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Light at the end of the tunnel

Covid-19 has sent the entire global economy into shock and led to enormous economic disruptions. As a result, politicians have launched huge programs to stimulate the economy. Current figures show that things are slowly but surely picking up again. Cautious optimism is thus also returning to the printing industry.

The lockdown has hit the graphics industry hard. The decline in sales was enormous – the exception was the packaging division, which ran at full speed even during the lockdown. As in every crisis, advertising spending came to all but a halt. Print had to contend with a decline of around 18 percent in “advertising spending” worldwide (source: [Media Outlook](#)) – more than any other advertising genre. It goes without saying that this has had a direct impact on the printing industry and led to a massive slump in sales. In extreme cases, the figure was 80 percent or more in some segments.

July: Turnaround in Germany and Great Britain

The trough of the economic downturn in Europe was recorded in April and May. Since then, the business climate has brightened, which is also reflected in the sales volumes of paper. New orders in Germany and the UK, for example, posted a rising tendency in July – for both coated and uncoated papers.

The design paper sector is still lagging behind this development and the paper industry is still far from pre-corona levels. Nobody can seriously estimate when they will be achieved

again. Intergraf, the [association of the European printing industry](#) is forecasting a decline in sales of around 10 percent in 2020. The packaging sector should get off relatively lightly with a drop of 3.2 percent. The situation is different in the commercial sector, where a whopping 17.4 percent minus is expected at the end of the year. The European book market is gaining momentum again – currently, the contraction is only around 7 percent – which is much better than most industry experts predicted.

The US book market is proving to be particularly resistant to the crisis, partly due to the high proportion of online trade. In the USA, around 50 percent of all books are already sold through Amazon. The trend towards self-publishing has also not been affected by the corona crisis, but has rather increased. Across all genres, the [NPD BookScan](#) for July 2020 reported an increase of 3.6 percent for printed books compared to the previous year.

Sales of children's magazines and comics have also picked up again and are up on previous months. Special theme booklets are on offer to accompany inquisitive minds and those eager for knowledge through the crisis. Passing on knowledge to their children, in particular, seems to be an important concern for parents.

At least things are looking up

Financial experts are expecting more an economic recovery that can be graphically represented with a small flat tick in the style of Nike's "Swoosh" logo. Rather than the rapid V-shaped upswing that we've all been longing for – but at least things are looking up. This has also been confirmed by the figures of the business climate index of the German [Printing and Media Industries Federation](#) – which improved in July, for the third time in a row.

In July, the companies print and media companies surveyed by the [ifo Institute](#) rated both their current and expected business situation better than in June – the index rose by 11.2 percent. However, in view of the relevant indicators that reflect the economic performance and the uncertainties, the current value should be interpreted with caution. Nevertheless, printing and media companies are more optimistic about the business situation for the next six months than they were in June.

Keeping an eye on the direction to respond at short notice

In view of the economic risk factors, it remains questionable whether the recovery phase has already begun. The further course will certainly primarily depend on how corona infection figures develop. What is more, economic recovery will take a very different course in the individual European countries and will certainly keep us busy for the whole of next year until a vaccination is available. Therefore, keeping an eye on the direction things are going still applies in order to respond at short notice and adapt flexibly to the situation.

Your

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