



Brands to transform business with digital as currency

Mike Ferrari, the founder of Ferrari Innovation Solutions and a packaging industry consultant, shares his analysis of value chain evolution as digital becomes standard in enterprise procedure

The conversation at Dscoop 2010 (HP's Digital Solutions Cooperative) amongst a panel of brands, including Frito Lay, Bic and P&G, was about the use of digital printing as a proofing, prototype and samples technology. Brand awareness of new digital technologies and the potential to positively impact modern supply chains was very low — or nonexistent.

The panelists used legacy metrics to describe digital printing; the slow speeds (most presses achieved speeds around 30ft/min) and higher piece cost constrained thinking to short-run and versioning capability only. This was typical of that time period.

Brands were suffering losses due to the economic downturn and packaging was held in commodity status while cost savings ruled the day.

Mind shift

In just four years a major shift has occurred. Brands are trying to figure out how to engage shoppers in a world where connectivity, mobility and social media are today's governing forces. Today, brands need to regain growth and have been exploring ways to create relevancy, engagement and interaction through packaging. There are numerous brands that have enhanced the consumer

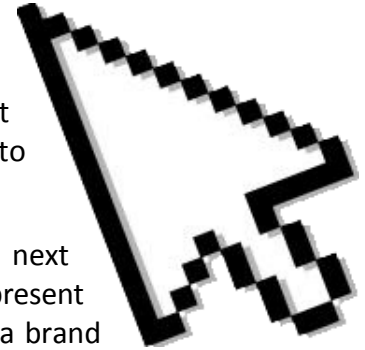
experience in these past four years that could only be done using digital printing. To name a few brands who have leveraged the power of digital printing; Heineken, Lindt chocolate, Danone, L'Oreal, Tide, Kleenex, Goldfish, Coca Cola and more. The 'Share a Coke' seasonal promotion campaign leveraging mass customization has spread to more than 80 countries since first being introduced in Australia in 2012. (Read Ferrari's piece in Yearbook 2013)

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Other brands are beginning to take notice as they realize myths are being busted. Digital printing has been used to manage inventory, create relevancy on retail shelves, personalize packages for online purchase, connect social media to packages and print long run jobs.

To Reach the tipping point

What is the barrier to accelerating digital printing? There is more awareness that needs to occur despite this shift. The ability to print 'what you need', 'when you need it' and 'how you need it' is a reality and needs to be more broadly understood by CPG's.



Brands should be looking more toward their future and not just at the next promotion. Brands will continue to be challenged by consumers to be present across all shopper channels (retail shelves, online and social media). From a brand perspective, there has never been a greater need to continually create more flavors, scents, and sizes in order to appeal to the constant demands of consumers.

Brands will need to master the ability to mass customize in order to thrive through these times of transformation. This results in huge complexity for brands as SKU proliferation requires a lengthy chain of events to occur in an analog workflow.

The way out of this mess is to reinvent the supply chain for package printing to an all-digital workflow. The reinvention of the package print supply chain means an automated workflow with all digital components. What was once a stretching vision is today a modern reality.

Automated connectivity

Mobile and social technologies have forever changed the conversations between and behaviors amongst brands and consumers. Digital package printing provides brand managers the creative fuel to connect consumers, the internet and packaging in ways never before possible. It is important for brands to begin the journey that connects these dots, to innovate and engage consumers in ways they want to be engaged.

Interactive and connected packaging will accelerate as shopper behaviors continue to evolve with the internet. Brands prepared to experiment will be rewarded. It will be a determining factor of whether a brand thrives or becomes a memory.

The same will be true for the print industry: those that seek to innovate and increase their capability over time will thrive. The ability to drive data organization, report analysis and packaging methods that align with engagement, value chain optimization and growth objectives is crucial.

Transition strategy

Printers have a great opportunity during this time of transition. Those choosing to step into the future can help create awareness to their clients and rise above commodity status.

The constant worry over piece cost to the client is missing the bigger picture of offering system savings. This is a moment for printers to reevaluate their business and rethink their strategy. The days of being a label printer, a flexible film printer or a folding carton printer is blurring with the emergence of digital printing. Digital printing presses do not care what the substrate is and can handle multiple types.

HP Indigo launched wide format (33in) digital presses this year. This opened the door for folding cartons and flexible film packaging to adopt new technology. Highcon has launched the Euclid II that can digitally die cut folding cartons as well as label sheets.

These hardware innovations are opening up the industry to better serve rapidly changing consumer needs. The packaging industry continues to grow proportional to the population growth rate; modern consumers will continue to purchase brands in decorated packages.

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Territory stance

The commercial printing industry has suffered a decline in print media over the last 12 years. Some are finding opportunity to grow by adding digital package printing to their digital assets.

Consolidation in the packaging industry through mergers and acquisitions will continue because of several contributing factors.

- Large companies are struggling with organic growth
- Purchasing smaller companies becomes favorable to increase their 'book of business'
- Less innovative printers will have to sell at a fraction of the dollar
- Digital printing experts become targets as larger printers want to jump into the digital future

New digital technologies including front- and back-end software, print process automation, digital finishing and uninterrupted fulfillment and distribution will command attention moving forward. Those suppliers invested in supporting brands make successful changes within their business models and reap the benefits will win the long haul. Is your operation prepared to survive the transformation?

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About the author

Mike Ferrari is the founder of Ferrari Innovation Solutions, LLC and a packaging industry consultant. Retired after 32 years of service from The Procter & Gamble Co., he is dedicated to educate, guide, & inspire those in the packaging industry to grow. Follow him on Twitter via @gamechanger78

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