

**Competition between flexo and gravure printing intensifies
THE FUTURE OF FINISHING FOR FLEXIBLES**



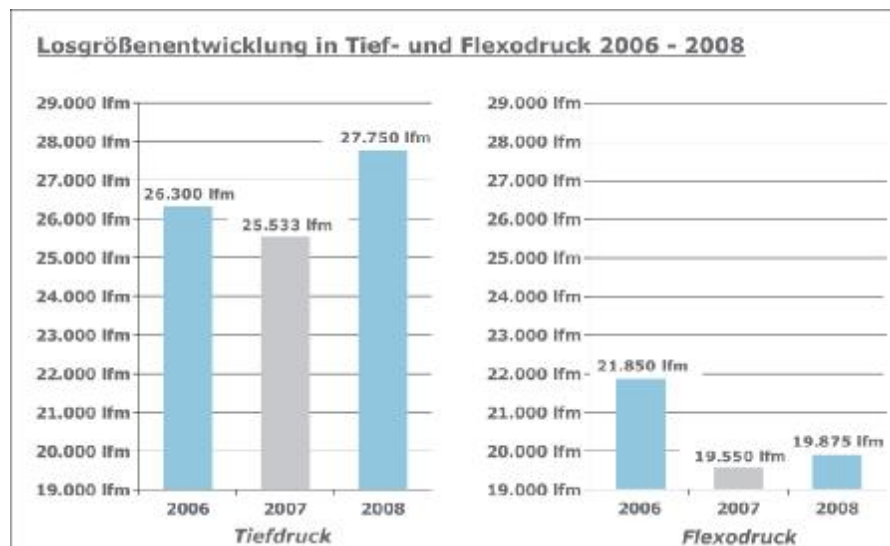
Stefan Beilenhoff

For years, gravure and flexo printing have competed with one another on a daily basis for market shares in flexible packaging and for the attention of brand name companies. Without doubt, the flexo printing method outwardly appears the most dynamic, particularly in relation to new developments. But how fierce is this competition in fact? Do the strengths of the two processes in fact complement one another, and which market shares result from this?

Stefan Beilenhoff addresses these questions and others arising from them in a new Inno letter. The article summarises thinking and observations in the market.

In recent years in particular, the food industry has shown a marked tendency to reposition towards own-brand labels. Discount stores and retailers have raised the status of many of their own labels to the level of those of the major brands. As a result, their demands on the quality of packaging for own-brand and family brand products have also risen. Many packaging manufacturers can thus barely distinguish today between the quality demands of own brands and trade names. As a rule the selection behaviour by brand-name companies and business between the printing processes can also no longer be differentiated. So who decides nowadays which process to use for printing a given packaging? What freedoms remain to the printer and with what economic consequences?

The economic and qualitative strengths and weakness of the gravure and flexographic printing processes, current market trends and the influence exerted by customers were examined in a market study by print.con - Beilenhoff Consulting in autumn 2009. The results were first presented at the Innoform conference "Flexo printing for film packaging; emphasis on repeatability" (November 2009) and form the basis of this Inno-Letter.



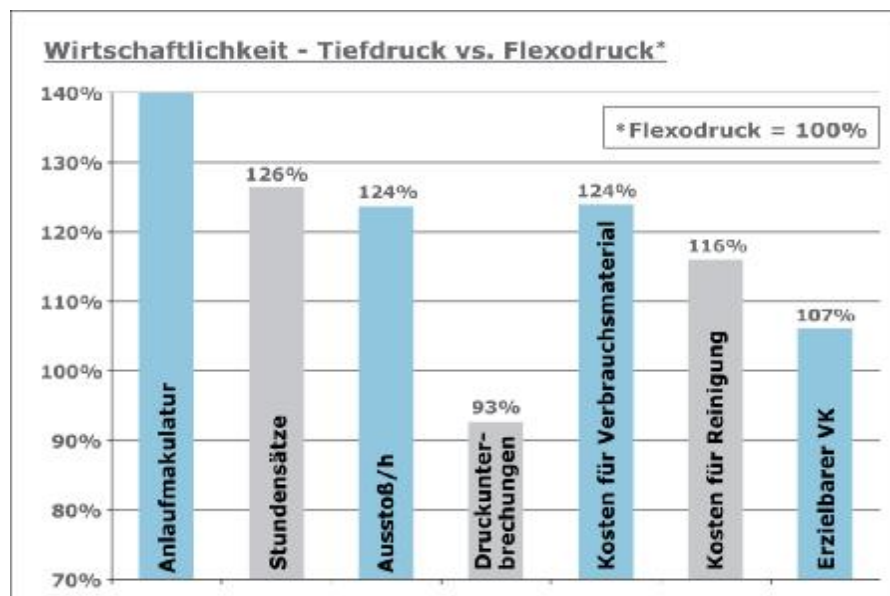
Batch size trends for flexo and gravure print are based on data from 2008.

Summary and outlook for gravure printing

Since the new quality demands of the industry has raised it to the level of the brand manufacturers, there may be the possibility of substantial new growth for gravure printing. Against this, however, stand the improved quality and, as claimed by at least some manufacturers, greater viability of flexo printing.

Since flexo printing, however, approaches the level of gravure printing in the area of pre-printing costs for endless printing forms, and these apply in all cases, the flexo printing process will encounter difficulties in using the argument of lower costs to tap into

the market segments for gravure printing. This applies particularly where sustained effort is made to overcome the weaknesses of gravure printing and to markedly improve its performance in these areas. High and consistent quality are in themselves not enough. They are particularly insufficient when the competition is constantly coming closer.



Comparison of the economic viability of flexographic and gravure printing.

What can gravure offer today to defy flexo?

Where flexo printing is undergoing constant development, both qualitatively and quantitatively, through up-to-date and increasingly automated machines and new types of printing plate, gravure printing can only achieve competitive advantages through consistent reorientation or through upgrades made to the installed base. The approach to any type of such upgrade consists in identifying weaknesses and taking appropriate countermeasures. The weaknesses of gravure printing were highlighted clearly in the study and in some cases have always been known. These are the investment costs (steel cores), pre-printing costs, delivery times, storage and handling of cylinders, set-up costs, startup waste and cleaning costs. However, the first steps towards the necessary improvements have already been taken.

The current Inno letter gives an overview of actions by suppliers to improve the situation. It looks at developments for replacing the steel core, technologies for reducing motive-related setup costs and delivery times and the extent of influence of the printing machines themselves.

Outlook

Although the market study shows a slight increase in batch sizes for gravure printing in 2006-2008, the figures remain far behind those of the years when the printing machines were becoming ever wider. While a few businesses have now successfully moved to small roller widths, those of the majority of systems that have recently come into operation in the German-speaking world remain over 1100 mm.

Nevertheless, customer interest for smaller widths among machine builders and printing plate manufacturers is visibly growing. But what effect would the use of narrower machines have for gravure printing? Significant additional costs over flexo are caused in gravure printing by pre-print costs, hourly rates and startup waste. A higher degree of automation

for changeover of printing plates is necessary specifically for wide machines. Extras of this kind can be dispensed with on narrower machines by the use of lighter cylinders or still lighter, alternative types of printing plate such as sleeves. The question is, what level of automation is really necessary in order to assure the required quality and to optimise cost effectiveness?

Narrower, less automated but high-quality printing machines give rise to lower capital and consumption costs and hence lower hourly rates. Additionally, the narrower width results in less startup waste. Narrower printing plates cause correspondingly - and substantially - lower pre-printing costs. These savings put the significance of a few extra minutes required for setup, owing to a less automated process, and a slightly lower mechanical speed, into perspective.

Ultimately the decision remains with the packaging manufacturers as to whether maximum automation, to minimise personnel costs and maximise productivity, or rather 'downsizing', that is, the combining of the strengths of gravure printing with the actual necessities, will determine the future of gravure printing for flexible packaging.

Stefan Beilenhoff



Brokbrede 8, 59073 Hamm
Tel.: +49 (0) 23 81 / 3 73 12 36

mail: stefan.beilenhoff@printcon.biz

web: www.printcon.biz

Member of



Stüvestraße 25, D-49205 Hasbergen
Tel.: +49 (0) 54 05 / 80 76 70

mail: consulting@innoform.de

web: www.innoform-consulting.de

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