

PACKAGE DEAL

John Nelson from Smithers evaluates recent data and explains why he believes inkjet is set to surge forward and take a central role in the growth of printed packaging



John Nelson is a Commissioning Editor at Smithers

Covid-19 has rewritten the rules in many industries – both in terms of future markets and commercial operations – and print was certainly not immune. Data from Smithers shows that a total of 6.4 trillion A4 print equivalents were lost from the world print market as total output fell to 41.4 trillion A4 prints in 2020.

The worst affected sectors were publications (newspapers, magazines etc.), commercial work and advertising. In contrast, the demand for packaging and labels was much more robust. This has been witnessed in previous recessions, but the unique disruption of Covid-19 social distancing rules meant sales only dropped temporarily, down -1.5% for 2019–2020. And in some applications it grew strongly, most notably printed e-commerce packaging.

PRINT POST-PANDEMIC

The majority of the volumes lost in 2020 will not return. As OEMs and print services providers adjust to this, packaging remains a genuine growth market, reinforcing what was already a strategic trend pre-pandemic. As this happens the experience of Covid, changes in print buying, and technical advances will further support the use of digital (inkjet and electrophotography) print.

Data from the latest Smithers report – 'The Future of Digital Print for Packaging to 2026'¹ shows volume from these machines rose by 15.0% for 2019–2020, while value rose 12.2% to reach (US) \$18.51 billion.

The up time for the current installed



Narrow-web printing remains the initial entry point for many digital print technologies

base of presses has generally increased as the capabilities of digital production have met the fluctuating demands of large and

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small packaging buyers over this time period. The sector remains healthy, with continuing investment predicted from the end of 2021, and digital printed packaging significantly outperforms the overall market, steadily increasing its share to 2026.

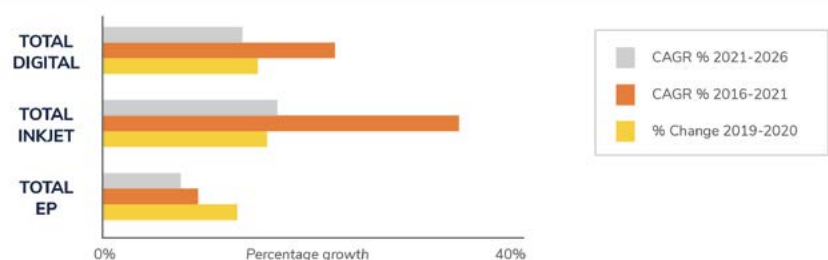
In 2021, the market will reach a projected \$21.09 billion, then grow at a

compound annual growth rate (CAGR) of 11.2% to reach \$35.88 billion in 2026.

E-commerce sales surged – up 25% worldwide – across 2020, even while overall retail sales fell. Future major increases are forecast for 2021 and beyond, marking a deeper shift in consumer buying habits. This is benefitting printed as it employs more transit packaging to ship and individual delivery labels, with several large e-commerce sellers bringing print services in line at their own facilities.

From a marketing angle, print can also play a role in the e-commerce unboxing experience for brands and retailers. This includes printed packaging graphics on the

GLOBAL DIGITAL PACKAGE AND LABEL PRINTING OUTPUT GROWTH 2016-2026 BY PRINT VOLUME



Inkjet is increasingly the focus for R&D. This will see it displace toner, as well as analogue, print in several market segments through the 2020s

inside and outside of delivery packs, including personalised messages, advertising, and discount codes tailored to the recipient.

PRINT BUYING AND RUN LENGTHS

Digital print's key advantages are its responsiveness, flexibility and consequent cost competitiveness on smaller print runs. The supply chain disruption seen during 2020

"Print can play a role in the e-commerce unboxing experience for brands and retailers"

and into 2021 led to many more short orders from FMCG (fast moving consumer goods) customers as they had to react flexibly to severe peaks and troughs in consumer purchasing.

The ability of digital to produce short

"Inkjet will increase its share of the digital packaging and labels market over the next five years"

runs economically has changed the label sector, and it is now beginning to do so across other packaging markets. Post-Covid, more brands want to avoid tying up capital in stocks, with some using digital to manage set-up costs and change order patterns away from long runs into multiple orders, and print on demand ordering models. New product launches and special packs mean more short runs; as will brand owner desire for greater SKU [stock keeping unit] diversity and versioned packaging and labelling.

Furthermore the quick turnaround will be more important in the future as e-commerce consumers come to expect next- or same-day delivery for many purchases as the norm.

Eliminating the minimum order quantity will further open high-quality packaging and labels to many more players, and grow the overall market significantly. While not widespread, there are online web-to-pack portals that help to reduce the administration and prepress costs by producing press-ready artwork, and these will further boost acceptance of digital labels and packaging.

At the same time more print buying

is moving online. Many digital converters are providing e-commerce portals for print buying. This is being supported by the nascent platform economy model for print buying with websites, such as Compack, matching online custom packaging suppliers, brand owners and designers with buyers. This favours digital systems as these can most readily be integrated with web-to-print systems and other software that improves responsiveness to the consumer and overall order turnaround.

INKJET VERSUS TONER

Overall, inkjet will increase its share of the digital packaging and labels market over the next five years, with electrophotography confined to smaller high-quality work in labels, cartons and flexible packaging.

The sector where the use of digital is most advanced is labels, with digital presses now accounting for just over 25% of all value.

Use in narrow web was pioneered by toner presses, and in 2021 these still represent the larger share (62.5%) of the market by value in 2021. There are an estimated 3,600 narrow-web toner machines in operation worldwide, compared to around 2,000 inkjet presses. One common technology challenge is to improve and widen these presses to enable them to also print flexible packaging substrates.

"For corrugated liner printing there are now wide-web systems running at over 300m per minute"

Adoption of inkjet is growing in all segments, and is the focus for much R&D spending for OEMs, meaning it will erode the share of toner presses over the next five years.

Its advantages are more apparent when printing other packaging substrates, especially the less uniform surfaces of corrugated board, for which electrophotography has very limited

application. For corrugated liner printing there are now wide-web systems running at over 300m per minute, making them the highest-performance digital presses in existence. Inkjet post-print is growing rapidly too, with many high-performance systems being developed and installed into box plants, and some into high-volume display applications. Inkjet print on corrugated board produced 2.59 billion A4 print equivalents in 2019, and will reach 4.06 billion in 2021. Output will more than double again by 2026.

One sector where the two systems are in direct competition is printing on folding cartons and packaging sleeves. Here inkjet has a slightly large share (56.3%) and will grow fast across the next five years as more commercial print companies look to enter the market and provide promotional and short-run cartons.

FULL REPORT

Containing an exclusive dataset presented in over 250 data tables and figures, 'The Future of Digital Print for Packaging to 2026' segments market (by value and volume) by print technology, and packaging format/substrate, across 30 leading national and regional markets. It is available for purchase priced \$6,500 (€5,250, £4,750).

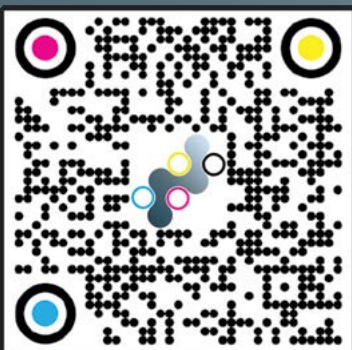
Digital print for technology and leading post-Covid market drivers will be examined in depth at the Smithers Digital Print for Packaging Europe conference, now accepting bookings for 8–9 December in Amsterdam.² ■

- 1 <https://www.smithers.com/en-gb/services/market-reports/printing/the-future-of-digital-print-for-packaging-to-2026>
- 2 <https://www.smithers.com/event/sessions/10467>

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