



COURIER
PRINTING

A CONSOLIDATED GRAPHICS COMPANY

TIGHTENING PAPER MARKETS MAY REQUIRE NEW THINKING

BY KEN MORRIS

What customers can do to stay ahead of the issue:

- Select your printer as early as your creative process allows.
- Communicate a firm concept.
- Stay in touch with the printer as the job progresses.
- Consider more than one paper stock option.
- Stay informed in paper pricing issues.

We welcome your questions or observations.
Contact Ken Morris at 800.467.0444 or kmorris@courierprinting.com

SPECIAL DELIVERY INFORMATION YOU CAN USE

EDITOR'S NOTE: While this information was originally published in 2002, paper shortages and resulting scheduling conflicts still occur regularly, and the viewpoint presented here is worthy of consideration in print-buying and scheduling.

If long-term planning of your printed pieces hasn't been necessary up to now, and quick planning and execution of printed projects has served you and your company well to this point, now may be the time to re-examine your methods, especially when it comes to ordering high-quantity printing.

During the 90s, the printing industry—for the most part—had ready access to papers. Shortages were not necessarily an issue. And, while talk of paper shortages hasn't found its way as yet into the trade media, we believe publishers will begin to see the storm clouds on the horizon.

Changing times...

For years, paper manufacturers have been meeting demand with only occasional fluctuations, but in recent years, major manufacturers have merged, overseas competition has grown, and corporate management styles have become more market savvy in watching quarterly profits for stockholders.

Economic setbacks in the past two years have caused some paper manufacturers to take a closer look at how they manufacture and warehouse their stock. With business economies becoming more severe since September 11, 2001, paper companies have tried to ease their own strain in a number of ways. Others are taking advantage of a down-demand market and are reworking their mills for better efficiency.

Some have even closed mills that were over a century old and overdue for overhaul. Production reductions have also resulted in layoffs. The net result is a leaner paper manufacturing industry creating a decrease in the capacity of available papers, and while sheetfed stocks currently appear unaffected, web paper markets are beginning to feel the pinch.

To stay competitive, commercial printers have also created leaner operations by reducing aging paper stock inventories that weigh heavily against their profits. The variety of jobs they take in requires

ordering paper to match the job, with delivery times figured into the production cycle.

In a leaner market for both printer and paper vendor, with a reduction in capacity matching reductions in printing volume, theoretically, things should get along just fine. But what happens if the economy begins to trend upward as forecasts suggest?

Feeling the pinch

Demand for printed material goes up with a rising economy and likely will catch many paper manufacturers unprepared. Some paper buyers are projecting those difficulties to last a year. That makes for higher paper prices and longer stock delivery times for printers maintaining lean inventories.

The dilemma for commercial printers is how to deliver major printed jobs on time should printing demand rise to meet mill capacity? Forward thinking printers are already looking for ways to head off problems, some bumping into the issue already.

Communication is the solution

The quickest solution lies down the chain with the printer's customers—make printing customers aware of the potential problem so that they can watch their own scheduling and keep their printer advised of what's coming down the road. That's simply a matter of communication between customer and print salesman. Where large-run web-press customers up to now have been notifying printers two to three weeks in advance of a coming job, they may need to notify their printer five or six weeks in advance. If the customer needs a quick turnaround, he may have to be flexible on the paper stock according to availability. Ultimately, the best solution for a recurring periodical or job is for the printer and customer to negotiate a contract that will lock in the project and allow the printer to get the paper at the best price well in advance.

While the welcome possibility exists that paper supplies may not tighten up as much as this, the indications point to a different reality, and the best way for printers to protect their customers is simply to help them to plan ahead and be aware of the market.

©2002 Courier Printing Company.
All rights reserved. Reproduction without expressed permission is prohibited.