



Luis Maria Garcia, formerly general manager of Multilabel, an Argentina-based label converter with operations in Brazil and Mexico, has begun a new role as an independent consultant for the Latin American label market. Interview by James Quirk

Q&A

Labels & Labeling: Describe your move from converter to consultant

Luis Maria Garcia: I co-founded and ran Multilabel for 22 years, overseeing expansion into Brazil and Mexico and building up expertise in our core areas of business: self-adhesive and in-mold labels for the prime, promotional and security label markets. After retiring from the company following a disagreement with my business partner, many friends and colleagues in the industry urged me to use my experience as a consultant. While talking to people at industry events, I noticed a need within the Latin American market for a consultant to advise local converters about best practices, as well as a desire among foreign companies looking to move into Latin America for someone to assist their entry. With my company International Graphic Consultant (IGC), I am now doing both those things. I began consulting in early 2014, but really Labelexpo Americas in September marked my official return to the industry. The response I got from friends and colleagues in the industry was fantastic, and it was great to catch up with old contacts and make plenty of new ones.

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L&L: What kind of consultancy work are you carrying out, and for whom?

LMG: Since beginning IGC in early 2014, I have consulted for companies in Argentina, Brazil, Paraguay, Peru and Uruguay, as well as in Central America. For local converters within the region, I can act as an advisor on a variety of topics: from prime label, promotional and security applications to in-mold labeling; from management and administration to due diligence and ISO 9000 certification (I worked within the ISO 9000 certification parameters for all my 22 years with Multilabel).

Mergers and acquisitions are of course an important topic within the Latin American label market; at Multilabel we went through much of the process and came close to being acquired by Austrian group CTI Invest. This is another area in which the region's converters are interested in having some independent assistance. Foreign companies, meanwhile, are looking for local expertise in markets that they are interesting in entering, either through acquisition or by setting up a subsidiary or local office. I've talked to companies on both ends of that spectrum: locally and abroad.

L&L: Your native Argentina has seen much M&A activity in recent years. Do you think that will continue?

LMG: Argentina has some issues at the moment: there are currency controls and import restrictions and high inflation. But foreign companies are aligning themselves to capitalize on opportunities when the market opens up again. We've seen the likes of Baumgarten, CTI Invest, Multi-Color Corporation and SATO Group move into Argentina through local acquisitions in the last few years. They're like horses lining up behind the starting gate: if you're not there, ready to run, you can't participate when the race gets going.

L&L: Do you see the trend towards consolidation in the Latin American label industry continuing? Is there still space for the smaller converter?



LMG: Some may not like my answer, but I believe that major international players will continue to absorb small and medium-sized enterprises around the world until eventually they acquire each other – as was the case with Multi-Color and York Label – or work together.

There are several reasons for this. International brands want to be followed by their suppliers in every country where they have presence, so as to harmonize their SKUs, colors and quality. There's an advantage in economy of scale: costs can be reduced by printing labels in acquired factories that might have better conditions or production availability. Increased purchasing power can lead to better prices for raw materials. Machines can be relocated to different plants; management costs are reduced. There are many competitive advantages which can make M&A a good investment with a quick return.

There is still space for smaller converters as long as they focus on retaining a small local market and lower volumes of production. They can continue to be profitable thanks to fast high-tech equipment, whether digital or conventional. They should focus on exploiting niche markets with high added value, such as promotional or security labels. Processes must be automated and customer service is crucial.

For example, converters are increasingly turning to automatic processes such as CTP, which has migrated from sheet-fed offset to narrow web flexo or letterpress printing with amazing results, as could be seen at Labelexpo Americas 2014 in Chicago. The Labelexpo shows are the industry's university, while Labels & Labeling magazine and Tarsus' other publications are the textbooks – an indispensable reference to keep up to date in this dynamic field.

Attending these exhibitions is essential – they provide the knowledge that converters need and show market developments in machinery, materials, inks, ancillary equipment etc. Each event presents new developments about which one is obliged to learn, and which can help converters discern the elements needed to provide the best service to customers. The knowledge that can be gained at these events can help a converter differentiate itself from the competition and achieve good profitability – which in turn can attract the interest of a larger company.

L&L: How has the label market in Argentina evolved during your time in the industry?

LMG: It has mostly grown at an extraordinary rate over the years, in the order of 12-14 percent annually, making it a very attractive option for foreign converting groups and technology suppliers. Indeed, many major international players, as I've mentioned, have long been interested in Argentina's label market and have acquired or formed local companies in the country – encouraged by a growth rate that has far exceeded the European and North American markets. When the economic and regulatory conditions change in Argentina, I think there will be fast development across a variety of industries, and in the label sector in particular.

Pressure-sensitive labels represent between 30 and 40 percent of the industry, while shrink sleeve labels are rapidly increasing their market share thanks to their characteristic of adapting to the container's geometry and acting as a barrier against manipulation. There is still a large quantity of wet-glue paper labels which – as has happened in foreign markets – will gradually be replaced by pressure-sensitive.

L&L: Which end user markets do you see as the main areas of growth?

LMG: Each country has its peculiarities and particular areas of growth, but in general – and this is true not only in Argentina and Latin America, but around the world – the simple fact of an increasing population means that the food and beverage markets will be the undisputed leaders. And even if in the future technology and science lead us to be fed by small pills, they too will need to be labeled, so we don't have to worry about losing our jobs. In parallel, healthcare and cleaning products are also fast-growing markets.

L&L: What is the state of the in-mold label market in Argentina, and in Latin America as a whole?

LMG: The in-mold market in Argentina – whether blow or injection molding – has been badly affected due to cost issues and problems importing raw materials. In Latin America and other parts of the world it's a technology that is growing, although usage remains low compared to other decoration processes: the in-mold segment represents around 3 percent of the total label market.

It must be remembered that this decoration process not only requires labels with special materials, but its usage also largely depends on relatively expensive robotic applicators, which not all packaging manufacturers possess.

To help the process expand its reach, some film suppliers are working on turnkey systems to help converters offer the whole workflow: the right materials, inks, varnishes, packaging characteristics, application equipment, temperature and pressure parameters, static

controls, and many more details for the blower, the injector, and finally the end user, as well as the necessary skills for production.

Last year, special toners were developed for digital printers for small runs of in-mold labels, and were approved for food contact by the FDA. This approval is crucial – the growth of the process, in injection mode, depends on its ability to be used for packaging decoration by manufacturers of foods such as ice-creams, margarine, cheese spreads and the like, where printing inks must be absolutely harmless and odorless. While it would take too long to list here all the pros and cons of in-mold labeling, suffice to say it is an extremely interesting option. Because of its great growth potential – and its decorative beauty – it's a process whose usage I personally want to help increase in Latin America.

L&L: What kind of advice would you give to a converter that seeks help with its management and administration processes?

LMG: Though all companies are different – in their history, their culture, their development – they tend to have one thing in common: the desire for continuous improvement and the acquisition and application of new knowledge and technical skills, so as to progress in this competitive and increasingly globalized world.

The knowledge and experience I've gained over many years of local and international business management – including leading Multilabel through the due diligence process – help me to provide considered and comprehensive advice on management and administrative processes. There are always differences between countries with regard to business norms, the relationship between management and employees, salaries, government regulations etc. For those wishing to enter a new market, it's important to take local advice. Success is not achieved simply by acquiring new technology. You have to know the market's needs and how to meet them, be aware of the competition and analyze your own strengths and weaknesses in order to make a shrewd investment. This applies as much to the local converter looking to expand as to the foreign group which wants to enter the market through M&A.



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Professional Timeline

- 1971** Graduated as electronic engineer from Buenos Aires Institute of Technology
- 1980** Co-founded Artes Graficas Papiros
- 1985** Appointed president of Argentina's Photocomposition Association
- 1992** Co-founded Multilabel Argentina
- 1998** Appointed president of the Label Chamber of Argentina and secretary of FAIGA, the Argentine graphic arts association
- 2000** Co-founded Multilabel do Brasil
- 2014** Founded IGC



Silver coins recovered by Luis Maria Garcia from a 1654 shipwreck off the coast of Ecuador. Its cargo included a huge haul of silver coins that were being taken from Peru back to Spain. We dived and searched the area for more than two years before we finally found the wreck off the coast of a small town called El Real, where on the land one could still see traces of the camp inhabited by survivors.

L&L: What considerations must a converter take into account when undergoing ISO 9000 certification?

LMG: ISO 9000 is an internationally recognized standard which is required by both suppliers and customers. It's difficult to work without having this certification. I've been lucky enough to lead companies through the process in Argentina, Brazil and Mexico, and it is currently one of the subjects most commonly requested of me as a consultant.

It's essential for a converter to consider it an investment rather than an expense: it not only provides the tools for efficient production management, but also provides a framework for measuring a variety of business activities.


L&L: Can you recount an interesting story from your time as a treasure hunter?

LMG: This was one of the most exciting periods of my personal life. I'm a keen scuba diver, and certified as an Advanced Open Water Diver. A marine archaeologist friend living in the United States, who knew of my dream of one day discovering underwater treasure, invited me to join his treasure-hunting company, Subamerica Discoveries.

We studied files kept in Spain about a big Spanish ship, the Jesus Maria de la Santa Concepcion, which sank in 1654 in the Guayaquil Gulf off the

L&L: Tell us about a claim to fame from your life outside the label industry

LMG: Aside from success during my career as an electronics engineer – which included being president of Argentina's Institute of Electrical and Electronics Engineers – I would cite my activities in the field of athletics, where I practiced javelin throwing. As a young man, I competed in senior tournaments. Before leaving the field, my club organized a competition during which I established a new Argentine youth record with a throw of 49.06 meters.

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