A detailed review
FINAT European Label Forum

Narrow WebTech

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Special section **Digital Printing** *today*

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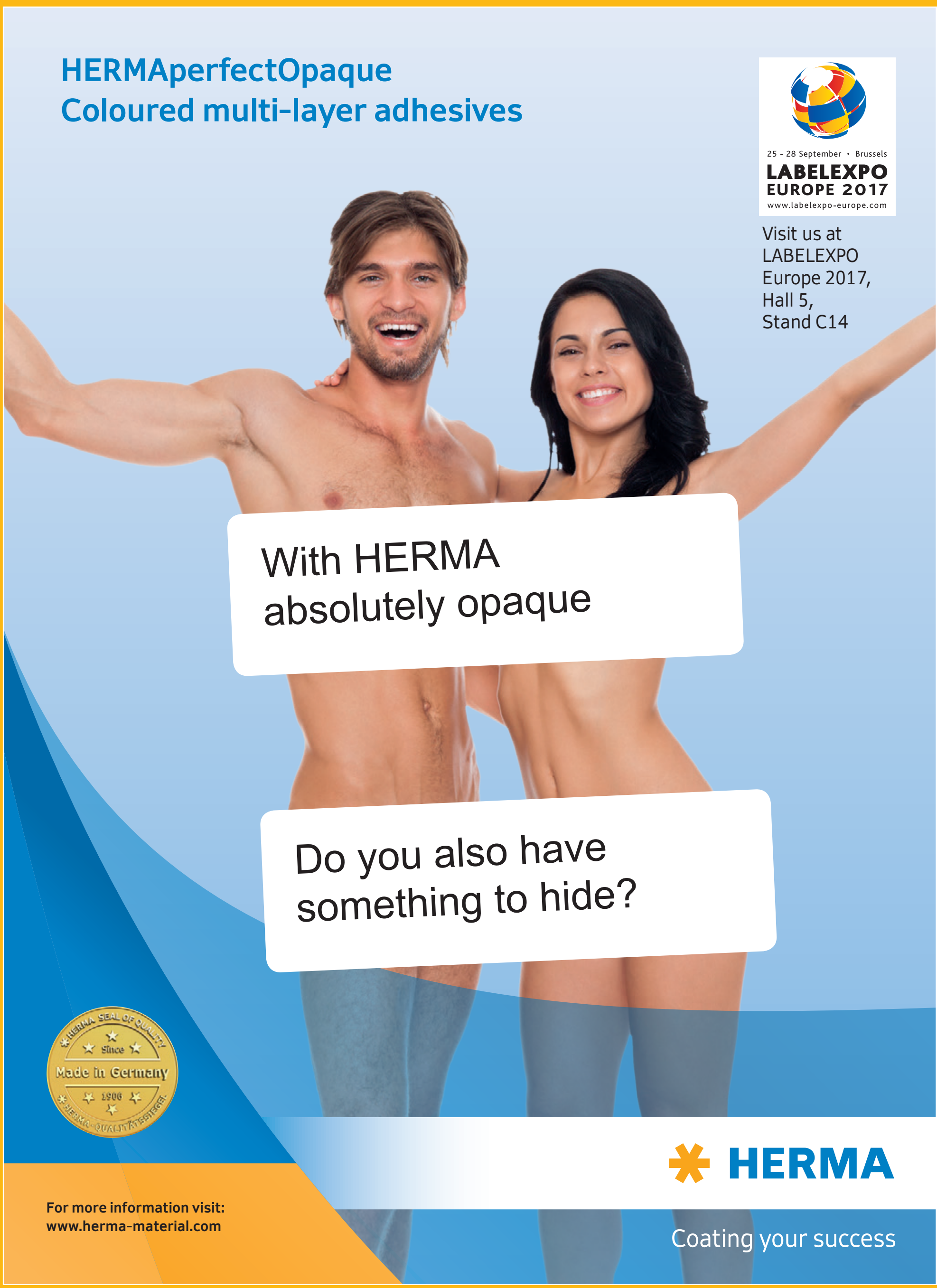


Labelexpo Europe 2017
Extensive preview of THE label trade show

Rotary screen printing
True special effects for label printing

Targeting prepress
Direct imaging of letterpress plates

Editors speak out
Are trade shows still up to date?

"Evolution, not revolution!"
An interview with the new FINAT president

Official media of the British Printing Industries Federation Labels Group

BPIF labels

Leading Technology Source for Roll Label, Narrow Web Packaging and Folding Carton Printers & Converters

The FINAT Digital Label Study

The status of the European digital label market

Dieter Finna

Digital label printing is one of the most relevant trends in our industry. Currently, there are estimated 2,000 digital press installations in Europe. In 2016 between 170 and 180 digital presses were installed in the European marketplace. The label association FINAT presented its latest study of the current digital label market in Europe during the European Label Forum 2017.

The study provides detailed information about the current size of the market and the predicted growth rates of digital machine installations over the next five years. It also provides information on the trends of digital printing in the individual product categories as well as investment considerations in the next generation of digital printing presses. The data is compiled from a survey carried out at digital label printers and brand owners.

The global and European Digital Label Printing Industry

The first step was to identify the market size. The market research institute LPC defined the global and the European market size for the market study. The global market for printed labels of all types excluding die-cut blank labels is valued at between EUR 60 and 65 billion in converter sales in 2016. Approximately 7.2% of this value is attributable to digitally printed labels, which is the share of global sales of digital printed labels in 2016.

The European label printing industry is estimated to be worth EUR 16.2 billion. 9.7% of this value is made up of digitally printed labels, so that the European digital print share is 2.5% higher than the global share in percentage terms.

The study was finalised by LPC, a market research institute which is responsible for carrying out FINAT's evaluation on the European label market. Jennifer Dochstader and David Walsh of LPC presented the results at the FINAT European Label Forum 2017 in Berlin, Germany. A detailed review to the ELF event please find on page 80.

The comparison of the label application sectors reveals significant differences in their share of digital labels in Europe. In the food and beverage sector, the label manufacturers generate the highest sales of slightly below EUR 5 billion. Digitally printed labels for food account for around 9.2% and for beverages around 7.4% of each sector's total value. The much smaller pharmaceutical sector has the highest digital print share of 19.5% followed by health and beauty aid with 18.2%. The total turnover of digital label printing in Europe amounted to EUR 1.57 billion last year.

"9.7% of the label sales value in Europe is made up of digitally printed labels."

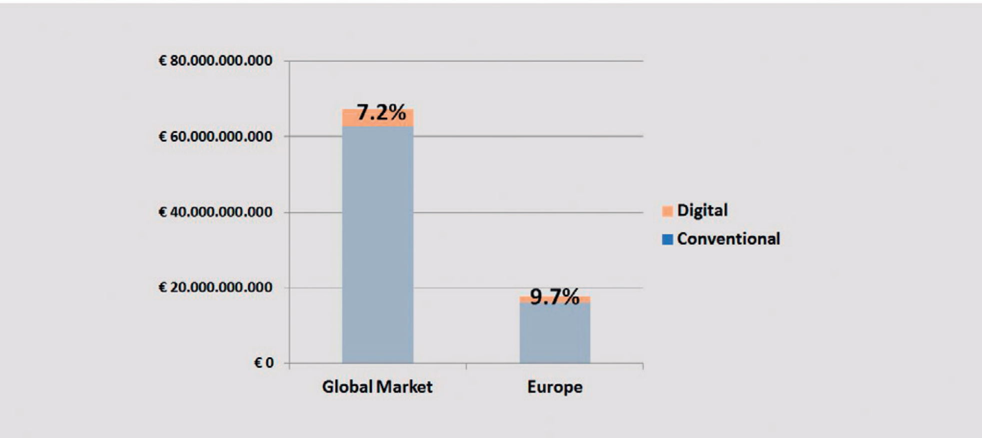
Digital press installation projections to 2022

Currently there is a total of around 2,000 digital press installations in Europe with 76% being toner-based and 24% inkjet or inkjet-hybrid. The lion's share of digital print installations with 87% is in the five largest European countries, France, Germany, UK, Spain and Italy. Germany, Austria and Switzerland all prefer toner-based

Top: Digital share of the Global and the European Printed Label Market 2016

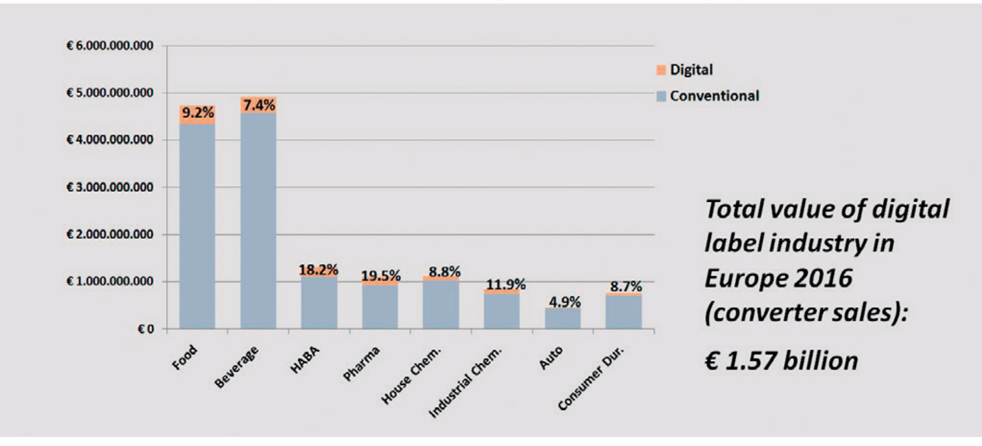
Bottom: Digital share per end-use category in Europe

Digital as % of Market Value: Global and European Printed Label Markets



Source: LPC/FINAT

Digital Labels Value % per End-Use Category

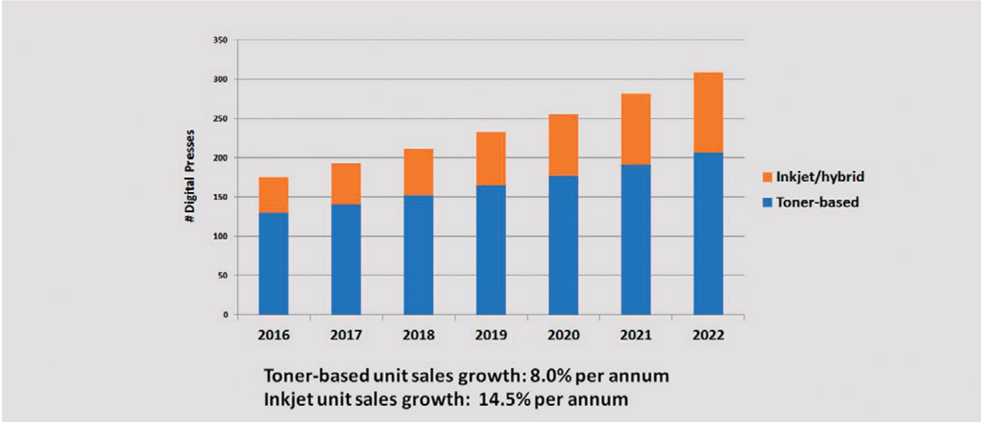


Source: LPC/FINAT

digital systems. Inkjet adoption has been higher in the UK, France and Italy.

In 2016 between 170 and 180 digital presses were installed in the European marketplace. An estimated 74% of these installations were toner-based presses and 26% were inkjet based presses. Digital press growth projections to 2022 show installation growth numbers of toner-based systems year over year of 8%. Inkjet/hybrid systems are showing a higher growth rate of 14.5% per year with a clear trend. That is to say, inkjet is starting to take away increasing volumes of conventionally primary flexo label market share.

The Digital Press Growth Curve: Installation Projections to 2022 by Format



Source: LPC/FINAT

Projected digital press installations to 2022

Converter digital survey

More than 100 label converting companies across Europe participated in the Converter Digital Survey, including 25% which were not FINAT members. Many press suppliers supported the study in a sales tracking exercise and LPC had interviews with brand owners. The survey allowed the researchers to ascertain the types of digital presses converters plan on buying in the coming years. The survey also asked converters if they are under pressure from their customers to supply digital labels, or to at least have digital press technology on their production floors.

> *"Inkjet is starting to take away increasing volumes of conventionally primary flexo label market share."*

Toner-based or inkjet/hybrid?

The current situation with a split of 76% toner-based and 24% inkjet/hybrid installations will change. In total, 52% of the surveyed converters whom stated an interest in digital equipment intend to buy a toner based press and 48% expect to purchase an inkjet press. This is a very high inkjet percentage, much higher than it was assumed in the installation projection to 2022. There are a couple of reasons for

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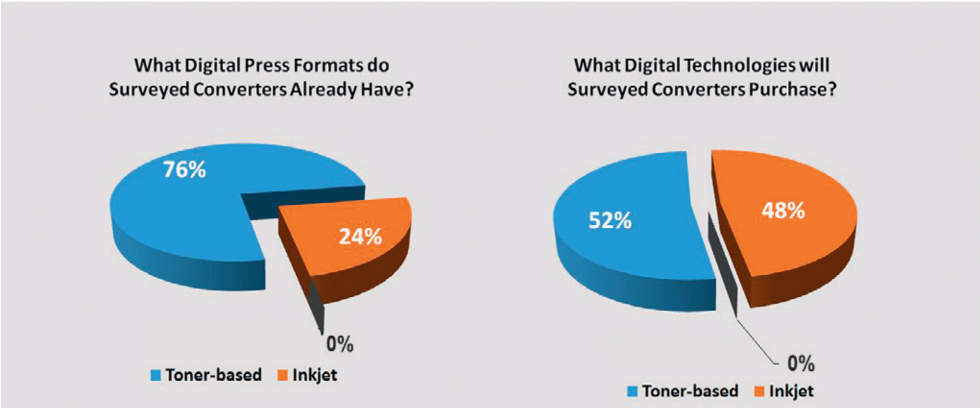

Source: LPC/FINAT

Most significant challenges with your digital press/presses?

Challenge	How Digital Users Ranked the Challenge
Cost of Ownership	1
Press downtime due to service issues	2
Finding enough business to fill the digital capacity I have	3
Finishing requirements	4
Printing high opacity whites	5
Colour matching	6
Clear materials/transparent films	7
My sales people don't know how to sell digital labels	8

Source: LPC/FINAT

Top: Shift from toner-based to inkjet technology

Bottom: Most significant challenges with digital presses

this. The first being the scheduled timeframe for the decision, which in the survey asked converters to project what they would be purchasing over the next three years. Label converters are demonstrating trust in the fast development of inkjet technology, and intend to buy an inkjet press.

The second reason was that a significant number of toner based users who participated in the survey expressed an interest in wanting to complement their portfolios with a different digital press technology to the one they currently have.

Regarding their timing of a purchase decision, 78% of label printers said they are interested in purchasing a new digital printing machine within the next three years of which 35% considered that they will be buying a digital press within 6 to 12 months. The remaining 22% of the original population stated that they will not buy a digital machine in the foreseeable future. Some explained that they had just bought a digital printing machine and it will be four or five years until they will invest again.

"78% of label printers are interested in a new digital printing machine within the next three years."

Although most digital printers are very satisfied with their digital printing machines, there are challenges converters see with their digital presses or in digital printing. The survey asked converters to rank the most significant challenges they are having with their digital presses from 1-8 with one being the most significant and eight being the least significant. The table shows how converters ranked the given criteria.

Do brand owners insist on digital?

Some brand owners insist on digitally printed labels, but are not educated in the differences between digital formats, or in some cases even the differences between digitally printed labels and conventionally printed labels. In the survey, the question was posed to label printers whether brand manufacturers give guidelines as to how labels should be produced?

The answer: brand owners do not insist that labels are printed digitally so the label printers decide how the labels are printed. Also, 47% of the converters surveyed, indicated that brand owners or label buyers often ask questions about combination- printed labels, which shows that brand owners have a keen interest in combining the benefits of conventional and digital on the same label.

Conclusion

The FINAT Digital Label Study provides an excellent overview of digital applications in the European label industry. It shows that inkjet printing has made measurable growth compared to toner-based systems and sales of inkjet systems are increasing. Inkjet is increasingly taking away conventional market share as press speeds become faster and job sizes across end-use categories become smaller.

The brand owners are not insisting on how their labels are printed and 25% of the brand owners are not buying digital labels yet. However, they prefer to buy labels from label printers that have digital competence, citing that in their view, converters with digital presses demonstrate a more progressive label vendor.

"Brand owners have a lot of interest in the digital technology."

The question, "which kind of press should I buy?" cannot be answered any more by looking only at the end-use categories to which a converter is supplying labels. Today every single application needs to be reviewed and label converters need to do very thorough research, application by application, before they make decisions about what technology to buy.

References

[1] Jennifer Dochstader and David Walsh, LPC, "Current Status and Prospects for Digital Printing in the European Narrow Web Sector", FINAT European Label Forum 2017, Berlin