

The New Media Paradigm

*The TrendWatch Graphic Arts perspective
on the future of the graphic arts markets*

TrendVision—January 22, 2004

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Today's Topics

- ❖ Who we are
- ❖ The current state of the graphic arts markets
 - ❖ design and production firms (i.e., “creatives”)
 - ❖ publishers
 - ❖ printers
 - ❖ Internet design and development firms
- ❖ Driving forces
- ❖ Your questions



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Who We Are



TrendWatch History

- ❖ Formed in 1995
- ❖ Began surveying the printing industry in 1995
- ❖ Design and production/publishing surveys added in 1996
- ❖ Internet design and development survey added in 1999
- ❖ Acquired by Reed Business Information in 2000
 - ❖ TWGA is a division of Reed Business Information Printing Packaging and Converting Group
 - ❖ AF Lewis Information Services and the Graphic Arts Blue Book, the leading database of the graphic arts industry
 - ❖ Magazines: *Graphic Arts Monthly*, *Converting*, *Packaging Digest*, *Graphic Design: USA*
 - ❖ Parent company is Reed Elsevier NV



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TrendWatch Graphic Arts: Most Recent Market Surveys

❖ Printing

- ❖ TWGA Printing #18 (Fall 2003)

❖ Design & Production

- ❖ TWGA Design & Production #18 (Winter 2003/2004)

❖ Publishing

- ❖ TWGA Publishing #17 (Summer 2003)

❖ Internet Design & Development

- ❖ TWGA Internet Design & Development #7



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TWGA Special Reports

- ❖ Graphic Arts Market Demographic Profiles
- ❖ Creative Market: Canaries in the Mine Shaft
- ❖ Printing Forecast 2004: The TrendWatch Graphic Arts Perspective on How the Printing Industry Can Survive the Economic Recovery
- ❖ Stock Imagery: The Maturing of an Industry, September 2003
- ❖ Digital Asset Management: Are We There Yet?, August 2003
- ❖ Why You Can't Wait This One Out: Eight Years of TWGA Printing Data Tell Why "Normal" Is Gone Forever, June 2003
- ❖ Digital Postpress: The Convergence Is Underway, June 2003
- ❖ Digital Color Printing: Ready for Primetime, May 2003
- ❖ Color Management: Another Gray Area, May 2003



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Design & Production Markets



TWGA Design & Production Markets

- ❖ Graphic Designers
- ❖ Advertising Agencies
- ❖ Corporate Design Departments
- ❖ Commercial Photographers

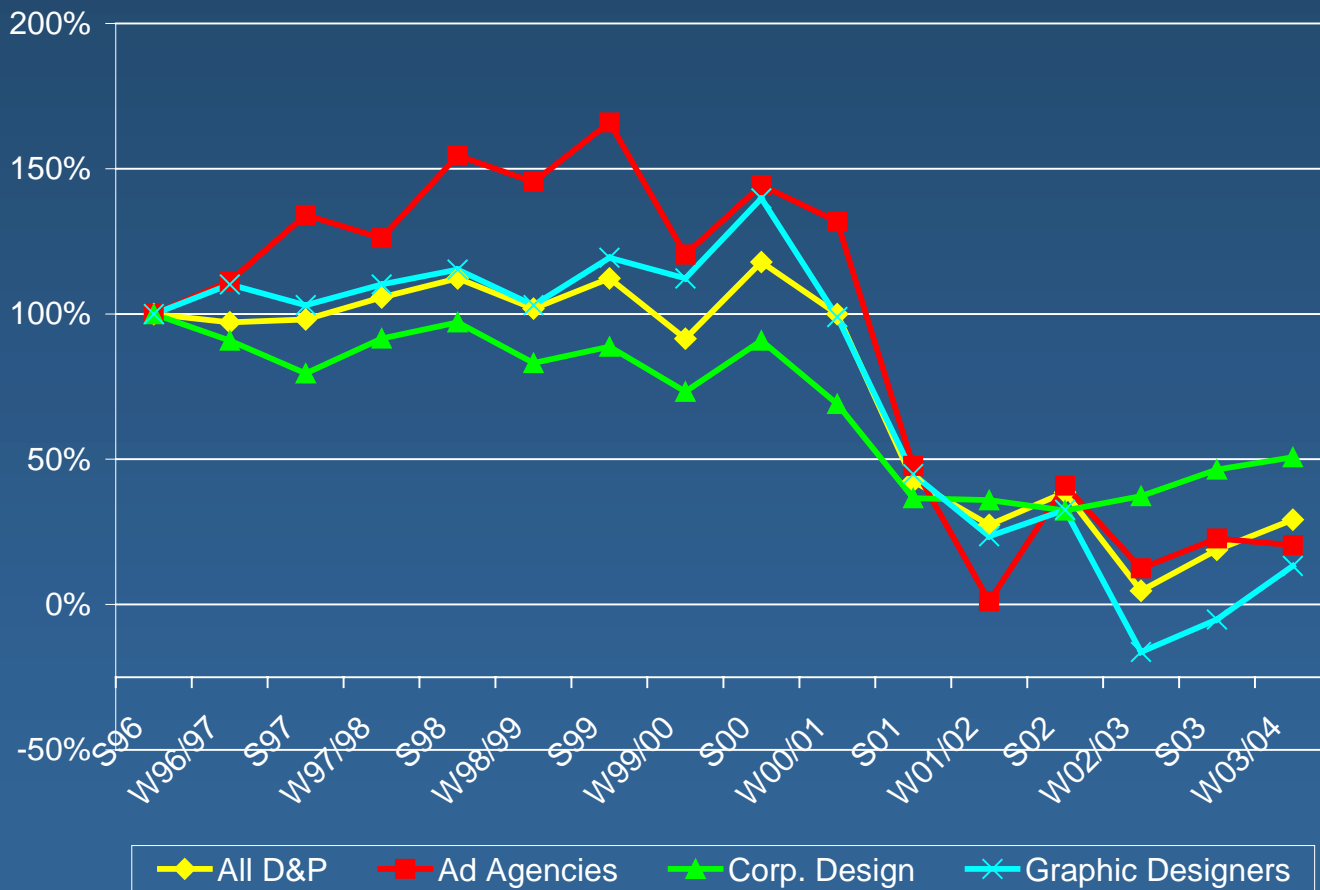


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Design & Production Firms

TWGA Business Conditions Index

Source: TWGA Design & Production surveys –
Summer 1996-Winter 2003/2004

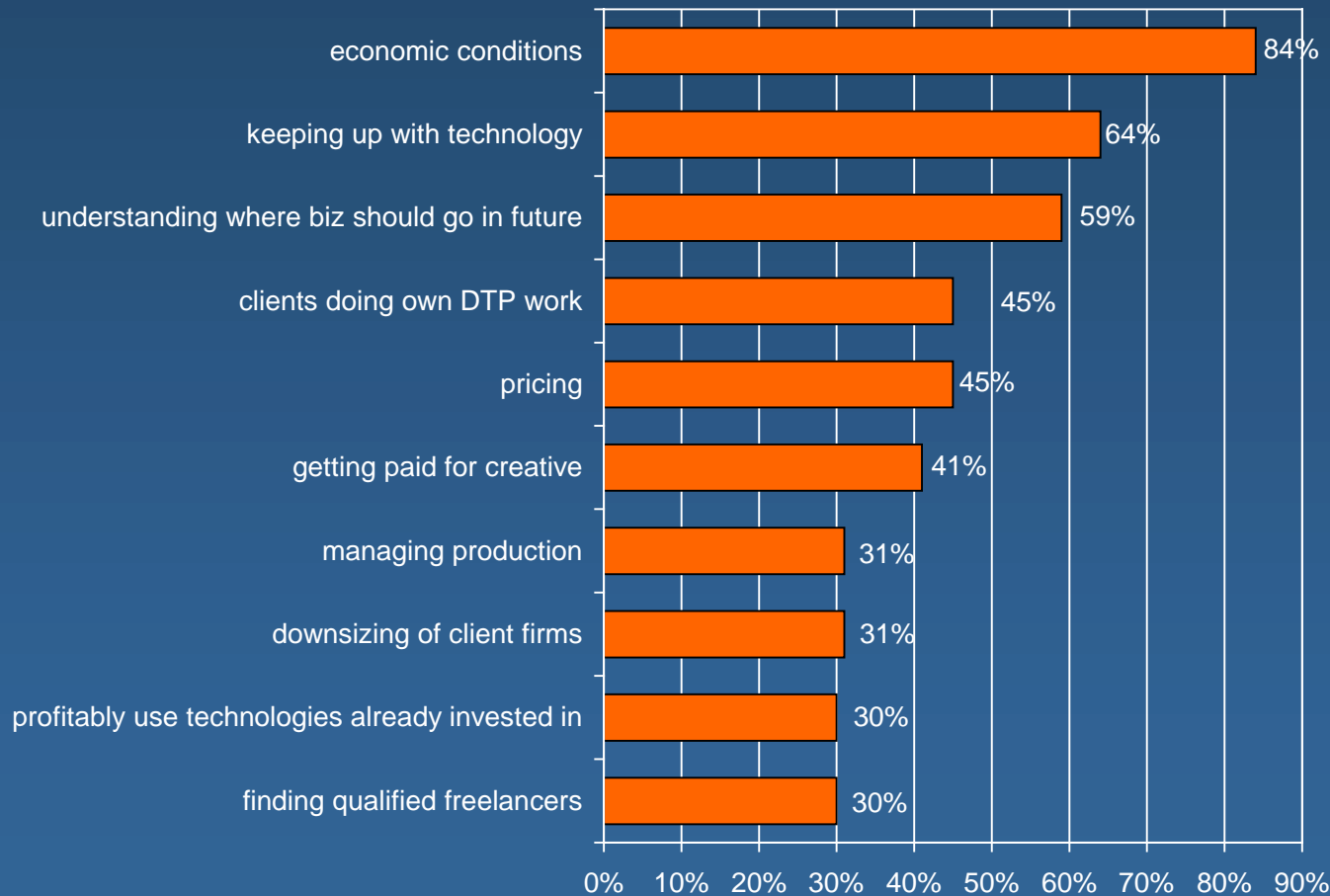


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Design & Production Firms

Business Challenges

Source: TWGA Design & Production 16 – Winter 2003/2004

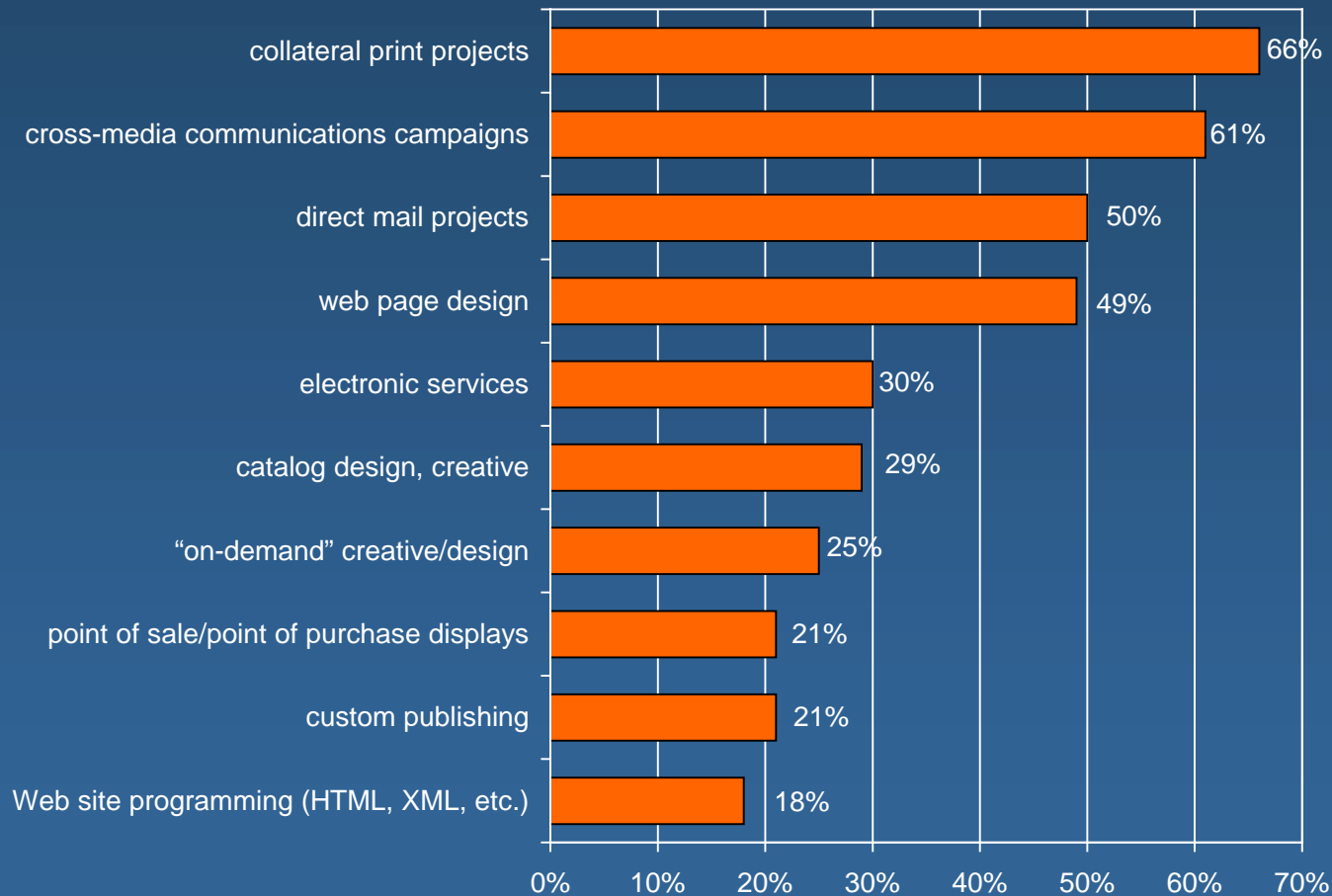


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Design & Production Firms

Sales Opportunities

Source: TWGA Design & Production 16 – Winter 2003/2004

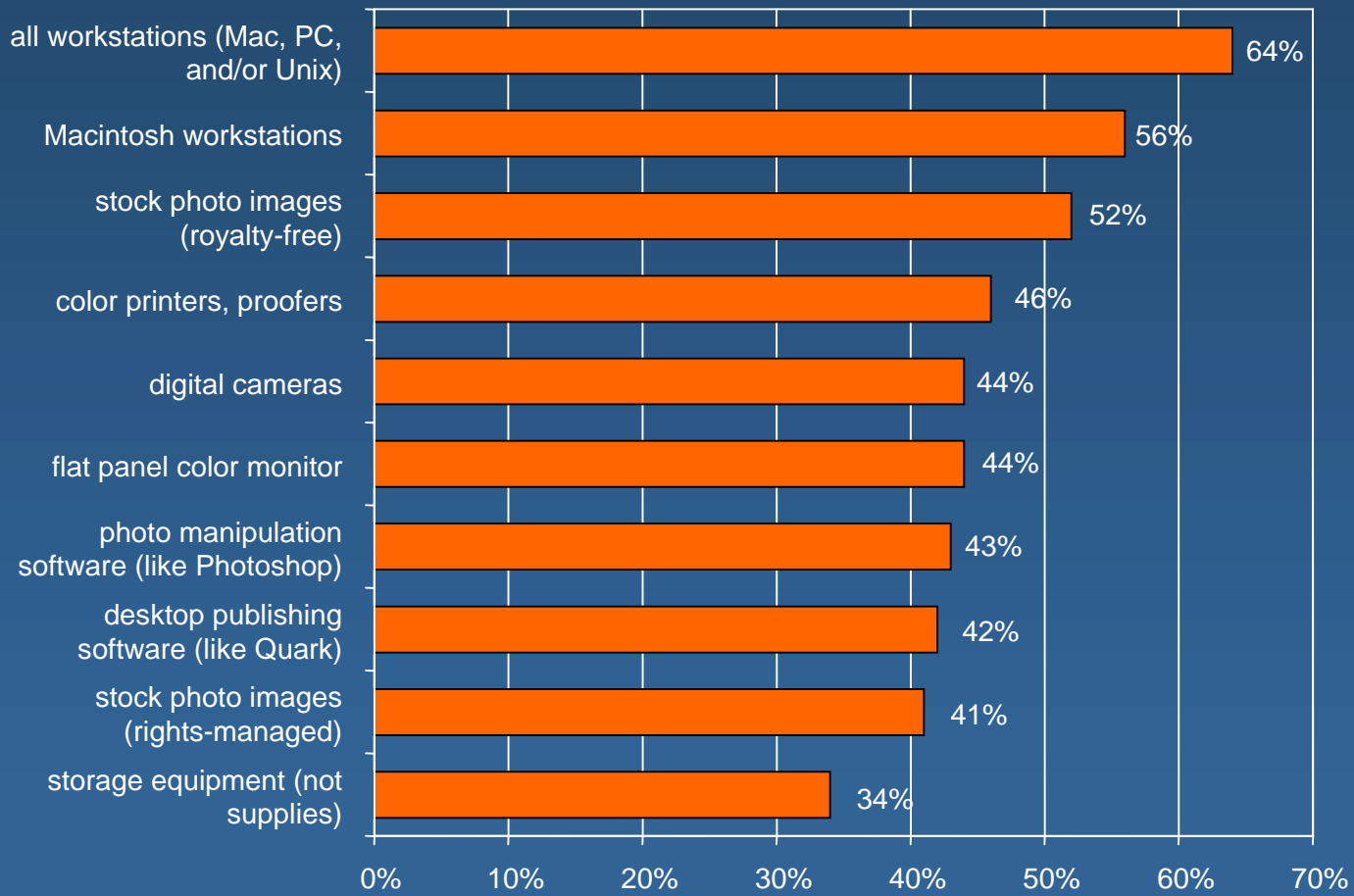


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Design & Production Firms

Planned Investments

Source: TWGA Design & Production 16 – Winter 2003/2004

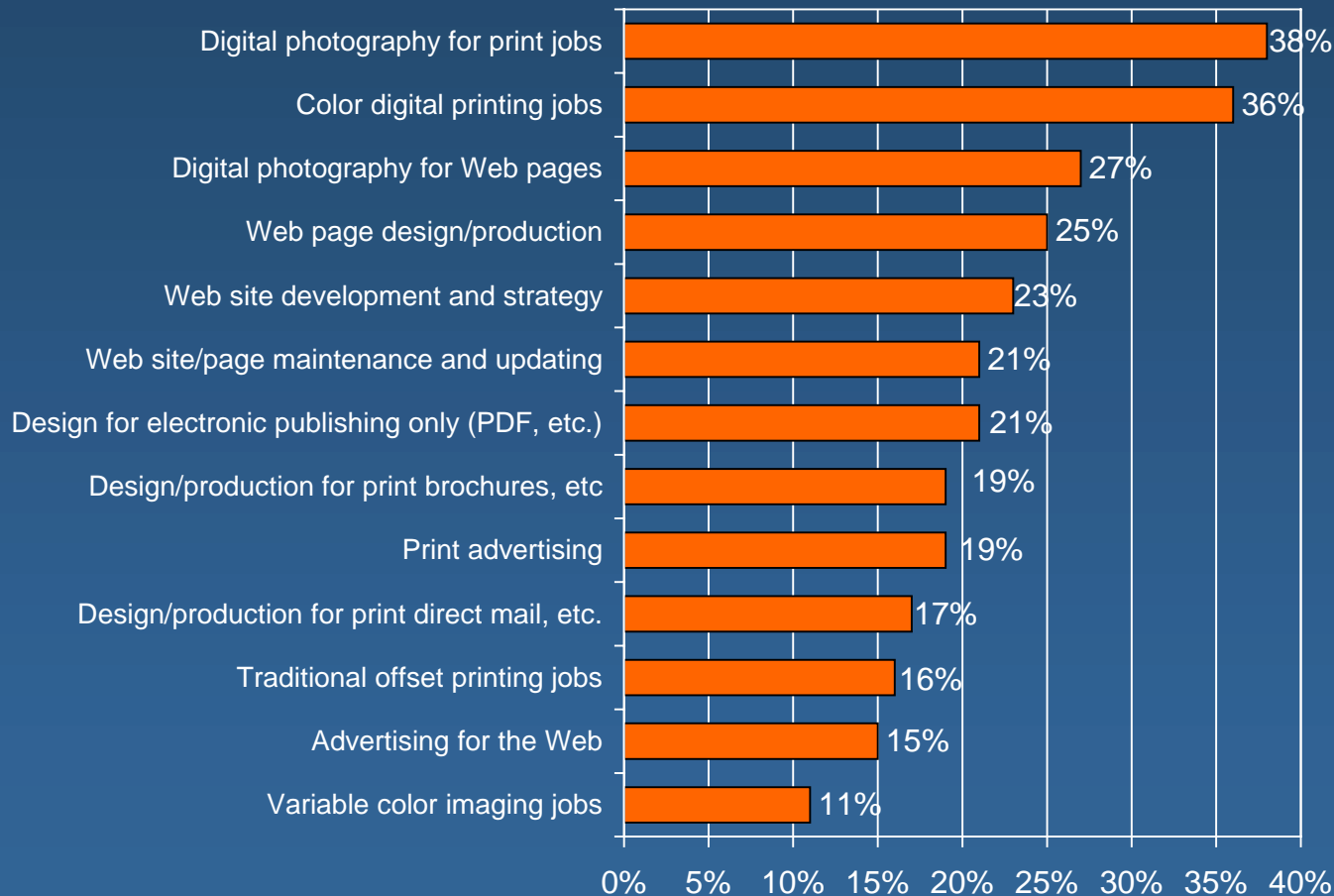


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Design & Production Firms

Services Increasing

Source: TWGA Design & Production 15 – Summer 2003

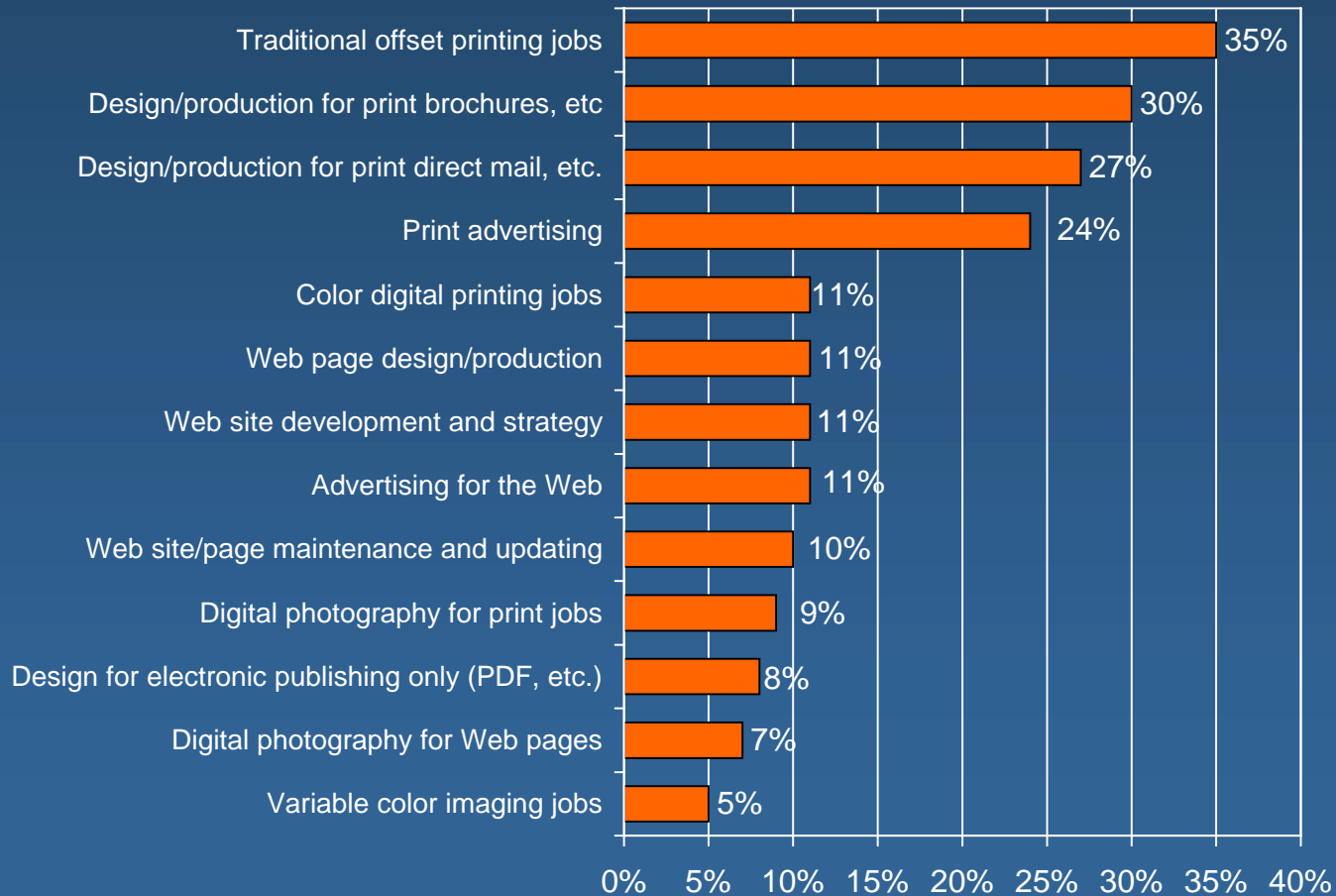


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Design & Production Firms

Services Declining

Source: TWGA Design & Production 15 – Summer 2003

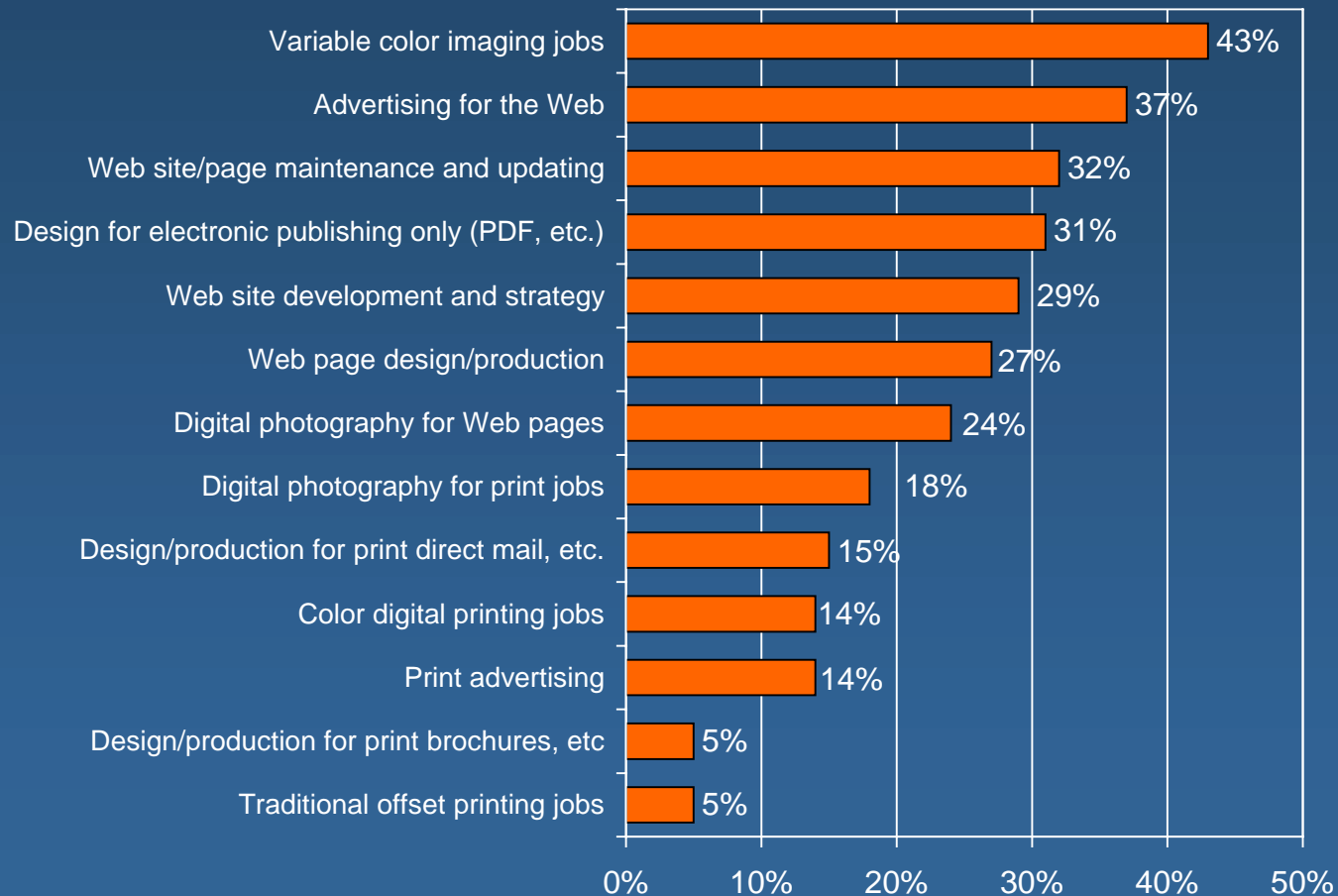


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Design & Production Firms

Services Not Done in Last 12 Months

Source: TWGA Design & Production 15 – Summer 2003



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Design & Production Firms

Overall Trends

- ❖ Business Conditions Improving—At Long Last
- ❖ Still Heavily Print-Based
 - ❖ Print work remains the bread and butter for these firms
 - ❖ Some Web dabbling, esp. in late 90s
 - ❖ Online advertising outpacing other advertising
- ❖ Change in Nature of Print Work
 - ❖ More short-run, targeted pieces
- ❖ Cross Media Came and Went
 - ❖ Content for print, Web, broadcast, wireless now the norm
- ❖ Digital Photography the Norm
 - ❖ Esp. among commercial photographers, technology is “there”



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The Publishing Markets



TWGA Publishing Markets

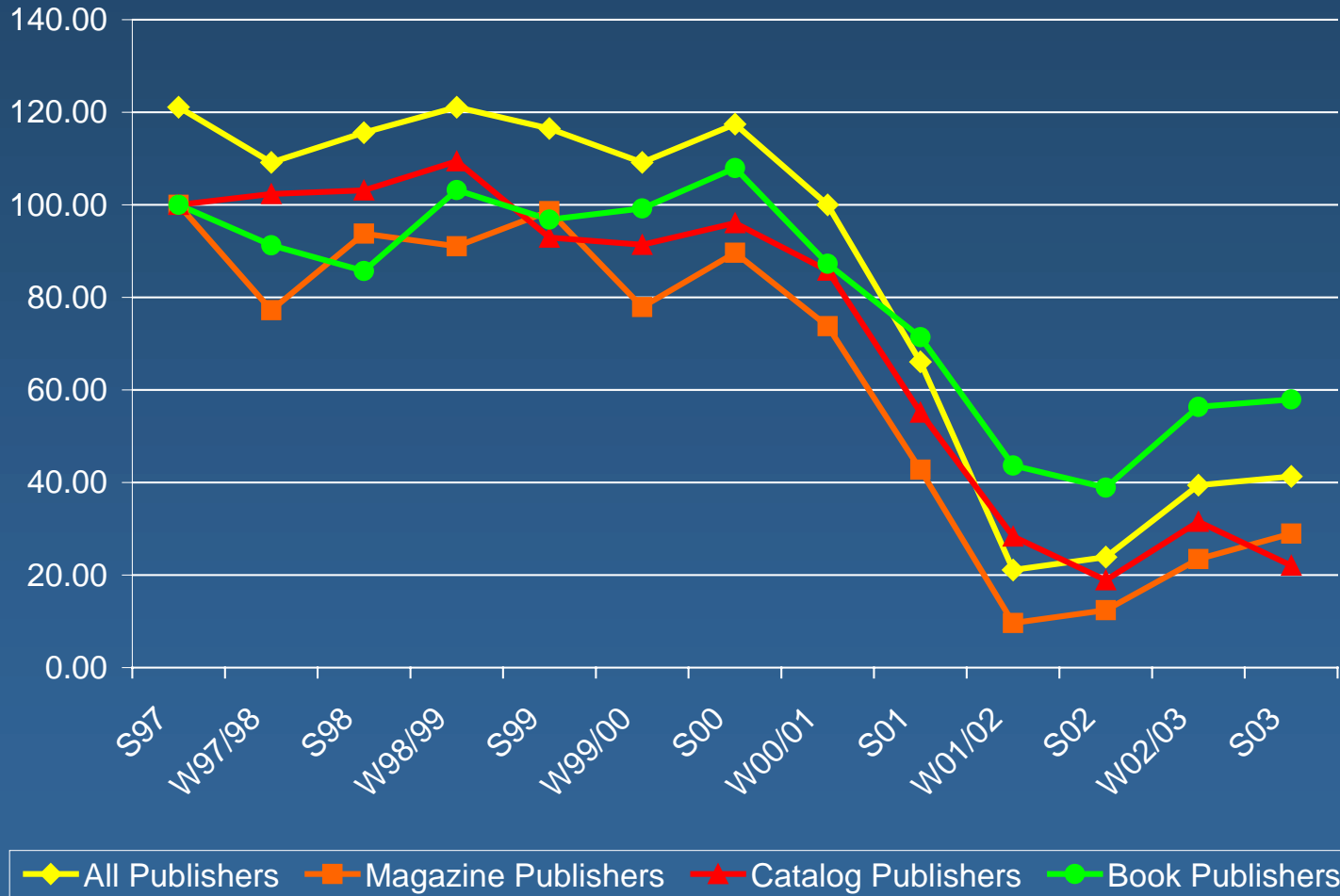
- ❖ Magazine Publishers
- ❖ Catalog Publishers
- ❖ Book Publishers



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Publishers

TWGA Business Conditions Index



Source: TWGA Publishing surveys – Winter 1997/1998-Summer 2003



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Publishers

Business Challenges

Source: TWGA Publishing 15 – Summer 2003

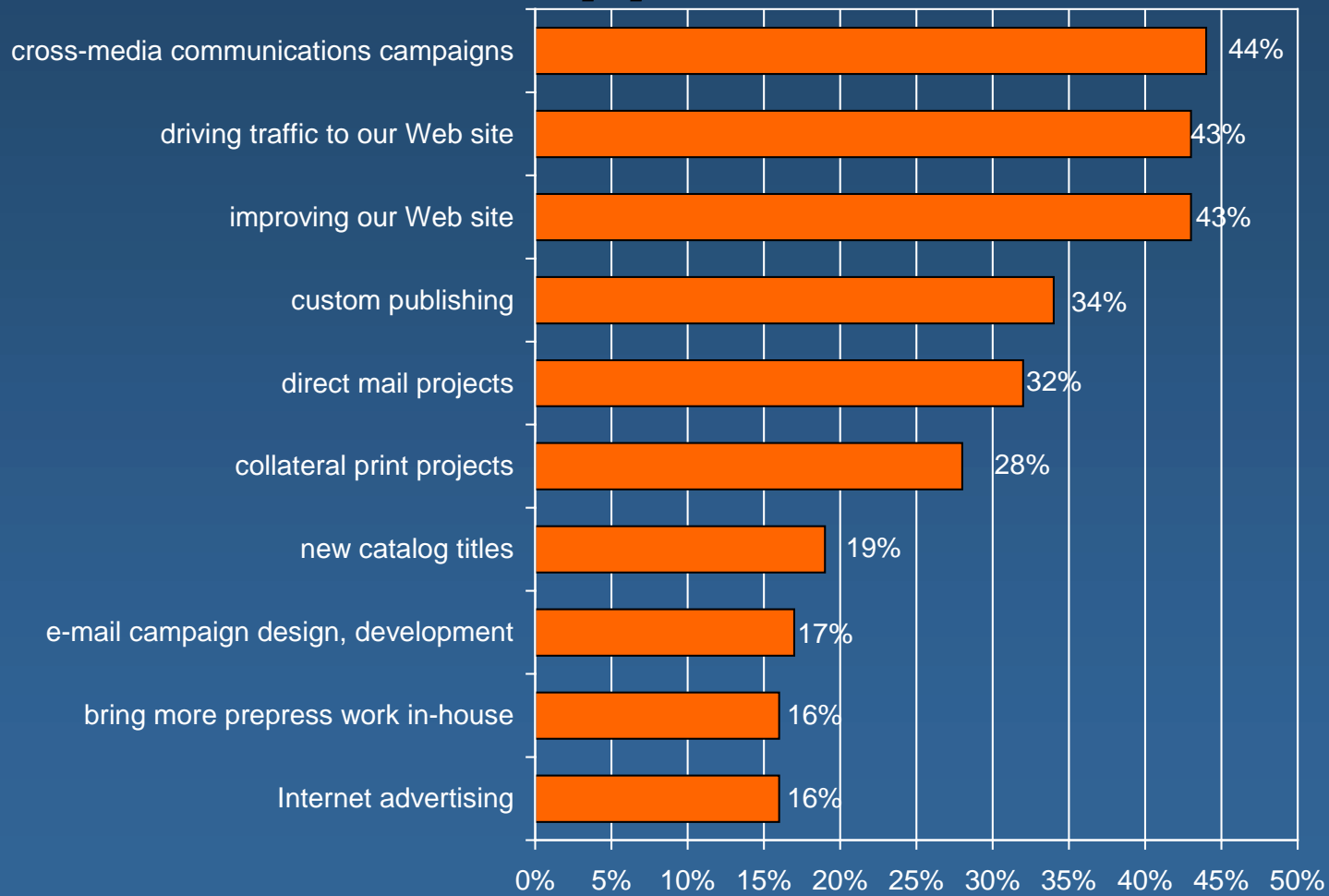


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Publishers

Sales Opportunities

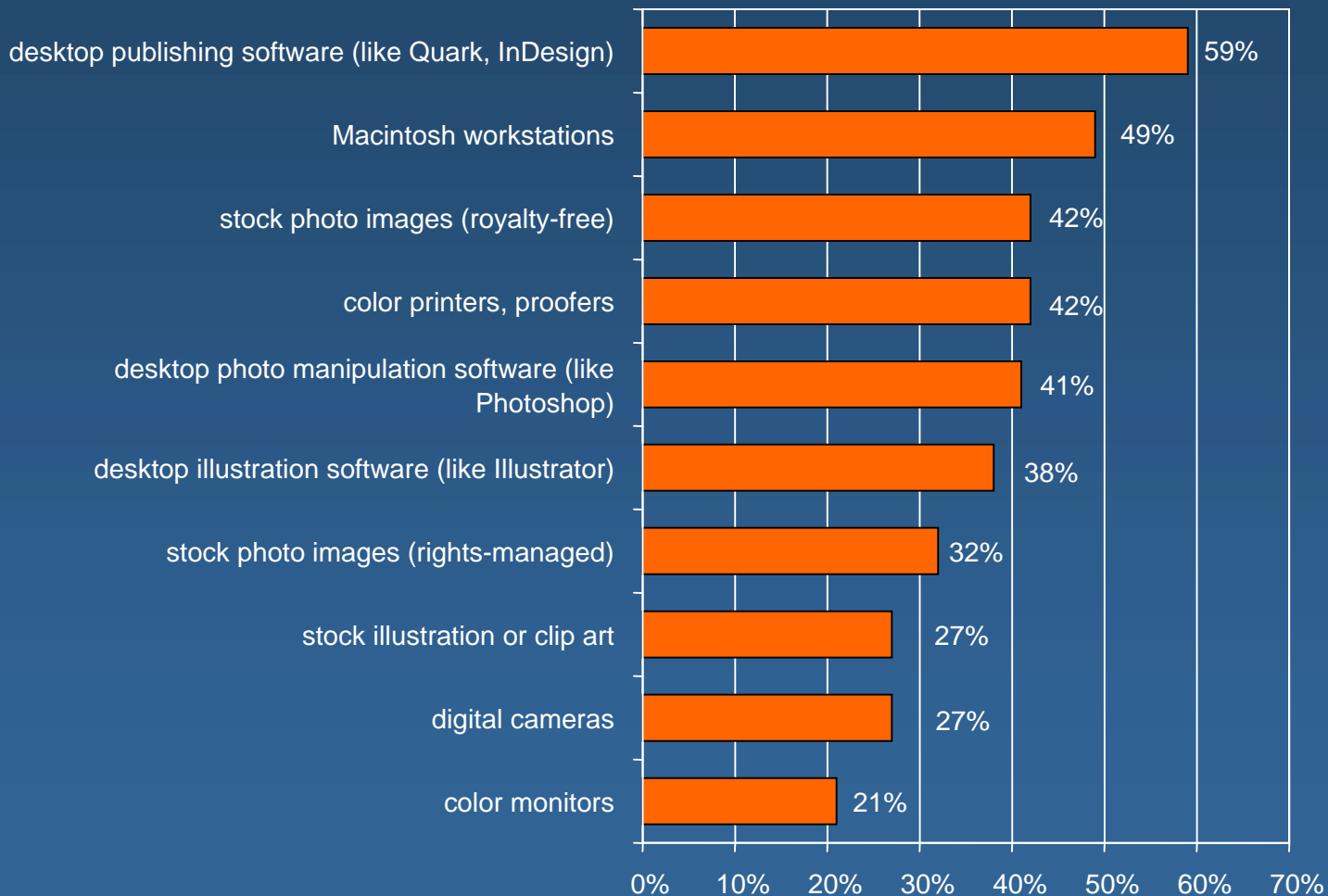
Source: TWGA Publishing 15 – Summer 2003



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Publishers

Planned Investments



Source: TWGA Publishing 15 – Summer 2003

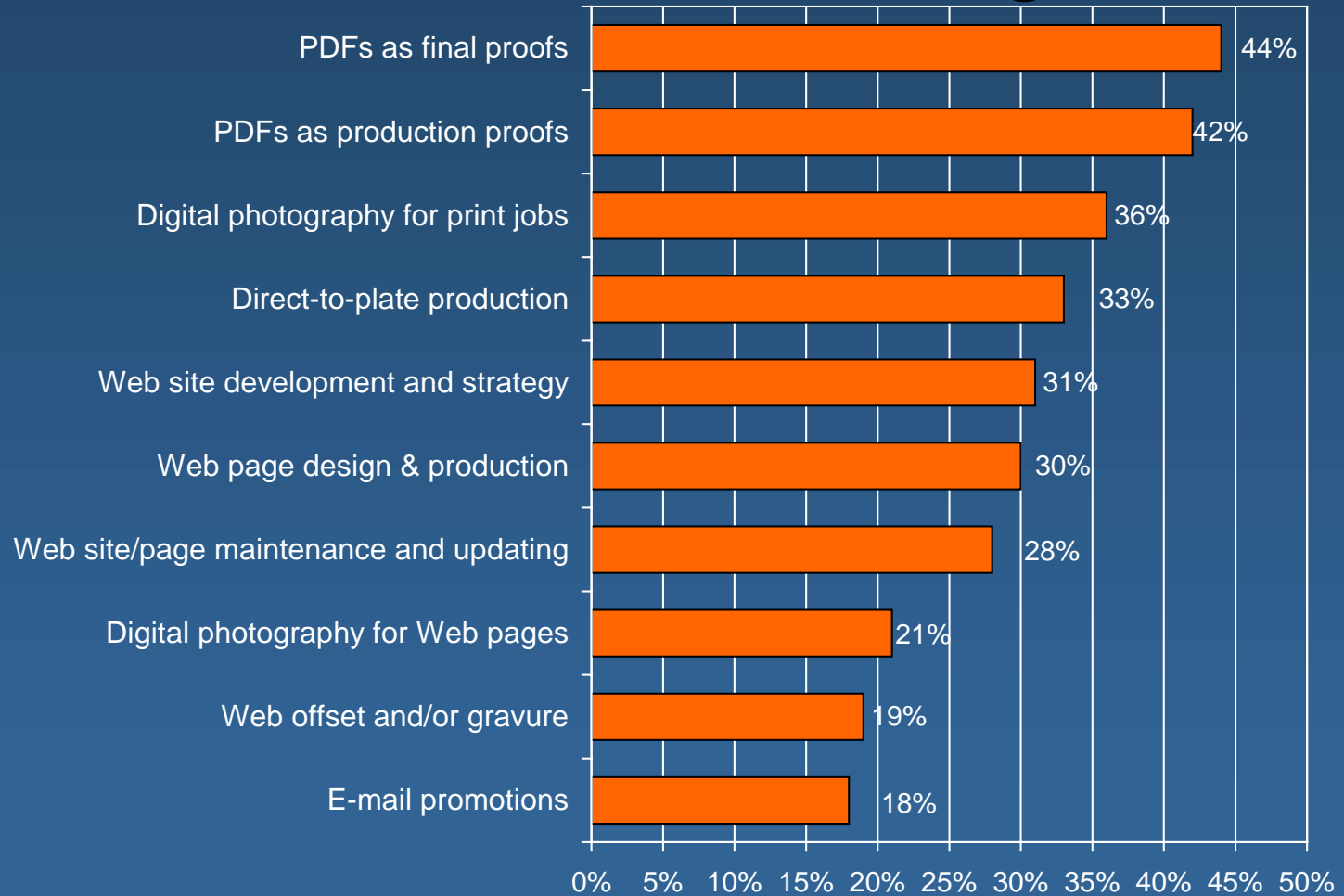


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Publishers

Services Increasing

Source: TWGA Publishing 15 – Summer 2003

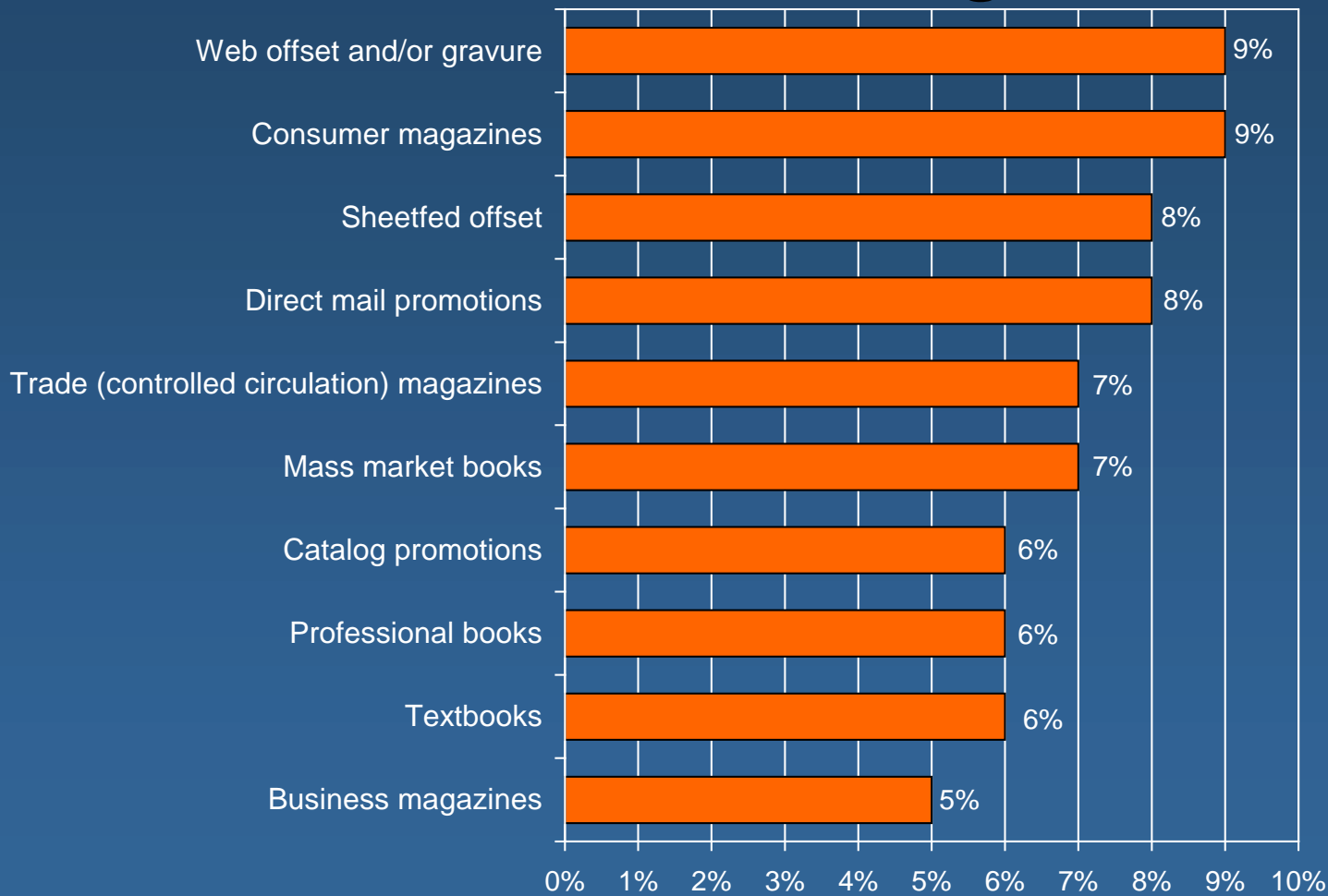


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Publishers

Services Declining

Source: TWGA Publishing 15 – Summer 2003



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Publishers

Overall Trends

- ❖ Business Conditions Improving—At Long Last
- ❖ Media Mix Issues
 - ❖ Online component not a losing proposition
- ❖ Online Advertising On the Rise
- ❖ For-Pay Content Not a Losing Proposition
- ❖ Books and Catalogs—At the Mercy of Consumers



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What Printers are Doing Now

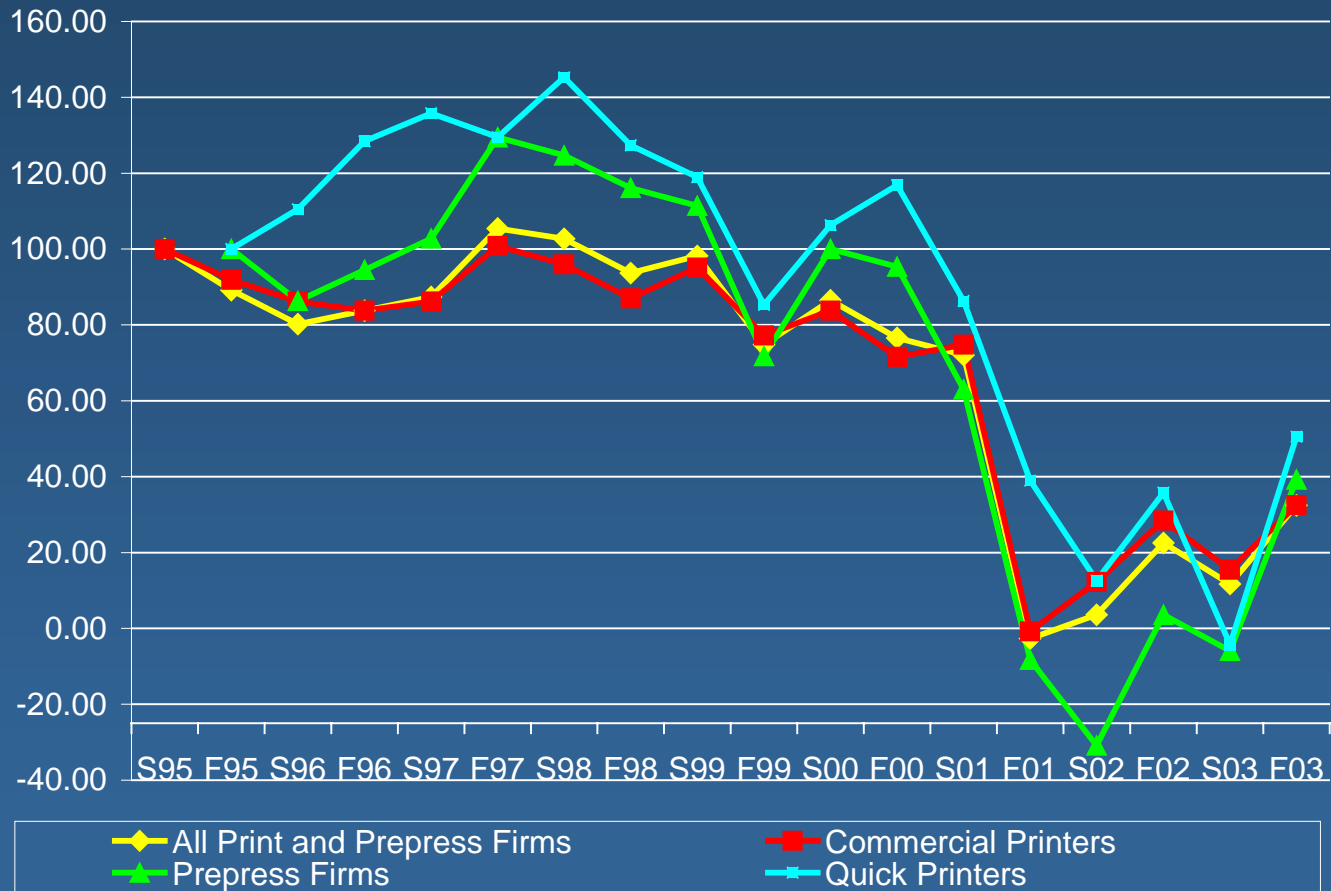
Service bureaus, commercial,
and quick printers



Printing Markets

TWGA Business Conditions Index

Source: TWGA Printing Surveys Spring 1995–Fall 2003

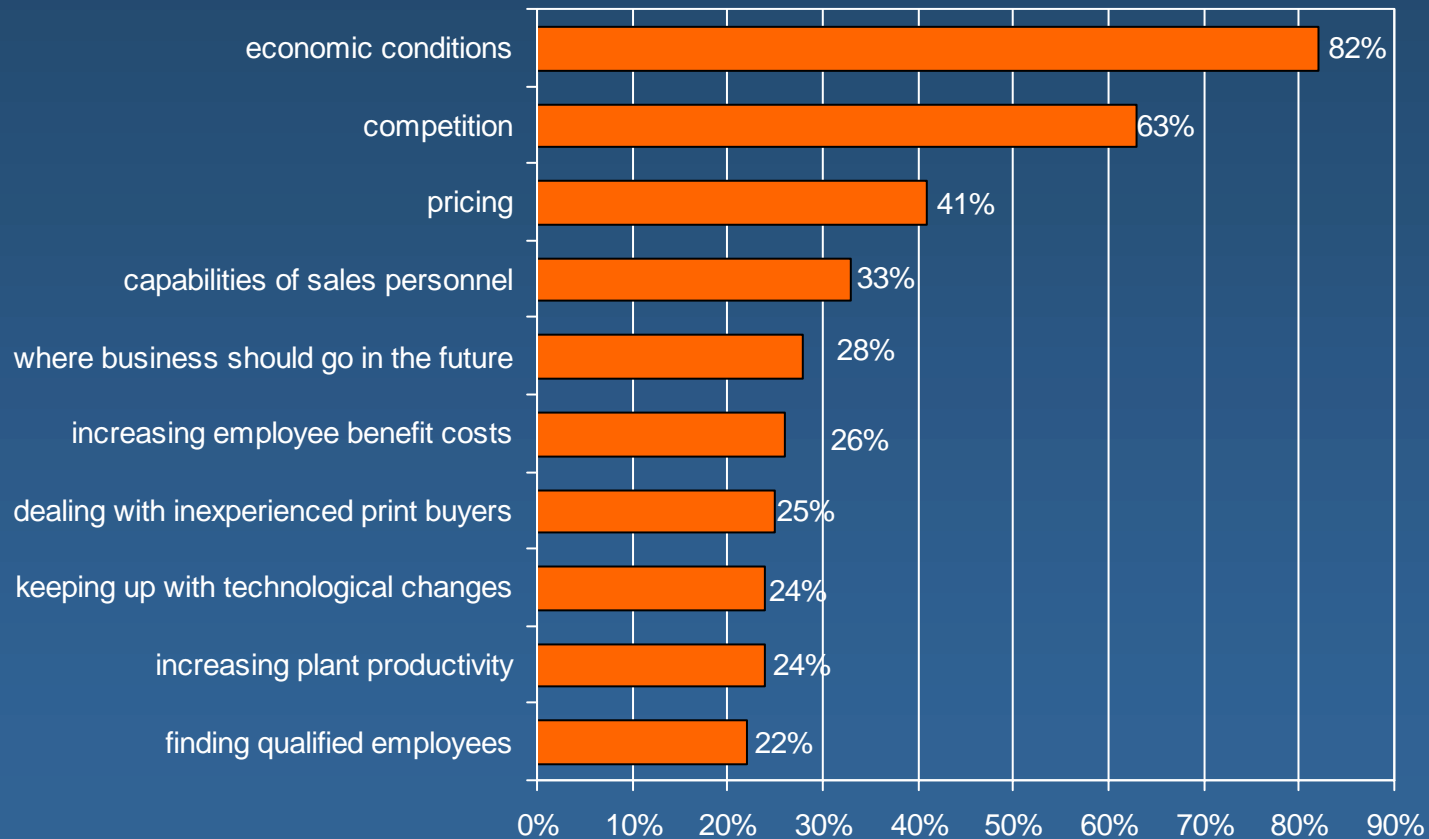


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Printing Markets

Business Challenges

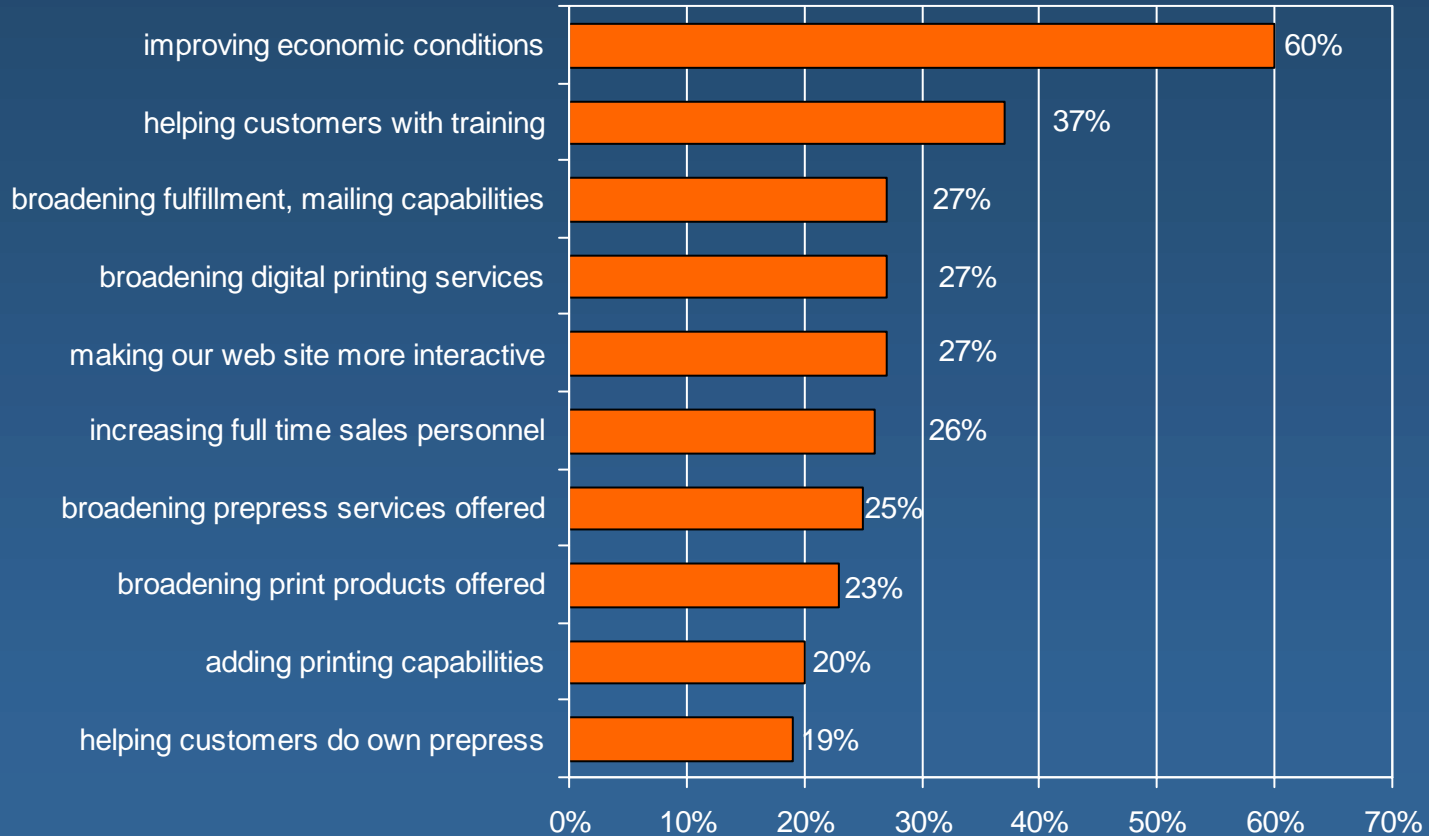
Source: TWGA Printing #18—Fall 2003



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Printing Markets

Sales Opportunities



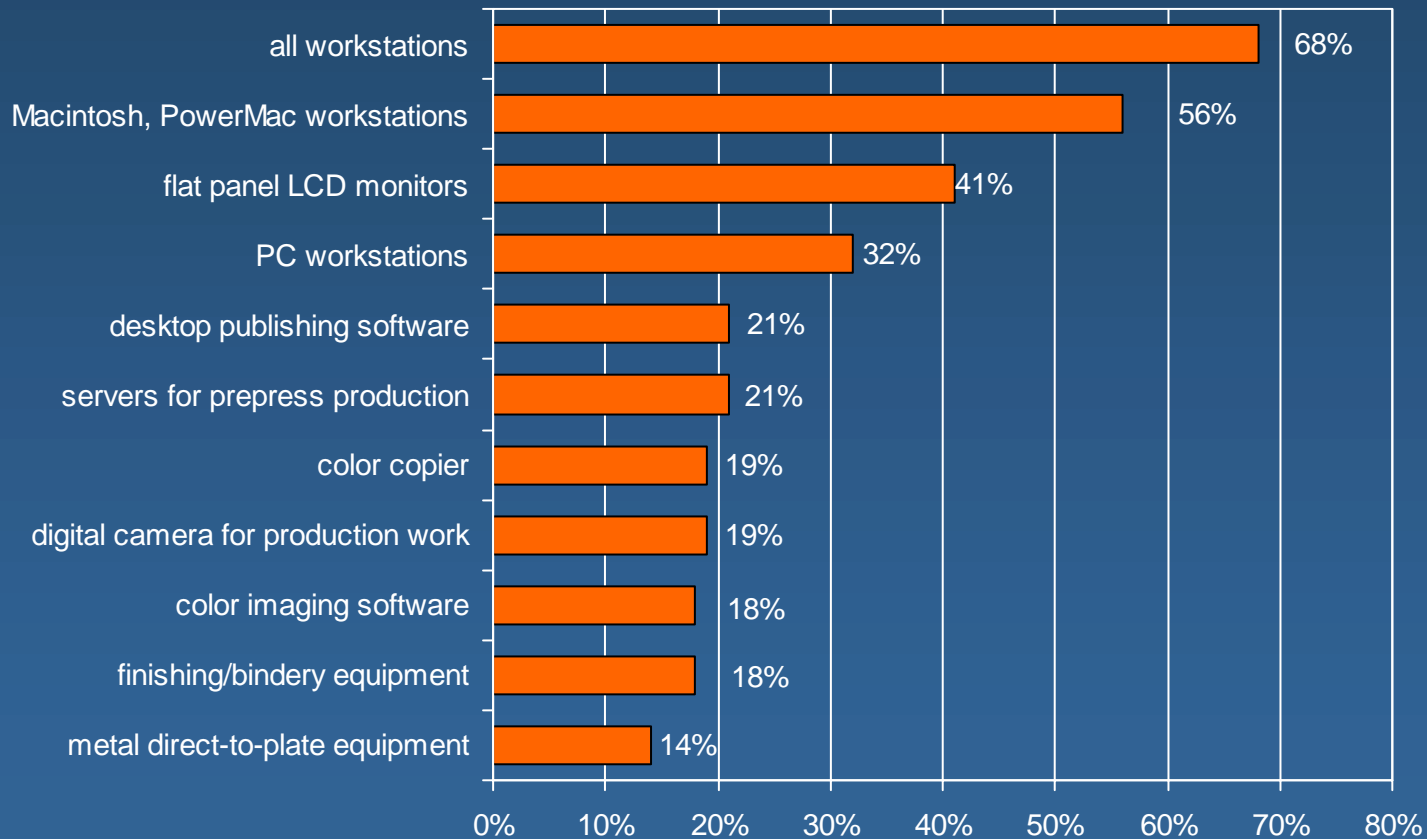
Source: TWGA Printing #18—Fall 2003



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Printing Markets

Planned Investments



Source: TWGA Printing #18—Fall 2003

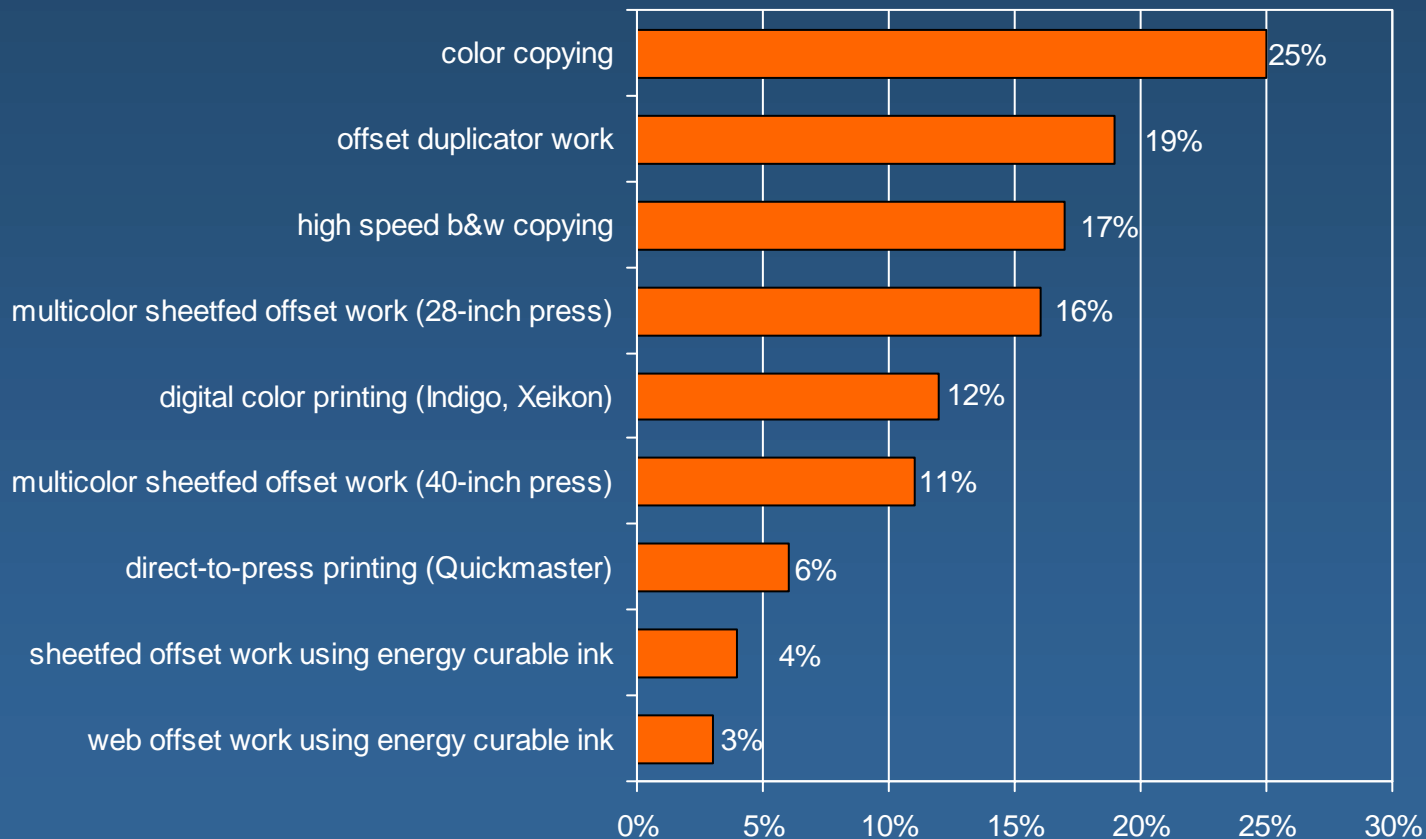


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Printing Markets

Services Increasing

Source: TWGA Printing #18—Fall 2003

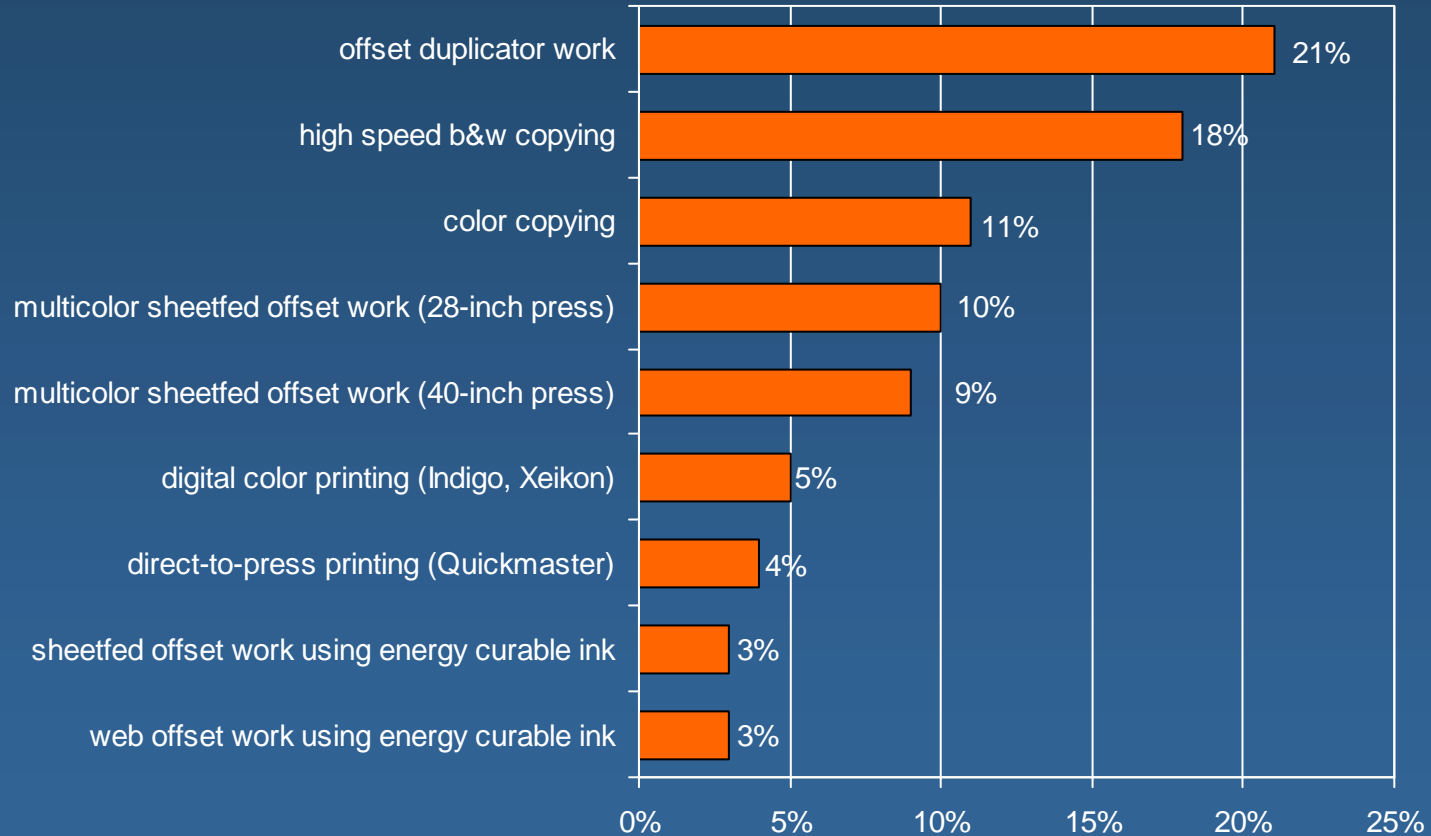


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Printing Markets

Services Declining

Source: TWGA Printing #18—Fall 2003

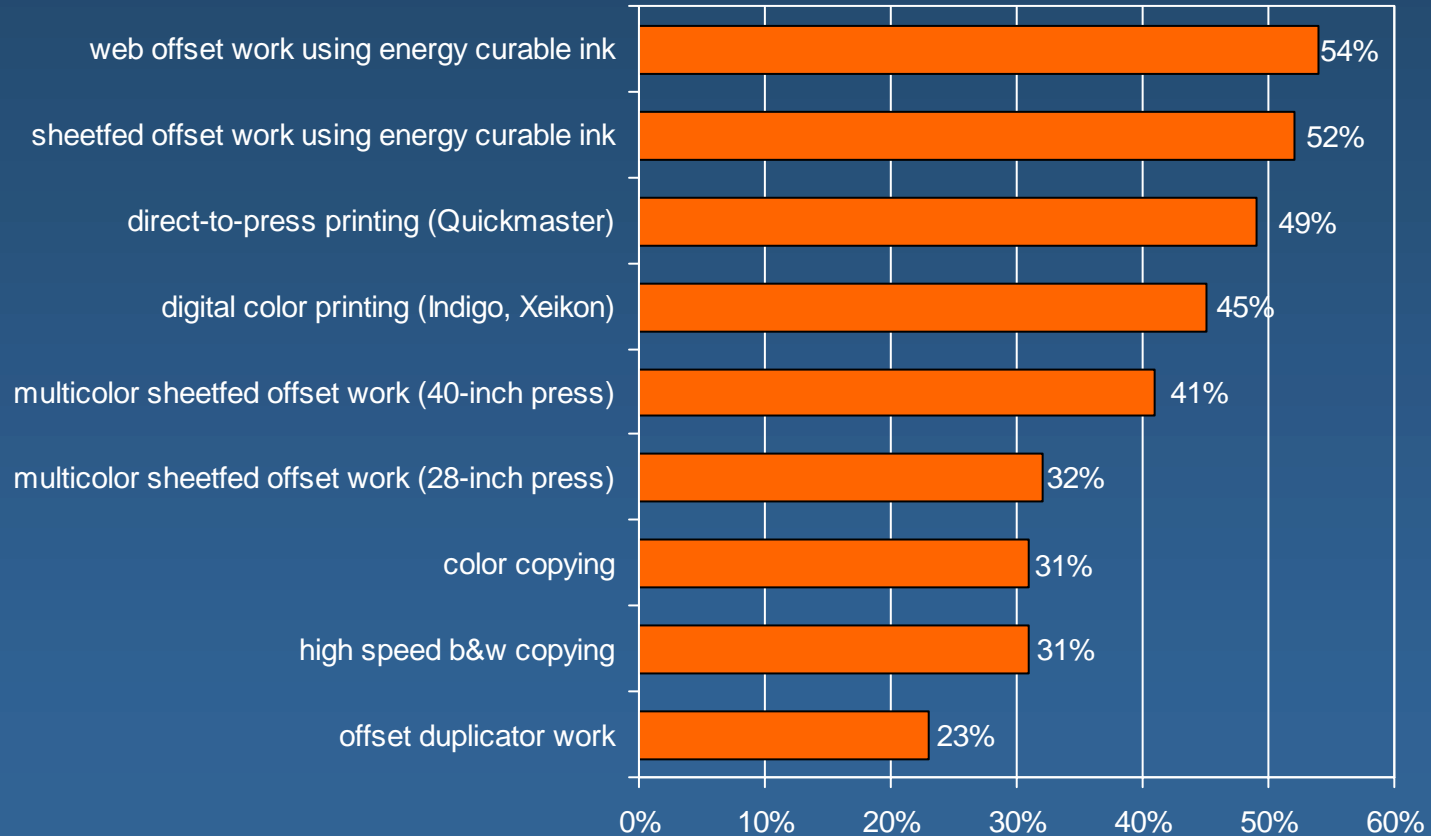


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Printing Markets

Services Not Done in Past 12 Months

Source: TWGA Printing #18—Fall 2003



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Printing Markets

Overall Trends

- ❖ A Rising Economic Tide
 - ❖ Print volumes will rise—but watch out for the undertow
- ❖ A More Diverse Media Mix
 - ❖ Marketing budgets now split among many different media
- ❖ Print Has to Justify Itself
 - ❖ It's all about the response rate—quality is no longer Job 1
- ❖ E-Documents
 - ❖ Electronic documents/materials now the norm
- ❖ Value-Added Services
 - ❖ Printers will increasingly need an enhanced repertoire of services



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Internet Design & Development Survey Results



TWGA Internet Design & Development Markets

- ❖ Agencies (ad, PR, interactive)
- ❖ Web Design, Development, Production
- ❖ Graphic Designers (for print, for new media)
- ❖ Corporate Internet Departments

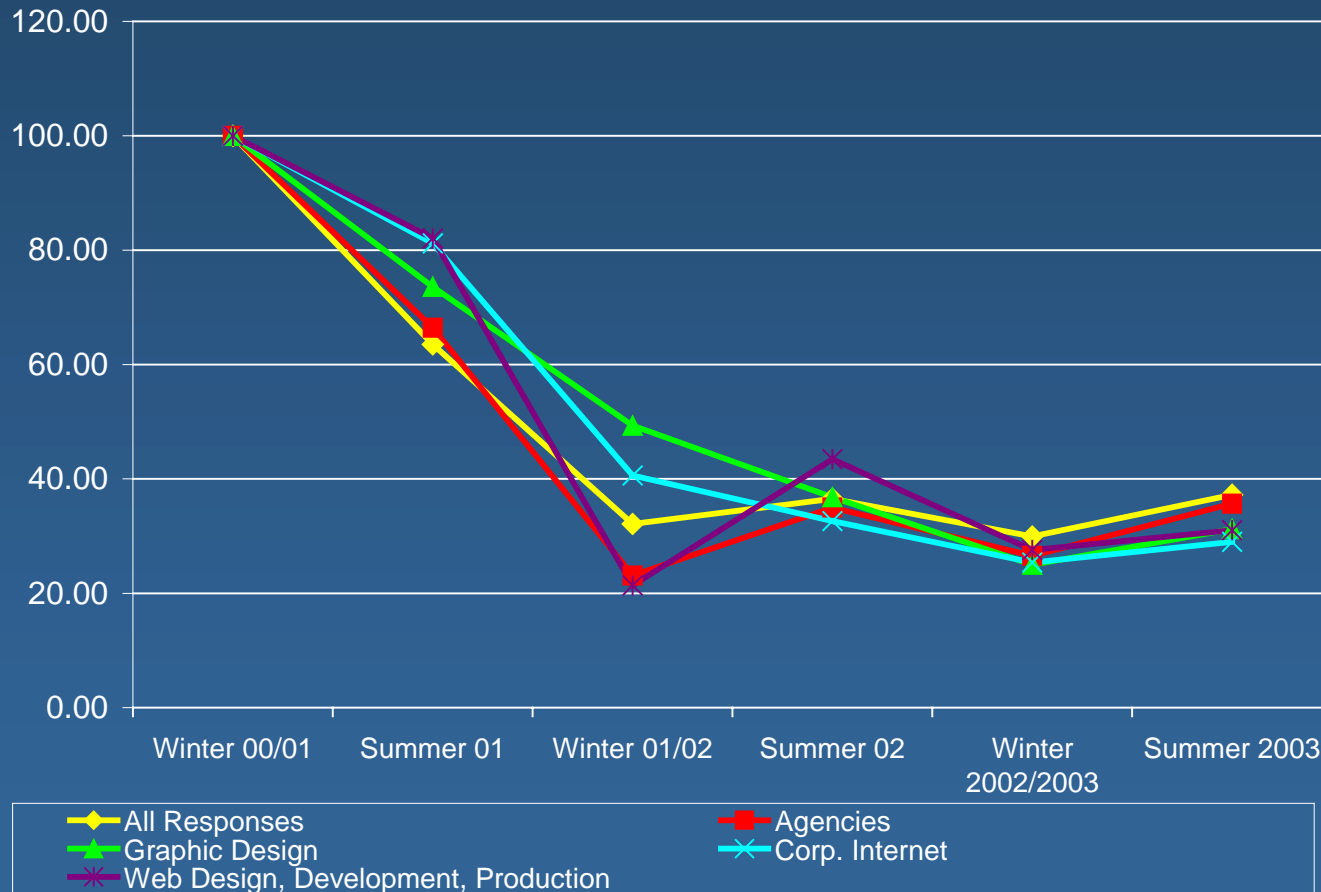


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Internet Design & Development

TWGA Business Conditions Index

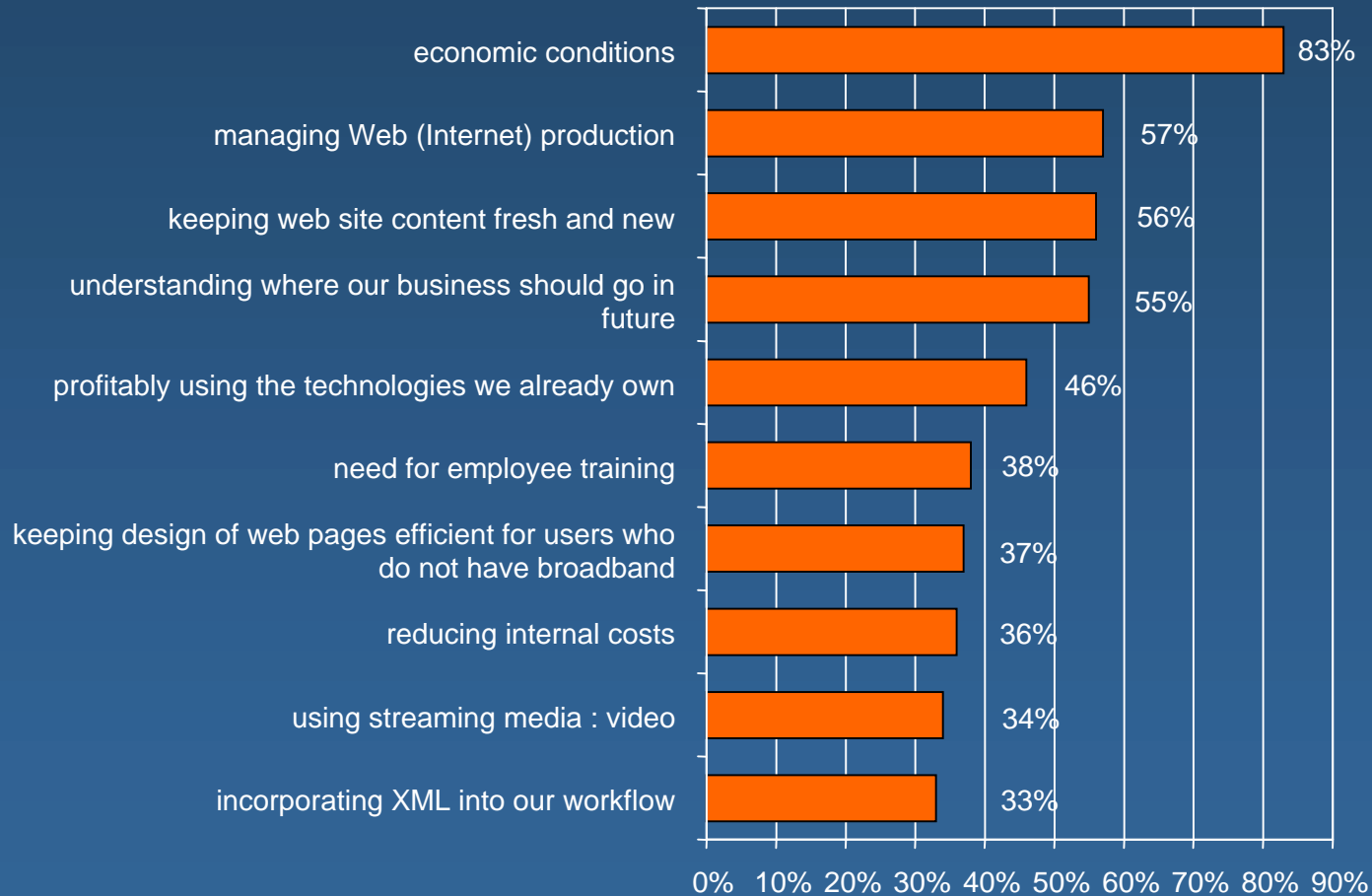
Source: TWGA Internet Design & Development Surveys
Winter 2000/2001–Summer 2003



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Internet Design & Development *Business Challenges*

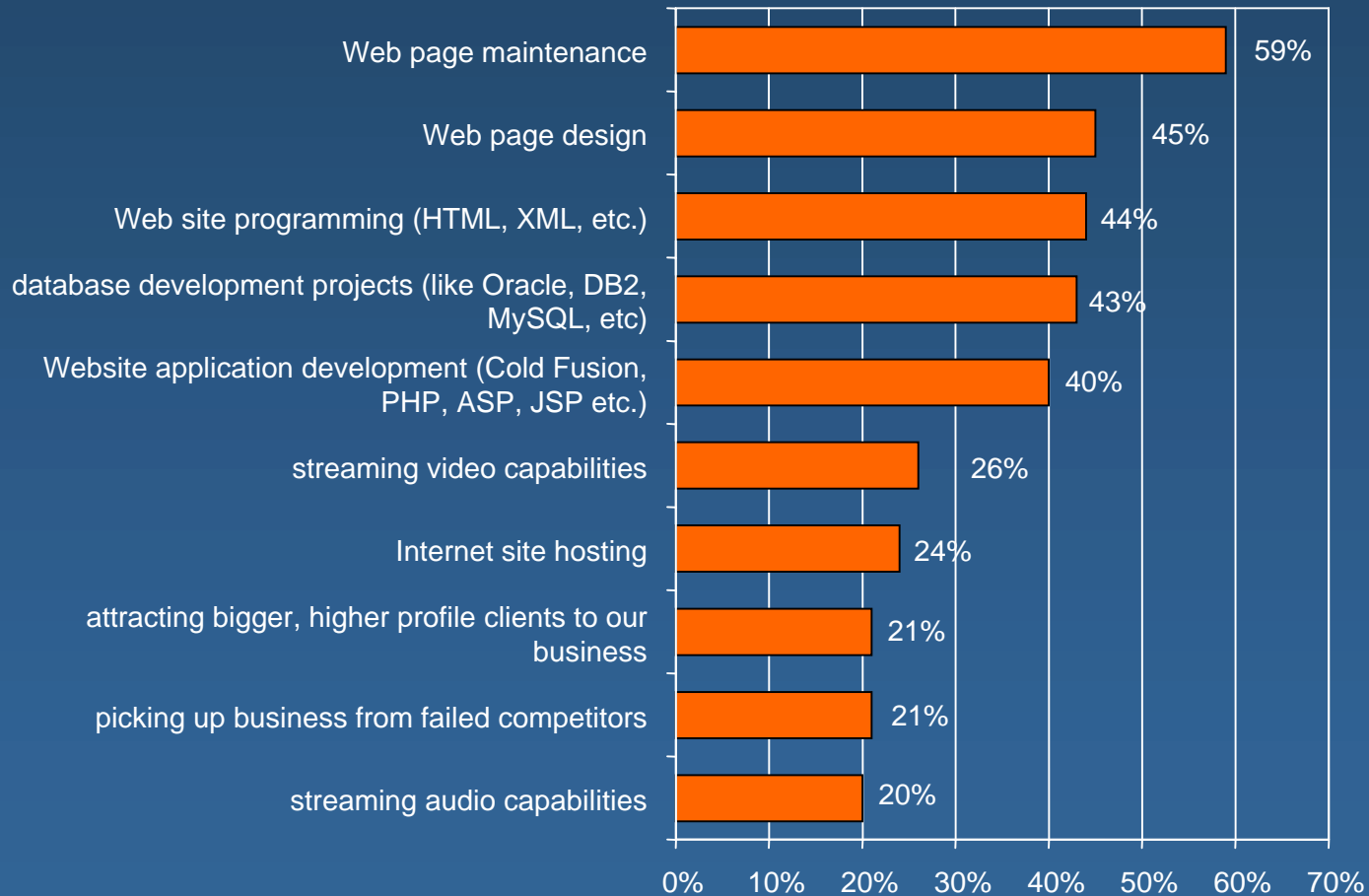
Source: TWGA Internet Design & Development #7 –
Summer 2003



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Internet Design & Development *Sales Opportunities*

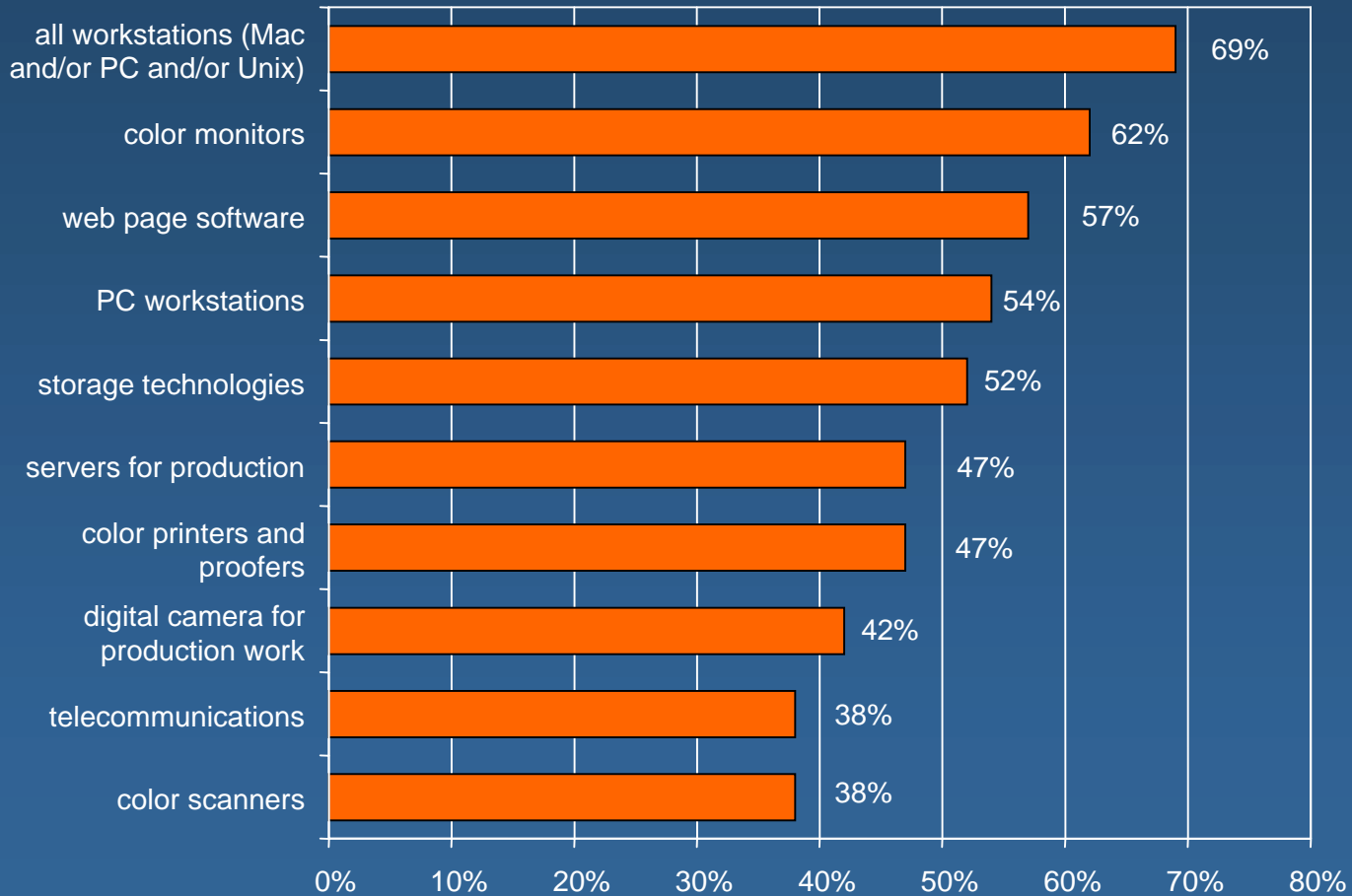
Source: TWGA Internet Design & Development #7 –
Summer 2003



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Internet Design & Development *Planned Investments*

Source: TWGA Internet Design & Development #7 –
Summer 2003

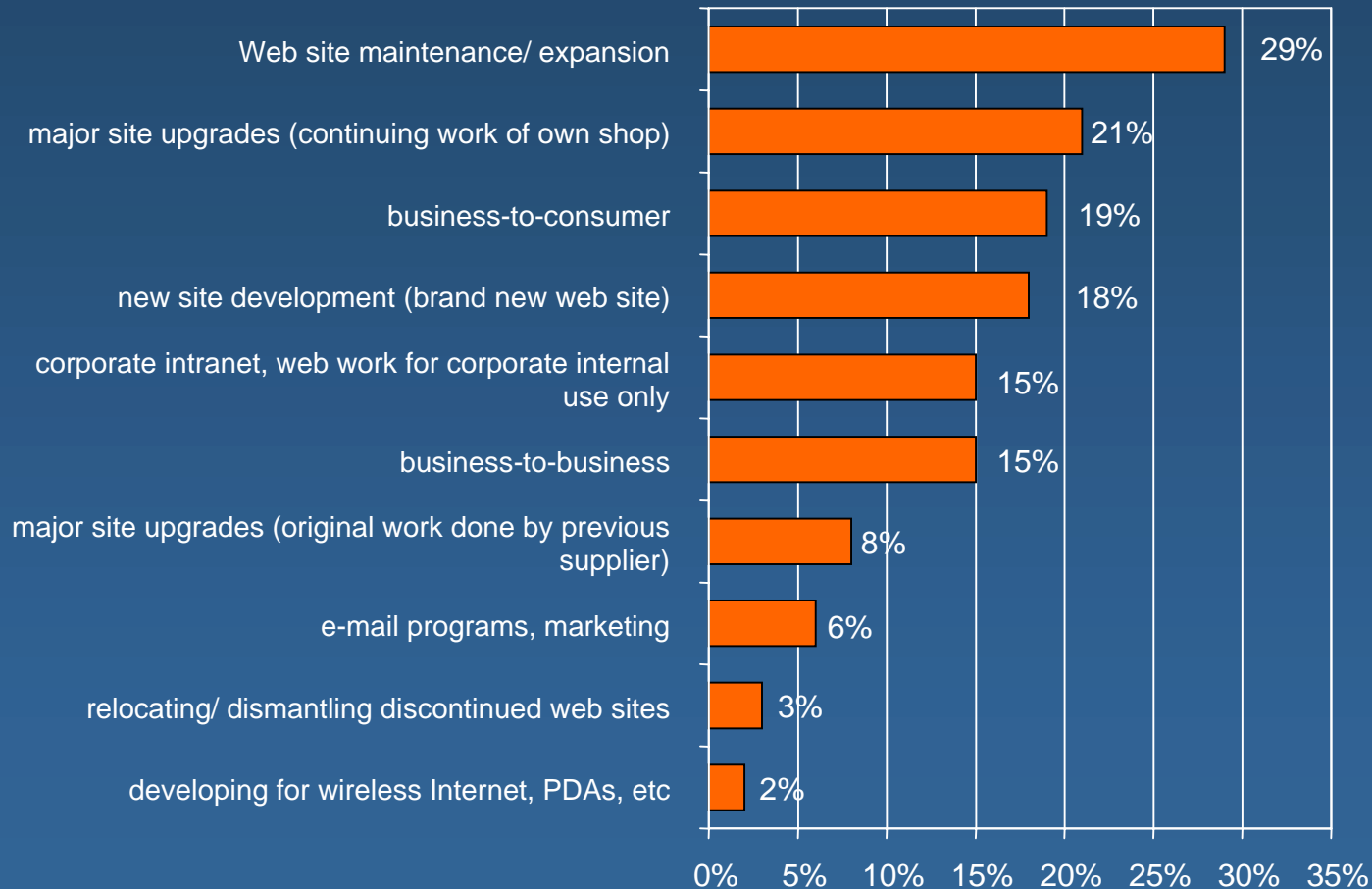


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Internet Design & Development

“Most of Our Work”

Source: TWGA Internet Design & Development #7 –
Summer 2003

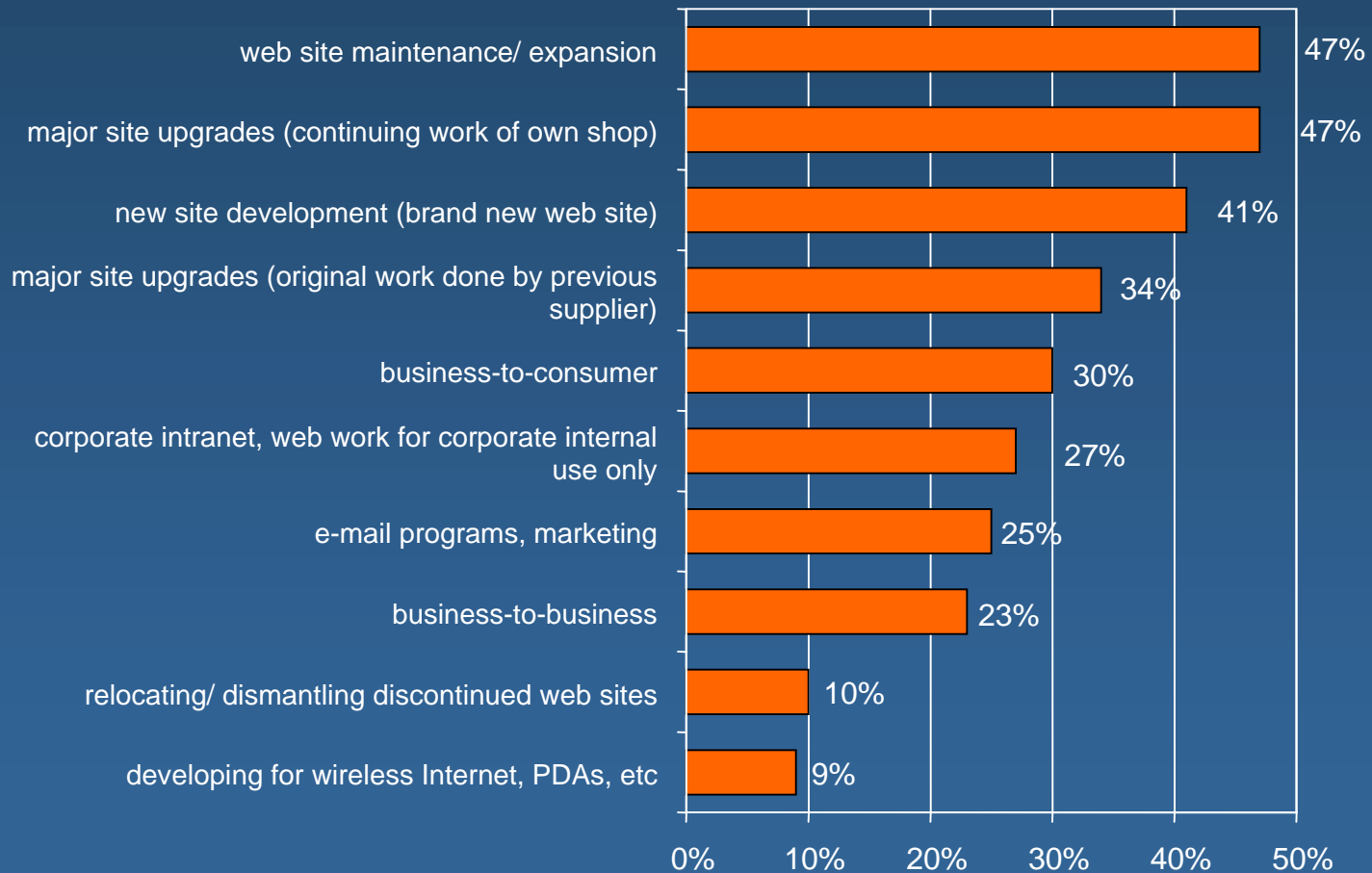


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Internet Design & Development

“Some of Our Work”

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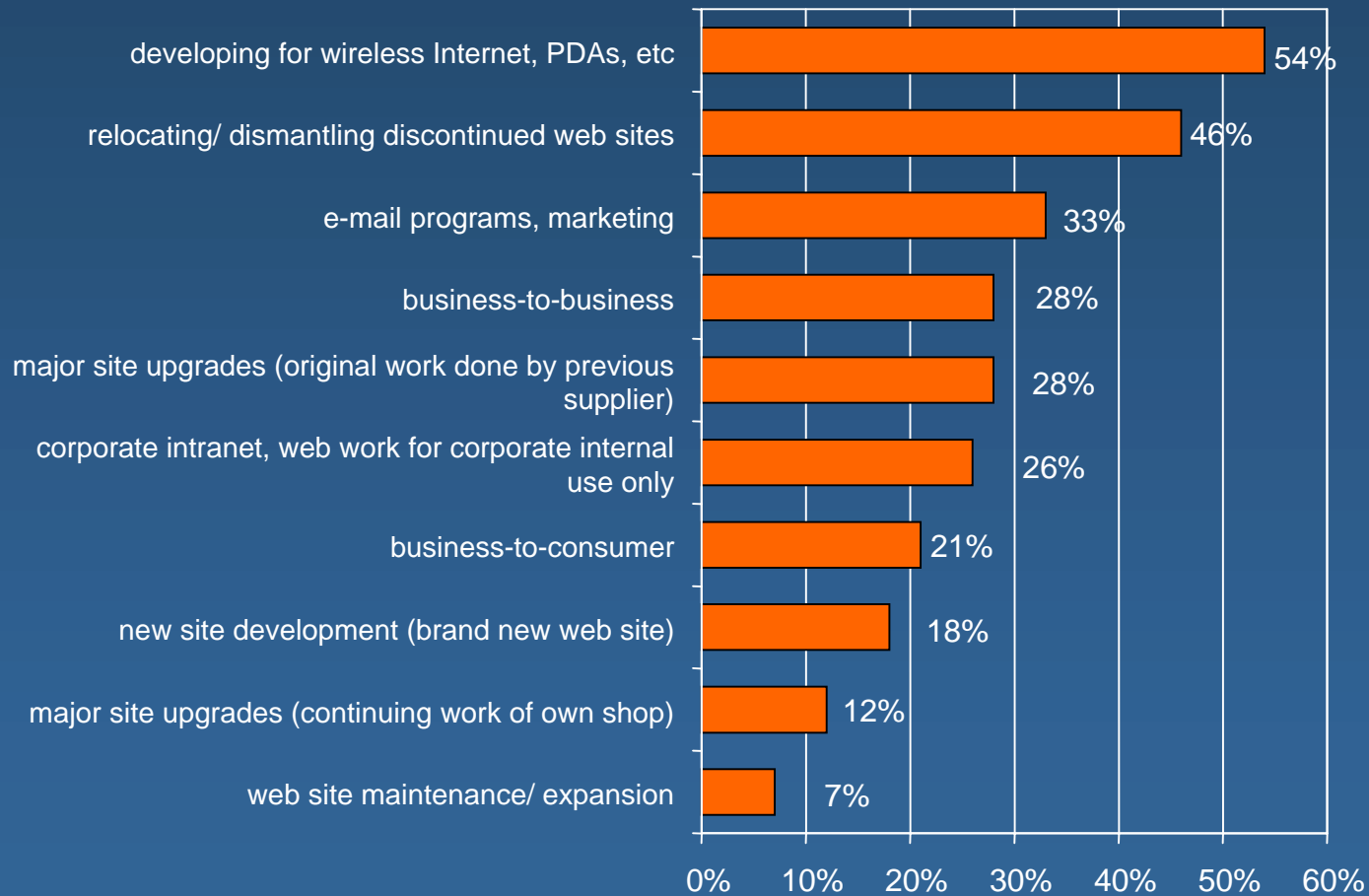


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Internet Design & Development

“None of Our Work”

Source: TWGA Internet Design & Development #7 –
Summer 2003



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Internet Design & Development

Overall Trends

❖ Web Buildout Over

- ❖ Original Web site work getting fewer and farther between
- ❖ Web page maintenance/updating/expansion increasing

❖ New Technologies

- ❖ Streaming audio/video, animation, etc.
- ❖ Need to stay one, two, maybe three steps ahead of the client

❖ Cross Media Becoming Important

- ❖ Web developers may need to think about...print?

❖ Online Advertising

- ❖ Experimentation with new types of online ads



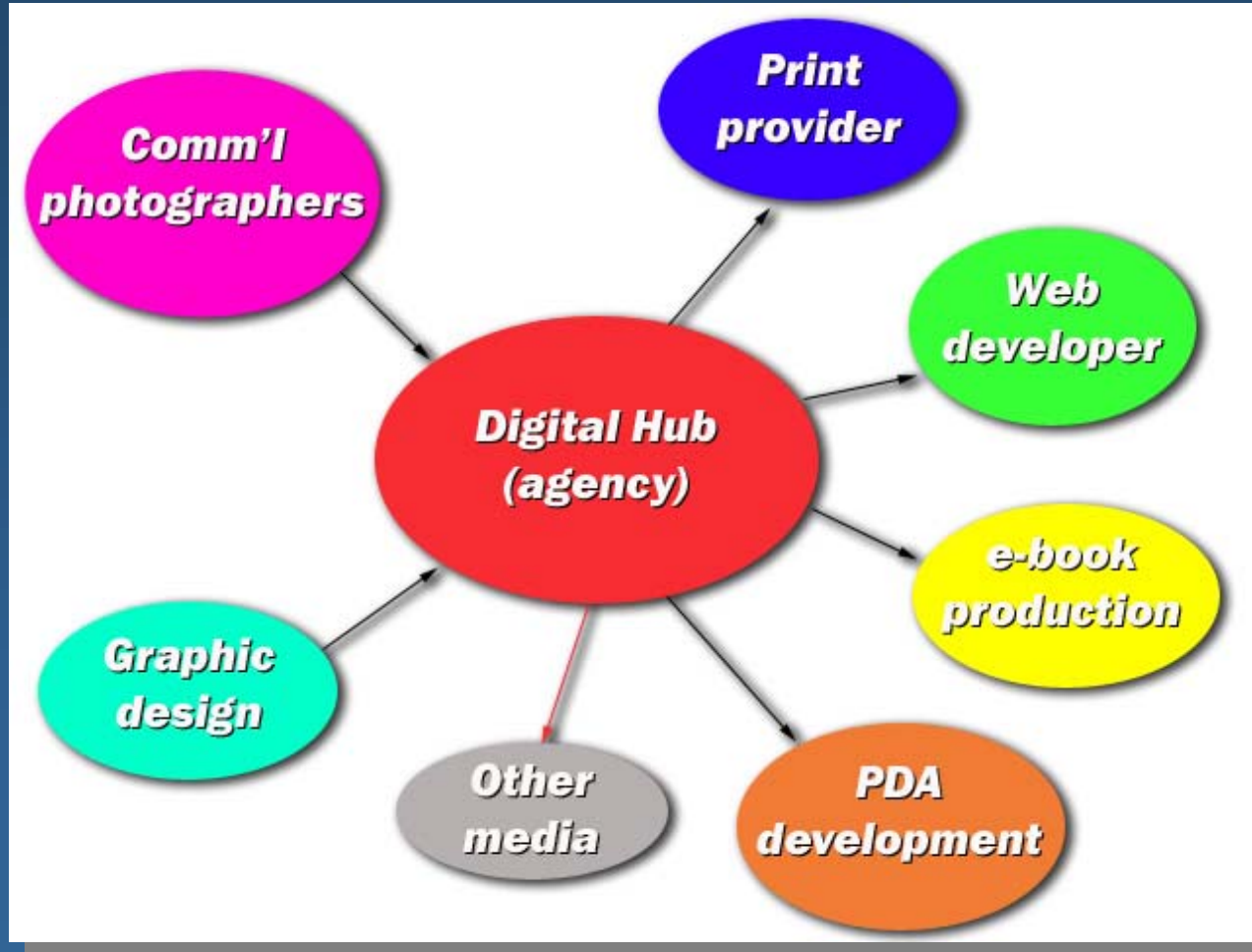
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An Increased Media Mix



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The New Media Paradigm



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Graphic Communications

Overall Trends

❖ More Media

- ❖ Marketing/advertising campaigns now strategic
- ❖ Which medium/media is/are right for which target audience

❖ Justify Your Media

- ❖ Response rate is increasingly important

❖ Short-Run/Targeted Print Work

- ❖ Need to reach the *right* audience rather than just a large one

❖ Personalization

- ❖ Both print and Internet



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Your Questions



TrendWatch Graphic Arts

The monitor of trends and changes

