focal point

- West to east and north to south
- Five largest newspaper markets
  - China, India, Japan, USA, Germany
- 74 of the 100 world's best newspapers in Asia, China, Japan and India
- Participation shift in International Newspaper Color Quality Club from North America and Europe to South America and Asia



# Sold daily circulation in million copies



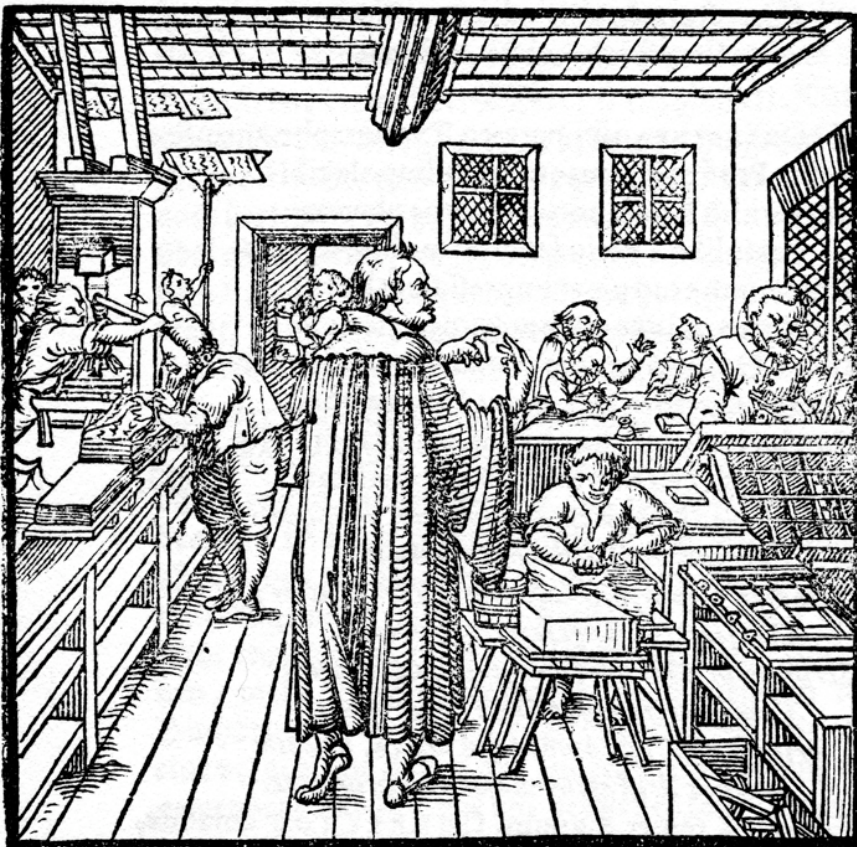
## Change of distribution

- Subscription based distribution
  - 90% subscription
    - Japan, Netherlands, Switzerland
  - 60% to 80% subscription
    - Nordic countries, Austria, Germany, USA
- Single copy sales
  - Mediterranean countries
    - Italy, Croatia, Greece, Spain
  - Ireland, Poland

## Content of presentation

- The publishers' dilemma
- From cost centre to profit centre
- Outsourcing production
- Think out-of-the-box
- Publisher independent production centres
- Size matters – standard newspaper sizes
- Flexible production technology
- Efficient distribution systems

# Printer & Publisher





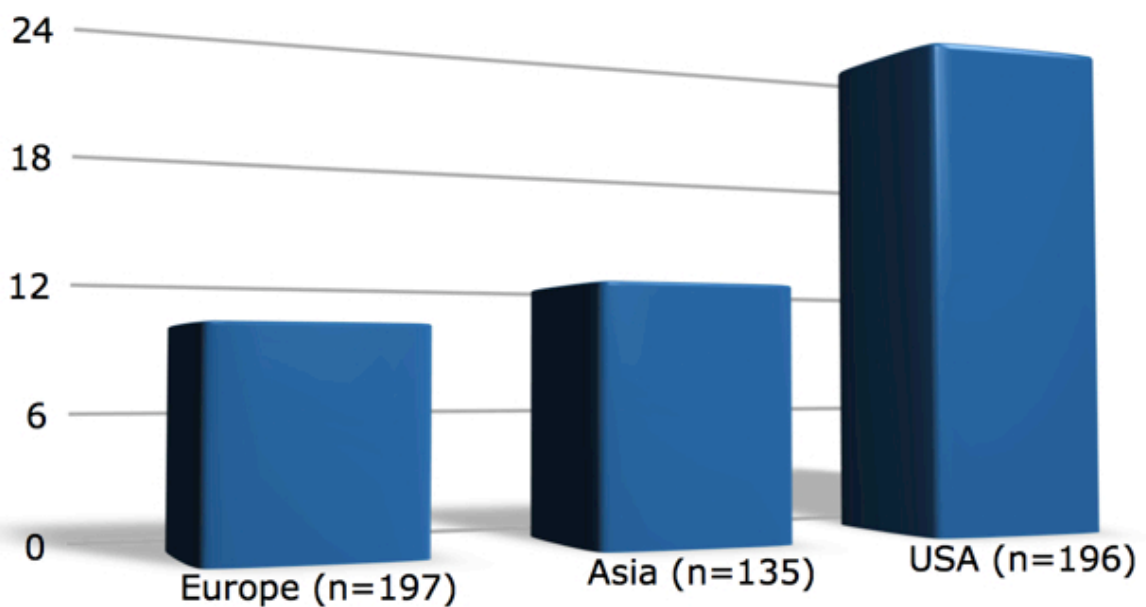
## The publishers' dilemma

- Publishers need to invest despite the crisis
  - New publishing media
  - New media channels
  - New media platforms
  - New media markets
- Multi-media • multi-channel • multi-platform
- Investments in production capacity?

- Multi-media
- Multi-channel
- Multi-platform



## Age of newspaper presses (years)



## The publishers' dilemma

- Production cost are too high for many publishers
- How can you reduce production costs?
- More automation?
- What are possible areas of automation?



### KBA PlateTronic: high-speed plate change



Plate pre-sorting during current production

Plate insertion in dispenser and disposal of used plates during current production



- Simultaneous plate change on entire press line (approx. 2 min.)
- Plate change with pagination change (approx. 6 min.)

## Wifag Auto Plate Change System

- La Voix du Nord,  
Lille, France



## Goss automatic plate changing





## Diminishing marginal utility of automation

- Further automate already highly automated newspaper presses?
- How much can you gain by another step of automation?
- Dramatic cost reduction hardly possible based on automation only
- Dramatic cost savings require new business models

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# From cost centre to profit centre

- Different business models are tested
  - Profit centres
  - Joint ventures
  - Outsourcing



# Joint venture of regional German publishers



# New Rhine/Main print centre



“Druckzentrum Rhein-Main” (Print Centre Rhine/Main Region)

## **“Common investment more efficient”**

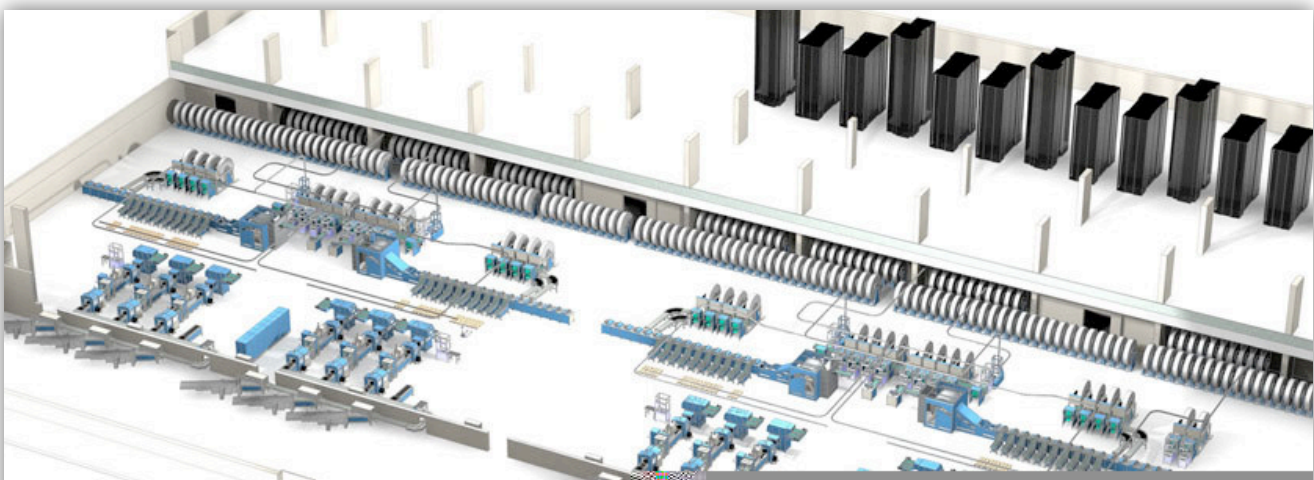
- Only one real property
- Only one building
- Lower energy cost
- Lower press investment
- Four presses instead of five

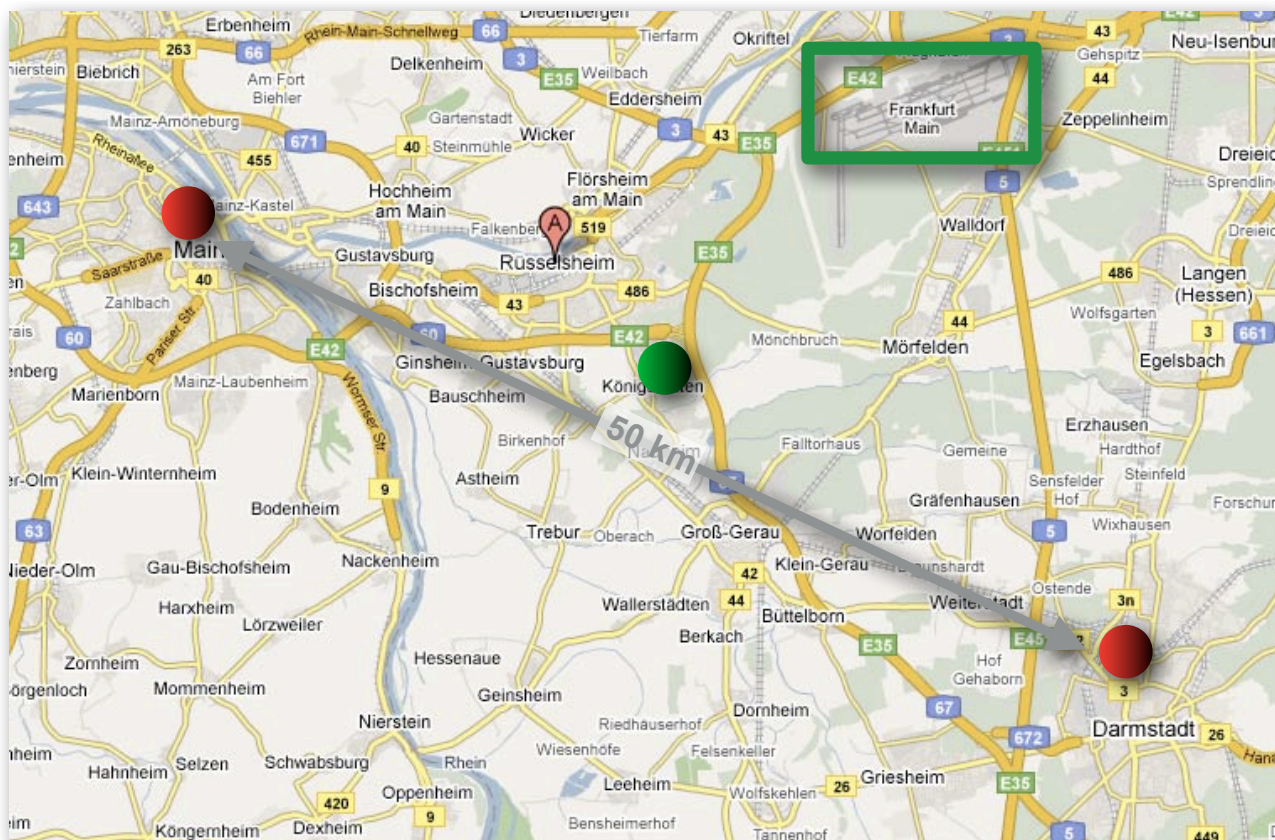
## **The presses**

- Wifag evolution 473/6
- 9 cylinder satellite
- Web width 2100 mm
- Reel diameter max. 1500 mm
- 6/2 plates per cylinder
- Automatic plate change
- 8 printing towers, 8 reel stands
- 4 folders

## The mailroom

- Schur WAMAC
- 5 production lines
- 4 NewsStar inserters
- Buffer and storage
- Packaging
- Stacker processing lines
  - Address labelling, strapping, wrapping,
- Truck loading bay





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## Think out-of-the-box

- Unconventional out-contracting
- Instead buying CTP systems – contracting CTP production
- News International (UK): CTP production by technology provider (Agfa)
- Instead buying presses – contracting printing?

## Where NEWS? Report No. 7

- „The Future of Newspaper Printing Technology“
- August 2008



*2 The generic term for concessioned operator models is BOT (Build – Operate – Transfer) and signifies the three phases that constitute an operator model, the construction phase, the concession phase, during which the operating company operates the equipment, and the transfer step, in which the equipment is transferred to the customer.*

A range of systems similar to BOT, such as “Build-Operate-Sell (BOS)”<sup>3</sup>, are anticipated from supply partners and press or paper manufacturers. Publishing houses are totally focussed on their core business and no longer regard themselves as specialists in optimising the costs, quality and time of newspaper production.

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## Publisher independent production centres

- Joint-ventures on very different scale
- Denmark, Switzerland, Germany
- Small local newspapers (CH) to the largest newspapers of the world (Japan)
- ANY: Asai/Nikkei/Yomiuri, Japan

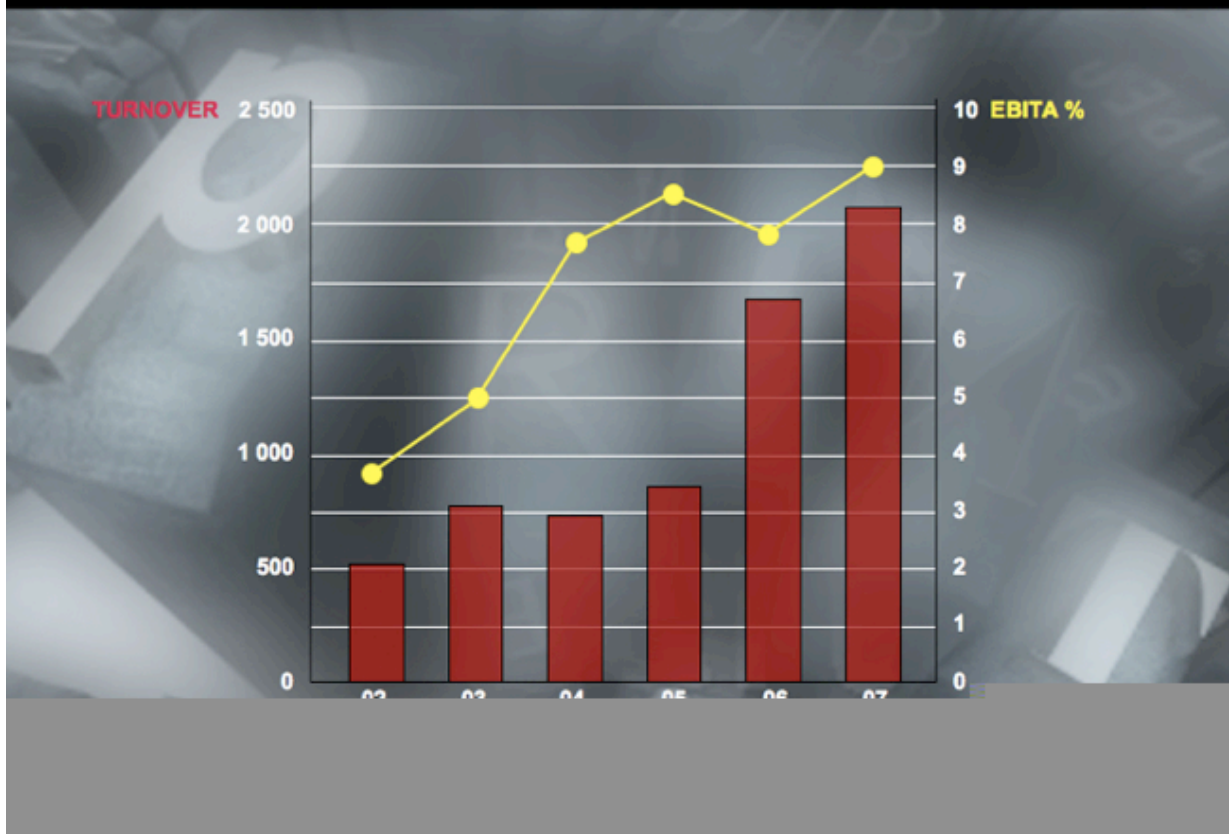
## Outsourcing partners

- Who are possible print specialists?
- Transcontinental in America
  - 50 print plants in Canada
  - All kind of printing, including newspaper
  - Globe & Mail, La Presse, Canadian NYT
  - Plants in the USA and Mexico

## Outsourcing partners in Europe

- Print Projekti (Croatia)
- Bold Printing Group, Sweden
- Swedish V-TAB newspaper printer  
plans expansion outside of Sweden

## TURNOVER – EBITA



IFRA Special Report

04-2008

[www.ifra.com/specialreports](http://www.ifra.com/specialreports)

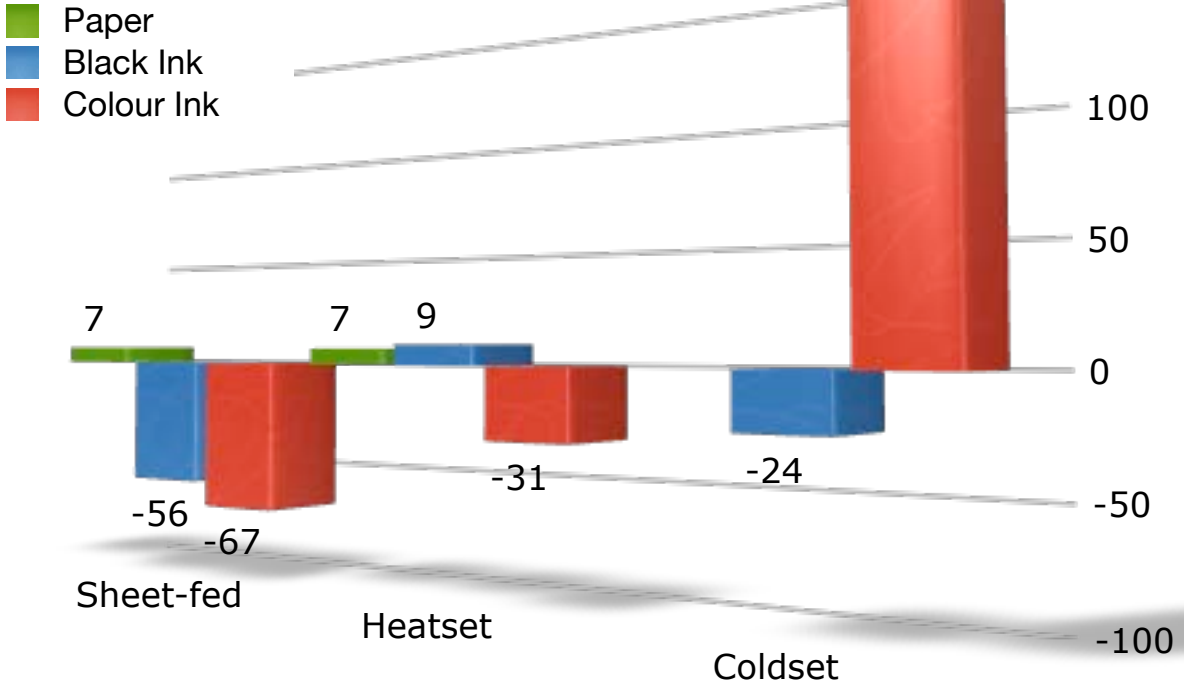


# Semi-Commercial

Proposal for a new print process standard



## 2007 versus 1993 (%)



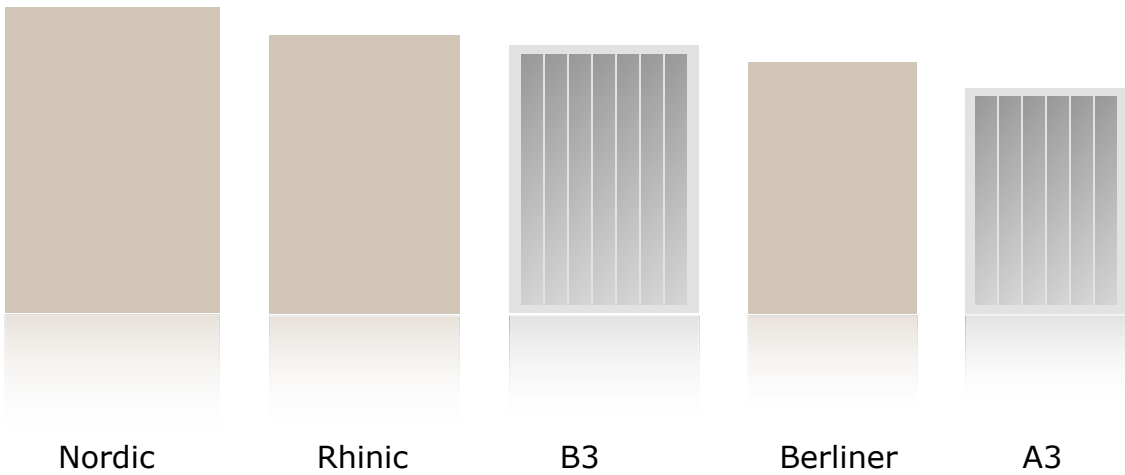
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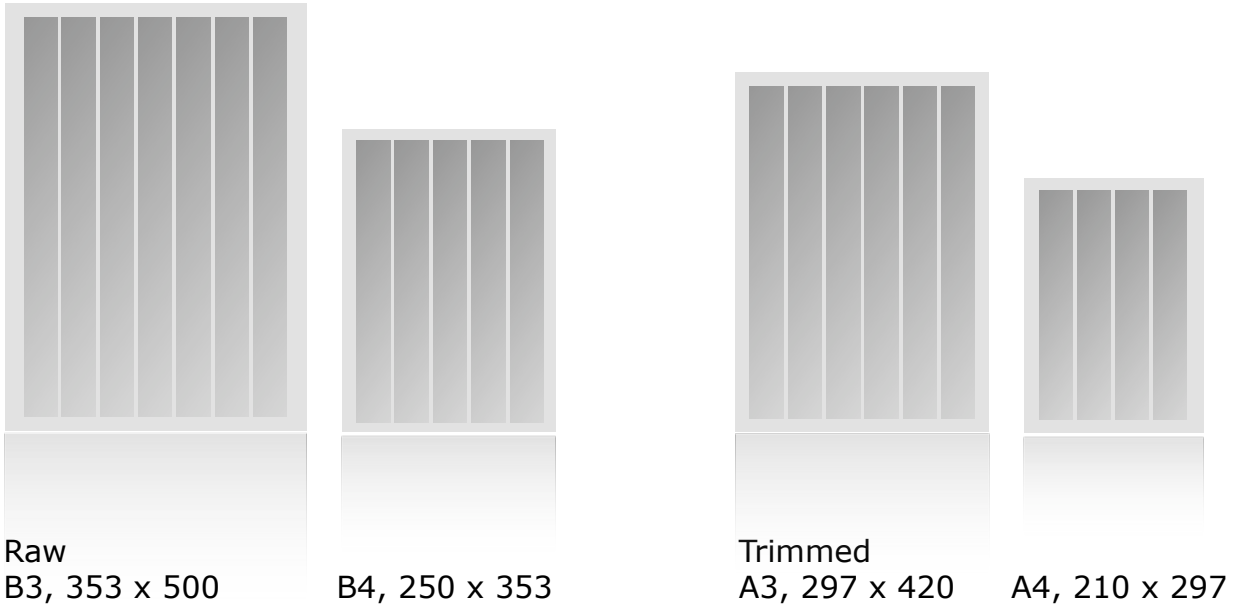
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# Size matters

- Publisher independent production centres require standard newspaper product sizes
  - Standard paper formats
  - Standard image sizes

# Size matters

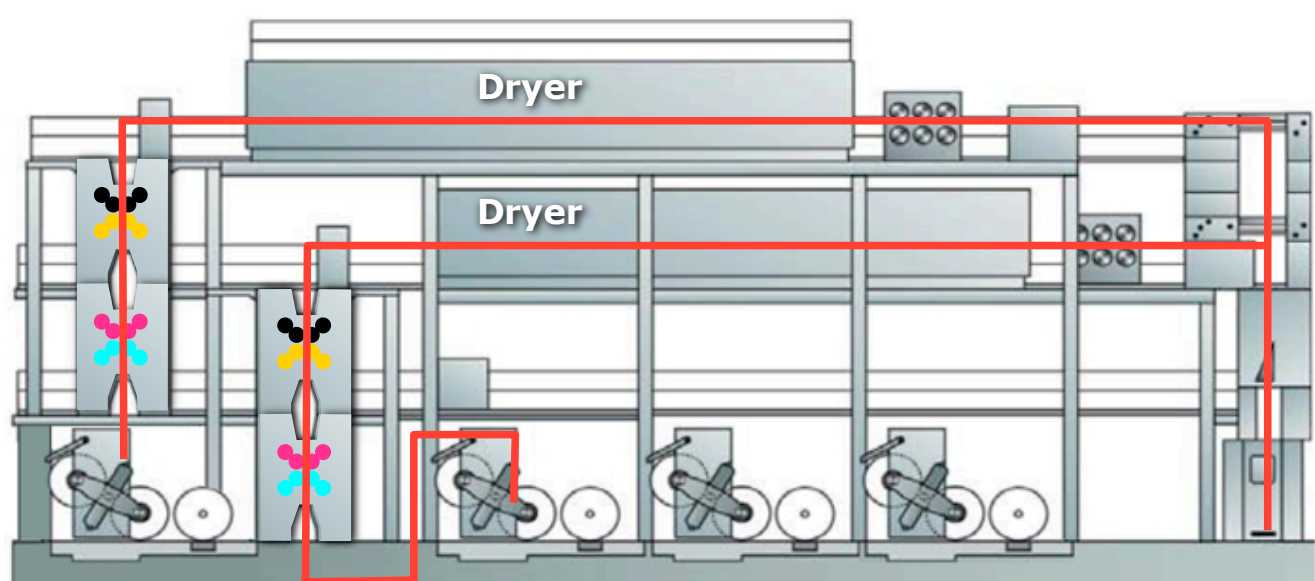




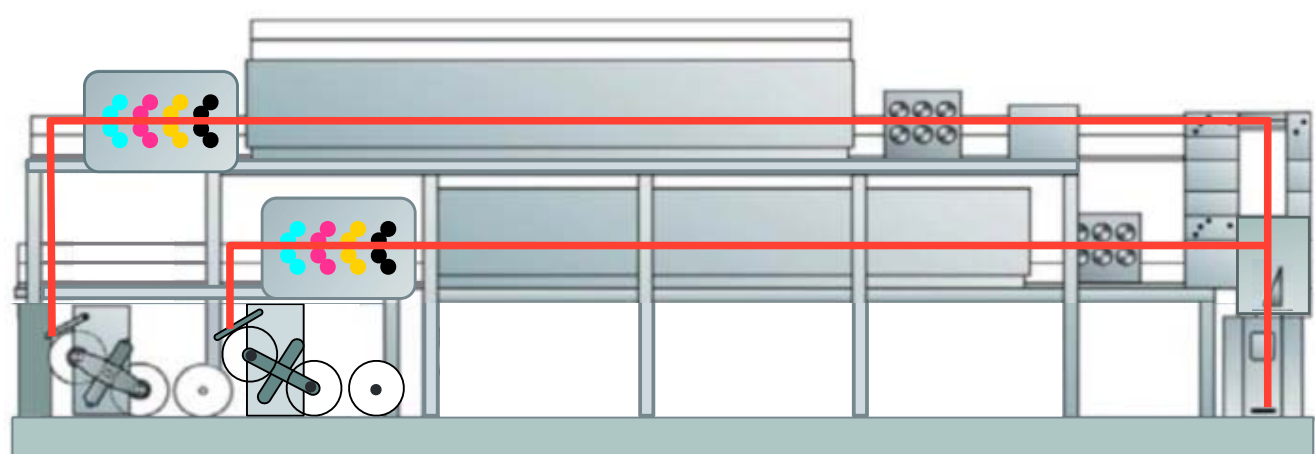
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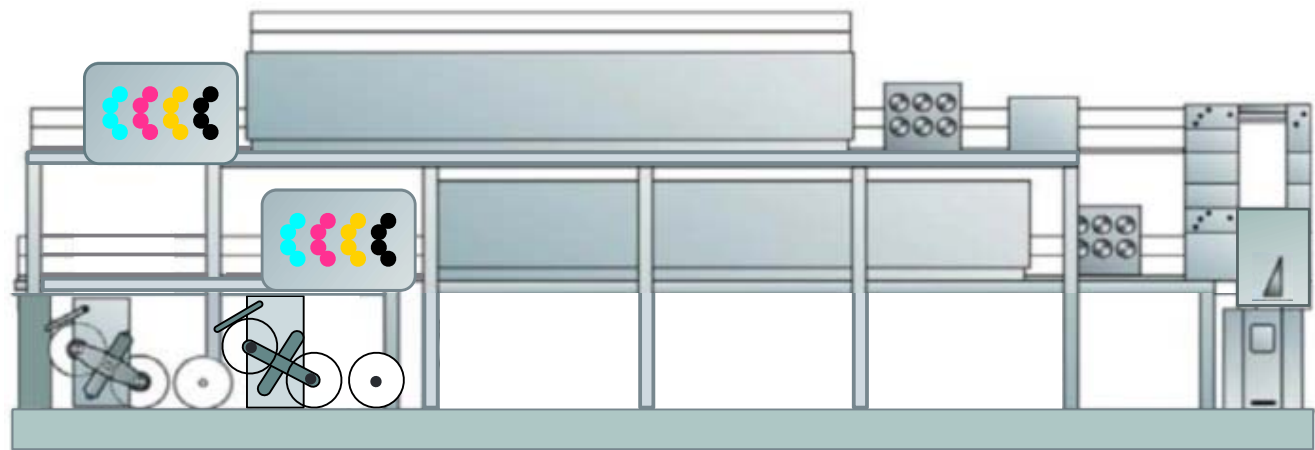
# Standard configuration semi-commercial



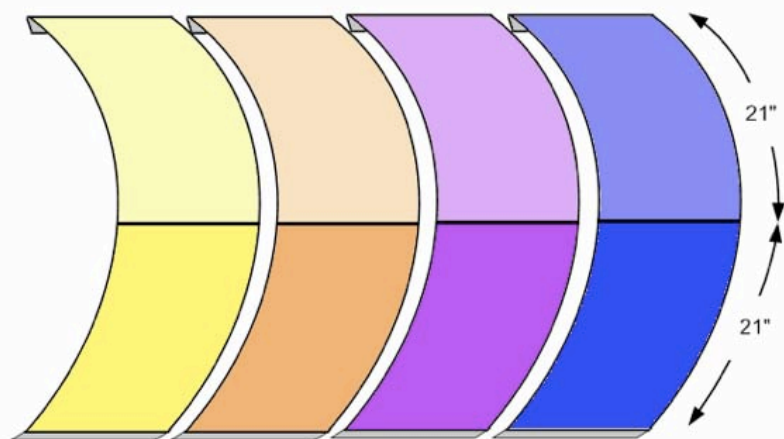
# 90° turned towers enable lower buildings



**4/2      16 x 2 = 32 pages broadsheet**  
**64 pages tabloid**

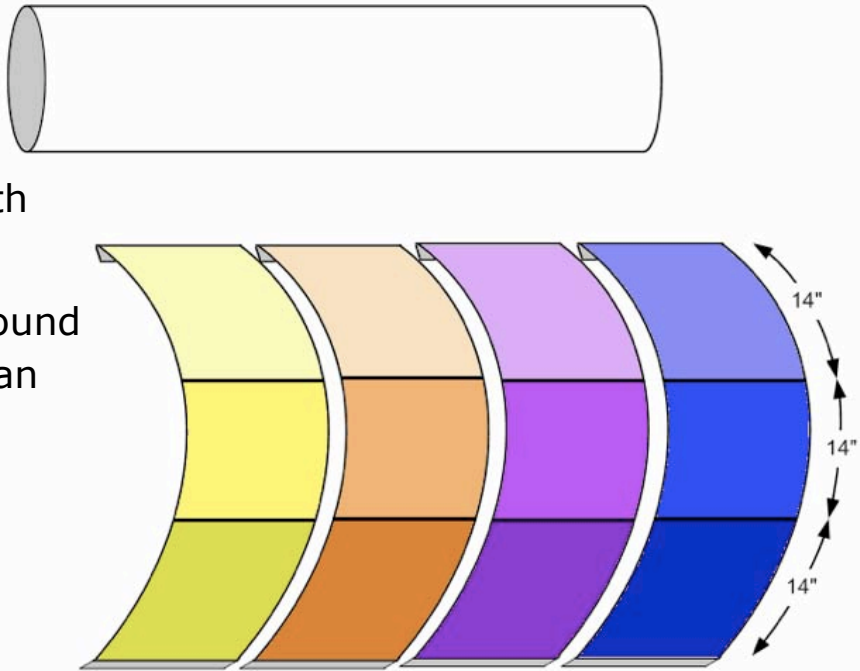


**Two pages  
around 4/2**



# Three pages around 4/3

- One long plate with three pages
- One long plate around is standard in Japan

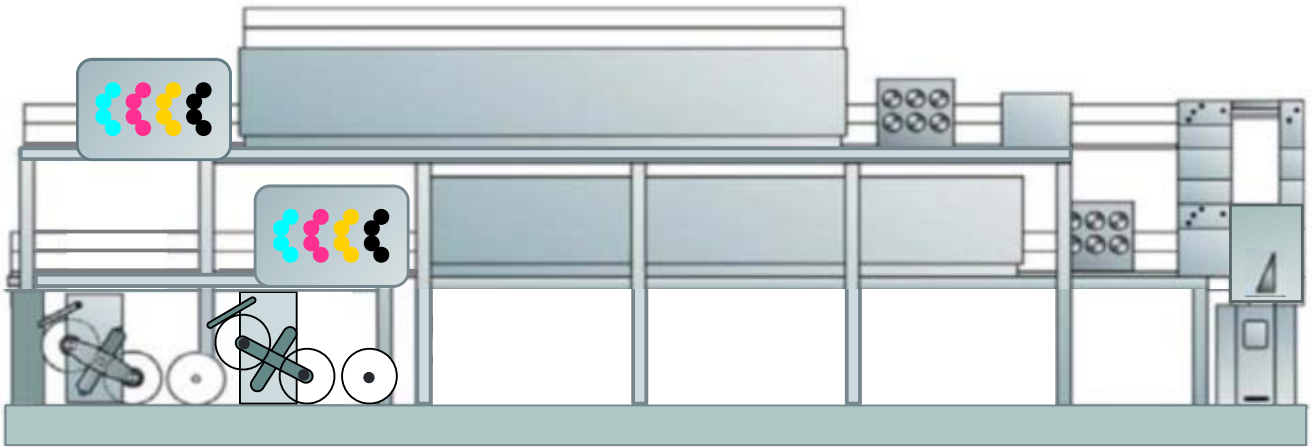


# Goss Triliner

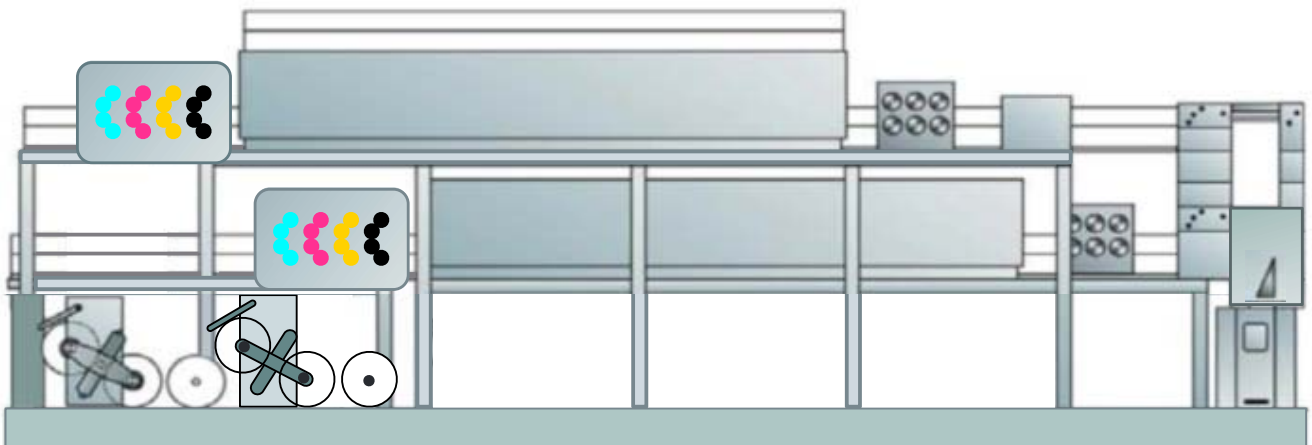
- Alternate folder
  - 50% higher throughput in straight mode (no. of copies)
  - 50% more page and colour capacity in collect mode



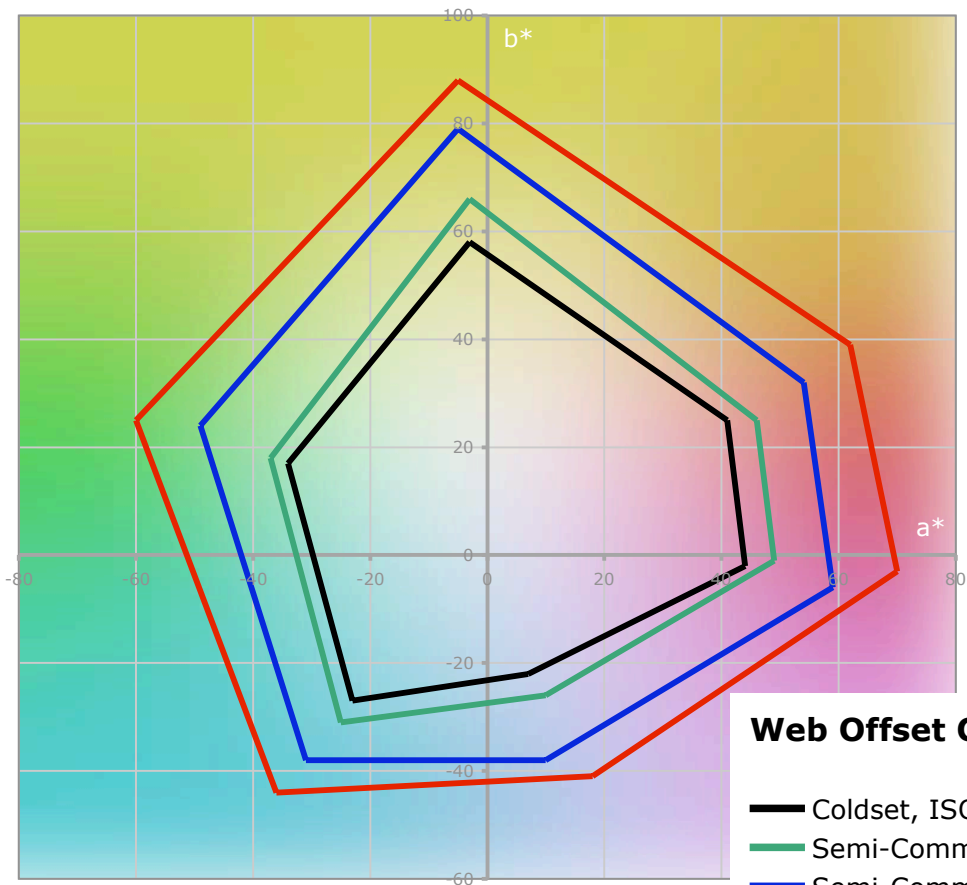
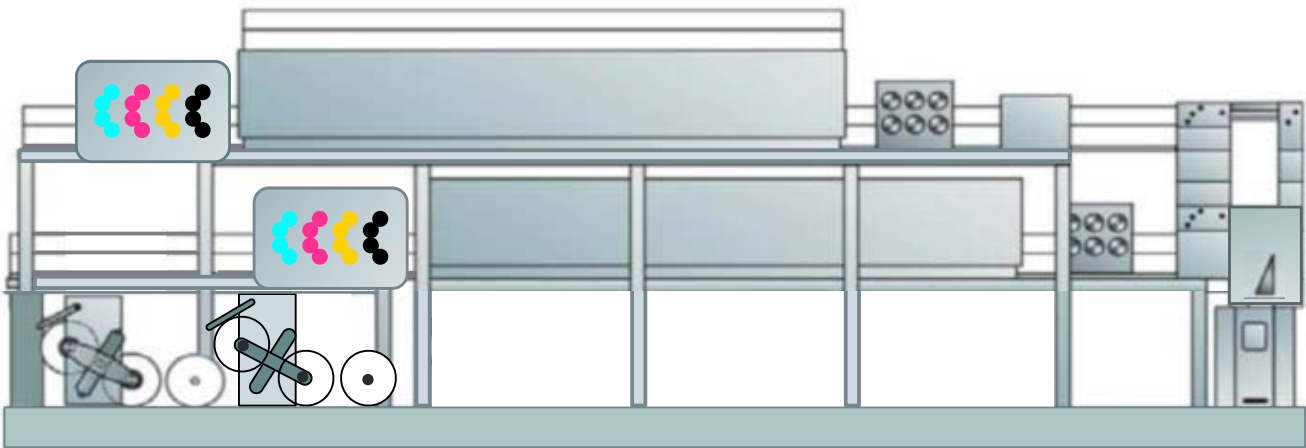
**4/3      16 x 3 = 48 pages broadsheet**  
**96 pages tabloid**



**6/2      24 x 2 = 48 pages broadsheet**  
**96 pages tabloid**



**6/3      24 x 3 = 72 pages broadsheet**  
**144 pages tabloid**



**Web Offset Colour Spaces**

- Coldset, ISO 121647-3
- Semi-Commercial, Newsprint
- Semi-Commercial, SC Paper
- Commercial Offset, ISO 12647-2

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## Distribution in Italy

- 38 000 exclusive points of sale (newspaper kiosks)
- About 5 000 non-exclusive points of sale
  - Gas stations
  - Shops of organised wholesale system GDO (grande distribuzione organizzata)
- Six supra-regional distributors
  - M-Dis, Press-Di, Sodip, A&G Marco, Mepe, Parrini

## Local sales and distribution companies

- About 120 local sales and distribution companies deliver to points of sales and retailers
- Their number decreased from 400 to 200 to 120
- Expectations
  - Further decrease to 60 or 70
  - In many areas only one sales and distribution company will operate
  - Combination of all processes in one hand

## Room for improvements

- Wholesaler system GDO develops direct relations to sales companies without using regional distributors
- Use of logistic companies with wide market coverage could offer improvements
  - Well organised processes
  - Standardised and stressed procedures
  - Merchandising support

## Distribution consolidation

- Consolidation of supra-regional distribution companies
- Happened in other European countries already
- Number of supra-regional distribution companies could decrease to two thirds

## The example of German “Presse-Grosso”

- About 118 000 points of sales in Germany
- Dominant wholesaler between publishers and retailers: Presse-Grosso
- Germany is divided in 93 so-called Grosso areas
- Wholesaler has the monopoly in his Grosso area
- Wholesaler has to distribute all titles in his Grosso area
- Secures guaranteed distribution channel for publishers

## The example of German “Presse-Grosso”

- Publishers work with controlled prices
- Wholesaler may not set a different price
- Wholesaler has a commission sales contract
- Wholesaler has the right to return unsold copies to the publishers
- He gets refunded

## Trend: Focus on major sales channels

- Growth of organised wholesales system (GDO)
- Growth of subscription-based home delivery
  - Requires a reliable mail or home delivery system
- Decrease of traditional sales channel (newspaper kiosk)

## **Trend: Decrease of supra-regional distribution organisations**

- Supra-regional and regional/local sales and distribution companies
- Decrease of business expected
- Continuous consolidation
  - Mergers
  - Acquisitions
  - Co-operations

## **Trend: Streamlining of physical distribution**

- Streamlining of logistics
- Orientation towards international distribution structure
- Integrated services
  - Pick-up at print sites
  - Product finishing
  - Distribution

## **Trend: Streamlining of physical distribution**

- Return copies management
- More flexibility in logistics
- Import and export options
- Gadgets from Asia
- Export into other European countries

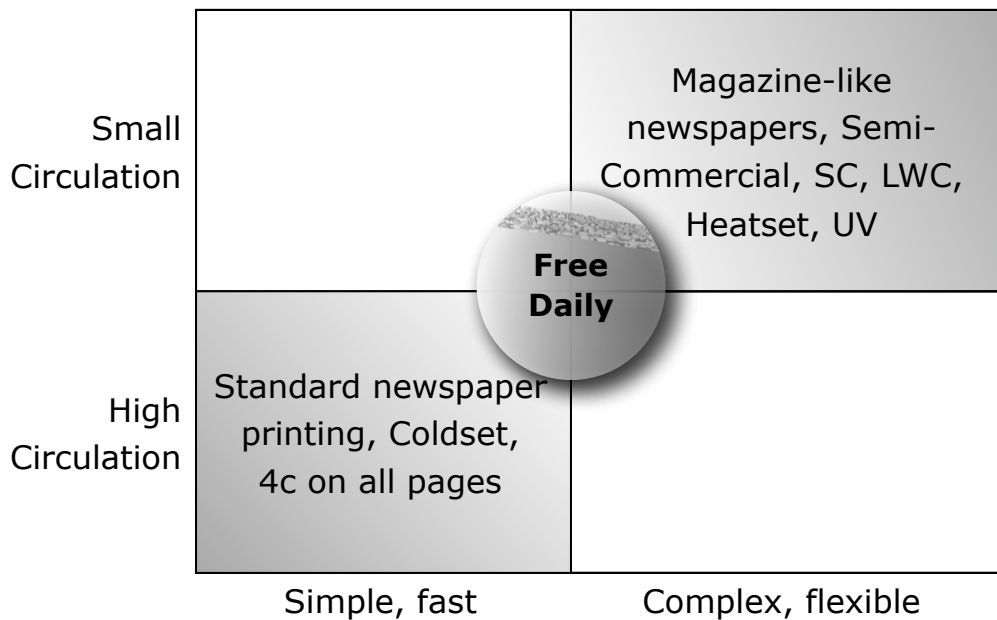
## **Who will print the newspaper of the future?**

- Future newspaper printing = complex business
- Flexibility in prepress, press and finishing
- Marketing and sales
- Customisation of services
- Integrated distribution services
- Development of USPs (unique selling points)

# Who will print the newspaper of the future?

- The newspaper products differentiate
- Newspaper production differentiates
- Semi-commercial – new quality levels
- Production process gains complexity
- Publishers concentrate on publishing
- Print production and distribution  
will be managed by specialists

# Newspapers differentiate





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