

The Russian Market for Digital Printing Services

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Digital printing in Russia has increased appreciably in the form of printing salons, bureaus, copy-centres and other structures. At the same time, conventional printing enterprises are being equipped with digital machinery. According to various estimates, about three thousand different organizations are utilizing the digital printing services.

About sixty percent of companies have been working in the market for less than five years. Over thirty percent of companies have worked in the market from five to ten years.

The demand for digital printing jobs in the current Russian market is formed by the following specific factors:

- The shortening of printing run lengths and increasing number of edition titles, the printing of test runs of books and journals, replication of newspapers and other products for corporate consumers;
- Active development of current forms of marketing communications, such as direct mail, information exchanges with clients and personalized advertising products;
- Efficiency-related requirements related to job due dates, especially related to the advertising market;
- Printing of labels and of labeling information directly on the goods for sale
- Optimization of job portfolios of large-scale integrated printing enterprises that are working on principles of marketing – complete satisfaction of client requirements;
- Printing “on demand” for private customers (such as visiting cards, articles and books);
- The influence of world trends related to price reductions on digitally printed jobs;
- Realizing flexibility of technology in printing jobs, such as variable-data printing; and
- Appearance on the market of new equipment models and special-purpose software products for management of manufacturing resources and production activity.

Among Russian companies that are offering digital printing services it is possible to highlight two specific segments:

- Those offering only digital printing services, and
- Those offering services utilizing several printing methods.

Among clients of digital printing companies it is possible to define three groups:

- Corporate clients – about 60 percent
- Advertising agencies – about 20 percent
- Individuals – about 20 percent

The total volume of digital printing products amounts to \$1.5 to \$1.7 billion US dollars. About 60 percent of companies have annual rates for growth of production output upwards of 10 percent. The rates of growth of approximately 20 percent of companies have remained constant during the last years. Only a small number of companies noted a drop in rates of growth.

Digital printing supplements the niches of conventional printing. Twenty-six of one hundred ten thousand book titles run in Russia annually, have the run lengths of less than one thousand copies. Their manufacture is often realized by digital printing.

Corporate clients do not change customer loyalty to digital printing. Their part in digital printing was noted above.

Besides services for corporate clients, the Russian advertising market developed rapidly during the last years. In particular the advertising market is that sphere where the most activity is in the potential for personalization of printing – “printing on demand” and “distance print-

ing”. The strong influence on transfer of advertising expenses to benefit the segments using digital printing technologies exerts the cost increase of advertising services in Russian electronic media and primarily in the sphere of television. The rates of advertising cost increases for digital printing became stable in 2003 and continued to 2008 at more than 25% per year.

At the same time, digital printing is increasing in segments of the market connected with the manufacture of consumer goods. Russian producers of souvenirs and household goods are using ink jet printing, thermographic printing, and bar-code marking plants.

Lately there has been activity in the application of digital printing to other spheres of the national economy of Russia. First it was applied to mailing and commercial distribution with personalized printing, printing on demand, journal production, and printing of separate articles, as well as personalized publications (such as albums, instructions and regulations).

Digital printing is widely represented in the so-called “home office”. It covers the market for equipment, consumables and services that are meant for the sphere of small enterprises and private spheres of labour. The market includes desktop printers, copy machines, faxes, computers, sheet paper and consumables. The number of “home offices” comes to several millions. About 90 percent of them are equipped with different output devices for digital printing.

The growing importance of this market promotes the demand for printers, toners, inks, papers and other materials. According to some estimates the use of paper for the so-called “home office” is running up to 10 percent of the volume of paper used for sheet-fed offset.

The study completed at the Moscow State University of Printing Arts was carried out with a survey of over 100 enterprises. The choice of enterprises participating in the studies was conducted in a random manner. As the survey showed, the share of enterprises oriented only to digital printing came to more than 40 percent.

What should be mentioned with regards to equipping enterprises with digital machinery is the fact that many of them have a line of equipment from different producers, such as Xerox, Hewlett-Packard, Canon, Epson, Riso and others. With diversification, sales of digital printing ma-

chinery are growing, along with demand in Russia for consumables. The Russian market for consumables was valued in 2008 at \$570 to \$600 million US dollars.

Digital printing in Russia uses mainly office and special quality papers now. The assortment of special papers and boards for digital printing is very large. There are coated and uncoated papers, self-adhesive, calendared and even stylish designer’s papers. The papers for digital printing are delivered in rolls and sheets. Since there are fewer installations of web-fed presses than sheet-fed presses in Russia, the available assortment of consumables is rather narrow in comparison with those for sheet-fed presses. In the Russian market today special papers for digital printing are promoted mainly by foreign producers.

The survey of enterprises has shown that along with machinery and consumables, digital technologies require skilled personnel.

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