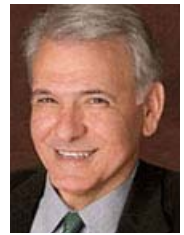


Q&A



Michael Ferrari

Mike Ferrari, a 32 year vet of Procter & Gamble as an R&D associate director, now runs his own consultancy business, Ferrari Innovation Solutions. www.mike-ferrari.com

THE DIGITAL DIVIDE

A digital printing expert explains brand-owner resistance to the technology.

"Mass customization" may be a 'clever catchphrase, but that doesn't mean everyone "gets" it. The use of digital printing in large print run applications is still rare due to the push/pull of print production logistics and—possibly—a lack of appreciation for the future of the digital promise.

After a number of years at Procter & Gamble promoting the benefits of digital printing, Michael Ferrari struck out on his own with Ferrari Innovation Solutions, consulting with brand owners and production houses on implementing digital printing solutions. Ferrari believes that digital printing will be an indispensable enabler in consumer goods package design strategy as companies respond to changes in shopper behavior—moving from the first moment of truth to the "zero moment of truth." However, it seems that it's not so easy getting brand owners to look past the current myths and see the writing on the wall.

PD: What are the megatrends that will drive the expansion of digital printing for consumer product goods?

Michael Ferrari: One undeniable trend is increased promotions that are driving print run lengths down. Also, there's more complexity in package design requirements today, there's more desire to have fast speed-to-market times, and there's a need to keep package designs relevant to the target consumers.

How does social media fit into the picture?

We're at the beginning stages of tying social media in with packaging. The few companies that have made the leap speak to the future of packaging. The term "zero moment of truth" is reflective of new shopper behavior. Online engagement with products and packages has taken away some of shoppers' impulsiveness, because they're learning about products in a variety of ways before encountering them in the store. And because there are more brand touch points than ever before, the larger CPG companies are trying to figure e-commerce out so they don't compete with themselves in store. The best way to do that is to change packages regularly rather than reengineer the product.

Why is there resistance to change?

It's taken me over a year to understand the resistance to digital printing. Being so close to it, I was willing to take it on faith that I was missing something. The truth is, there are myths out there: "it's too slow," "the print quality is poor," or "it's for short runs only."

What might be the core cause of these myths?

The whole industry is just fixated on long runs. Consumer product goods companies and brand owners only see printing as a commodity. The industry doesn't try to look at what new value digital printing can bring or what new ways it can be used. Companies are falling short of imagining new business models.

These companies evaluate digital printing with the same printing metrics they've always used, which are speed and volume. The metrics might not be the right metrics for the state of shopper behavior that we're in today. It's just a question of when will they wake up to realize that they could—and should—be doing things differently.

What are the supply chain advantages that brand owners might not appreciate?

CPG companies that say they care about simplicity and reducing complexity should look at digital solutions for a number of reasons. A digital supply chain can also lower carbon footprints, for instance, by bringing press scrap waste down, reducing required storage space, and taking package obsolescence out of the equation.

Why don't brand owners see these benefits?

I think when you say, "You have to change your supply chain" to CPG companies, those broad words can sometimes be paralyzing. Nevertheless, I believe that these companies need a plan soon, because their current supply chains won't make it into the future. Maybe that's a strong statement, but as I see the printing world, it still has dramatic change on the horizon. The goal is to get the right person in a company to admit, "My supply chain needs to change." The reasons for the change could be just-in-time efficiencies, sustainability gains, or consumer relevancy and engagement—but a plan is an essential first step.

Is the sustainability benefit alone enough to spur a CPG company to look at digital printing solutions for long runs?

When I see that conversation happening, invariably, the important question is always: "Is there a lifecycle analysis on that?" This is data that's not easy to come by. There is certainly interest, but I've personally seen only one company that went digital with sustainability as the leading cause, but that's because the whole company rides on the sustainability platform.



Are there successful consumer customization campaigns that you've seen?

There are at least 10 companies I watch that seem to have achieved interesting consumer engagement campaigns by doing things differently. In the last 12 months alone, it's become a wildfire, because these companies want to make connections. In Europe, Heineken let consumers design their own six packs, and Sprite had a contest for fun label designs. In the U.S., Heinz and Kleenex have offered personalized packaging online. Currently, an Extra Gum campaign (www.myextragum.com) offers a wide palette of design options for customized gum packages, and delivers in a matter of weeks—or days.

At www.myextragum.com, mass customization takes another step toward reality. A variety of design elements can be layered and reordered for the consumer's ideal custom package.

What about successful long print-run campaigns?

Last year, L'Oreal began a campaign that created value by tying in shampoo packaging with Disney movies. If that's what you commit to as part of your graphics, you're committing to changing those regularly. And these are not low-volume SKUs. They did this digitally for the purpose of engaging consumers, keeping artwork fresh for consumers, and meeting the high standards that Disney has.

Where will digital printing expand most in the near future?

The progression from labels to shrink sleeves and now to flexible film has been a steady expansion. Flexible packaging— even retort pouches—will continue to grow in applications because more products are moving out of glass bottles and jars. The natural evolution of disruptive technologies means we will continue to see increased digital printing capability that will continue to reduce the cost per unit and replace most, or all, of analog printing as we know it today. PD

CUSTOMIZED REPORTS

Karstedt Partners LLC (www.karstedt.com), a global leader in business-to-business consulting and market research solutions for the consumer product and packaging industries, recently partnered with Ferrari Innovation Solutions for a series of market reports. Their latest report, "Is Digital Printing Part of Your Brand or Operational Strategy?" is a specialized commercialization assessment designed to help brand owners evaluate digital printing technologies for packaging and labels.

This report provides a critical view of what to expect from digital printing over the next several years across all segments of packaging. Wherever possible, it attempts to provide a road map—what the current capabilities are today, what the capabilities will be in the future, who the major players are, and what their position is regarding digital printing for packaging. Most importantly, the report recommends ways any company can begin to position and prepare itself to take advantage of digital printing opportunities. To order, visit www.karstedt.com.