

Craft Beer Labels

With an emphasis on retail sales, converters and suppliers work closely together on innovations that enhance both label performance and shelf appeal.



Steve Katz, Associate Editor 04.07.22

The global craft beer market is projected to grow from \$102.59 billion in 2021 to \$210.78 billion in 2028 at a CAGR of 10.83% during the forecast period of 2021-2028, according to market research firm Fortune Business Insights. However, while these numbers are significant, the firm reports the global impact of the Covid-19 pandemic has had an unprecedented and staggering effect on the craft beer market, across all regions.

Fortune Business Insights, based on its analysis, says the craft beer market experienced a lower growth rate of 6.7% in 2020 as compared to the average year-on-year growth during 2017-2019. The projected rise in CAGR of 10.83% is attributable to strong demand and growth within the sector, which is expected to return to pre-pandemic levels once the pandemic is over.

According to a study conducted by the Brewers Association, total brewery sales in the US went down by 30.5% due to the pandemic, as nearly 89% of breweries either stopped or slowed down production at the pandemic's outset and during locally mandated lockdowns.

Over the course of the pandemic, while on-site sales in brewpubs and taprooms nearly vanished, retail sales of packaged goods skyrocketed, thus adding to the importance and significance of craft beer brands having aesthetically-pleasing, attractive labels that drive purchases first and foremost. That said, standing out from the competition is paramount. Like the wine and spirits markets, in the craft beer space, labels sell product.

Competition is as fierce as ever. Not only are craft beer brands competing with each other, they're also competing with newcomer libations such as cannabis/CBD-infused beverages and

the growing, thriving hard seltzer market, in addition to wine and spirits and mainstream macro beers.

Label converters play a key role in selling craft beer. The use of innovative labels and eye-catching designs come together with brand owners, converters and suppliers working in tandem to achieve the desired result – increased sales.

Brook + Whittle is one of North America's leading label manufacturers and serves many craft beer customers. While the pandemic saw the company's sales of tap/restaurant products decline, its retail craft beer label sales exploded – upwards of 30% growth.

We caught up with Andrew Kent, senior application engineer for Brook + Whittle, and Andrew Wasserman, managing partner for Cyngient, to discuss the state of the craft beer labeling market, and the importance of supplier-converter-brand owner relationships when it comes to creating labels that adorn craft beer bottles and cans.

L&NW: How would you describe the health of the overall craft beer labeling market? Is this an area of growth for Brook + Whittle?

Andrew Kent: During good times, the craft beer market is quite strong. And during the bad times, craft beer performs even better. Craft beers bring people joy – it's as simple as that. The great Ben Franklin has been quoted as saying, "Beer is proof that God loves us and wants us to be happy." The more time people spend at home – which of course has been the case during the pandemic – the more they appreciate good beer and spirits.

L&NW: The craft beer market is highly competitive. What types of craft beer labels are driving purchases? What are some of the notable design trends you're seeing in the craft beer space?

Andrew Kent: Craft beer brand owners ultimately want their beer to stand out from the rest. One way to do that is by developing new and innovative brews; another way is through maximizing the shelf appeal of their labels and packaging.

We're seeing requests for specialty inks, such as fluorescent and glow-in the dark, as well as eye-catching finishing techniques using foils, pearlescence, and cold foil for shrink. Tactile effects are another way to engage the senses. When a consumer picks up a bottle or can for further examination, the feel of matte, satin, soft touch, glitter or grit increases engagement with the brand and factors into the purchase decision.

Andrew Wasserman: Discerning craft beer brand owners want the packaging to last while also providing the everlasting wow factor. There are beers that are limited edition, or extremely rare, that may sit on a beer drinker's shelf, or in a decorative beer cabinet for months or even years. These aren't just beers but works of art – conversation pieces – and the label plays a big part of that.

L&NW: How prevalent in the market are shrink sleeves on beer cans or PS labels adhered to craft beer cans? Is this a growth area, and if so, what is the attraction when compared to traditional beer bottles?

Andrew Kent: As MOQs for direct printed cans continue to rise, we're seeing more and more breweries moving to PS or shrink sleeves to decorate their cans. For many smaller brands, this is a more affordable option and helps them to diversify their offerings and manage inventory obsolescence. PS labels are still commonly used on bottles, as they are well-suited for automatic label application.

When it comes to selecting the right solution for the application, it depends on when the labeling or decoration process happens – pre- or post-fill. There are many filling and labeling

conditions that we need to account for, to ensure a seamless application. Knowing these conditions is particularly important in adhesive selection.

Andrew Wasserman: The decision to go with either cans or bottles depends on customer demand when it comes to shrink vs. PS labels. Factors to consider include having access to cans, and labeling capabilities in-house or via contract packaging. That said, shrink sleeves on beer cans is a growing trend in the craft beer segment as shrink gives the brand owner the ability to use the entire real estate of the can while also providing a 360-degree view of the label's design. This goes a long way toward capturing consumer interest.

Recently, to provide a means to further shrink sleeve embellishment, we at Cyngient launched HYPERcolor, an adhesive technology that expands the number of shrink sleeve cold foil color options. HYPERcolor offers a number of benefits, as it's a low-cost alternative to pigmented cold foils. No longer are there color limitations with cold foil on shrink sleeves – HYPERcolor expands the color gamut to thousands of colors, and it also eliminates trap lines on fine details with one print station. It's a perfect fit for the creativity demands of the craft beer labeling market.

L&NW: What are some popular labeling technologies being used in the craft beer sector? Are there issues to consider regarding harsh labeling environments such as cold/ice storage, humidity and transport?

Andrew Kent: Inks for craft beer labels must have good water, steam and heat resistance. They must also have excellent adhesion to the substrate, since some cans are heated after labeling. UV technology is a big advantage in this market, especially on surface print. This is not only due to its scuff resistance but the role it plays in protecting digital ink.

We have robust experience working with some of the world's leading beverage manufacturers, many of which put our labels through rigorous testing. We always strive to achieve results that surpass the standard, and this is where we really lean on our suppliers. Since we don't manufacture inks, coatings or materials, our supplier-vendor relationships are key.

L&NW: How does Cyngient work with label converter customers such as Brook + Whittle to not only create eye-catching beer labels, but also overcome market-specific challenges?

Andrew Wasserman: Working with Andrew Kent, the innovation leader for Brook + Whittle, has given Cyngient the opportunity to raise the bar when it comes to embellishments. Andrew and the Cyngient team work closely together to brainstorm and develop various ink and coating techniques that will set Brook + Whittle apart. Close relationships are critical, especially with craft beer labels, which present unique challenges. For example, Cyngient developed PUREmatte for several reasons, but it really is an ideal fit for craft beer where it's of paramount importance to eliminate odors that can interfere with the taste of the beer – something that brewers are adamant about.

PUREmatte has virtually no odor, so the packaging will not affect product quality in any way. In addition, with its high abrasion resistance, it provides not only a matte look but helps protect the outside of the can or bottle. Through our partnership with Brook + Whittle, we've developed a more transparent inking system for glass bottle labels that prevents potential clouding of the label where clarity is key. Our slip KLEARcoat was developed for clarity for clear windows and low BCM, while maintaining consistent COF critical to the sleeving application. This coating is available in LED and UV variations.

L&NW: What effect does demand for short runs and SKU proliferation have on the craft beer label market?

Andrew Kent: The craft beer market is shaped by rapid changes in consumer lifestyle and consumption habits. To stay abreast, many breweries are launching new SKUs and expanding their product portfolio more frequently. For label converters this requires an agile supply

chain, with print platforms positioned to meet demands for faster lead-times, smaller run sizes, and print personalization.

Andrew Wasserman: It's a moving target. There are influential factors in abundance, and it's imperative for us to move with the flow. We really have to take every customer and every job with specific calculations and factor in all of the variables. We have the capability to create one label or millions of labels.

L&NW: What are some other important considerations when it comes to designing and converting labels for craft beers?

Andrew Kent: Craft beer brands like to be different, irreverent, but have lots of personality – more so than their macro beer counterparts. The craft beer brand's goal is to attract first time drinkers to try their beer, and labels play a pivotal role in doing just that.

When working with our customers, the biggest hurdle is to make sure all avenues are discussed before the final art is designed. Designers need to know the limitations of print, and printers need to be able to quickly respond to the dynamic nature of this market. Though not everything feels achievable at first, Brook + Whittle rarely says no to a customer, and we do a lot of things other label converters won't do. We push the technological limits of our equipment to make the impossible possible.

L&NW: How does Brook + Whittle work with a partner such as Cyngient? What is the R&D process like?

Andrew Kent: The Cyngient team formulates a custom ink for consideration, or makes a sample from an existing product. Then our New Products Specialist supervises a test run and works with the sales team. Production orders follow if the customer likes the result.

Turnaround time in a market like craft beer – one with limited supply and high demand – is a key part of the business relationship.

Sometimes we refer to R&D as Research and Development, a lot of times it turns into Research & Disaster – this is not the case when dealing with Cyngient! Andrew and his team go above and beyond when it comes to customizing an ink or coating for our customers. This allows for the irreverent craft beer label effects that beer drinkers seek out.

Andrew Wasserman: Working with Andrew Kent and Brook + Whittle, together we've had great success making the time for product development. They work hand-in-hand with the Cyngient development team to customize and design inks and coatings that offer an enhanced functional component and the use of embellishment techniques, which are incorporated into our inks and coatings.

L&NW: What does the future hold for craft beer labeling?

Andrew Wasserman: It's definitely a stable market that is not going away anytime soon. We welcome any and all challenges and have the resources to achieve results. After all, this market is all about shelf appeal. With our mission being to continuously raise the bar when it comes to innovation, it's an enjoyable endeavor to see all of our "crafts" come together – the beer, the innovations, and the labels and packaging.

For more on craft beer labeling materials, turn to page 14 in the Industry News section.