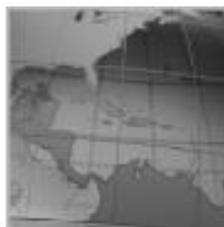


Analysis



Production Printing & Media



February 2016

Leadership Interview: Michael Ferrari

Innovation in Packaging & The Role of Digital Print

Service Area

Functional & Industrial Printing

Color Digital Label & Packaging

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Introduction

Innovation in packaging is something that all brands aim to achieve, the better to market their products and serve their customers. What does it take to be innovative, and why is it so important? In particular, how does digital printing support brands in being innovative, and how will it support them?

This month, InfoTrends interviewed top consultant, Mike Ferrari, on just these topics. Ferrari, who served in brand management at Procter & Gamble for 32 years, today is a consultant for a range of clients, coaching and fostering innovation at their companies. Ferrari has served as a consultant to AB InBev, Pepperidge Farm, Reckitt Benckiser, Diageo, Procter & Gamble, as well as HP Indigo. He has been a strong advocate for digital printing as a game changing tool to sustain brand success.

Leadership Interview

InfoTrends: What do you mean by “innovation”?

Mike Ferrari: First, in consumer products, innovation is more than just invention. While invention means finding something new, innovation means finding something new *that adds value*. For consumer products companies specifically, innovation means something new that adds value to consumers and produces an attractive business return.

InfoTrends: Can innovation be taught?

Mike Ferrari: Yes. Specifically what can be taught is how to foster a business culture where innovation is most likely to occur. Awareness of how and why innovation occurs, or not, and the creation of a balanced innovation portfolio, these things can be taught. Managers can be taught the innovation process, and given the tools and motivation needed to create new, value-added solutions through “consumer driven innovation”.

InfoTrends: What forces are most influential now, in terms of packaging innovation?

Mike Ferrari: There are too many to cite quickly, but the first that I’ll choose is mass customization. The term may be overused, but mass customization really is happening, as thousands of brands worldwide target smaller and smaller segments of their markets, selling to groups all the way down to a single consumer.

InfoTrends: What about influences on the consumer side?

Mike Ferrari: There I’d point to the consumers’ digital life styles as most influential. More and more people are looking at screens, communicating on social media, and accessing digital content. The individual has so much more access to the world and to other people than ever before. Innovation by brands more and more has to mesh with consumers’ digital lives and habits.

InfoTrends: And future influences?

Again, there are many, but the most important is the change in generations. Anyone in the developed world who's less than 35 years old today is a "digital native" and has grown up with information technology at home and at work. That generation, plus ones following, plus others in the developing world, they will all magnify digital influences on consumer products marketing. Eventually, everyone will be digitally engaged. Packaging will reflect that. We see codes of products now that a smartphone can scan and connect to digital content. Strategies like that will grow, and there will be others yet to come.

Figure 1: Personalized Label Example



Source: Jones Soda

InfoTrends: Where does digital printing fit, as a tool for packaging innovation?

Mike Ferrari: Digital printing is already an important tool for companies that want to do new things. Digital printing's ability to print short runs quickly and without high costs means brands can now test their strategies with less risk, and pursue new strategies with more confidence. Because it's electronic pre-press, it allows a rapid response to market events. It also does totally new printing, such as personalized packaging. Meanwhile, it even helps with packaging for end-of-life products, which often require short runs.

InfoTrends: What would you pick as inspiring examples of innovation using digital print for packaging?

Mike Ferrari: First, the bulk of digital printing for packaging is unnoticed by consumers, but it is in fact inspiring. This is the millions of short runs of color labels and packaging that are simply that, short runs printed on digital presses, most often ones working side-by-side with conventional presses. These are jobs that brands might not have been able to print otherwise, such as to target kids at college or highlight some sports championship or test a new SKU. And there are wine labels—*Wine Business Monthly* has estimated that 65% of wine labels in the U.S. are now printed digitally.

InfoTrends: And what about digital examples that will be noticed?

Mike Ferrari: Where to start? Oreo, the Mondelez cookie brand, recently offered on-line shoppers personalized printed packages as stocking stuffers for the Christmas holidays. In Belgium, Martens brewing has launched direct digital printing of beer bottles with augmented reality images—the consumer scans the bottles with a smartphone and connects to video clips. Bud Light, the AB InBev brand, uses digital printing and a special algorithm to create unique sleeves for cans—while maintaining branding, each can is one-of-a-kind, to reach and engage with the millennial market. And right now, in February 2016, Coke is launching “It’s Mine” for Diet Coke fans in North America. This marketing campaign uses the same HP software technology that Bud Light used last year, in this case to create millions Diet Coke bottles, each with a unique design. The sleeves are printed on HP Indigo and the whole project is integrated with outreach on social media.

Figure 2: Coca Cola ‘IT’S MINE’ Campaign—VDP Printed Shrink Sleeves



Source: Coca Cola

InfoTrends: What about true personalization—where the consumer’s name or image is on the product?

Mike Ferrari: Until one year ago personalized packaging was observed on rare occasion, but during 2015 the pace has accelerated worldwide. It stands to reason that personalized packaging creates a strong emotional connection between the brand and the consumer. In most cases the consumer has shown his or her appreciation for this added value by paying a higher price. Only digital printing systems can provide personalized packages.

Meanwhile, look at the growth of Amazon, and other on-line purchasing in general—more products are shipping to individuals, gathering data through on-line connections that can be used for 1:1 marketing efforts. Leading the way are brands like Kleenex, Heineken, Nutella, Lindt chocolate, Jones Soda, and other products where consumers can order personalized versions, at a premium price. So personalization is an emerging opportunity with continued growth into the future.

InfoTrends: How will digital printing overcome the problem of higher printing costs?

Mike Ferrari: There, I'd say, focus on two aspects of digital printing: (1) system savings (not price per piece); (2) adding value to drive brand growth

CPG's have had an obsession with printed piece price reduction and that is a carry-over from conventional printing. Digital printing has changed everything about the workflow and it reduces or in some cases even eliminates waste, re-work, resources, and extra transactions. Digital printing workflows reduce complexity, meaning that in some cases a higher price per printed piece will result in overall system savings.

The second opportunity to overcome potentially higher printing costs comes from adding value to grow the brand. The market will pay for value, and it will pay more for higher value. Think about Apple, the world's most successful vendor of mobile technology. Did

Figure 3: Apple Graphical User Interface



Source: Apple

anyone ever buy an Apple Computer or iPhone because it was a *lower cost* than competing options? Of course not! Apple's reward for offering a *higher value* product that others don't offer is that today it's the world's most valuable brand—no public company anywhere has as high a market value. Digital printing adds value because it gives converters the ability to offer new levels of service to their clients, and even the ability to do things no other brand has done. That value justifies its price.

InfoTrends: What types of innovation will brands want digital printing to support?

Mike Ferrari: There's a range of possibilities, from sustaining innovation for established products to disruptive innovation for really new or revamped products. For a big brand, a portfolio approach is needed, because different products have different needs for innovation. At every level there is some amount of risk—it may be minimal risk for an established product that is getting minor adjustments only, or it may be high risk for a new product that may fail. Digital printing has value for each level of innovation, because it cuts waste, or prints personalized data or images, or it allows conventional presses to just print long runs, thus improving workflow. Sometimes innovation requires courage—some new strategies will be costly failures. But digital printing cuts risks, because it eases

short run printing and it enables creative printing at low cost, so brands with access to it can be a little braver.

InfoTrends: Any last advice about innovation?

Mike Ferrari: I'd just urge companies to take the broad view and make innovation a focus, to truly renew the culture so that innovation becomes of part of every employee's DNA. Learn how leadership and innovation go hand-in-hand. Empower employees to behave as owners. Make the methodology of innovation available to employees, and provide the tools necessary for employees to be successful.

InfoTrends' Opinion

Innovation builds new brands and sustains existing ones. Digital print technology is a key tool to help brands achieve innovative packaging solutions.

About the Author



Michael Ferrari

Mike Ferrari recently completed a 32 year career at The Procter & Gamble Company. His diverse assignments at the company both in the U.S. and internationally required him to recruit and train top talent for P&G's world class R&D organization. With Ferrari Innovation Solutions, LLC, a consultancy, Mike Ferrari now assists companies in understanding fundamental innovation methodologies. Educating, guiding, and inspiring corporate leaders and teams is the essence of Ferrari's "Reigniting Growth Through Leadership & Innovation" workshop. In addition to his consulting work, Mike Ferrari serves as guest lecturer teaching innovation at the University of Florida, Packaging Engineering College. <http://www.mike-ferrari.com/>

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