

Digital Label & Specialty Printing Come of Age

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A Growing Market

The European labels and specialty printing markets is a growing market, forecast to grow from between 4% to 5% per annum for the next 5 years. However, this growth is not uniform and tends to be stronger in the higher value, shorter run sectors and lower in the paper 'commodity' part of the market.

This shift is significant as it points to a need to move technology platforms to ones that offer flexibility to deal with future trends. Failure to do so will result in printers painting themselves into a corner of diminishing returns on invested capital rather than benefiting from the adaptive market moves.

A Changing Market

The European labels and specialty printing markets are going through an evolutionary change that is driven by end-user's demands. As companies strive for market share and profitability, they are moving from mass produced, 'one brand fits all' to mass customised, 'one brand fits one' marketing. That is to say that although brand strategies will remain global, market tactical implementation will become local. This is a threat and an opportunity to printers.

In fact, the label becomes an essential tool to enable the new market paradigm to exist. It becomes the 'mask' of customisation that allows generic produced to be produced at the lowest cost of unit production but still enabling them to look different according to the local market dictates.

The manifestation of this trend is the constant reduction in the run lengths of printed jobs over the last 5 years. This trend will continue and in fact accelerate making more and more difficult to produce economically using traditional printing methodologies.

A Changing Structure

Digital printing is the answer to this production style shift. The take up of digital technology has been swift and is growing. In Europe, studies have shown that more than 150 presses are now in daily use. As the market shifts to more customisation, so the shift to digital will accelerate further. However, this is not the whole story as there is a difference between printing cost, process costs and market opportunity costs that must be understood if a

company is not to make the wrong choice for its future business direction.

A Need For Change

The need for a different type of labeling process stems from a need for change at the end-user. The end-user is looking for differentiation of his products on the market to win market share and increase product margins. This differentiation can come from many areas. Firstly, it can be design different, highly colourful and inviting to help purchase pull. Secondly, the type of substrate can add the perception of value to the product. Thirdly, the type of service can be altered to an on-demand, close to the filling line approach that enables punctual promotions to take place on a local market basis.

Label and specialty printers are constantly being bombarded by equipment suppliers, substrate suppliers and their customers to change and add the value that will be needed. What to choose and when to change become crucial issues that need planning and thought so as not to be led into market traps.

The Digital Offset Colour Printing Kingdom

At the level of looking at the simplest level, that of printing cost. There exist a breakeven point below which it is more economical to print using a digital press. This is a combination of the time and cost it takes to make ready a conventional press and the variable costs of production versus those of the digital alternative.

As has been already discussed, the market is shifting to shorter job run lengths. In addition, digital technology is shifting to meet the challenge of larger production needs. The result of this will be a constant increase over time of the economical zone for digital printing and therefore a larger percentage of total jobs being produced on these machines.

Digital Offset Colour Printing Domain

Indigo now has a range of products coming to market that will address this growing need.

The WebStream range gives the possibility of printers serving the demands from their clients. This not only during the time-critical product pre-launch stage (i.e. proofing and test marketing) but also for 1st production, special promotions and, in the future, full production.

Presses are modular and upgradable/uptridable so that as production needs shift, the printing technology can shift in harmony.

When to Change to Digital?

So, the question for printers is not if to change to digital but when to change to digital. It has to make business sense and give a good return on invested capital as well as correctly positioning the printer for future growth.

A few tips of when are as follows:

- When the short run business is rapidly increasing and you are finding it harder to cope.
- When you see a good opportunity to enter new value-added markets
- When your competitors can offer things you cannot
- When your best customers are demanding labels that require the flexibility and quality that only Digital Offset Colour can provide

How Can Indigo Help?

Indigo are the leading in digital colour production printing and ElectroInk is the ink that enables you to win in your chosen markets.

Indigo's vast experience coupled with its relationships with substrate and finishing equipment manufacturers ensures that there is a total solutions approach taken to each project that is taken on-board.

Challenge Indigo to work with you on your future project but do start soon to embrace digital. The time for change is fast approaching and you need to be there at the

right time to take advantage of it or suffer the consequences.

All change is problematic and needs careful planning and thought. Indigo understands this and is prepared to work with printers for the long haul.

Biography

Mike is a graduate of the University of Kent, Canterbury, with a B.Sc. Electronics Engineering and INSEAD, France where he obtained his MBA in Business Studies.

His many years have been spent in sales, marketing and business development in the graphics arts industry. In the early '80s, he was a senior member of the management team at Scitex that successfully introduced electronic page make-up to the market. After having started up his own company in the late '80s, Mike then returned to "corporate" life by heading a business development team at the newly formed European HQ of Dainippon Screen. There he spearheaded the introduction worldwide of Screen's strategic product and sales policy changes that have helped to revitalise that company's performance in the recent past.

In May 1994, Mike joined Indigo. At that time there were just a handful of people and no installed base of the Digital Offset Colour presses for commercial or industrial markets. Since then, Indigo has grown to well over 2000 digital machines installed with close to 200 people employed supporting its European market and customer base. Having been through the 1st revolution in the industry during the '80s, Mike is well placed to understand the many ramifications of the 2nd wave that digital printing now brings us.