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## MARKET OPPORTUNITIES IN SHORT-RUN PERIODICALS AND BOOKS

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**By Patrick Henry**



For a long time, publishing books and magazines was mostly about manufacturing and distributing them in large quantities. The model still exists, and it continues to account for the majority of book and magazine production being done today.

But because the model is based on mass manufacturing, it has downsides. The chief one is that it typically involves the overproduction of books and magazines—copies that will never be sold to or read by anyone. Anticipating this kind of built-in waste, publishers count on selling a certain percentage of what they print to cover their expenses and generate a profit. The unsold copies either sit in inventory, tying up cash, or go to be recycled as scrap.

The formula works in part because the printing process it principally relies on, offset lithography, makes producing in large volumes relatively inexpensive—the more copies printed, the smaller the per-unit cost. Since the opposite is also true (fewer copies, higher unit cost), short runs in offset are not practical unless readers are prepared to pay high prices for the finished product.

Until fairly recently, there was no way out of the constraints imposed by the link between the business of publishing and the economics of conventional printing. And while digital printing hasn't displaced conventional processes from publishing, it has rewritten the rules of publishing in ways that create opportunities never imagined when offset and (to lesser extents) flexography and letterpress were the only ways of placing text and images on paper.

This is because digital printing has become synonymous with “short-run” printing in quantities too small to be produced economically on offset lithographic presses. Up to the “sweet

spot” of the run length—the point at which enough copies are being produced to take advantage of the declining unit cost of offset—the constant unit cost of digital printing is cheaper than offset on a per-copy basis. This means that producing short runs is no longer cost-prohibitive; a breakthrough that has entirely changed the publishing industry's credo about what to print, for whom, and when.

- **Specialized titles.** Books and magazines that don't attract a mass following because of their specialized subject matter now can be produced at competitive prices for the small but loyal audiences that want to read them.
- **No more “out of print” books.** After its first printing, a conventionally produced book that isn't thought capable of selling the same number of copies again generally is not eligible for reprinting—the setup costs can't be justified. With digital printing, there are no setup costs and thus reduced hurdles to reprinting the book in a smaller but still sellable quantity.
- **More income potential from the backlist.** Older titles that remain in print because demand for them is steady are moneymakers for publishers. The short-run economy of digital printing lets them remain securely in the backlist, where they can be printed to order as the “long tail” of demand requires.
- **Hybrid production.** Publishers still produce best sellers, and offset is still the best method for that kind of volume. Digital printing complements offset by providing the authors' proofs, review copies, and promotional copies. After sales peak and start to come down, digital printing takes over for the “long tail” production ahead.

- **“Print, then sell” becomes “sell, then print.”** On-demand digital printing and fulfillment lets publishers bypass bookstores, if they wish to, and sell directly to readers. When publishers eliminate the retailer, they can earn a larger percentage of the retail value of the book.

These advantages of digitized short-run publishing don't belong to professional publishers only. Digital printing has democratized and decentralized the publishing industry—not to the point of threatening the existence of traditional publishing companies, but to a point where there are alternatives to the mainstream of the business that they represent.

With its flexibility and economy for short runs, digital printing has expanded the definition of “mainstream” to include almost everyone. Nowadays, authors can publish their books independently with the help of Amazon CreateSpace, Lightning Source, and many other digital print service providers specializing in short run books. MagCloud, Blurb, and similar digital printing services make affordably self-publishing a printed magazine as simple as uploading a PDF.

Short-run digital printing didn't transform the publishing industry overnight—the kinds of production systems that make it possible have been available for more than 25 years. But today, its impact and momentum are undeniable. According to one estimate, nearly 14% of all titles will be printed digitally by 2020, representing 47.8% of the market's value<sup>1</sup>. Because nearly all on-demand digitally printed books are sold, these titles also will represent nearly half of publishers' overall revenue.

Toner-based and inkjet digital production systems give publishers and printers the versatility, speed, and economy they need to capitalize on short-run opportunities. The high productivity of some of these systems, particularly the inkjet devices, make them competitive with offset in medium run lengths as well. As digital devices, they're highly automated and need fewer, less intensively trained personnel to operate them than do offset presses.

Another of their advantages for cost-efficient short-run production is their ability to closely integrate printing with finishing. Printing alone doesn't make a magazine or a book; postpress is the step that turns the printed sheet into something people can pick up and read. A digital press with an inline finishing configuration fully integrates the workflow by physically connecting the finishing modules to the print engine. Then the sequence can be paper in/publication out, with printing followed by inline scoring, folding, and saddle stitching or perfect binding for a ready-to-ship finished product.

The variable-data printing (VDP) capability of digital presses is more frequently used for direct mail and transactional printing applications than it is for books and magazines. It does, however, create new opportunities for publishing. Think, for example, of books that need to be published in multiple languages. With VDP, all of the editions can be printed in the same run, helping save time and cost. In the same way, advertising and editorial content in digitally printed magazines can be personalized to individual recipients.

If the definition of “periodicals” is expanded to include more than magazines, opportunities for VDP multiply. Variably printed catalogs, for example, draw more response and generate more sales than catalogs with static content only. The personalization can be fine-tuned according to the kinds of information the catalog publisher has about the recipient: age, gender, home location, purchasing history, and so on. With the rise of content marketing—outreach by brands using their own content to target, engage, and influence customers—potential applications for short-run printing with variable data can only increase.

Realistically speaking, opportunities in short-run periodical and book production aren't limitless. Competition from mobile and social media has reduced the amount of time that many people spend with print, and the distraction has had a predictable effect on the volume of print produced. Magazines have been hit especially hard, suffering declines in circulation and advertising page counts in recent years.

But, like every other dire prediction concerning the future of print, gloomy forecasts about books and magazines have had a way of turning out to be not nearly as bad as the pessimists imagined. In fact, even as print volumes have decreased, the abundance of data that was being gathered about consumers while the decline took place stands as potentially one of the best things that ever happened to publishing.

It means that consumers can be identified and addressed as individuals, in small, precisely defined groups or even on a 1:1 basis. This is what short-run digital printing does exceedingly well. Combining the influence of targeted data with the intimacy of books and magazines creates opportunities that publishers and printers are only now beginning to appreciate.

<sup>1</sup> *Smithers Pira - The Future of Digital vs Offset Printing to 2022*

## ABOUT THE AUTHOR



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Patrick Henry is a journalist, an editor, and an educator who has covered the graphic communications industry for more than 30 years. He has written for most of the industry's principal trade media and has been chief editor of several of its leading publications. Henry holds numerous awards for editorial excellence and has been recognized for exceptional service to the industry, particularly in education.

This analysis was commissioned by Canon Solutions America and NAPCO Media to help printers better understand how today's technology can optimize their production and how they can benefit by adopting these solutions.

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