

COMPETITIVENESS PROFILE
Name of Sector: Commercial Printing

1. Structure and Performance

a) Structure

The industry is classified under S.I.C. 2811 and 2819. It is composed of establishments primarily engaged in the production of printed items, regardless of the printing method used. Integrated printing facilities in organizations such as insurance companies and governments, commonly referred to as in-house printing plants, are excluded. The industry produces a wide variety of consumer and industrial goods for all segments of the economy. The bulk of its output involves custom work. The industry is an integral part of the "Printing, Publishing and Allied Industries" sector. While a certain degree of interdependence is present between printing and publishing, there are notable differences in the structures and operations of these two industries.

It is estimated that in 1984, the Canadian industry comprised 2,875 companies that controlled 3,000 establishments, employed about 51,000 people and reported shipments valued at \$3.9 billion. Catalogues, circulars, price lists and other advertising matter represented the single largest product group, accounting for about one-fifth of the industry's output. The other dominant product groups were business forms (15 per cent) and periodicals printed for publishers (9 per cent). Finally, the industry has large indirect employment ramifications through the purchase of raw materials. For example, it consumes about 50 per cent of the Canadian production of printing, book and fine papers.

Although plants can be found throughout the country, the industry is heavily concentrated in Ontario and Quebec. While the industry provides important employment opportunities in smaller communities, printing activities tend to be concentrated in the areas of high population density. Plants located in the Toronto and Montreal metropolitan areas account for about half of the industry's shipments. The average printer tends to service its local market only.

The industry is characterized by the presence of a large number of small, relatively labour-intensive production units. There are no major barriers to entry into the industry at the small scale level. Roughly four-fifths of all plants employ fewer than 20 people but together they account for only 20 per cent of total shipments. At the other extreme of the scale, the 89 largest establishments, or about 3 per cent of the total, account for roughly half of the industry's shipments. At the company level, the four largest printers account for about 20 per cent of all shipments. Two of these firms are controlled by communications conglomerates.

The industry is primarily Canadian-owned with a strong tradition of family ownership. It is estimated that about 4 per cent of the plants are foreign-owned and/or controlled, primarily by American interests and to a lesser extent by British interests. These companies tend to be larger than average and collectively they account for about 15 per cent of industry's shipments. Non-resident ownership is most extensive in the greeting card and business form fields.

The industry is highly organized from a management viewpoint, through the Graphic Arts Industries Association. Its 697 active members account for about 75 per cent of the industry's shipments. The Association offers its members a broad range of educational programs and administers a scholarship fund. Over the years, it has played a major role in promoting the growth of its members and bringing their problems and views to the attention of governments in Canada.

The general structures of the Canadian commercial printing industry parallel those of its counterpart in most developed nations.

b) Performance

In response to generally favourable market conditions, industry's employment and shipment levels during the period 1974-84 expanded at average annual growth rates of 1.5 and 12.4 per cent respectively. In 1984, the industry has experienced a period of rapid growth following upon the recent economic recession. Concurrent with this growth has been the virtual disappearance of the overcapacity situation that had existed since early 1982. During the period