Brighter Ideas for Labels

Introduction

Labels play a critical role in the marketing of a product—its identification, brand promotion and logistics. In addition to providing the consumer with essential information about a product and its constituents, a label design on a package reflects a brand's message and identity, and can enhance a product's visual appeal.

According to market researcher Smithers Pira, which in 2016 published a report entitled *The Future of Labels and Release Liners to 2021,* economic and lifestyle changes and the focus on sustainable packaging will drive moderate growth in the global labels market by 5.4% annually to $44.8 billion between 2016 and 2021.

Smithers Pira's analysis shows that label market growth is being driven by economic, social, demographic and lifestyle changes, consumer demand for convenience food, and the growing presence of large retail chains. The relatively low cost with which labels can be replaced or changed, as well as the continuing need for barcodes and other secondary packaging applications that support food safety and pharmaceutical compliance issues, have also contributed to the growth of label usage.

Sustainable packaging and labelling are also growing in popularity because of the increasing focus of brand owners on carbon footprint and life cycle impact analysis, according to Smithers Pira. Retail chains and brand owners are reacting to growing interest from consumers concerned with the depletion of fossil resources and climate change, and are taking initiatives to evaluate the packaging and labels used by their suppliers in terms of source reduction, eco-friendliness and cost reduction.

The growing trend for sustainability in packaging and labelling means linerless labelling systems are gaining in popularity, because they eliminate the need for nonrecyclable release liners. The absence of backing material also means that reel changes are quicker and easier. Linerless technology also provides full-color, high-end graphics, together with the option to print on the back of the label for promotional, coupon and instructional applications. As Smithers Pira further comments, linerless labels also eliminate waste and reduce cost associated with label production.

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Jules Lejeune, managing director, FINAT (the association for the European self-adhesive labelling and adjacent industries), provided the following additional insights in an article in the trade publication *Labels and Labelling* at the end of 2016:

"The world of 'the label' is growing in every way, and in every direction. Today a label encompasses not only product identification data, but also an increasing tranche of regulatory information and delivers brand identity in ways we could not have imagined 10 years ago—through personalisation, tactile and color-changing features, and devices such as QR codes. Increasing sophistication in product authentication and security devices are an important additional feature; and sleeve labels, flexible packaging, in-mould labels and direct-to-container print will increasingly feature in label converters' 2017 offer to brand owners. These are all areas where FINAT is committed to keeping its members informed on this broadening technical agenda; on representing their interests on legal and regulatory issues; and on continuing its established and respected technical research programme—which will next year include new editions of the FINAT test methods and the RADAR.

"The increasing complexity of the 'label' has been largely enabled by the developments in the converting technologies employed by our FINAT members. Our FINAT RADAR market research across Europe indicates that, in the coming years, we expect to see ongoing refinements in digital capabilities and in hybrid analogue/ digital presses, partnered by advanced ink formulations that deliver specific high-performance features—for example, for food-safe print without migration or setoff—and a range of print substrates to match. LED ink curing is set to grow substantially next year.

"Digital print has made product multi-versioning and label multi-language versioning easy and quick. FINAT members confirm that break-even print run length is now around just 1500 linear metres; and the downward trend is forecast to continue. In fact, overall, 55% of

brand owners predicted that label purchasing volumes would increase in 2017—a slight downturn on 2016 sentiment. While over 20% of brand owners we surveyed said they do not currently source digitally printed labels, they nevertheless say they want their label converters to have digital capability on their production floor.

"European brand owners will also continue to demand higher quality at lower prices from their packaging suppliers, and are increasingly looking to the developing economies of, for example, Hungary, the Czech Republic, Poland and Slovakia as viable label sourcing channels. What is more, our most recent RADAR research confirms interestingly that more than 70% of them claim that they will not be migrating from self-adhesive labelling technology to another format over the next 12 months.

"Sustainability will be a headline topic in the agenda of the entire supply chain. Waste management will be the prime concern of FINAT and its sister associations around the world in 2017. Spent release liner—a high-value, high-quality feature of the pressure-sensitive laminate—will be a particular focus for recycling efforts, and in FINAT we are encouraging increasing formalisation in the relationship between label converters, co-packers, and brand owners to establish a formal release liner collection and recycling system, since around 70% of the end users we surveyed indicated they are not currently recycling any of their liner waste.

"In the face of all the technological developments, the globalisation of end-user brand markets and the capabilities of online business, we also expect a continuation of the M&A activity that has seen local and regional label converting companies join together to form multinational suppliers."

Other trends referenced from separate sources in the same article included:

1. The ongoing trend for increased digital color management, as brand owners continue to demand more accurate and standardised color;

2. The increase in personalised label design as consumers demand more distinctive and customised label designs. The evolution of the digital printing of labels, while now well established, will continue to enable the fragmentation and extension of brands to the consumer, as more and new designs will be required to satisfy the shorter life cycles of products.

The facts

What consumers say:

• Consumers are paying closer attention to food and beverage labels, scrutinising what's on the label more today than ever before. *(Source: Health & Wellness 2015 report, The Hartman Group)*

• 36% of UK consumers agree that unique designs on food packaging make a product more appealing. This rises to 53% among 16- to 24-year-olds. *(Source: Mintel GNPD)*

• 19% said they used product labels to learn about health and wellness, up from 15% in 2013. *(Source: Health & Wellness 2015 report, The Hartman Group)*

• 62% of study participants said a metalised film label caught their attention compared to labels made with paper, matte film, white gloss film, wood veneer and clear film. *(Source: Study conducted by Package InSight in 2015 at Clemson University to examine the shelf impact of craft beer labels when products were positioned in a simulated retail store environment.)*

• 46% of shoppers perceived the metalised film labelled product as most expensive, followed by wood veneer and clear film. 40% felt the paper label appeared the least expensive. *(Source: Study conducted by Package InSight in 2015 at Clemson University)*

• 47% of under-25s in the UK agree that high-quality packaging and high-quality products go hand in hand, while only 16% of this age group disagree. *(Source: Mintel reports)*

The challenges

While the continued growth forecast for the labels market is encouraging for label printers and converters, it doesn't come without its challenges. Meeting these increasing volumes efficiently and effectively with the appropriate production equipment will be one challenge, while others will come from brand owners, who are themselves under pressure to profitably meet the demands of consumers.

Brand owners are looking for quality and consistency of output, especially with regards to color, to maintain the equity of their brands, as well as value-added creativity, such as that offered by smart labels, to ensure their increasingly numerous products stand out to consumers. In addition, they are looking for packaging and labels that are fit for purpose, especially to uphold the integrity of their brand and safety of their products. This is particularly the case for the packaging of foodstuffs and sensitive products, where compliant solutions are paramount. As the proliferation of counterfeit goods also continues to be a major problem for brand owners, converters and printers that are able to provide effective solutions to help protect products will also bolster their relationships with brand owners.

Comments from market intelligence organisation Mintel

"Food shoppers expect a wide range of information to appear on food product labels beyond brand name and core product descriptors, presenting a challenge to labelling and graphic designers who must also respond to the need for shelf-impact and simplicity. Shoppers' preferences for where different pieces of information should appear on the packaging may help to guide the design process and lead to packaging that aligns more closely to shopping habits and preferences.

"While most food shoppers express interest in learning about the healthfulness, ingredients and utility of the products they buy, their patience appears to have limits when it comes to reading this information on the packaging. Fewer than half say they always read the packaging when purchasing new products. Only about one in 10 say they have

scanned codes on packaging to get more information, although shoppers aged 18-34 are far more likely than older shoppers to report having done so. Responses in Mintel's online qualitative research underscore the importance of keeping information on the package simple and visual."

– David Luttenberger, CPP, Global Packaging Director, Mintel

"A third of adults note that high-quality packaging indicates that the product inside is also of high quality, underlining the importance of the design aesthetics. The visual appearance of packaging is also likely to play a role in product perceptions at a more subconscious level. There is a notable age skew in the role consumers see the visual side of packaging as playing in their perception of the product overall, with young consumers much more likely to be won over by the appearance. Packaging design is therefore of paramount importance for food products which target the younger generation.

"Over two-fifths of consumers (43%) agree that packaging with a homemade feel gives the impression of a more natural product, rising to 52% of under-25s and 58% of female under-25s. This style of packaging can therefore help to assuage consumers' concerns about artificial ingredients. This is an important finding—and an attractive proposition for manufacturers—given that naturalness has become almost synonymous with healthiness.

"A sizeable minority of consumers note that unique packaging makes a product more appealing. This is likely to be a backlash to the mass-market homogeneity of the food industry, fuelling interest in products which are the antithesis of this through an element of individuality. In line with younger people's greater attention to the visual design of packaging, under-25s are the keenest on one-of-a-kind packaging, with agreement reaching 53%."

– Dr. Benjamin Punchard, Director of Packaging Insights, Mintel

Sun Chemical's Brighter Ideas for Labels

Product offerings for narrow web labels and flexible packaging

- Recognising the ever increasing scope and number of applications being printed on narrow and mid web UV and EB presses, Sun Chemical offers a range of products and solutions for narrow web label, sleeve and flexible packaging, covering all printing processes and with the ability to span all three curing systems: electron beam, conventional UV and LED.

- A new UV flexo technology platform for food and non-food applications that offers significant productivity advantages over existing systems.

- Turnkey solution to produce flexible packaging on a standard label printing press.

Digital

- A range of migration-compliant inkjet solutions for printing on the non-contact side of primary and secondary food packaging applications.

- The next-generation energy-curable and aqueous inkjet inks. Delivering significant performance and production benefits to meet the future needs of the expanding label and narrow web markets.

- Matched solutions, inkjet inks, primers and OPVs formulated to achieve optimum performance in both existing and new digital markets.

- A dedicated range of water-based and UV OPVs matched with HP ElectroInks used in HP Indigo Label presses to support converters, printers and brand owners.

Brand protection

- A smartphone authentication solution providing greater choice, flexibility and potential for protecting products.

- An integrated sensor-taggant system, which provides interactive, point-of-use authentication and identification that help protect product quality and safety.

- A range of overt, covert and semi-covert brand protection solutions, including UV-responsive and infrared inks and taggants integrated within spot colors and varnishes, and hidden images embedded into existing packaging.

*Smartphone authentication provides greater choice, flexibility and potential for protecting products.*

Color management

To help converters achieve global consistency of high-impact and high-quality color, Sun Chemical has a color management toolkit that comprises a comprehensive set of applications and services aimed at supporting converters to produce consistent brand colors, anywhere in the world, within a fully optimised digital process.

The tools include:

- A cloud-based solution to manage converters' private databases of bespoke spot colors and make them available digitally throughout the supply chain and production cycle.

- A thorough consultative process involving onsite audits and in-depth discussions, resulting in a proposed digital color workflow implementation plan optimising production processes and color specification.

- Compliance services and implementation tools for the color management of expanded color gamut and process printing.

- A handy, bespoke digital inkjet color standards book.

- A service that enables full digital color communication between ink supply and customer networks across multiple locations to achieve the best, quickest and lowest cost color match for any customer job.

- A service offering quick onsite, on-demand, color-accurate digital inkjet proofs.

- A process enabling measurement controls to be put in place to monitor production.

- A suite of products, licences and services enabling secure access to a database of spectrally defined Pantone® and brand spot color standards.
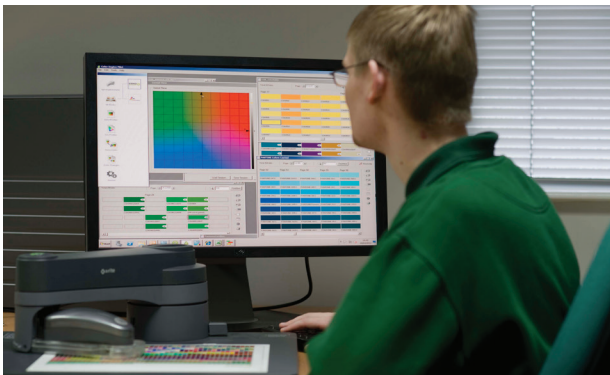
Functional and effects

- Special-effect inks and coatings to optimise shelf impact and consumer engagement through innovative colors, textures and finishes.

- Oxygen barrier coatings, chlorine-free, easy to recycle and resistant to flex cracking made commercially available directly for narrow web in film solutions.

- Non-ablative and ablative laser digital marking solutions that enable the addition of information to primary packaging for practical supply chain purposes or as a late-stage pack differentiator.

See how our Brighter Ideas for Labels can help you

Sun Chemical has unrivalled experience working with all participants in the packaging supply chain, helping to guide converters and brand owners through our full range of solutions. Underpinning everything is our world-leading commitment to innovation in inks, pigments and coatings for the label, narrow web and flexible packaging markets.

Contact us to find out how our Brighter Ideas for Labels can help you and your customers.

Visit: www.sunchemical.com/brighterideasforlabels

working for you.

Sun Chemical's global color platform allows every ink color to match exactly with PantoneLIVE. Users of PantoneLIVE can access a cloud-based repository of spectral data whenever a brand's spot color needs to be reproduced across multiple packaging substrates.

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