Label Summit Africa

Label converters call for industry association to address challenges. By Vanessa Clark

There was a call for the formation of a South African association of printers and label converters during a panel discussion at Label Summit Africa 2012, held in Cape Town in March. According to the panellists and audience members, an association of this nature, supported by suppliers to the printing industry, would help address a number of challenges the industry is facing, particularly the lack of training and skills.

‘On the manufacturing side, the biggest challenge is to find skilled people, especially when you’re bringing in really high-tech computerised presses that need highly educated, skilled people with computer brains,’ said Jeremy Ferrow, managing director of Ferroprint. Indeed, Ferroprint created an in-house training manual five years ago, and sends employees abroad to gain skills. As well as the formation of an industry association, Ferrow called for the start of an industry-wide training facility.

In general the mood was somewhat downbeat, with the industry facing ‘more challenges than opportunities’ according to Leal Wright, general manager of the labels and packaging division at Uniprint, part of the Avusa group. The primary challenges identified by the panel, which also comprised Callie de Wet, managing director of Paarl Labels, and Sachen Gudka, chief executive of Interlabels Africa, included:

Globalisation
Multi-national brand owners are standardising products and pricing and effectively telling converters what to charge, owing to the globalisation of label purchasing. ‘The industry needs to fight this effort to commoditise the product,’ said Wright, ‘as a label is not a commodity at the point of application given the high degree of technology involved.’

Paarl Labels’ De Wet elaborated that the demand for uniform materials across all territories was also an effect of increased globalisation.

Going green
Complying with sustainability requirements, particularly a move to reduced packaging, was seen as a challenge for industry by the panel. In South Africa, brand owners such as SAB are calling on suppliers to ‘set targets, know where they are and then show improvement,’ explained Wright. Similarly, international brand owners such as Marks & Spencer request performance metrics on energy management, waste disposal and water use, said Gudka.

Government regulations
While changing government regulations were challenging, these could also be seen as an opportunity for the labelling industry, according to De Wet. It was suggested that an association would provide a platform for the label converters’ industry to influence government regulations.

While converters were expected to drop prices in line with the strengthening of the rand, once the lower price had been set, it was impossible to adjust it when the rand weakened,’ said Ferrow.

Supply chain delays
‘Operating out of Nigeria, Interlabels Africa is affected by supply chain delays caused by congestion at the port in Mombasa, Kenya,’ said Gudka. Two-week delays affect raw materials coming in, as well as the sending out of finished products to the rest of the world.

Downgrading of substrates and thinner film
The above makes it harder to offer added value. Indeed, brand owners are no longer prepared to pay more for added value. ‘Added value is a given,’ claims Ferrow.

Solutions
‘As well as the formation of an industry association, emphasis was placed on resisting commoditisation and shifting from price-based selling to more strategic selling. This should focus on training the brand owners as well as value-added selling, helping the brand owners to rationalise their orders and so save money,’ said Gudka.

To that point, technology and innovation was seen as key to overcoming the challenges of globalisation and to position South Africa as the print leader in Africa. According to Wright, not only should current assets be ‘sweated’ but also printers and converters should look to high-end technology as the key to future growth.

‘Partnerships with suppliers was also identified as a solution to current challenges: ‘suppliers need to move away from transactions and being order takers to building value-added partnerships with converters,’ he concluded.

The panel agreed that with a saturated local market, exporting to the rest of Africa is an important growth opportunity. This is despite traditional cultural links that see countries such as Angola and Mozambique looking to Portugal for their printing requirements, rather than closer to home.

The inaugural Label Summit Africa conference and exhibition took place at the Cape Town International Convention Centre (CTICC) from 19-20 March.

Vanessa Clark started her career as a journalist. She worked in public relations and marketing in the UK and South Africa. She is currently a freelance journalist based in Cape Town, as well as one of the founders of a mobile safety and security company, Mobiflock.