

NEW HORIZONS FOR THE LABEL INDUSTRY:

FINAT European Label Forum

The international labelling association FINAT this year convened its European Label Forum in Berlin in early June. Germany is centrally placed to serve most of central Europe, and itself hosts well over 400 label printing companies -- including Hagmaier Etiketten, whose Managing Director, Thomas Hagmaier, had served as FINAT President for the last two years, and handed over the presidency to Chris Ellison of OPM Labels, UK at the Berlin event.



FINAT's European Label Forum is now in its third year, replacing its annual congress with a vibrant business agenda to meet the needs of the fast-changing and fast-growing label and packaging industry. As FINAT Managing Director **Jules Lejeune** comments: 'In the course of FINAT's almost 60-year history, the evolution of the label industry in Europe has been driven by continuous improvements in technical competence, operational skills, and product and process innovation. A sophisticated network has emerged in which FINAT, our partners the Labelexpo Global Series, and the national label associations, all play their part in facilitating the healthy development of our industry across Europe. And with the European Label Forum, FINAT aims to encourage business and opinion leaders to address topics relevant to the longer-term future of our business.'

'Lifeblood'

Thomas Hagmaier (DE) opened formal proceedings, introducing 'a programme of outstanding speakers and topics, as well as networking opportunities, that will help us all to look beyond the simple horizons of our order books, and prepare ourselves for a successful future..' Introducing the new and enhanced FINAT website – a wide-ranging and up-to-the-minute information and data source – and other key association initiatives, he also appealed



to delegates to join the voluntary committees which are at the heart of FINAT, and to encourage their colleagues to do so. They are, he said, 'the lifeblood of our association'.

'The Other' Michael Jackson and Industry 4.0

The prime all-embracing topic addressed by the forum was change -- the fourth industrial revolution -- and the aspects relevant to the label industry. Despite the fact that opening keynote speaker, 'The Other' **Michael Jackson** (SA), had been wrongly taught by his parents that 'the more things change, the more they stay the same', the challenges of change today are all-embracing. Michael Jackson, an expert and consultant in change and a renowned international speaker, summarised those challenges as computing,

communication, connectivity, collaboration, and convergence, and defined them one by one in a presentation that brought clarity and, additionally, a change in *thinking* about change for the assembled FINAT delegates. 'The more things change, the **faster** they change', he ably showed, underlining that it is today essential



to respond to change phenomenally quickly. 'There is no time for MBWA – management by wandering around!'. He encouraged delegates to try out new directions, personally and in the business environment, defying the fact that humans are creatures of habit. His message was that 'if you are not disrupting your industry, you are rapidly becoming outdated.' He proposed a new central focus -- on the **future** destination of a business -- supported and enabled by a different and energising concept of 'effective togetherness', embracing objectives, information, networks, and teams, because, he said 'people united by a real deliverable, and visibly-manageable common purpose, deliver more effectively.'

Employer branding

Continuing the forum theme, **Jan Denys** (BE), Labour Market Expert at global recruitment company Randstad Group, examined in depth the strategic question of employer branding at such a time of change as the fourth industrial revolution – Industry 4.0. New employee profiles have been created by new forms of work, and which demand new talent and skills, particularly in such arenas as social media, design, innovation, and transdisciplinary thinking. Mr Denys shared his company's research into the key desirable job attributes

identified by potential employees worldwide; defined employees 'typology' (only 5% are likely to be career hunters, and only 11% managers); and offered ten 'golden insights' into successful recruitment in today's transitional world – including being realistic and patient, daring to dream, having an eye for diversity, thinking global, and not fearing the future. In the label industry -- an arena where M&A activity is both likely and happening, he adjured delegates to raise their employer branding to encourage recruitment.

The impact of digitisation

'What does Industry 4.0 mean for the manufacturing process?' was the subject addressed next by **Stephan Lechel** (DE), a partner in Porsche Consulting and leader of the company's Competence Center. Specifically, he focussed on the impact of digital media – a true



cultural change -- on the print industry as a whole, and its implications for the future. 'What can be digital, will be digital' was his uncompromising statement, and he urged delegates: 'disrupt yourself, before others do.' Digitisation 'is not just a trend, but a real revolution', he underlined, demonstrating how successful companies in the business world today are the digital champions. In the *Fortune* 500 listing of leading companies, five of the ten most valuable companies come from the American digital economy. For print and packaging, digital technology at all levels must become a key feature of the business; and, while some 75% of companies surveyed in Porsche Consulting's recent management survey indicated

they agreed on this point, it seems only 35% already have a digitisation strategy – and only 30% have the required competence to achieve it, although customer requirements are changing rapidly. Expectations have also changed dramatically: brand owners demand high levels of customisation, choices, and updates, so companies in the business of labels and packaging must embrace digitisation in a variety of forms in their print offering. Again, in the survey, 52% of respondents said they saw great future opportunities for smart packaging – but, of course, companies of all kinds can also benefit by adopting best-practice digital technology in terms of customer interfaces, production and business systems efficiencies, automation of repetitive processes, in order to create a successful business, as Mr Lechel said, 'with a focus on value propositions, effectiveness, and efficiency.'

Labels and the 'Internet of Things'

The forum's focus moved even closer to the needs of the brand, packaging, and label markets as **Andy Hobsbawm** (UK), co-founder and Chief Marketing Officer of smart products platform EVERYTHING, looked at the Internet of Things. Its inception has meant, he said, that 'the age of smart products is happening now', and it has brought considerable change in terms of customer interaction and resultant data collection, as well as huge opportunities in terms of supply chain efficiencies, stock monitoring, reduced counterfeiting and grey market losses. The impact on the supply chain of these 'product ecosystems' is enormous, and Andy Hobsbawm adjured the delegates, and the label industry as a whole, 'to stop thinking about what you do as purely physical. Labels and packaging are the digital bridge between the physical product and a cloud-powered universe of real-time data and software applications -- the "jumping-off point" for services in the supply chain through to retail, consumers, and beyond. If label companies don't figure out how to answer the call and transform their labels into smart, digital assets, they'll be out-manoeuvred and out-competed by those who do!' From the 'live' solutions that he illustrated in his presentation, labels and packaging are just beginning to explore the available technologies – among them augmented reality, sensors, printed electronics, batch/SKU QR codes – that can make packaging and labels smart.

Debating the 'smart' agenda

Andy Hobsbawm, Stephan Lechel, and Jan Denys were then invited by **Marc Büttgenbach** to discuss the future with the delegates, who asked questions interactively via their smart phones. Moderator Büttgenbach opened the debate by asking the panel 'As MDs, what can we do to build a windmill, and not a wall?' The lively discussion covered many topics, including exploiting digital interaction in business-to-business labelling applications; using digital tools to promote label recycling; and how web robots – bots – can deliver real value.

Workshop: label industry scenarios 2020-2025

After lunch, delegates participated in a workshop on keeping the future on today's label industry agenda, and creating four scenarios for the years 2020-2025. Hosted by **Paul de Ruijter** and **Renate Kenter**, De Ruijter Strategy (NL), the workshop followed the thinking of a fictional company and its owner, and the different routes to achieving a satisfactory balance centred on sheet result in an arena where key influencers in the label industry today – protectionism, consolidation, technological disruption, and a shortage of qualified labour (particularly of incoming 'young talent') – must be managed. A number of very astute responses to the business scenarios were presented, and the workshop left delegates with plenty of food for thought for their evening entertainment and dinner at Berlin's Classic

Remise centre – a reconstruction of a historical tram depot now housing a wonderful collection of classic cars.

Direct-to-container digital print



An upcoming technology in the product identification segment, direct-to-container digital print, was the opening topic on the next day's agenda. **Corey Reardon**, President and CEO of market research consultants AWA Alexander Watson Associates (NL), looked both at current status and the future, and examined the advantages and disadvantages for brand owners as evidenced by a recent opinion study conducted by his company. With as his starting point the substantial list of demands at brand-owner level for future container decoration – from functionality and turnaround time to cost, marketing benefits, and sustainability issues – Mr Reardon explored the impact of direct digital print on existing label technologies, suggesting that self-adhesive label volumes might be the most affected. He looked at the end-use segments most likely to adopt the technology – probably the beverage and home and personal care segments -- and the equipment manufacturers already active in the field; highlighted the drivers for growth; and asked the most salient questions that will determine the future of this potentially-disruptive technology for the label industry which, Corey Reardon commented, 'is more evolutionary than revolutionary: change happens slowly.'

Industry statistics

It was time for FINAT Managing Director **Jules Lejeune** to report to participants on the results of the six-monthly RADAR review of the market, and to present the association's European labelstock consumption statistics. He showed how there has been almost 25% growth in labelstock demand in the years 2010-2016, driven by an increase in packaged consumer goods, particularly food; high-quality branding; and variable information print



for online shopping, process automation, and consumer protection. Film-based labelstocks are now enjoying 25% of total demand; and, between 2010 and 2016, European regional growth was dominated by southern Europe – Italy, Spain, Turkey –although eastern Europe,

especially Hungary, Poland and Romania, were leaders in the growth trail, with relative growth at more than 60%. In his closing remarks, Mr Lejeune said: 'The label industry is still a very innovative, flexible, and fast-moving industry, and self-adhesive label technology is still the benchmark of all product decoration technologies.'

Digital print prospects in Europe



The current status and prospects for digital print in the European narrow-web sector were explored by **Jennifer Dochstader** and **David Walsh** of market researchers LPC (USA) in their FINAT Digital Label Study 2017. Of the 2000 digital presses already installed in Europe, 76% are toner-based and 24% inkjet/hybrid, but the growth curve to 2022 is for inkjet presses to grow at 14.5% per annum. In their researches, LPC learned that some 28% of European converters plan to purchase a digital press within the next two years. However, digital technology poses specific challenges for converters, they showed. Cost of ownership, press downtime due to service issues, and finding enough business to fill the available digital capacity were the three top-ranking concerns. The very informative survey ended with an evaluation of brand owners' responses to digital label print, which highlighted the fact that some today request digital production, but are 'not educated' on the processes, but nearly half of respondents want combination-printed labels.

The FINAT business debate – 'a great business to be in!'

Paul de Ruijter returned to the platform to present delegates' suggested outcomes for the future of the imaginary company featured in the prior day's workshop, and then welcomed four high-powered representatives of the global label and packaging industry for the FINAT Business Debate: **Chris Ellison**, owner of OPM (Labels and Packaging) Group and FINAT President; **Geoff Martin**, President, CCL Label (CN); **Adrian Tippenhauer**, All4Labels (DE); and **Mike Henry**, Executive Vice President, Constantia Flexibles Label Division (AU). The four panellists talked around the current business environment,



answering delegates' interactive questions; and providing real insights into their 'live' world today.

In response to the question 'Is artificial intelligence a challenge or an opportunity?', Geoff Martin commented: 'The industry is going to be driven by customers like Apple – these techno companies have a different mindset'. 'The disruptive side is more at the brand owners' end of the business', said Mike Henry. Adrian Tippenhauer agreed, but added 'I don't believe digital print will replace traditional print in the next five years. Our response should be to understand what the customer needs, and look for an expert who can do it, rather than invest in our own platform'. Chris Ellison saw the focus of the business operation changing. 'We have to be investing in more IT people, and the people to work in this industry' was his response – 'constantly investing in training, and moving people around so they can multi-task', he said.

'How can you prepare for a talent war?' asked Paul de Ruijter, returning to one of the key issues impacting the label industry today: recruitment. 'We have to "chase" the people', said Chris Ellison. 'The level of hunger to learn is less in the EU and the US than in the emerging economies', commented Geoff Martin, adding that Germany has the best apprenticeship scheme in Europe. Adrian Tippenhauer endorsed this viewpoint, saying 'In our company, we are not shy of having young people take responsibility'. Mike Henry agreed. 'Once you get them in the door, it's OK! It's a great business to be in!'

Keynote: the wider context



From an inside view of the industry the agenda moved to an outside evaluation of the wider context: the future of the European economic and political landscape. This was the closing keynote, presented by **Joschka Fischer**, Vice Chancellor and Minister of Foreign Affairs in Germany, 1998-2005; currently co-chair of the Executive Board of the European Council on Foreign Relations; and also running a business consultancy in Berlin. One of the most highly-respected statesmen of recent years, Joschka Fischer connected past and present, to create an awe-inspiring vision of the future, centred on Europe's need to bring together all its different national cultures -- 'Europe means diversity', he underlined -- in a united front, to peacefully protect

and promote its continued success and happiness because, after all, 'there will,' he said, 'be

a shift of power from west to east -- and who will then take care of us? --Our common destiny will be very important!

Food for thought

European Label Forum delegates were generous in their applause for a keynote speech that certainly left them with food for thought, and Chris Ellison joined them as he closed the formal agenda, thanked all the speakers, and thanked the many supply chain customers who had sponsored the event – including Gold Sponsors Labelexpo Global Series and Labels & Labeling; Avery Dennison; Gallus; MPS; Nilpeter; and Wacker Chemie. With a personal agenda now fuller than ever, Chris Ellison commended ‘the excellent European Label Forum programme’, and, as newly-elected FINAT President, added with enthusiasm: ‘I am really looking forward to the next two years!’

