

Print Week



Digital label printing: "capability of new machines is phenomenal"

Adapt to the new reality or risk being left behind

By Jon Severs Friday, 30 September 2011

For label printers, a move into digital is not likely to be as straightforward as it seems and rushing in without proper planning won't do you any favours, but do it right and the pay-off will be worth it

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The shift to short-run digital labelling has had a dual impact. For conventional label printers, it is seemingly an easily solvable situation: buy a digital press. And for those commercial printers looking to add a revenue stream, it appears to be an easy win: labels are one of packaging print's most buoyant sectors and there is now an opportunity to get a piece of the action.

While both are understandable reactions to the shift from long runs with lengthy makereadies to a splintered array of randomly timed and sized shorter runs in the label print market, those already operating in this new reality have some words of warning. Simply put, buying a digital press is just the first step towards success in the new labelling environment.

The reason for the shift to shorter runs is two-fold: customers are demanding a more flexible service, influenced by the service levels of e-commerce and also tighter budgets; while digital technology has reached a level where it is a viable commercial technology for label printing.

"In manufacturing generally, so among our customers, there has grown a policy of postponement, of people trying to be 'just-in-time' and so carry less stock. So orders are smaller and quicker," explains Andrew Scrimgeour, managing director of AJS Labels. "On some of our older conventional machines it can take us five hours to get a press ready, whereas with the digital, it can take minutes. So digital is becoming more appropriate, and compared to our first digital machine, the presses around now are streets ahead."

AJS has just installed a new seven-colour HP Indigo WS6000 and Scrimgeour says that on a one- or two-colour job it can run at 50-60m per minute, whereas on his old digital presses it would have been around at 9m per minute. He adds that even on four-, five-, six- or seven-colour jobs, AJS can run the press at 30m per minute. "The capability of the newer digital machines is phenomenal," he explains.

Although the demand and the technology are in place, it is not just a matter of picking up one of these fabulous new digital presses and off you go. The three main digital technologies available are quite different and picking the right one to suit your proposed or current client base is crucial.

The HP, for example, is a liquid toner solution. This requires the substrate to be 'primed' before use. HP team leader for labels and packaging, HP Indigo Digital Printing, Ralph Bates explains that there are now more than 700 substrates ready to use off-the-shelf for HP presses and that a lot of customers also prime their own.

HP's main rival is Xeikon, whose presses use dry toner that has to be heated and fused to the page. Filip Weymans, Xeikon's business development manager labels and packaging, explains that this means less hassle and less cost as substrates do not require priming. However, he concedes that the use of heat means certain heat sensitive substrates cannot be used.

Which you go for depends on the client base and the type of business model you prefer. AJS wanted to use PE, which the Xeikon could not print on, so the company went with the HP. Mercian Labels, however, went with a Xeikon machine.

"HP has exceptional quality and a clearly understood cost model, but you have to prime all your substrates and the speed is variable depending on the substrate," says Adrian Steele, managing director at Mercian Labels. "We found Xeikon cheaper and you don't have to prime the substrates. Each press has benefits, though. It depends on which markets you are in as to which is better or more suited for you."

Third way

It gets more complicated still when you introduce the third technology option. Though Steele says you'd find few people that would argue inkjet as a platform at the moment is credible for prime sharp edge digital labelling work, as the "quality is not there yet", inkjet technology is becoming a viable alternative, according to Domino European sales director Vlad Sljapic.

"The quality of print is superior on toner based technology than inkjet, no questions, but with inkjet, the quality is still good enough for most applications and we believe it is a more scaleable technology."

Marc Tinkler, director of marketing for Epson, which offers the SurePress inkjet labelling press, adds that inkjet can arguably be more productive than its toner rivals. "The liquid and dry toner systems work very well, but they are very sophisticated and maintenance can be extensive," he says. "Inkjet is a simpler technology and our aim was to make the machine do most of the maintenance itself. This would mean more of the shift can be productive, rather than for maintenance."

This deliberating over the press is just the start of the wrangling. There is a whole lot more than that to consider if you are going to make a success of going green.

Steele at Mercian Labels explains that to move into digital short-run labelling, your whole business has to change. He explains that orders vary wildly, with, for example, a customer ordering five designs one week with 200 of one, 2,000 of another, 636 of the other, and then two weeks time they will come and ask for completely different specs with new designs. He says this makes work very "spikey" making for an "incredibly complicated manufacturing environment". To cope, Steele had to change his business in three distinct ways.

"Firstly, we do a lot of online marketing. It's just not economic to have field sales reps for small volumes, so in short-run labelling the field sales role is on its way out," he explains. "Secondly, the MIS has to be changed completely. You have to adapt to cope with the vast range of different and small jobs. And thirdly, all of our staff are now on annualised hours. They are contracted for 1,856 hours a year, and we tell them everyday what hours they will work the next day. We don't do any production planning beyond a day and a half ahead, it is an extremely dynamic environment because that is what the market demands."

Scrimgeour agrees, stating that with some old MIS systems it can cost more to administer the job than to print it.

As a result, every system and process has to be geared to digital print. He stresses that this also includes the finishing department.

"We couldn't just put a new print engine in, we also had to put in a new digital finishing line," he explains. "We try and replicate on our digital machine what we do on our conventional presses and that means we have had to over spec our finishing kit."

As a result, AJS has a finishing machine set up that includes flexo heads, cold foiling, and silkscreen. Scrimgeour says it acts almost as "another printing press".

Sales models

Weymans says that the way in which products are sold also has to be considered when shifting to digital. He reveals that customers want to purchase labels as they would a CD from Play.com or a book off Amazon – so web-to-print is a must.

"What label printers are finding is that they need to offer a different type of service, one that is online," he explains. "It's not just digital print, it is complete digital production, so transparent workflow where people can buy and track orders. There is also potential for producing personalised products, which opens up new business opportunities."

Phil Eaves, Sales & Marketing Director at Xaar, which has its 1001 printheads in numerous label machines, agrees, explaining that, with digital, printers have to take a "different approach to the market" as the nature of the service is so different to conventional label work.

Other options

Digital, however, is not the only answer. Like elsewhere in print, having a mix of technologies is often the key. Scrimgeour says that certain short-run jobs are still better suited to conventional print, although he admits that situation is occurring less. This is echoed by Steele, who adds that it is dangerous to see digital as the only option.

"Digital printing is very good, but it is not the only solution to short-run labelling," he explains. "For certain jobs, it is more economical to print them flexo, and there are other jobs better done with the hot foil, because of the effects or economic reasons. Digital is growing, strong double digit growth every year, but it does have limitations."

The manufacturers would argue that, given time, many of those limitations will be overcome as the presses continue to evolve – indeed, Scrimgeour expects the presses to keep getting better and better and sees no sign of advances slowing down. Some may argue though, that until these limitations are overcome and until the customer demand for short-run reaches a stable and peak level, a costly digital investment is too much of a risk. Xeikon's Weymans argues, however, that not investing in digital now is far riskier.

"What some printers are doing at the moment is taking the short runs from long-run customers and putting them on flexo for almost no margin," he reveals. "What happens when those long runs disappear, which they will? You are left with the short runs that you have been giving away. Printers need to get involved with digital now to ensure their business is profitable. There is a learning curve with digital and that will always be there, but if you are trying to do that when the majority of the market already has digital there will be a price to pay for that."

So for conventional label printers and commercial businesses looking to add a service, if the digital move is to be made, it needs to be done soon. It's likely to be a difficult journey that will require substantial investment, but putting off taking the plunge may work out a costlier decision in the long run.

ADAPTING TO DIGITAL: THE LABEL BUSINESS

Adrian Steele, managing director at Mercian Labels, changed his business in three distinct ways to become a profitable digital labels business. Here he shares his strategy:

1 "The marketing is almost entirely done online – it is just not economic to have field sales reps for small volumes so in short-run labelling the field sales role is on its way out."

2 "The MIS has to be changed completely. You have to adapt to cope with the vast range of different and small jobs – we have written our own system from scratch as at the time we did not believe there was any system on the market that could do what we wanted it to do properly. It took us 18 months."

3 "All of our staff are now on annualised hours. They are contracted for 1,856 hours a year, and we tell them every day what hours they will work the next day. We don't do any production planning beyond a day and a half ahead, it is an extremely dynamic environment because that is what the market demands."