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CONTINUED GROWTH EXPECTED IN THE U.S. LABEL MARKET

Label demand in the U.S. is forecast to approach \$20 billion in 2019. Growth will be aided by continued expansion of the overall economy as well as increases in retail sales and manufacturing activity.

The pressure sensitive segment will remain dominant, accounting for more than 75% of the total market. While paper stocks will remain the overwhelming choice for PS labels, films will continue to expand their market share. Growth of films is based on the aesthetic and performance advantages of film labels. Paper label demand will benefit from both economic advantages and the ability to coat paper for enhanced durability.

Flexography is the leading label printing technology in the U.S. and is forecast to grow slightly above overall label growth through this period. Flexography has the advantages of low cost, good image quality and a widespread base of existing equipment in use.

Digital printing will post well above average growth through 2019 as it continues to displace the traditional label decorating methods of flexography, lithography and screen-printing. Advances in the quality and speed of digital print will continue to improve shortening lead times and lowering costs.

Primary packaging dominates the label market today but secondary labeling and mailing and shipping applications will represent the fastest growing markets going forward. Growth in secondary labeling will be attributed to barcoding for inventory and data tracking in the healthcare, transportations and distribution sectors of the market.