2018 Total Photo Printing Report Summary

Completed in April 2019, The 2018 Total Photo Printing Report totals more than 140 pages and 29 tables and is the result of numerous interviews with knowledgeable industry management from around the world. It provides estimates in volume terms through 2018 with year by year forecasts out to 2023, all by geography.

With the market spread across these four technology segments, it's difficult for suppliers to estimate the *total* market for photo printing, the overall market *trend* and, of course, their market share. That's a big part of what this report is about. It provides an *objective* yardstick with which suppliers can gauge their share, measure their progress, and make realistic sales plans.

Silver halide color paper is still the single largest photo output medium at the global level, totaling several hundred million square meters annually – easily outpacing the amount of inkjet and dye sub used at retail with dry labs and self service kiosks, and still ahead of the contribution from photo books, cards and calendars made with EP. Furthermore, within the consumer market, the continued growth in online ordering has boosted the role of central production houses which rely almost exclusively on silver halide paper for prints – so far. One notable exception is Brazil, where nearly all consumer-type prints ordered online are now made with digital presses.

But despite the renewed support from central labs, the overall market for the longstanding technology has continued to decrease due to the ongoing declines in the retail, pro lab and cruise ship segments. This of course has put a lot of pressure on the manufacturers – as evidenced by Fuji's recent price increase and Kodak Alaris' decision to sell its Paper, Photochemicals and Film to division. In total, global industry volume is estimated to have decreased by about 20% from 2015 to 2018. These dynamics are strengthening the case for alternative technologies, EP in particular, especially among pro/school labs but also at consumer-oriented central labs. For example, with Shutterfly's acquisition of Lifetouch, digital presses may begin to take a larger bite out of silver halide in the school lab segment here in the U.S., something which might signal to others that it's time to jump on the bandwagon. Importantly, we've divided up the silver halide color paper markets in the U.S. and Europe into central lab, pro labs (including school), retail minilabs and cruise ships so you can really see what's at stake in these markets. In emerging markets, digital presses may make inroads into the cut print business the way they have in Brazil, especially with increased centralization of photo printing as people move more toward online photo. In these markets, digital presses are really only competing with minilabs, not highly efficient central labs on par with those in the U.S., Europe or Japan. This appears to have been the dynamic that allowed digital presses to make the inroads they did in Brazil.

Although they've made some inroads into school labs and the consumer print market in Brazil, the contribution to photo printing with digital presses has of course been largely confined to photo books, cards and calendars, mainly within the consumer segment. These three products probably reached close to 300 msm in 2018 in terms of image area printed, an amount that has been increasing by mid-single digits worldwide over the past few years. Photo books alone probably accounted for almost 80% of that with calendars holding most of the balance. Interestingly, the U.S. accounts for a large majority of the card market, while Europe has remained pretty small and heavily concentrated in the U.K. However, there's a good market for digital press photo cards in Japan, interesting in a market that has remained staunchly silver halide.

Following digital presses but ahead of inkjet dry labs, dye sub represents the third largest technology segment in the report, which provides detailed estimates for dye sub paper volumes by supplier and geography along with the equivalent number of 4x6 prints and related installed base of printers. Dye sub

now holds a sizeable share of the on-site print market in the U.S. and has an even larger slice of the pie over in Europe. It's also done well in Japan, ANZ, Canada and Brazil. Most other parts of the world are less developed, but they're growing and hold good potential.

In the case of inkjet dry labs, the report shows estimates for the installed base of labs, by supplier and geography, along with the corresponding paper consumption. In developed markets, the vast majority of the paper used on dry labs comes from the equipment supplier or its authorized distributor(s). But in emerging markets, especially those in the Asia Pacific region, much of it comes from third party suppliers and is nearly all made in China. Even in developed countries, especially those in Southern Europe, third party papers have found their way into the market. So unlike the situation with dye sub where there are only a handful of manufacturers, the future income stream for those selling inkjet dry labs is not guaranteed, at least the paper component isn't; manufacturers have, however, retained far greater control over the supply of inks, at least so far. Interestingly, there is a company in the Philippines called Innovatronix that has designed and built its own inkjet minilab system and has installed a large number of them at the company's Tronix Imaging Centers.

Inkjet dry labs have begun to get some good traction in China and the rest of the Asia Pacific region outside of Japan and India, which have seen slower adoption. The United States still accounts for a large majority of the business in the Americas, while the EU holds much of the EAMER market.

The report is careful to divide inkjet dry labs and corresponding media consumption into two groups: compact models on the one hand – Fuji's DX and DE 100 models along with Epson's D700 – and full sized models on the other. Globally, the installed base of full-sized machines was in the vicinity of 10,000 to 12,000 last year while the number of compact models was roughly 40,000.