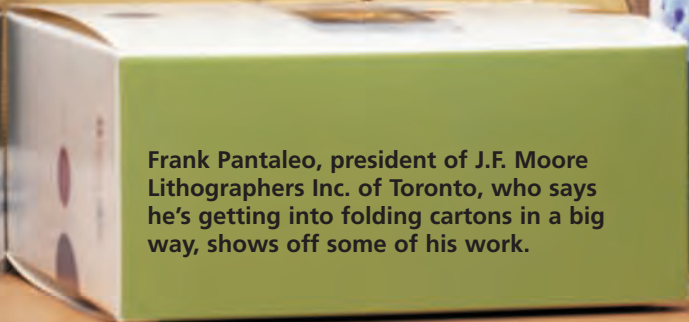


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Frank Pantaleo, president of J.F. Moore Lithographers Inc. of Toronto, who says he's getting into folding cartons in a big way, shows off some of his work.

By Nancy Clark

1 THINK bOX

INSIDE
THE

Packaging is a hot market.
Here are **10** steps to
carve out your own niche

Perhaps your offset presses are not working flat out anymore. Perhaps the lulls in between the big jobs are longer. Perhaps price pressures have whittled away at your profit margins. Not surprising, say the pundits. Don't you know you're in a diminishing market? Who prints glossy, four-colour annual reports anymore—at least in such large runs as they used to? NO ONE. So what do you do? Where's the next cash cow?

Well the buzz is it's in a print market less affected by digital conversion: packaging printing. The problem is, of course, there's already a contingent of specialty shops feasting there. And some of those packaging companies are very big indeed. So how do you, a lowly commercial printer, carve off some of that cow for yourself—especially when other commercial printers are trying to do the same?

Sharpen your knives (and die cutters), and follow these 10 steps to earn yourself a seat at the packaging table.

A SELECTION OF PACKAGING EQUIPMENT PRESSES



KBA Rapida 105

■ KBA

www.kbavt.com

KBA's Rapida presses are adaptable to packaging applications and, KBA states, have grippers that allow operators to switch from minimum to maximum substrate calipers at the push of a button. Models on offer include: 20" Genius UV waterless; 29" Rapida 74 and Rapida 74 G; 41" Rapida 105; 51" Rapida 130; 56" Rapida 142; 64" Rapida 162; 73" Rapida 185; and the 81" Rapida 205.



KBA Rapida 205

■ Heidelberg

www.heidelberg.com

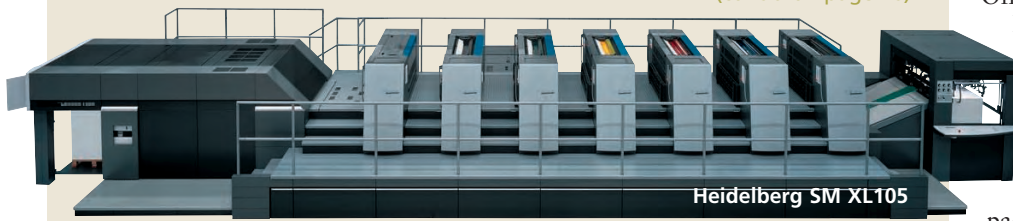
Heidelberg offers small- mid- and large-sized models that can handle both commercial and folding carton applications. The smallest, with a sheet size of 14" by 20", is the SM52 available with inline die cutter. 29" machines include the PM74, the SM74 and the CD74. The CD model is specifically geared toward the packaging market and, according to the product overview on the company's website, can handle "flimsy paper to board stock to plastic sheets."

40" machines include the CD102 and the SM102. The XL105 is larger at 29.53" x 41.34" and is billed as a long print-run label and packaging press. Coaters, perfecting and dryers are available on these models.



Heidelberg CD74

(cont'd on page 28)

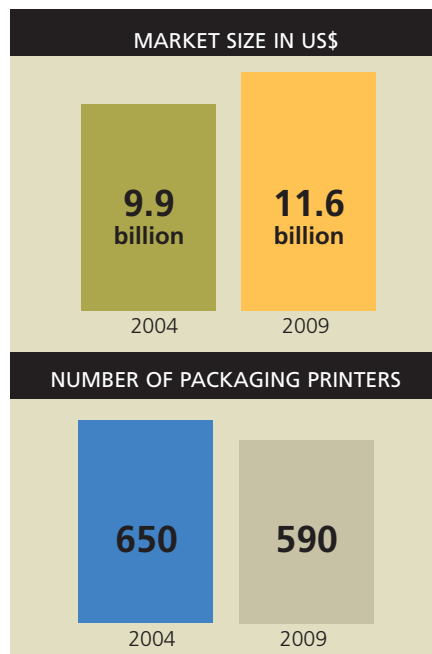


Heidelberg SM XL105

1 Find an entry point Packaging is a broad field. In 2005, the Print Industries Market Information and Research Organization (PRIMIR), based in the U.S., published a study entitled, *Package Printing and Converting, An Industry Assessment 2004-2009*. The study looks at four areas of packaging printing: corrugated and flexible packaging, folding cartons (boxboard), and labels.

The easiest entry points for commercial printers are folding cartons and certain types of labels, as these are most adaptable to offset printing. You can, of course, venture into the other areas, but you will have to invest in new specialized equipment and staff training—especially if you don't know the first thing about flexography. As the label market is more familiar to commercial printers, let's concentrate on the less familiar folding cartons.

2 Be realistic about the market The PRIMIR report, which surveyed printers and converters from both the U.S. and Canada, reports the following figures for the folding carton market:



Currently the top 10 companies represent 67% of folding carton sales—the predicted decline in site numbers obviously means that that percentage will grow. Offset presses print 69% of those cartons.

But the cow may not be as fat as it appears. "Printers seem to think packaging printing is the Holy Grail," says Mark Vanover, director of marketing for North America for EskoGraphics Inc., which makes software and prepress products for the packaging and printing industries. He

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explains that the folding cartons sector is increasingly under threat. Though printed cartons won't disappear any time soon, many companies now opt to package their products not in boxes, but in stand-up plastic pouches, which are printed by flexo.

However, Vanover is not entirely pessimistic. Though he thinks it would be difficult for commercial shops to compete with the big converters/printers specializ-

ing in large print runs for national brand products, he does say that folding-carton print runs are getting shorter. "With regionalization and culturalization, there may be opportunities for commercial printers." Simply put, this means that the packaging sector has discovered target marketing. Manufacturers are producing different language or message packaging for specific regional and ethnic markets.

Keep an eye also on the power rela-

tionships between manufacturers and retailers. When Wal-Mart tells a manufacturer that it's got to ship product in these quantities on this day, the manufacturer hops to it—and so too will the company that prints that manufacturer's boxes.

3 Change your thinking "This is a new business for us, and it's very exciting. Always as a commercial printer you think in terms of flat folded sheets, but now you have to think in 3D," says Frank Pantaleo, president of Toronto-based J.F. Moore Lithographers Inc. With 62 employees and annual sales in 2005 of \$18,500,00, the commercial print shop is "getting into folding cartons in a big way."

Designing a box, of course, is quite different from designing a brochure or magazine, and if you plan to offer clients design services, your people must be proficient at packaging design. But even if you do not plan to offer design services, a general knowledge of how a box is designed, laid out and put together is needed—so that your prepress people can spot an error before the box is printed and your prepress and press people can adhere to the die lines indicated by the designers or the converters.

But beyond thinking in 3D, another mindset change has to happen. "With commercial printing you are sending finished products to end users, with packaging printing you are servicing other manufacturers," says Joseph Kulis, chief operating officer of the Niles, Illinois, Garvey Group site. The Group has three sites in the American Midwest; packaging printing represents 20% of its business; commercial and direct mail printing the rest. The Illinois site has 70 employees and annual sales of US\$40 to \$45 million. In 2004, it installed a KBA 47" by 64" press to print boxboard.

Vanover, from EskoGraphics, concurs, saying that the printer in the packaging field is at the beginning of the supply chain, thus just-in-time delivery becomes crucial. Once it's printed, the boxboard must be sent to the converter, and after the converter to the filling company, which fills the boxes with the product.

"If the box shows up one day late to the filling line, it could lose its spot on the line and that could mean millions of dollars lost for the product manufacturer," says Vanover.

Another thing to wrap your head around is printing on other substrates other than paper and board. Many of these new offset presses

PRESSES

(cont'd from page 26)



MAN Roland 500

MAN Roland 700

■ MAN Roland

www.manroland.com

MAN Roland offers a number of press models that can switch from commercial to folding carton applications: 29" machines include the Roland 200, 300 and 500. The 200 and 300 can do perfecting, and various dryers and coaters are available. The 500 is billed as a print-on-demand packaging press that also does commercial work.

The 40" machine is the Roland 700, with two to 10 print units, single or double coater, and dryer. The Roland 900 comes in a variety of sizes from 44" to 73". All models can handle a wide array of substrate widths from thin paper to thick board.

■ K-North/Komori

www.k-north.com

The Komori lineup of presses for the folding carton market starts with the Komori Lithrone 28" available from two to eight colours with optional coating and perfecting. Also available is a double coating system for running water-based spot U.V. or hybrid and conventional inks.

For the 40" folding carton market the Lithrone S-40 features the Komori Skeleton transfer and Venturi air track system between transfer units to produce mark-free printing. Komori's AMR system (automatic makeready) produces a full makeready on a six-colour press in under 19 minutes without operator intervention. AMR functions include: fully automatic plate changers, and a function that automatically stops the press after a pre-designated number of sheets. The Lithrone S40 is available in two to 12 colours with perfecting up to 24pt. and straight printing over 40pt.



Komori S-40

cover feature

can also handle plastics and vinyls—and thus learning how to deal with these substrates on press is crucial to capturing a bigger share of the packaging print market.

4 Decide what part of the process you will do The folding carton supply chain has many stages: concept/design/creating the prototype, prepress, printing, converting/finishing, filling, packing and shipping. Which of these services will you offer? J.F. Moore does everything but the converting/finishing, which it subcontracts out to trade finishing shops. “We’ve always had a design studio, so we’ll design the box, create the prototype for you, print it, fill it, shrink wrap it and ship it out,” says Pantaleo. The most costly and time-consuming of

the processes, says Pantaleo is the design and prototyping, which he admits is a loss leader. “Especially when we have to make six different prototypes for one client to choose from. We hope to make the money on the reprints.”

Whether you do the finishing in-house or not really depends on what your company has been doing in the commercial realm. Those that have always done a bit of die cutting and folding/gluing in-house may opt to offer both printing and converting. Those that have never done finishing in-house may wish to farm it out to the trade shops—at least at first. “You have to have the volume to justify investing in finishing equipment,” says Mark Thompson, vice president of Thompson Printing & Lithographing Ltd. in Paris, Ont. The commercial shop, though it’s been printing

labels for the last 30 years, is just venturing into the folding carton sector. “It’s 0% of our business today, but I hope in three years that it will be about 25%,” says Thompson. The company has 50 employees and annual sales of \$8 million; it serves mainly the nearby Toronto area.

5 Find your market niche Instead of selling directly to the product manufacturers, The Garvey Group serves as the trade printer to large packaging/converter companies. The print company is given the design and ships the printed boxboard back to the packaging companies for finishing. Typical print runs are from 7,500 to 8,000. And though its commercial print clients are end-users in the Chicago area, its packaging clients are U.S.-wide. It’s a market niche The Garvey Group is comfortable in.

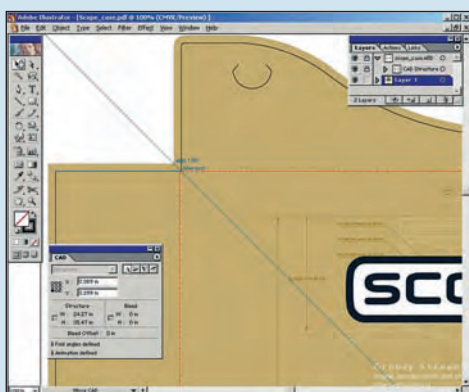
Others look for smaller, more specialized niches. “We concentrate on boutique marketing,” says Pantaleo from J.F. Moore. “Short runs of 2,000 to 3,000. Boxes for product launches, incentives, giveaways.” This high-end, short-run, small-box niche, of course, is why the company feels it’s important to offer design services and it has the physical capacity to warehouse the boxboard and whatever is going to go in the boxes. J.F. Moore prints its folding cartons on a Heidelberg CD six-colour, 28" by 40" press, which can run up to 40 pt. board. “We market to the procurement and advertising managers of Fortune 500 companies,” says Pantaleo.

Thompson Printing, which has a Heidelberg CD-74, 29" press handling up to 32 pt. board, is also going after the high-end, short-run market. “Our focus is the one to 10,000 print run, clients bringing exclusive lines of high-end merchandise to market, who are looking for special effects or coatings—like the smaller vineyards,” says Mark Thompson.

6 Do your homework As we all live in the land of bilingual boxes, it will come as no surprise that the name of the packaging game is regulatory compliance—particularly when it comes to food and pharmaceuticals. Says Vanover: “Someone from Kraft told me once that the company has to go through 38 regulatory compliances to bring a product to market worldwide. I know another company that had to scrap 10 million printed cartons because of a misplaced apostrophe.”

Government regulations can cover not only the type of information that needs to be on the package, but the placement of it

PREPRESS EQUIPMENT



■ EskoGraphics

www.esko-graphics.com

EskoGraphics, headquartered in Belgium, sells a variety of prepress products for the packaging printing industry. These include: Scope Prepress Workflow (shown above), Kongsberg DCM short-run samplemaking table (for making prototypes of box configurations); DeskPack packaging design plug-ins for Adobe Illustrator and Photoshop and ArtiosCAD product structure design software.



Heidelberg Supraletter

■ Heidelberg

www.heidelberg.com

Heidelberg offers Print Ready with Signapack workflow systems, as well as Supraletter computer-to-plate devices.

cover feature

on the package, the point size and font and even the types of ink and substrates used. Add to the mix bar code standards and RFID (Radio Frequency Identification) tags and you begin to realize the learning curve you are facing.

You could rely solely on your clients to know the regulations, but that type of thinking probably leads to whole pallets being scrapped. Besides, how do you offer your clients options in terms of special coatings and inks and sizes and substrates, if you do not know the regulatory parameters they are working within?

Get the right equipment

Though it is possible to use your existing offset presses to print boxboard, it may not be worth it. Says Don Stitt, sales manager of packaging products at Heidelberg Canada: "Depending on the model and age, lack of automation and slower running speeds will make the press uncompetitive in certain applications. As well, the physical limitations of the press to run heavier substrates may limit the printer's ability to compete in certain markets."

Many companies take a long-term approach to acquiring the right equip-



J.F. Moore Lithographers concentrates on high-end, short-runs of between 2,000 to 3,000.

ment. Though they may not be ready to enter the packaging print market when they buy their next machine, they will opt for an automated press that can handle both commercial and packaging applications. Usually, these are presses that print on a variety of substrates and a wide range of substrate weights, and can han-

dle the UV and aqueous coatings so important to the folding carton sector. (See equipment sidebar, starting on page 26) This way, once they are ready to move into folding cartons they can do it without buying a new press. As well, press downtime is minimized when your machine can run both commercial and packaging jobs.

VIJUK

FINISHING EQUIPMENT

■ Heidelberg

www.heidelberg.com

Dymatrix die cutters and ECO and Diana folder/gluer



Heidelberg Dymatrix

■ MAN Roland

www.manroland.com

Sugano die cutters

■ Bobst www.bobst.com

Die cutters



Bobst SPeria 106

■ Vijuk www.vijukequip.com

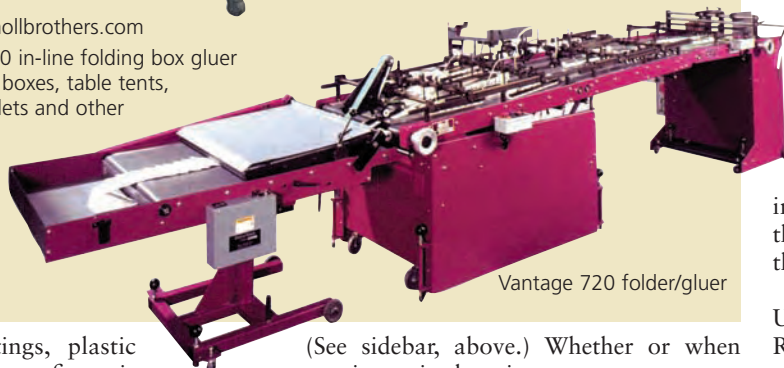
Folder/gluer and die cutters



Kluge Unifold

■ Moll www.mollbrothers.com

The Vantage 720 in-line folding box gluer for straight-line boxes, table tents, sleeves, CD wallets and other small packaging applications



Vantage 720 folder/gluer

■ Brandtjen & Kluge www.kluge.biz

Die cutters and folder/gluer, including its Small Box model designed for short-run, specialty packaging applications.

If UV coatings, plastic substrates, box configurations and die lines are new to your press operators factor in a lengthy learning curve. Thompson Printing sent two of its operators for training to a Heidelberg facility in Germany. As well, the operators have “spent time experimenting with coatings, different weights of board and plastic substrates,” says Thompson. To gain in the folding carton market, you have to deliver the quality product manufacturers expect. Remember a product box is advertising. The die lines have to be precise; the colour calibration bang-on and most jobs require special coatings.

As for the finishing equipment, though there are in-line finishing components you can add to your press, these are limited in scope and application. For any serious venture into converting and finishing you have to buy a die cutter and a folder/gluer.

(See sidebar, above.) Whether or when you invest in these is up to you.

Speedfast Colorpress Inc. in Edmonton bought its Heidelberg CD6 102LX six-colour 40" press seven years ago, but only got into packaging two years ago when it acquired a small packaging printing firm in the area. Speedfast inherited two folder/gluer, one die cutter, one sales rep and one production person—and a boost into the folding carton sector. Carton job sales are less than 5% now, says president/owner Mike Steiner, “but we see steady growth.” In 2004, the commercial shop had sales of \$12 million and 80 employees. Its press can handle up to 40 pt. board. Typical print runs range from 10,000 to 50,000.



Find more space Boxboard is heavier, bulkier and takes up more space than paper. Now, if you are handling very short-run jobs in the lighter

board weights and the box sizes are small, these facts may not make much difference to you. But big-sized boxes, heavy calipers and large print runs will slow down press speeds, as the stackers at the back-end have to be unloaded more frequently. And you may have to invest in automated pile turners and stacklifts to move these huge, awkward stacks around your plant.

Shipping the board will also be more expensive. Steiner from Speedfast says that though he has long-distance commercial print customers, it's not really cost effective for the company to print packaging jobs that need to be shipped across the country.

Lastly, you may need much more space. Two years ago, Thompson Printing added 13,000 sq. ft. to its 32,000 sq. ft. shop floor to accommodate its new press and boxboard warehousing.



Find customers Speedfast in Edmonton not only inherited finishing equipment when it bought that packaging printer, it also inherited packaging customers. If you want to get into the folding carton sector quickly, buying a small packaging-printing firm is an obvious way to go. But if you can't find such a company to buy, hiring sales and production people from within the packaging industry also pays off. The Garvey Group in Illinois hired a number of sales people from the packaging-printing sector. It was their client contacts that spurred the Illinois site's growth in the sector.

There are other ways to go, of course. Unicom Graphics in Calgary has a MAN Roland 500 29" press, which can handle up to 40 pt. board. The company plans to tap into its existing commercial client base to find packaging print jobs, as well as go after new accounts. “There's lots of opportunities,” says company owner/president Gerald Parcels. “There's more work now available in the Calgary area than there was 10 years ago.” Parcels plans to use his commercial sales force to find the packaging jobs. He believes that a good sales rep can sell anything. In 2004, Unicom recorded sales of \$14.5 million and employed 104.



Sell, sell, sell The last step is an obvious one. Get out there and pound the pavement. Good luck. ■

Freelance writer Nancy Clark is the former editor of Graphic Monthly