

It's good to talk

Together with Konica Minolta, Digital Labels & Packaging gathered a group of label printers and packaging consultants to discuss the implementation of digital print technology and the challenges it brings. *Neel Madsen* asked the questions.

The theme of the roundtable discussion was driving growth with digital and it was clear that the event was most welcomed by the label printers who were keen to compare notes and talk about the issues they have in the daily running of their businesses. Topics debated included the experience of investing in digital and making it work, lack of integration with finishing equipment, problems with materials, ensuring a good return on investment and engaging with customers.

Taking the leap

How and when did you decide to invest in a digital press?

Stuart Kellock: As for any small business, it is about finding the 'jumping on point'; the point where your work becomes too painful to do conventionally and it warrants investing in digital. Until you get to that pain point, there is no point. That is how we got to it, and it was the right decision at the right time. We were very fortunate, because nobody tells you when that is – you've got to use your best judgement, and it is a scary old leap, as everyone in this room will recognise.

Tom Allum: For a long time, digital was either very expensive or the

quality wasn't there, so when the two finally crossed, which for us was about five or six years ago, we decided to jump in. You have to set your own parameters and also make sure that you have the customers; that you are in the right market.

Ben Stokes: I'm probably slightly different to everyone else. I joined Bristol Labels just under four years ago, when the company had just purchased a digital press and we didn't have a sales team, so I've really only ever known digital and I was the guy who had to fill the press.

Adrian Steele: We started outsourcing in 2004 then bought in 2007.

SK: Back then you either went HP or Xeikon and that was the problem. These days there is an entry level and those machines do a great job.

AS: There are multiple entry levels: you can go in at £20,000, you can go in at £100,000 or £200,000, then you're up to £400,000+. They are offering different types of digital for different end-user markets and you've got to pick where you want to be.

Simon Tolley: But when you first buy a digital press, the speed is



Digital label printing was on the agenda at the roundtable

not really an issue though, is it?

Ian Woodhead: Anglia Labels bought its first digital press 20 years ago, because it wanted to go into labels, but it was one of the worst things it ever did; the market wasn't ready – even the people who came to service the machine had only ever seen flat-sheet, not rotary. It was a very difficult first three or four years, but we were happy with 5m/min, then we bought another press at 18m/min and now we have invested in inkjet at 50m/min.

AS: One thing you have to be very wary of is whenever you make a change to your platform, even from one model to another of the same brand, typically you will see some form of change because the technology develops. Certainly, if you move across platforms, you will get a different result and customers don't like change. It takes a long time to learn how to run a platform effectively and all of its vagaries – the maintenance issues, all the little tweaks and restrictions.

“A standalone unit that doesn't integrate with anything else really limits the progress of a label business.”

Neil Shackleton: The end users get excited by the word 'digital' and about what it can do, but there is no appreciation of any fundamental differences from press to press, from producer to producer. They think that digital is a flexible process and that they can simply lift a file from one label printer, give it to another and the result will be the same. And they think it can be done overnight.

Material issues

IW: There are restrictions on material as well. Which materials you can print on and which you can't. We did a turn with water-based inkjet seven or eight years ago and found the price of inkjet-receptive material was prohibitive, because the suppliers didn't want to sell just 500 metres; it was always 4000 square metres or more. So, there are a lot of things to consider after you've decided on the machine from your suppliers.

TA: I've found that suppliers don't always understand what you're trying to achieve. I know there is more choice of presses now than five years ago, but there has been a bit of a shortfall from the material suppliers in teaching the press manufacturers about what they can print and what they can't print. I bet we've all had material turn up and it doesn't print because it hasn't got the right coating on it or the adhesive melts everywhere.

SK: I wish I'd caught it that early on in the process every time!

TA: Yes exactly!

AS: Typically when you're an established user of a certain platform, you're teaching them.

TA: Yes I'm going through a particular problem at the moment, where

we're being told it will print and I'm saying, 'No it won't.' They understand flexo, they understand litho, now they need to understand digital, because the market is changing. I know it is difficult, because now there is such a choice, but they need to get their heads round it.

NM: So getting materials that work is still a problem?

TA: You need to work with the press manufacturers and find out what runs and what doesn't. You have to get them round the table if you're doing a big project. And it could even be the classic case where the materials will run, but they've given you 6000 metres and you only want 2000.

SK: What I've found is that those suppliers who focus on value-added have been very receptive and have quite a good understanding of what your needs are, but the big companies on the industrial side, they really can't get their heads around it. They don't see the value to them, and the bottom line is these are not value propositions, they're commodity propositions. You can see that culturally, their thinking just isn't shifting.

IW: The list of materials of what will work and what won't work is changing weekly. And it doesn't work on standard semi-gloss paper in the same way from one supplier to another, so you get a different result. So you've got to decide to stick to one material on your machine and work out your way forward and do all your tests. We used to buy according to best price, but we can't afford to do that anymore. There is too much difference in the materials.

AS: We've seen a lot of problems when you get heavily into colour management, even with differences in batches of the same material. So you think, how am I supposed to do colour management? Swapping and finding the best deal is just not doable, not if you want to be consistent.

Kevin Laughton: But you have spent a lot of money and you're almost having to reinvent the process every time. If you look at any project, the design agency comes up with a great design and they get a big cut; they come up with something that might not print. The printer is usually left with 10% of the budget, but you've got the biggest issue in trying to make it work, and I think that is quite an education for the brands and the end users. I've certainly been speaking about educating the customers, but I think the machine manufacturers need to take more of a role in this.

Participants

Tom Allum, chairman, Abbey Labels

Ian Woodhead, managing director, Anglia Labels

Ben Stokes, managing director, Bristol Labels

Stuart Kellock, managing director, Label Apeel

Adrian Steele, managing director, Mercian Labels

Simon Tolley, sales manager digital, Soabar

Neil Shackleton, founder, Medoola

Kevin Laughton, packaging consultant, Impactt

Finishing headache

Are there other areas in the process that could be improved?

AS: When you buy your digital platform, it's got to integrate not only with the supply chain in terms of right material types, but also integrate into the workflow. The idea of a standalone unit that doesn't talk to or integrate with anything else really limits the progress of a label manufacturing business. The whole workflow must be digital otherwise you end up with analogue steps taking a lot of the efficiencies out of the process.

Your artwork is designed electronically, you're putting it into some form of order processing system, you're running all the preflighting, the colour management and transferring all of that electronically and it is going down to a press; it is imposed and batched, and all that is set out electronically – I will leap a stage – and then it comes out to dispatch and goes into a box and out the door, and all that is electronically tracked and traced. Printing is the easiest thing in digital; actually dealing with the complexity and turning that into finished rolls with the correct amount of traceability is really, really tough. We are doing hundreds of SKUs a day and managing that with different roll sizes, with different quantities going to different places. The finishing is just a massive headache.

“ I've found that [material] suppliers don't always understand what you're trying to achieve. ”

TA: That's been a big criticism of mine. My digital presses will tell me what I'm doing, how many metres I've done and it's fantastic, but my finishing kit is not JDF compatible and won't tell me what it is doing. If I went and bought a little folder for just selling some sheets of paper that would probably be JDF compatible. It's a bit like having Bluetooth on your phone, you just need it. You want to know where your costs are.

AS: If you look at commercial print and where they've gone in terms of their pre-press workflows, they're well ahead of where we are in terms of efficiencies. Now the digital label market is getting increasingly commoditised, so we've got to see those cost savings, and we're getting more and more into the idea of integration. Our presses are integrated with our ERP systems, with our pre-press systems – we're shuttling the information back and forth – it is a really valuable thing to get right, but it

is painful, and it is not the norm yet.

NM: But presumably that it still where you add the most value for the customer?

SK: Yes I was about to say that and long may that continue! Because there is an awful lot of value add that goes on there.

AS: I think we add more value now in the finishing than the printing, but I'm not sure that it is an absolute fair statement ...

TA: And that's where you're looking when you do your cost. Whereas in the old days it was about how much press time you were selling, now it is where can you add the most value, whether it is in the studio where you're helping out the client sorting out the SKUs, or it could all be in the packing because they want it in rolls of 20 or it could be in finishing because they want loads of embellishments. We don't chase press time anymore.

AS: If you look at some of the eco systems, certainly collaborations between different suppliers in the industry – the classic one is REVO in flexo with extended gamut printing; they've got the substrates, aniloxes and inks; they've got the whole set of people all working towards one goal and it will work out of the box. We're starting to see some of those things into the digital space, but anyone who thinks of the 30–40 exhibitors at Labelexpo with digital presses – if they all think, 'I'm a standalone unit, I don't have to integrate with anyone else', they will not succeed, because all of what we're doing is what commercial printers were doing 20 years ago and integrating lots of different systems, because it makes it all more productive.

SK: As an industry, we are not putting enough pressure on the suppliers. I remember getting our first flexo servo press 10 years ago and it was revolutionary – it was something completely wild – the idea that you could get this kind of quality out of flexo, but you'd had that in litho



(L–R) Ben Stokes, Simon Tolley, Neel Madsen and Tom Allum

KONICA MINOLTA ROUNDTABLE



(L-R) Kevin Laughton, Stuart Kellock, Ian Woodhead, Adrian Steele and Neil Shackleton

for 25 years. So why didn't it cross over sooner?

AS: The workflows are there, so there is no reason why you can't get all of that impositioning information across to a finishing unit, but finishing is probably the area that is most backwards.

Ensuring a good ROI

How do you achieve a good return on investment?

SK: Maintenance, maintenance, maintenance, that's where it all lies. Obviously, you've got to sell it; you've got to fill the press; but if you supply a consistent product of a reasonable quality, on time, you will sell it, but you've got to be able to print it, so the machine must be up and running. So, for me, ROI comes down to maintenance. And we know, because at first we didn't, and we paid the price.'

AS: Yes I've paid that price too. You learn painfully over time to do your preventative maintenance and then you get your uptime, and you end up with less unscheduled downtime and better consistency in quality.

TA: You need to choose carefully the people you are getting into bed with. Choosing the right machinery manufacturer, choosing the right material to run the job on, choosing the right finisher and working out what market you want to go into. You need to decide what you are going after and buy the correct machinery; you need to test it, you need to trial it and speak to users. I spent quite some time and did get some great advice; it set us down a good path, but if you don't get the right bit of kit ... like you Ian, you were too early for the market ...

IW: Yes, it was like having the first fax machine and nobody to fax. We got the first digital press and it was very hard to sell. Customers were

saying, 'What 5m/min? I'm getting 70m/min out of flexo' – yes, but you're only ordering 2000 labels, so it's not worth setting up a flexo press for that and that's why we bought it. But it's taken a long time for us to turn that ship. When we wanted to go into inkjet two years ago, there was more choice and we got six or seven vendors to print out samples, which we took to our customers to ask if they were happy with the quality.

Understanding digital

How are brands and end users perceiving and using digital?

NS: There are a lot of mixed messages out there. With most of the bigger players, people are looking at digital from a procurement point of view, but then you have the marketers who think that digital just means personalisation. Everything I've sat in on during the last 18 months is essentially a 'me too' type campaign; they don't realise that there is massive opportunity here in terms of product traceability, provenance, and in being very reactive even to climatic conditions or events. Retailers are actually asking for this, but the manufacturers have been slow on the uptake. Especially in food, they really struggle to get from A to B quickly. From a procurement point of view, I understand that the reduction in plate costs is something, but at the times it has almost been at the expense of everything else. So we can save £17,000 in plate costs, but we were running 25 million labels a year, so it doesn't add up.

From the clients' point of view, you need to have an end game. There will be a point where digital just doesn't work. What is the benefit if you're then going to flexo and downgrading your design? It is about getting them to think about not just the benefits of digital, but where it sits for them.

KONICA MINOLTA ROUNDTABLE

AS: The reality that we see is that less than 5% of customers are suitably engaged. For me, digital really took off in 2008 after the crisis where people were trying to de-stock; they were trying to shorten their inventories and reduce waste. The benefits came from shorter lead times and lots of SKUs; it was just about normal business, but can you do it with less waste? Customers are just not interested in the difference in lustre. It is great working with that 5% who are really suitably engaged and want to get those differences, but for the vast proportion it is just a commodity.

SK: The biggest hurdle we have when it comes to real engagement is that we're not part of the conversation early enough to have any influence. Sometimes all I seem to do whenever I talk to designers and the marketing agencies, is to say, 'Get me involved earlier, please call me sooner', but it is very difficult to get to that point right at the front of the process.

NS: We're trying to encourage our clients to treat the suppliers as partnerships rather than treat them like a supplier, so we can get away from the constant battle of price and treat you as part of the team.

SK: Our marketing is now all about new brands coming to market, new start ups, artisanal brands – people who want to take on some of the bigger players. We get a lot more joy out of them, because we're involved a lot earlier so we have influence. These people listen to what we have to say and take our advice on-board.

AS: You've got to build long-term relationships, but it is not very effective in our experience. Trying to do promotional marketing to the original packaging designers is too difficult, because they don't want to have the conversations for a variety of reasons, and in fact, you're better off putting your efforts into other areas. Sometimes going direct to the

brand owner can be more effective, at least maybe sow the seeds.

IW: Perhaps the tide could be turning a bit. We've been speaking to a couple of big brands recently where they have been asking for our experience gained from projects that we've run with start ups. They're obviously looking at the start-up mentality and asking, 'How do we replicate that for our brands? How can we be slicker; how can we be better?' And it is exactly this that they need, they need the print expertise, they need the substrate expertise; there is an opening there.

“Users understand that they need to be leaner and need to get to market faster.”

AS: Craft beer is the classic one at the moment, where the major brewery chains are looking to mop up the smaller ones. They are after the things we are doing with the smaller innovative guys; the unusual finishes, etc, and thinking, 'How can we get some of that?'

NS: Users understand that they need to be leaner and need to get to market faster. For one of my clients in dairy, it takes them just short of three years to get a product to market. And they're spending hundreds of thousand of pounds in consumer research. But you can bet your bottom dollar that it will come to the last six weeks and someone will realise, 'We need a case, we need a label' ... But I think now that you have even more start ups than ever before, it has made them sit up and take notice, because there are no lines of red tape or bureaucracy, you can just have a go.



The discussion continued during the break

KONICA MINOLTA ROUNDTABLE

AS: We're almost partners in some of these small start ups. There is a colossal attrition rate of businesses that don't succeed. We want to be in there early on, because we can probably add some value. It may be an easy phrase but we can make their business more of a success, because we're doing this all the time and we know what works.

SK: We did some testing with a beer brand, and although it was of course not just down to the new label, as it was a whole rebrand, once they added embellishments to the label, there was a 10% growth in sales.

AS: Yes and that's enough to offset the cost of digital by a country mile.

SK: It works particularly well with small brands, because it gives them that added amount of leverage. The retailers will move them up from the bottom shelf because the label now looks a little bit more prestige. Now was it the label that made it sell more, or was it coming up a level or two? It doesn't really matter – they came up a level because of the label.

Smart technology

How about newer trends, such as connected packaging?

KL: We're working a lot on connected packaging, NFC, augmented reality, all that. AR is very much like personalisation; it is a service. It is an added value to better marketing, and brands like Diageo have used it really well. There are a couple of wine companies using it where you can scan the bottle. It is a gimmick, at the end of the day, but NFC is really good and it is going to stay with us.

AS: Technically I agree with you, but I actually don't think it will take off because of the cost points. What for my mind will really take off is that whole supermarket camera experience they're doing in the States

where every time you take something off the shelf it recognises where you are. That model looks revolutionary for retail in my opinion, but it doesn't involve any technology at the packaging level.

KL: I think connective technology is a bit like personalisation in the early days, everybody wants a bit of it, everybody has their own take on it. There are different approaches out there and some of them are superb and relevant. Some of the larger brands are pushing it because they want that engagement with the consumer; they want the consumer to tell them what the brand should be, what the design should be, what they want in the future. Walkers have done a great campaign as we all know, asking what flavours crisps do you want? There are some really good ways of using connected packaging.

AS: Brands want to use packaging to engage digitally with their customers and getting them to like their Facebook page. They want to have that direct interaction and cut out the middleman.

KL: NFC for instance has not taken off as quickly especially with the iPhone because until we got to version 7 it didn't have the technology in there, so you had to download apps, which nobody wants to do.

TA: Isn't it the same with AR?

SK: But all this makes no difference to us. Those are separate processes to the printing. I don't know anything about AR, but I know a lot about printing. People keep telling me I need to get into AR and they're really excited, but they seem to be struggling to find somebody who is willing to pay for it. And they seem to think that we're the conduit, but nobody is going to give me anything extra for AR. It is still ink on paper.

TA: I agree. At the end of the day, there is nothing in it for me as a printer. •



Challenges in finishing and with materials were some of the topics covered