

## **FAPGA Shanghai 2014**

# **current status of Japanese printing industries**

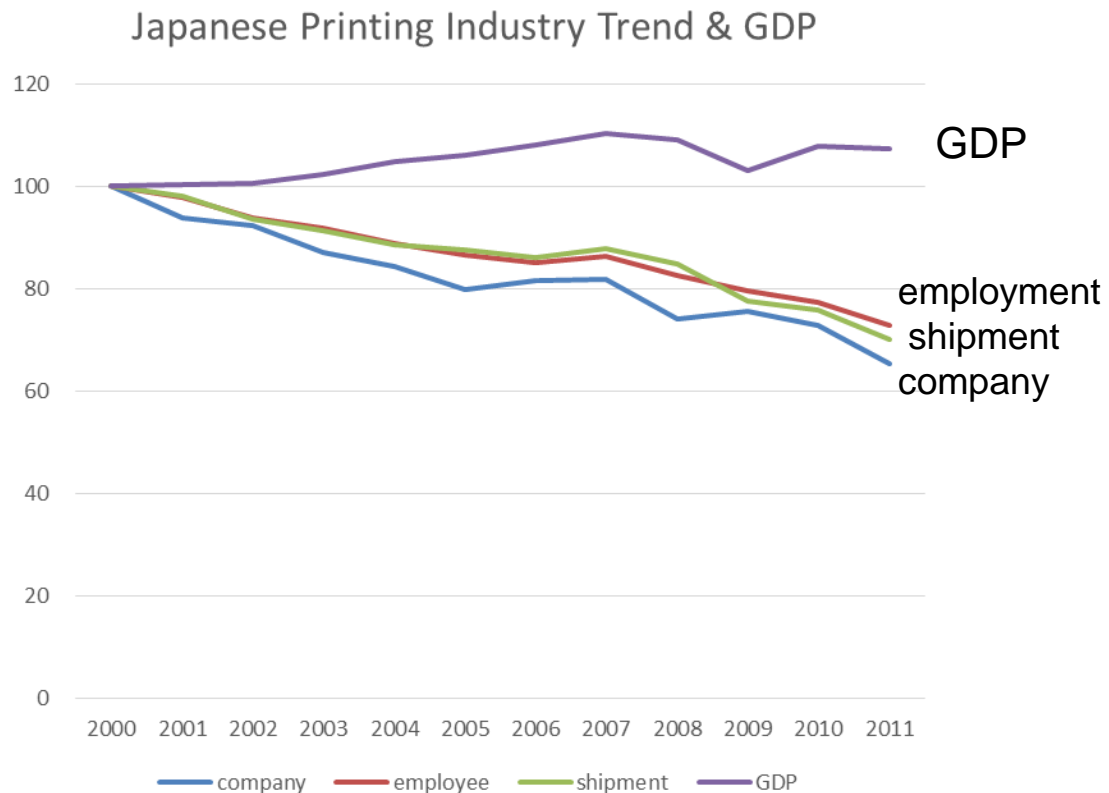
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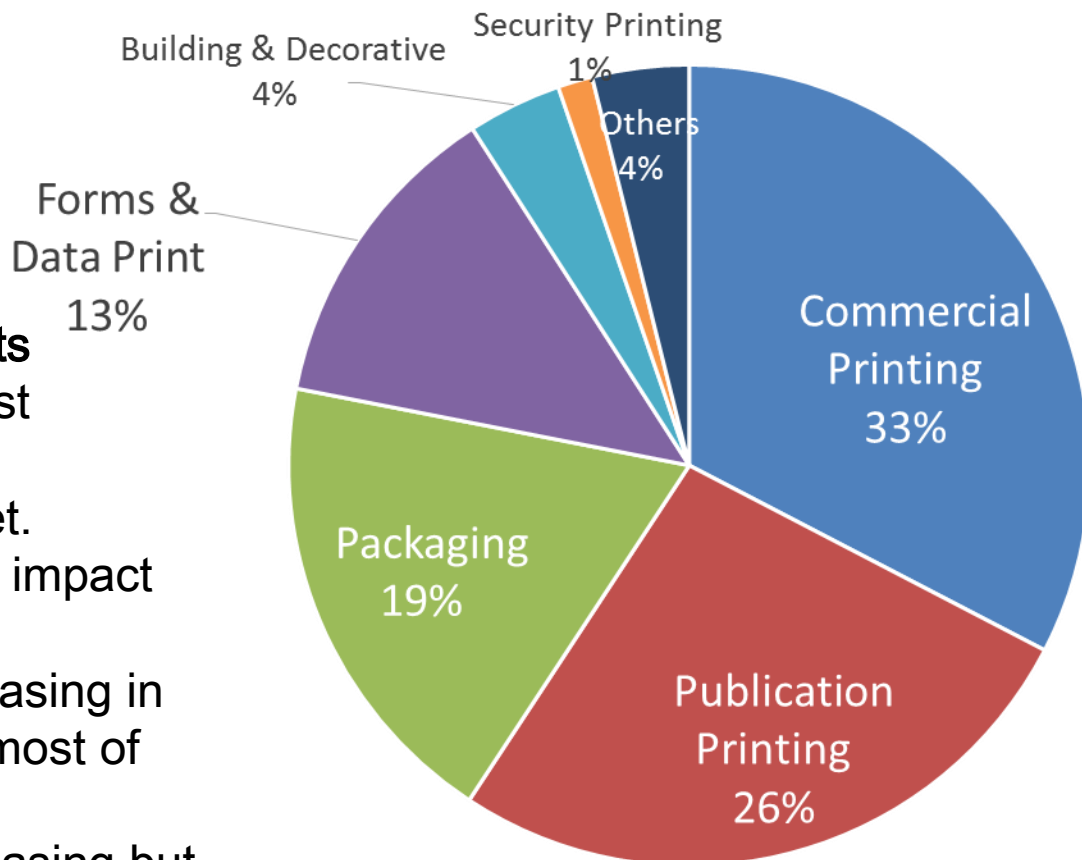
# Japanese Printing Industry Key Figures & Trend

Comparing with year 2000, GDP has increased to 107% in 2011 but figures for printing industry all went down.(company 65%, employment 73% ,shipment 70%)

| Key Figures 2011 |                          |
|------------------|--------------------------|
| Company          | 26,145                   |
| Employment       | 311,383                  |
| Shipment         | Yen 5,709B<br>(\$57.09B) |



# Market Segments



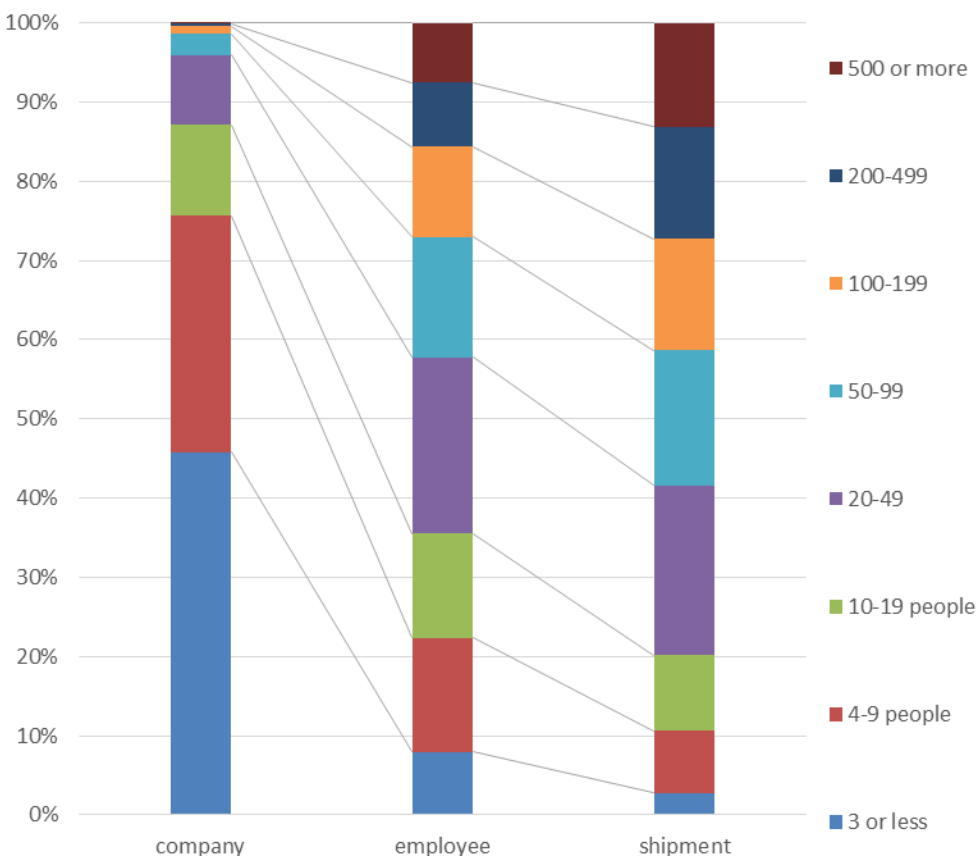
## Status of major business segments

- Commercial Printing is the largest business segment which can be affected by advertisement budget.
- Publication has been facing with impact of internet and mobile.
- Package printing has been increasing in volume in spite of shrinkage in most of other printing segments.
- Business Forms has been decreasing but increase of data print services for statement, invoice, direct mail etc. had helped the growth of this market. However data print service is finally started to saturate.

# Company Size Distribution

98.6% of companies are SME with below 100 employees and 45.8% are below 3. 41.4% of shipment is from 1.4% of companies with more than 100 people.

Numbers of company, employee & shipment by company size

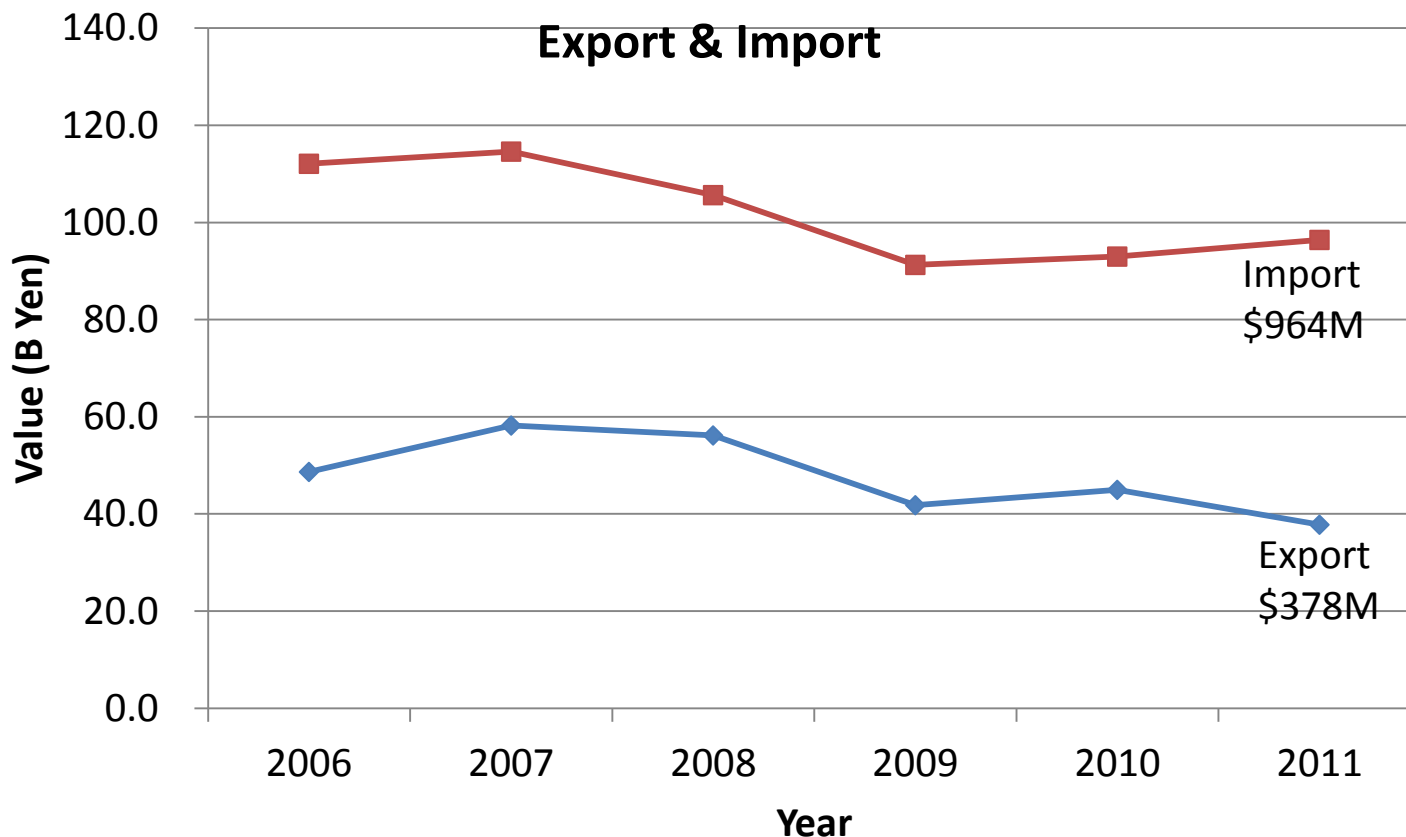


## 10 Major Printing Companies Diversified Business Segments

|    | company      | sales(\$M) | Business Segments |            |       |       |
|----|--------------|------------|-------------------|------------|-------|-------|
|    |              |            | print             | pack indst | elect | other |
| 1  | Toppan       | 15,104     | 58                | 25         | 17    |       |
| 2  | Dai Nippon   | 15,072     | 47                | 34         | 15    |       |
| 3  | Toppan Forms | 2,270      | 79                |            |       | 21    |
| 4  | Kyodo        | 970        | 78                | 20         |       | 2     |
| 5  | Nissya       | 801        | 23                | 45         | 32    |       |
| 6  | Tosyo        | 597        | 100               |            |       |       |
| 7  | Kousaido     | 389        | 54                |            |       | 46    |
| 8  | Kyoritsu     | 353        | 100               |            |       |       |
| 9  | Takeda       | 328        | 64                |            |       | 36    |
| 10 | Asahi        | 297        |                   | 93         |       | 7     |

Yen100=\$1.00

# Export & Import of Printing



- Printing is very domestic oriented business in Japan.
- Export of 2011 is 37.8B Yen(\$378M) and Import is 96.4B Yen(\$964M) which are 0.6% and 1.5% of entire Japanese printing industry volume.

## Management Survey conducted by JAGAT

JAGAT (Japan Association of Graphic Arts Technology) has conducted surveys among their members in 2013.

- JAGAT has done surveys among their member companies and there were 135 respondents in 2013. The result was
  - Sales: increase 0.1% (previous 6 years were continuous decrease)
  - Profit: increase 2.6% (two years of continuous increase)
  - After the Lehman crisis and 2011 Tsunami/Earthquake, printing businesses are finally getting stabilized in 2013.
  
- When looking at each business segments,
  - Commercial printing:
    - Sales: decline for past 7 years (ratio for the decrease is easing)
    - Recurring profit ratio: 1.9% (same as last year)
    - Advertisement market is finally started to stabilize.
  - Publishing printing:
    - Sales: decline for past 11 years (ratio for the decline is now -2% in past 3yrs)
    - Recurring profit ratio: in low range of 1-2%.
    - Publishing printing sector tends to require heavy capital investment and it used to indicate higher profit in order to absorb such investment risks.

## Management Survey conducted by JAGAT(2)

- When looking at each business segments, (2)
  - Packaging and specialty printing: Sales has been increasing past 2 years and this segment was the first to recover from sluggish economy situation. But profit ratio has decline to around 1% which is the worst in past 3 years. This is due to material cost increase.
  - Business forms: Sales increased first time since 2008 with recurring profit ratio of 7.9%. This is due to their earlier adaptation to digital technology and expanding their business opportunities beyond print such as BPO.
  
- When looking at company size,
  - Company with less than 19 employee: This category of companies indicated highest profit ratio in past 3 years, as they often have strength in certain business or market niche.
  - 20-29 employees: Indicated the first sales increase since 2007. Profit ratio is a bit below 3% but relatively stable.
  - 30-49 employees and 50-99 employees: The groups with lowest profit ratio as they are not as quick and flexible as smaller groups nor big enough to enjoy scale merit of larger competitors.
  - 100-299 employees: Indicating good recovery with sales increase of more than 2% with profit ratio of 3.5%.
  - Over 300 employees: Indicate sale increase of 6.7% with profit ratio of 3.1%.

## Management Survey conducted by JAGAT(3)

- Other findings
- Capital-to-Asset ratio is now close to 40% and financial stability has been increasing.
- Ratio of equipment vs total asset has been decreasing since 2009 and it was 9.4% in 2013. Many companies have been limiting equipment investment and more for building IT infrastructure.
- Increase in number of sales marketing staffs. The ratio was 22-24% during 2004-2008 and it is 24-26% during 2009-2013. Ratio for production staffs remains same with 57-59% and administrative staffs have been decreased from 17% to 14%.

## Promotion of Recycle Oriented Printing

- Promotion of Recycle Oriented Printing

Recovered paper occupied 62% of raw material for paper in 2008. Usage of recovered paper had already reached 93% for cardboard paper but for printing paper, it was only 38% and it need to be improved. In order to increase usage of recovered paper for printing paper, printed matter to be more optimized for recycling.

- What is Recycle Oriented Printing

Recycle Oriented Printing is one which does not contain adverse material for recycling. We have established rank A to D in level of recycling adaptability.

Rank A: One which can be recycled to printing paper

Rank B: One which can be recycled to cardboard paper

Rank C: Not suitable for recycling

Rank D: Hinder recycling even with small volume

- How Recycle Oriented Printing is promoted

JFPI is working with Paper Recycling Promotion Center(NPO established by paper mills) to establish Rank assessment criteria and testing methods as well as certification of Recycle Compliant Printing Materials. This certification has been applied to EVA hot-melt adhesives, UV inks, labels, and PUR hot-melt glues.

- This Recycle Oriented Printing is a guide line and there is no specific registration or application required for printing company. They are responsible for issuing Material Confirmation Notes to clients which indicate what material are used in the printing.



Website for Recycle Compliant Printing Material DB

# Appendix

# Topic(1): Increase of W2P Online Printer

- **Market Size & Trends**

Current estimate is approx 50B Yen(\$500M)

Some estimate the market to grow to 200B – 300B Yen (\$2B-3B) in future.

Customer of Online Printer is not always consumer or end users. Printing companies are using W2P service to handle their small qty jobs.

Several Online Printers are now becoming dominant players and it is getting harder to establish market position for new entrants.

- **Effect of Online Printer**

Price pressure for existing business.

Online Printers are actively implementing standardized color management scheme like Japan Color(similar to Fogra in Europe) in order to reduce tedious color proofing.

Delivery time can be longer if it cost less. (In past, people always request for quick delivery.)

| specification               | delivery | 100cps  | 1K cps  | 10K cps   |
|-----------------------------|----------|---------|---------|-----------|
| A4 1page 4C front & back    | 9 days   | \$39.6  | \$58.2  | \$274.2   |
| A4 8 pages 4C saddle stitch | 10 days  | \$249.9 | \$393.3 | \$1,156.2 |

# Topic(2): Digital Press

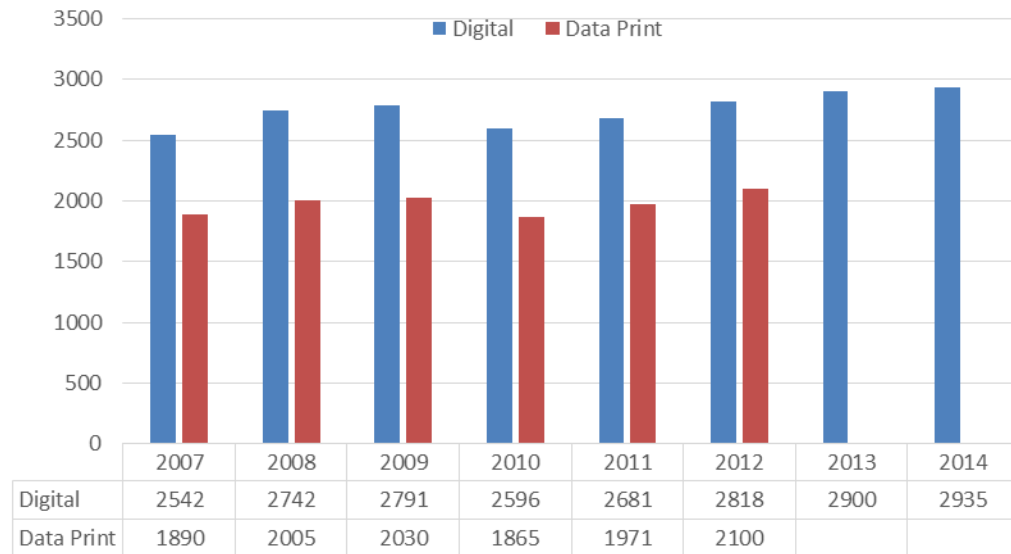
- **Still Small % of Print Market**

Though digital print market is growing, forecast for 2014 is 294 Billion Yen (\$2.94B) which is still relatively small % of entire print market.(approx. 5-6%)

- **Data Print Service is dominant usage**

More than 70% of digital print jobs are “data print service” related which include statements for banks/telco, DM, and educational excise book. Book is still in limited usage.

Digital Printing Shipment Value



|               |       |       |       |       |       |
|---------------|-------|-------|-------|-------|-------|
| Printing(\$M) | 71420 | 69040 | 63210 | 61760 | 57090 |
| % of Digital  | 3.6%  | 4.0%  | 4.4%  | 4.2%  | 4.7%  |

## Topic(3): Offset Presses

### ▪ Sheet-fed Press:

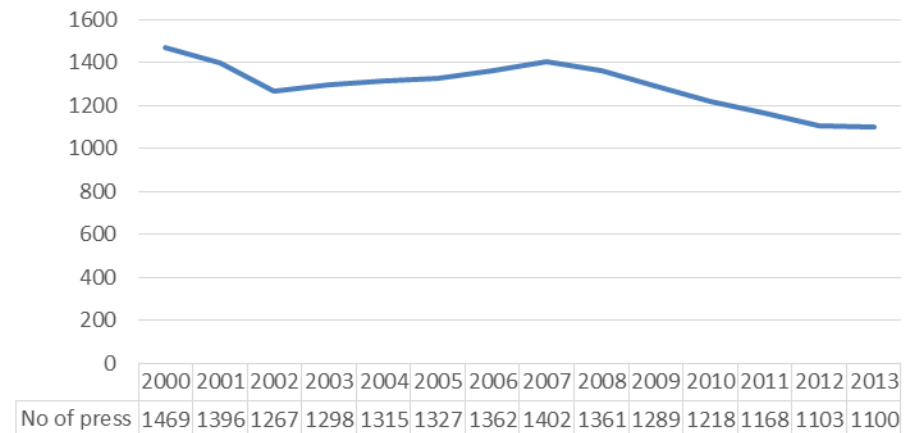
Increased use of new UV technologies (Hybrid UV, LED UV etc.)

- lower energy consumption
- advantage of not requiring powder
- capable to achieve quick delivery
- can reduce space for work-in-progress
- easier color management

### ▪ Web Press:

- Overcapacity for web press finally stated to stabilize
- Trend is toward compact and automated press
- 85% is 4/4, followed by 6.5% 1/1, 3.3% 2/2, 2.5% 5/5
- Sheeting unit is equipped with 36% of presses, perforating unit is equipped with 12% of presses

No of Web Presses  
(publication and commercial printing)



# Thank you very much for your attention.

If you have any question, please feel free to get in touch with me.

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