



Wide-format Impressions

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Future of the Visual Communications Market

Arming print providers with the tools and intelligence they need to succeed and grow as the industry continues to transform.



Future of the Visual Communications Market

A panel of industry experts offers insight into the trends impacting the visual communications market in 2020 and beyond.

By Denise M. Gustavson

The visual communications landscape is changing. At one time — not that many years ago — leaders in this space enjoyed almost endless opportunities for expansion and growth. Now, there is pressure from all sides as convergence continues. According to 2019 SGIA Research reports, graphic and signs is the top market commercial printers (65.4%), functional/industrial printers (50%), and garment/apparel printers (28.7%) are expanding into as they look to increase revenues.

But as more and more non-traditional wide-format graphics producers enter the space, it becomes increasingly difficult

for long-time providers to maintain the same sales, clients, and services. Expanded industry capacity is starting to drive prices down for commodity products — much as it did in the commercial print space. So the question for print providers is: how can I continue to grow my business in a consolidating market with increased pricing pressure? What areas offer growth both now and in the future?

To address these questions and more, *Wide-Format Impressions* assembled a panel of experts to explore the future of wide-format printing and the revenue opportunities it still provides to savvy print providers.

Q What are the biggest trends you anticipate having an impact on the wide-format market in the next 12-18 months?

Brian Adam: We believe we are on the back end of an economic cycle and do expect the economy to soften over the next 12 to 18 months. As marketing budgets and spending tightens, we expect the print market to contract a bit, likely leading to excess print capacity and downward pricing pressure as printers look to fill open capacity. The latest printing technology includes presses that are getting faster, further increasing capacity. This will only add to the pricing pressure as printers are willing to accept jobs at lower margins to fill this capacity.

Brian Hite: On the business side, I anticipate further consolidation in the middle to upper market companies as they attempt market share increases. I believe this will also create opportunities for small lifestyle businesses to grow as middle-market customers become dissatisfied with the results of consolidation.

I'm witnessing continued price compression in the market as companies compete to win business. Unfortunately, many of those companies do not understand their cost of doing business, which makes them unhealthy. In order to compete on price, you have to be the lowest cost producer and develop new ways of production through automation, process controls, and staff training.

I also expect to see continued adoption of digital fabric printing for retail and other traditional markets like home furnishing.

On the client side, we are seeing more experiential customer engagements versus traditional mall-style sales. Online, outdoor gathering style locations, stand-alone stores, and exclusive events are all alternatives to traditional retail that are gaining popularity due to increased effectiveness.

Deborah Hutcheson: As speeds and requirements turn to brand

strategy, they become a larger part of impact points within our industry. As a result, color and quality control, brand support, and managing the execution and delivery of brand standard and finishing standards into the market are key elements driving buying decisions. Managing that bi-directional information between the brand and the manufacturing process before it goes out to market needs to be a very important part of our industry's focus and growth.

Workflow continues to be a high focus point due to brand awareness being a global print conversation, which is not just for offset anymore. PSPs need to embrace integrated, automated wide-format software solutions that not only optimize their investment and boost efficiency, but also provide comprehensive feedback. This will allow them to confidently manage their business to consistently meet specified quality standards and best practices across all of their output devices.

Dan Johansen: There is a continued dynamic growth currently in soft signage applications that is replacing many traditional print methods and substrates with direct-to-textile printing. We expect to see the growth trend here continue over the next few years as direct-to-textile printing becomes a new standard in how this type of signage is produced. In this space, new trends tend to be driven as much by substrates as the device that prints on them.

Becky McConnell: With the rise in shipping and logistics costs, I believe we will continue to see a movement toward soft signage from a retail standpoint. Coupled with the ease of installation as it relates to Silicone Edge Graphics (SEG), retailers and brands will continue to see benefits in soft signage.

Another trend I think we'll see continue to grow in the coming years is the demand for customer interior design elements, from a retail/brand perspective and beyond. Whether it is creating an experiential atmosphere at a retail or restaurant location, or a high-end branded office build-out, the potential for digital inkjet



Brian Adam,
President,
Olympus Group



Brian Brooks,
Manager of Product
Management, Roland DGA



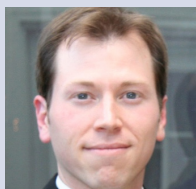
Brian Hite,
President and
Co-Founder,
Image Options



Deborah Hutcheson,
Director of Marketing,
Agfa



Dan Johansen,
Marketing Manager,
Ricoh USA, Inc.



Michael Maxwell,
Senior Manager,
Mimaki USA



Becky McConnell,
Segment Marketing
Manager, Wide-Format
Inkjet, FUJIFILM North
America Corporation,
Graphic Systems Division



Randy Paar,
Marketing Manager,
Canon Solutions America



Alex Ried, Director of
Product Line Management
& Business Development,
S-One



Elaine Scrima,
Vice President of
Operations,
GSP Companies

to transform spaces is undeniable. And with millennials on the rise and expecting a social shopping experience, retail atmosphere importance will continue to grow.

Another trend impacting the wide-format market in the near future is the use of more environmentally-friendly materials. PVC's proven toxic lifecycle has made many of the world's biggest companies commit to phasing out the use of PVC. As a result, I think we'll see a rise in the use of paper, paperboard, and corrugated substrates, as well as polypropylene.

Alex Ried: I see two main trends shaping the next year or so for the wide-format market: speed and environmental consciousness. Speed will touch all parts of production, in terms of equipment speed and production time. Wide-format printers have pretty much all reached high-quality standards. Now, they're focusing on improving speed. And with that, print materials and substrates will have to be reformulated to perform optimally with that improved technology. With improved coatings technology, materials can work more efficiently and consistently.

Our industry isn't one that has been known for positively impacting the environment, but we're going to see that shift more and more. You may see that in the form of printable materials being made of recycled or new products, such as REACH-compliant vinyl or water-based adhesives that are taking a step toward something more environmentally friendly.

Elaine Scrima: What we have seen the past few years and what I think we will continue to see is the push for faster, more cost-effective equipment that meets the high-quality demands of our customers. I really don't see that changing much in the next 18 months.

I do believe soft signage will be a market segment that continues to grow as it has many benefits to the consumer — from a shipping standpoint to a sustainability impact. I also believe the continued growth toward the utilization of sustainable products will impact our industry. Customers are becoming more savvy in regards to sustainability and are looking to their suppliers to provide alternative materials and solutions so they more closely align with their sustainability practices.

Q What new technologies and/or applications are you most excited about?

Adam: Front-end automation. We are excited about some of the progress in streamlining order entry and prepress. Printing and finishing have seen significant improvements over the past decade, to the point where our bottleneck is often in pre-production. Automating the front-end should help us get orders from customers on to presses more quickly.

Hite: We are most excited about the continued efforts by manufacturers to improve sustainability in substrates, processes, and applications. Also, we are excited about water-based ink technology, single pass printing, AR/VR and digital technologies, as well as additive manufacturing. We are not really excited about the incremental speed and quality improvements of existing technologies.

Hutcheson: Print embellishment is a key area for PSPs to impress their clients and differentiate themselves in the market. Printing on more specialty items, utilizing white and varnish ink technology, five-layer, and dimensional printing are going to be high-growth areas. Today's advances in UV inkjet printing and the addition of varnishes, primers and white inks put PSPs in the position to create a wide range of special effects, such as multilayer and textural printing. Unique, eye-catching output can be achieved by layering and isolating inks and varnishes at various points throughout an image.

Water-based technologies are something we're all paying attention to and

Credit: Agfa.



▲ By digitally printing images and lenses on acrylic, the Agfa Jeti Mira uses clear varnish to create lenticular 3D effects, allowing PSPs to add striking optical illusions to prints without using costly lenticular media.

determining how that will impact the wide-format digital space, the retail POP space, and the packaging market.

Johansen: Exciting boundaries are being broken in wide-format. Advances in substrate diversity are delivering new and unique applications all the time. Quite often, this type of innovation is born from a simple question: “Can you print on ____?” Currently, wallcovering is a high-growth application for PSPs, driven by increased demand across a variety of vertical industries who source wide-format for a variety of industries, from health care to retail.

Michael Maxwell: One of the more interesting trends is in open-source programming languages: the ability of different products to communicate seamlessly enables more productivity. This is not just a trend in the wide-format space, but across many different areas, and we believe this will open up new ways for print businesses to streamline not only workflows but customer interaction.

McConnell: I continue to be intrigued by the rise of customer interior design elements produced on wide-format equipment like wallpapers and simulated surfaces. I think the creative aspects, and the way consumers and people interact with and experience their surroundings is phenomenal. And with digital inkjet, the possibilities are nearly endless, so that makes it exciting as well. The fact that not only brands and retailers, but also consumers, can take advantage of digital printing for interior design makes these applications very exciting.

Scrima: The adoption of artificial intelligence is really exciting. Having a strong IT department, or partnering with an IT provider, will be key to gaining market share in the digital distribution and AI arena. I do not believe we even understand all the areas that

Credit: Fujifilm.



▲ Backlit signs use light to create an element of interest and visual excitement to display graphics and are a visually captivating way to draw attention to a retail storefront and highlight a product or service.

AI will — or could — impact our industry. Everything from automation, maintenance, real time alerts, print management software, and customer-driven behavioral data are just in the beginning phases. The impact it will have on the industry is really yet to be determined, but I do believe it will play a large role in how we do business going forward.

Q What adjacent markets do you feel offer the strongest opportunities for wide-format printers in 2020?

Hite: If a company has invested in dye-sublimation equipment, the adjacent markets of home furnishing and home décor are the easiest transition for new revenue streams. Look for scalable industrial applications that use traditional analog production methods and transition them to digital.

Hutcheson: The transition of corrugated is a big focus as print runs become a mix between single-pass and multi-pass, depending on the speed-to-market strategy or fulfillment strategy. Corrugated sheet plants are looking more and more at what that digital trend can mean for their business and their customers. Incorporating variable content, and mixing and matching social dynamic data within the printed pieces, will push corrugated growth both in single-pass and high-speed multi-pass markets. As the markets blend together more and more, offset commercial-based printers are engaged in large-format digital strategies and working that hub-and-spoke methodology, and going to their customers and being able to offer both the ability to manage the messaging and manage the push of content to the market.

Johansen: Wide-format technology is now being used in a variety of applications outside of traditional sign and graphics, including custom manufacturing of a variety of industrial products, i.e. direct printing to ceramics or wood. Custom flooring applications are also gaining popularity, along with architectural applications that range from corporate environments to construction-level exterior glass. As so much of this growth can be driven by substrate diversity, it's important for the PSP to

have a strong knowledge of the available substrates for the devices they print with. Knowing those limits — and how far they can push them — will show how they can best exploit these unique opportunities, which, along with presenting interesting growth opportunities, are also often highly profitable.

Maxwell: Hyper-personalization is a very exciting space right now. The ability to customize objects in a real-time workflow, and deliver them with quick turnaround, has increased the demand for specialized printing services. For about the same investment cost as a sign/graphics setup, print service providers can now offer full print customization on everyday objects. The addition of cutting and engraving with cross-connectivity through software has helped expand this space.

McConnell: From folding cartons and beyond, prototypes, short runs, customization, and fast-turnaround demand continues to grow in the packaging market, presenting an opportunity for digital wide-format print providers who already have experience with short runs and quick deliveries. Wide-format printers can easily position themselves as experts, given that with a bit of education, dedication, and commitment they can provide solutions to a market and clients that are new to them.

Randy Paar: I would consider manufacturing applications where a graphic image represents just one component of the item being produced. This could include custom printed wall coverings, or paneling with realistic looking printed woodgrain that features perfectly registered texture.

Ried: Décor and decorative printing is the easiest transition in terms of minimal — or no — capital investment and the least amount of new subject knowledge required. Printer OEMs have made the entry price point easier, and there are more substrates available in this space.

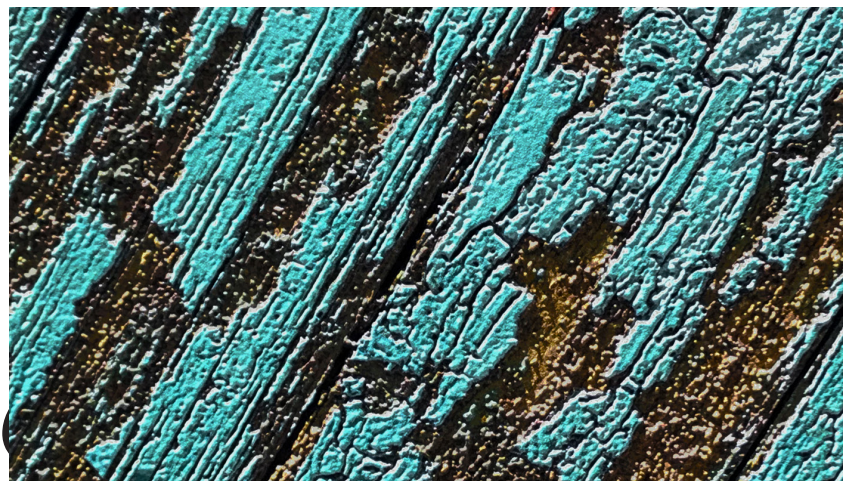
Packaging and commercial may be the strongest and fastest growing segments, but they require expertise, subject matter knowledge, and investment. There's most definitely opportunity, but you may end up spending millions of dollars on the right equipment to be able to compete in these spaces.

Scrima: I think there are many hardware solutions that offer wide-format printers the opportunity to sell signage and hardware solutions together and create future opportunities for a repeat business pattern as graphics need updating on a regular basis. Do not just offer them the graphic that goes in the stand or frame; sell them the stand or frame as well. By showing a customer more than what they asked for you, demonstrate that you understand their business and are willing to present solutions they do not even know they may need.

Q Looking further ahead, where do you see the wide-format market going in the next three to five years?

Adam: First I see continued industry consolidation. I believe the wide-format space is still a fairly fragmented market and I expect to see more consolidation as large commercial printers look to this space as a growth market. There's also quite a bit of institutional money that has been attempting to roll-up smaller printers. Secondly, I believe customers will continue to press for completely personalized products and expect this segment (mass

Credit: Canon Solutions America.



▲ A 2016 Keypoint Intelligence/InfoTrends' report titled "Beyond CMYK: Use of Special Effects in Digital Printing" cited that print buyers expect to pay at least an 89% premium for current textured printing effects compared to traditional 2D graphics. Creating unique textures — such as the ones produced with Canon's Océ Touchstone software — allows PSPs to provide dimensional printing to their customers.

personalization) to continue to grow.

Hite: Equipment manufacturers have done a good job filling the market with capacity and now they have reached a saturation point. Many of their customers have unused capacity and will not be investing in new equipment unless a major upgrade occurs, or it is required for a competitive reason. Some may not survive in their current form unless they have invested into businesses that were traditionally analog that can make the transition to digital.

I see continued consolidation and price compression as the industry further matures. I see smaller companies who operate in niche markets doing well and large companies struggling to find the sizes of projects required to support their businesses.

Hutcheson: Industrial print within inkjet is the most exciting near-future technologies. Printing to nontraditional substrates, flooring, mechanical, metals, wearable content, leathers, and other consumable products will continue to grow. Additionally, it will be exciting to see how packaging versus flexo and traditional offset will impact the market. Everything's about speed-to-market, with efficient and bi-directional content. As we incorporate our workflows and ERP systems, managing and tracking that data will be an exciting part of our near future.

Johansen: Because the market is application-driven, look for new developments in inks and production speeds to match the evolving production needs of the PSP. Whether it's expanded gamut ink sets that offer the printer a broader palette or coating technology that can be used to improve ink adhesion on challenging substrates, expect continued innovation in image quality and substrate versatility. These enhancements, along with productivity improvements in both the devices and the software, will continue to offer both new entry points for people just getting in and new production options for people looking to expand.

McConnell: There will continue to be mergers and acquisitions, that is for sure. And as technology continues to develop faster and faster from a wide-format print standpoint, there is still a lot of potential. Based on the shift from boomers to millennials,



Client / Exhibit House: Motif Events - Exhibitor: Blizzard Entertainment - Show: PAX East - Graphics Production: Olympus Group

▲ With so many critical eyes on the launch of its new game Overwatch, Blizzard Entertainment knew it had to get it right. It selected Motif as its partner to bring Overwatch to PAX East 2015. Motif worked with Olympus Group to accommodate the large number of gaming stations needed to satisfy the crowds, a 40x40x9" tapered hanging sign featured Blizzard's corporate branding. The corners of the space were anchored by well-lit 16" towers featuring large images of the game's characters. Additionally, 80" screens provided character background story and information.

the sign and display market will see shifts as the retail atmosphere evolves. Whether it is more common/frequent, more creative, or more customized, the market will see changes. I also believe there will be a diversification, especially in the small- to mid-size print providers, as they'll be able to profitably grow by introducing new streams of revenue by tapping into other markets like packaging and metal decoration. I think we'll also see digital inks continue to evolve in a couple of ways. I think there will be a greater focus (hopefully) on the environmental impact, especially with particular chemicals, and greater versatility, whether that is within a single ink range or with greater ink range options to best suit a multitude of needs and applications.

Paar: I'd love to see print providers figure out how to better tap into the B2C market rather than just limiting themselves to B2B. Custom interior décor and product decoration are applications that, if given a choice, the average consumer would rather put in their homes than buy off-the-shelf, commoditized equivalents. The challenge is that the average consumer doesn't necessarily know what wide-format printers are or even what applications they can produce. Applying some education here can help create demand once they know what's possible. This would then require fresh approaches by the print provider to accomplish but the revenue opportunity for them could be significant.

Ried: We're going to continue to see advancements in speed and durability across all types of platforms that exist today and maybe some that don't. As technology matures, durability, speed, and entry price points improve, as well as additional specialty ink sets.

We'll likely see more augmented reality incorporated in images, maybe they'll be partially printed and partially projected. Graphics will be more functional and more personalized, and there may be something in the graphic or message that changes on a moment's notice to drive and promote the message.

Scrima: The equipment advancements we have seen in quality and speed in the past five years have been huge. I am not sure how much faster equipment can truly get. I think the AI impact is going to have a very large presence in this space. The other two areas that I believe we will see double-digit growth is in the packaging and the textile



▲ Soft signage is replacing many traditional print methods and substrates, and is being used for a wider range of applications including retail and point-of-purchase signage and as a lightweight alternative for backlit printing. GSP recently created these backlit soft signage displays for L.L. Bean.



▲ There are new, more-functional products coming to the market. For instance, the new Squid window textile available from S-One looks and performs great, but it's also PVC-free and decreases energy by blocking UV-rays and reflecting heat from the sun.

printing segments. Packaging is the buzzword these days. I think wide-format has a tremendous opportunity in that space.

Q If you had to give one piece of advice to a wide-format printer looking to grow their business this year, what would it be?

Adam: Take care of your employees and focus on your culture. We all have the same print technology, use the same ERP systems, and are calling on the same customers. I believe the only way to be successful in our industry is to hire good people and then make sure they are engaged and rewarded. The printer with the best team will ultimately win.

Brian Brooks: Diversify into more than just wide-format. Explore new markets and opportunities, rather than limit yourself to one type of customer or a specific application. Look at the personalization/customization market for ways to fill in business needs with small and simple jobs that are outside of what you are currently offering.

- Hite:** 1. Have and operate with a managed, modern, sales process.
2. Understand your cost of producing product, jobs, and operating your business.
3. Have a plan and work the plan. X revenue this year, number of employees needed to execute plan, etc.
4. Use metrics and scorecards daily, weekly, and monthly to stay on plan.

Hutcheson: Wide-format is about imagination and expanding your business reach. 2020 is about expanding your visual eye through color and application. Display graphics is all about communication, and if you're able to gain someone's attention while conveying your message, you'll be able to make a business case for the investment. PSPs need to look at their current business and ask themselves where it will be in two to five years. I'm confident — and the trends and data show — display graphics will be growing for quite a while. PSPs of the future will continually be looking at ways to improve internal efficiencies while investigating areas for market expansion and diversification.

Johansen: Read. Understand the trends occurring in the industry, which are often documented in publications like this one. Quite often, it's difficult to see outside of our own shop, so getting a view into what others are doing can often spark creativity and drive new investments within the business, whether that be in technology, people, or a unique selling approach to capture new revenue opportunities. The biggest mistake a wide-format business can make is to stand still. Tomorrow's revenue will not always come from today's jobs.

Maxwell: Don't wait to diversify. The market moves quickly, so PSPs should not restrict themselves to wait for a job or a need to justify a new printer. There are greater opportunities, and the cost of printers has come down while the functionality has gone up. Just make sure to choose a printer that has enough useful features and versatile ink configurations.

McConnell: Wide-format print providers should take full advantage of the variety of applications that can be produced; don't limit yourself from a production or sales standpoint. The knowledge wide-format print providers have of digital printing and beyond can lend better to other print markets than most people think; their ability to react quickly and creatively with digital print can set them apart. Don't forget how important print is, and take full advantage

Credit: Ricoh USA.



▲ Wallcovering is a high-growth application for PSPs driven by increased demand across a variety of vertical industries who source wide-format for a variety of industries, from health care to retail.

of your knowledge and expertise, even if it means stepping very far out of the box.

Paar: Invest in marketing your unique, higher margin applications and capabilities to attract new business and new customers.

Ried: Diversify intelligently. Determine what your current equipment is capable of, then diversify what you're offering. That really starts with knowing your customer and what else you can provide to them. If you have the capabilities to provide that today, get educated on how to do it. If not, is there a fulfillment partner who can help you sell new products to your current customer base?

If you want to specialize in an area, you'll need the right partner to help you understand where you'll want to invest. Find a partner who can support you with consultation, business know-how, and smart product support.

Scrima: Be proactive. Go talk to your customers. Ask them what problem they need solved as it relates to graphics, printing, execution, and distribution. What would make running their business easier for them? Then either help them develop the solution or develop one and present it to them. We did that more than 20 years ago and it took the business in a totally new direction and was largely the basis for our diversification into new markets. If you are just viewed as a commodity, that is all you will ever be. You need to show them why you are a partner, and the growth will come because you are now who they choose to go to for solutions. You have to continue to re-invent yourself; add new things to your portfolio. You don't need to add 20 things, but add one thing or look for opportunities that make sense to bring back in-house jobs that you typically outsource. ●

WHO WE ARE

Wide-format Impressions

Wide-format Impressions provides authoritative coverage and analysis on industry trends, emerging technologies, and industry news, with a focus on the wide-format sign and graphics segment. We connect with our audience via a bi-monthly publication, a weekly enewsletter, videos, webinars, the Wide-format Summit event, and “Show Daily” publications for key trade exhibitions.

NAPCOMEDIA

NAPCO Media, *Wide-format Impressions*’ parent company, is a leading B-to-B media company specializing in creating community through content via integrated media programs, video services, marketing services, events and event management, custom content, eLearning and market research. NAPCO Media has rapidly expanded its portfolio to include NAPCO Video Services, NAPCO Events, NAPCO Marketing Services and NAPCO Research.