

# MARKET TRENDS AND OUR RESPONSE

## Market trends

## Our response

### Digital finishes

A survey in 2016 into print buyers' preferences revealed they would be willing to pay a premium for printed effects and textures. In a bid to attract consumers and differentiate their products, more and more suppliers are choosing digital embellishment of their print, be it for packaging, decoration of building materials or general commercial print.

Xaar launched its HL Technology to partners working in a number of market sectors. For Ceramics, HL Technology is used to apply effects such as glosses and lustres, as well as adhesives, onto tiles once the tiles have been decorated digitally. In Packaging, HL Technology is ideal for applying textured embellishments on labels and folding cartons to enhance the appeal of the product, and in some cases to add braille script. For general commercial print, applications include applying raised effects to book covers to improve shelf appeal and to other printed items such as business cards.

### A move to servicing an install base

In markets where analogue-to-digital conversion is well advanced, the focus shifts towards managing and servicing the installed base, ensuring customers get access to the spares and service they need and that they remain loyal to the brand.

Xaar recognised that the Original Equipment Manufacturers (OEMs) who had supplied many Xaar-based Ceramics printers in preceding years did not have the network to provide spare printheads and maintenance advice on printheads to their customers in a timely manner, particularly in regions more remote from their headquarters. To supplement OEM efforts, Xaar appointed a limited number of regional distributors whose sole focus is to hold printhead stocks closer to the point of actual demand and to advise end users on printhead maintenance and upgrades. The wider availability of printhead spares has reinforced Xaar's position in the installed base.

### Digital becomes mainstream

As the analogue-to-digital conversion of a printing market gathers pace, there is a parallel drive to move from bespoke or customised printing solutions to standard, serially produced printers. This simplifies the work involved for printer suppliers to service a bigger installed base; in addition, the increased volume of standard machines leads to more attractive pricing, further driving digital adoption.

EPS launched the XD-360<sup>o</sup> printer, its first serially produced digital printer, in September 2017. The XD-360<sup>o</sup> is designed to print onto straight-sided and tapered containers such as cups and bottles for promotional and other purposes. This printer exploits the ability of Xaar printheads to print on vertical objects, ensuring a very small printhead footprint while offering excellent throughput.

### Open systems

In markets where digital printing has become more mainstream and the interaction between consumables and printers is better understood, there is a drive on behalf of the users for open systems, whereby the use of a printer is not tied to a very specific set of consumables from the printer supplier. The introduction of competition into the supply of consumables creates more attractive pricing which only serves to improve the Return on Investment for digital printing.

Xaar works closely with many ink suppliers to ensure the materials compatibility of their inks with Xaar printheads. Another important area is the production of waveforms, which are the electrical signals used to drive the printheads and which need to be tuned to the specific nature of each ink to give optimum print performance. Until recently this has been a service provided exclusively by Xaar but in 2017 Xaar launched a waveform tool which enables qualified partners, such as ink companies and OEMs, to develop their own waveforms, opening up the use of an ever wider range of inks with Xaar printheads.

### OEM base expanding

As the uptake of digital printing has accelerated, the market has seen many new entrants looking to design new digital printers. While the digital printer sector has grown there is still a shortage of experienced engineering and design talent to support a fast Time-to-Market, which has a knock-on effect on how quickly Xaar printhead sales can grow.

Xaar has enhanced its Go-to-Market capability with the creation of a new Application and Integration group of highly skilled inkjet engineers. The group's role is to support OEMs to correctly integrate Xaar printheads into the OEM's new printer designs. In addition, the Group will also advise on wider aspects of printer design.