

Positioning Gravure to Compete In a Digital World



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GAA 2010 Packaging & Products Technology Conference

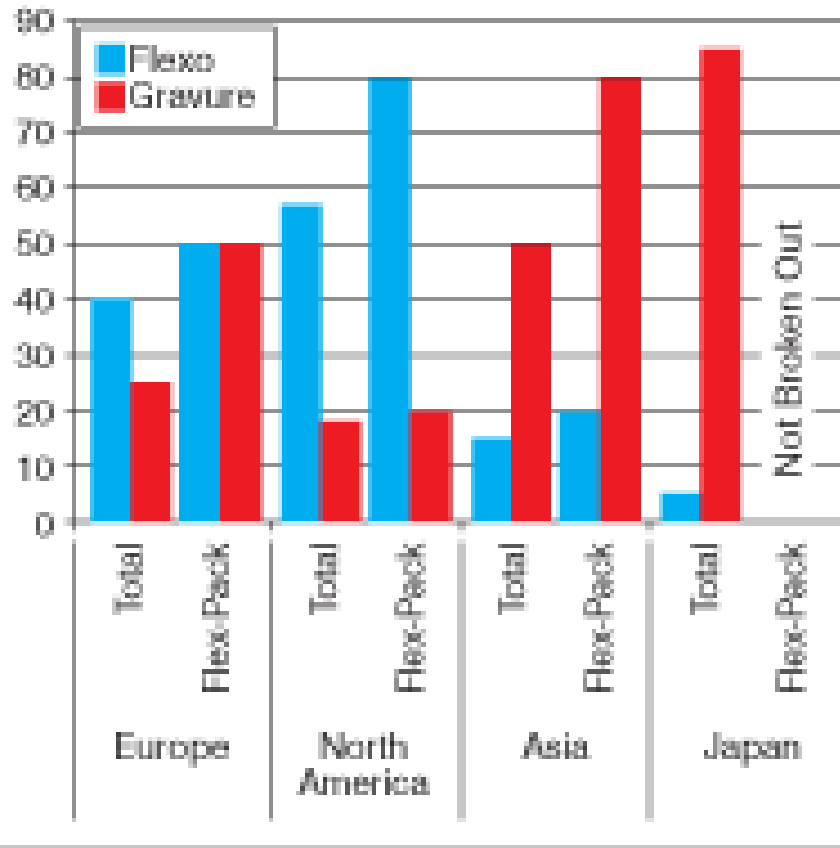
Gravure's World Today

- Long associated with high quality and long run
 - Growth of flexible packaging has had positive impact on gravure's growth
- In the recent times, technological innovations have allowed gravure to be economically competitive on shorter runs
- As a result, both the publication and packaging gravure printing markets have fared well in recent years
- However, with market demands changing toward shorter turns and flexo, offset and digital printing making major strides in terms of quality and lower costs, gravure is under increasing pressure



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Packaging Market Share



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Continuing Challenges from Flexo, Offset and Digital

- Gravure printing was once the only print method capable of printing high-resolution graphics at variable repeat lengths on many packaging substrates
 - Flexo and Offset printing have historically had limitations
- Today, limitations no longer exist due to advanced flexo and offset techniques:
 - Advanced Flexo
 - Variable Sleeve Offset Printing (VSOP)
- Digitally imaged photopolymer flexo sleeves on the rise due to new technical opportunities and cost savings
 - While digital is becoming popular, digital printing methods have to go a very long way before they may challenge conventional methods



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Challenges

- While gravure is here to stay, with more SKUs, more customization, more niche marketing and cost sensitivity, gravure may be hard-pressed to make significant increases in market share
- Cost, versatility and increasingly shorter runs do speak for Flexo as the preferred method, and the increased penetration of the digitally imaged photopolymer sleeves is likely to enhance this trend
- Gravure is facing digital challenges...it's not whether digital is good or bad, and certainly not whether digital is better.



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How does Gravure compete in the Long Term?

- Gravure must be economically competitive on (relatively) shorter runs
 - Supported by quicker change-overs
- New gravure inks for flexible packaging
 - Potential to eliminate a number of specialty ink systems
- Ink supplier support has to improve
 - Pre-color matching
 - Formulations records
- More stringent maintenance of cylinder quality
- Some additional market share growth may be possible due to the ever improving and challenging graphics we see in packaging
 - Gravure should continue to see positive growth in packaging due to the overall growth of the packaging market...but how must it capitalize?



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Questions for the Panel

- What are your biggest obstacles to wider acceptance of gravure for packaging printing?
- How have your customers expectations changed in terms of gravure printing productivity?
- What makes cylinder production more expensive in the U.S. than other markets?
- What do you see as the next “game changer” for gravure?
- What would you expect to see in rotogravure technology that would keep gravure one step ahead of flexo?
 - What technologies are on the horizon that will enable gravure to compete with other printing methods? Is RFID the next big opportunity?



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