

SHAPING THE FUTURE

Energy costs, automation, new buying patterns and consumer demands will all help to define the future of printing across Europe. John Nelson, Editor at Smithers, looks at the research



John Nelson is Editor at Smithers

Europe is the third largest global market for print and is increasingly a forum for showcasing the latest technical developments. Exclusive data from the brand new Smithers report – *The Future of European Printing to 2027* – shows that in 2022 a total of 10.16 trillion A4-sheet equivalents were printed across Europe, with a value of €159.2 billion. This reflects a long-term decline in print volumes, with the market having lost 21% since 2017 – a move only exacerbated by the Covid pandemic.

Smithers expects forecasting projects' future growth in this market at a compound annual growth rate (CAGR) of +3.8% by value across the next five years. This will push value to €165.3 billion, in 2027, but volumes will decline at a –1.2% CAGR.

This will see Europe's print businesses chasing less work, albeit with a higher-per-unit cost. Print run lengths are also coming down, which will benefit the wider transition to digital (inkjet and toner) printing, as original print manufacturers (OEMs) continue to improve the cost-competitiveness of these platforms.

This transition has gained momentum in 2022, was input costs – energy, paper, inks, plates and machinery – have all risen sharply. In an effort to mitigate print service providers (PSPs), print buyers have shifted their order patterns and adjusted product specifications.

PHYSICAL VERSUS ELECTRONIC

Europe is now one of the most highly-connected societies on the planet. A rising proportion of younger digital natives are consuming information and entertainment through electronic channels.

As this happens, publication print, in particular, is declining – in Western Europe newspaper volumes are set to fall at the

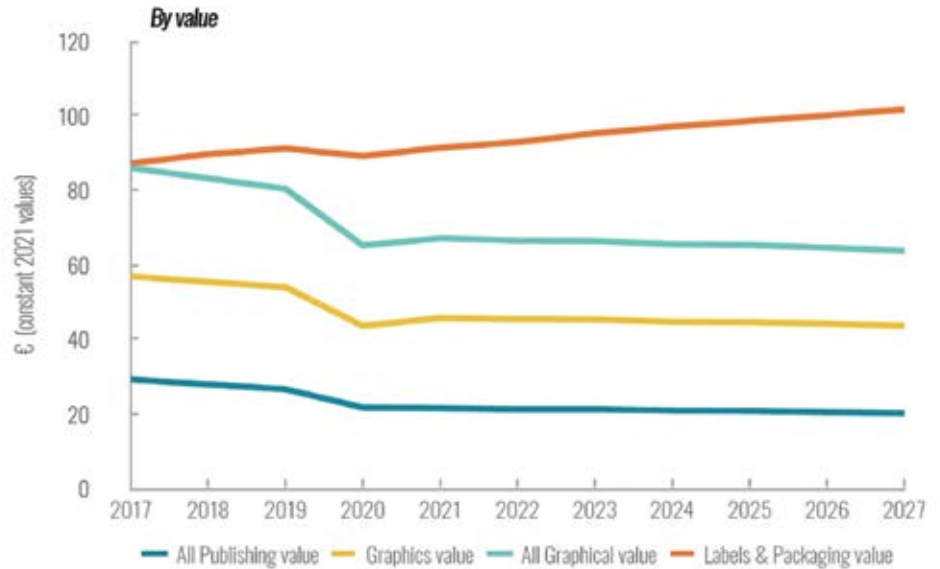


Figure 1: 2017–2027 Y axis labelled € constant (Source: Smithers)

fastest rate of any established market. The increasing use of email and social media for marketing is eroding the demand for advertising print. At the same time, hybrid working patterns are limiting future demand for commercial print.

print goods that enable improved targeting via bespoke content. Such premium, customised print encourages recipients to respond to promotions and form a personal relationship with a brand.

The pandemic also produced a surge in

“This is pushing a demand for higher-quality digital print goods that enable improved targeting via bespoke content”

In the post-Covid marketplace there is an increasing realisation that although a place remains for physical print, this must be made more relevant for end users. In turn, this is pushing a demand for higher-quality digital

demand for online orders across nearly all product sectors. While this surge will drop back slightly, e-commerce will remain one of the fastest-growing sub-segments for printed packaging in Europe. Online retailers are

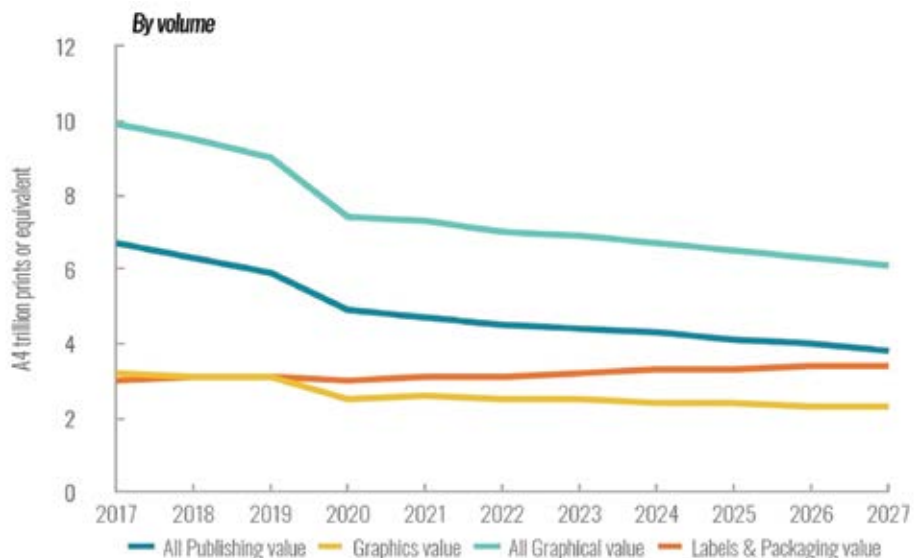


Figure 2: Y axis labelled A4 trillion print equivalents (Source: Smithers)

paying a premium for designs that move beyond a conventional brown corrugated shipper to deliver brand packaging and personalised messaging to recipients.

LABOUR SKILLS AND AUTOMATION

Europe's print industry is facing a shortage of skilled labour, with many experienced staff leaving the work force permanently during the pandemic years. It is also proving difficult to attract a younger generation into a career in physical print.

This supports the wider use of more on-press automation and the implementation of intuitive, interconnected control systems for print equipment. This technology is more familiar to a new generation of print room staff and can radically cut the number of employees required. This trend is most advanced for digital print systems but, across Europe, flexo or litho OEMs are also increasingly fitting more advanced on-press automation. More efficient order management and turnaround are secondary benefits.

SUPPLY CHAINS AND PRINT BUYING

In the short term, the pandemic has led to much greater uncertainty in sales. Hence the need to push print buying towards shorter, quick turnaround of orders, mapping the implementation and rescinding of social

distancing rules. For many print buyers cash conservation and reduced inventory became key tactics to navigate this uncertainty. Print ordering was pushed to more frequent, smaller commissions and digital print on-demand models. This is expected to continue to be the 'new normal' in many segments moving forwards, especially for retailers that are selling more via e-commerce.

Some European printers have subsequently seen a boost, as companies have looked to shorten and re-shore their supply chains. This factor has been further exacerbated by repeat Covid lockdowns in China across 2022.

The exigencies of this revised landscape, means that print buying will become more varied in 2023 and beyond. Companies will select different print-service providers (PSPs) for specific work. Cost, quality and turnaround will take on a greater importance. This drift towards a platform model for print buying will be supported by new online services, while web-to-print portals are giving buyers greater control over designs and customisation. Initially, the preserve of digital-print systems, analogue press operators are now joining this trend.

Primary PSPs can leverage the same technology. For those that receive regular work, there is a choice between manufacturing

themselves or outsourcing to a third party online. Some companies choose to use trade supply for much of this output, particularly standard print products. This is seeing the creation of a sub-set of new highly efficient networked PSPs who are able to organise jobs efficiently and make it ever-more difficult for small, independent PSPs to compete.

This means that individual presses have higher up times. For equipment OEMs, the result will be fewer print machines sold – €4.20 billion in 2022 – as traditional print companies transform into service companies.

CONCLUSION

The market impact of these and multiple other trends over the next five years are analysed critically and quantified in the Smithers study – *The Future of European Printing to 2027*. A comprehensive market data set with over 350 tables and figures provides data for 24 individual countries across all print segments for 2017–2027. ■

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