

LIVING IN THE VIRTUAL WORLD

ARE YOU READY?

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The digital age continues to reshape and change everything about our world. Keeping up with social media, digital marketing, e-commerce, webinars, sustainability and the latest megatrends is not easy. Each day a tidal wave of information comes at us and requires sifting through the digital clutter to determine what we will read, what we will respond to and what to dump in the trash. To some this seems like a turbulent time, yet others see opportunity.

There should be no question in the package print industry that digital will soon reach the tipping point and become mainstream. The question we should be asking is: how do I build an effective business model with the emergence of social media?

Digital Printing as A Disruptive Technology

Disruptive technologies are labeled as such because they bring new benefits never before possible. Usually they are fraught with issues when launched at the start, and over time the technology is optimized with additional capability. At some point, performance and overall value of the legacy technology are completely overtaken and the disruptive technology takes over.

Consumer product companies (CPCs) are the driver for change in packaging. Digital printing can manage all facets of the packaging life cycle, and the implications open new doors of opportunity for the industry.

Trends

With one-third of the world population being connected online and three-fourths of the world owning handheld devices, people are online and connected in an unprecedented way. Recent studies show online entertainment is preferred over TV and movies. With the fast emergence of cloud computing, we will be in the virtual world on the go. During the last decade, shopper behavior was largely based on the “First Moment of Truth” where purchase decisions were made in-store. This is changing and giving way to the “Zero Moment of Truth.” Consumers are more influenced first to new products online through social media, including blogs, tweets, YouTube, digital couponing and Facebook. Shopper decisions are now being shaped before they arrive to see packages on the shelf.

The Rise Of E-Commerce

CPCs are responding to the emergence of the “Zero Moment of Truth” through the creation of e-commerce. Amazon and eBay are most recognized as early pioneers. They have taken advantage of this early and are now being joined by other global CPCs.

New offerings on e-commerce sites are trying not to compete with their own merchandise in the brick and mortar stores, thereby creating regional marketing, cause marketing, limited editions, golden anniversary editions, seasonal and even personalized packages. Successful e-commerce portfolios engage and complement the in-store offerings without cannibalization. Future CPC portfolios continue the dramatic SKU proliferation observed over the last 12 years. Mass production is giving way to mass customization and CPCs are uncertain how to deal with it. The typical CPC’s asset base is tied up in analog supply chains that are not agile.

Mass Production Moving To Mass Customization

Several online/physical world ecosystems have shown us the way of the future. Apple’s online music store with music managed through iTunes helps you create a personalized playlist. A playlist can be created, reorganized or added to with simple keystrokes. The rise of Netflix online ordering allows movie viewers to tailor their lists and queue up DVD home delivery or instant viewing. L’Oreal’s use of digital printing for shrink sleeves that feature Disney movie themes has created success in their kids’ shampoo product line. They achieve high definition graphics and keep relevant with new movie themes without the burden of remnants. The same is true for Wrigley with its recently launched MyExtraGum.com, which allows consumers to create their own gum pack design (with a minimum order of only five packs). This type of personalization is made possible with digital package printing, much like how digital photos are submitted online for printing to Snapfish or Shutterfly.

How Can CPCs Reignite Growth in the Digital Age?

The digital age is creating new opportunities for CPCs to engage consumers in new ways. The ability to reach consumers with tailored and relevant messages can make packages speak in more “real time” than ever before. In the future, winning brands will seamlessly connect the virtual world with the physical world of packaging. For CPCs to do this will require the following:

1. Understand and accept that shopper behavior is changing and moving online
2. Embrace new 360 degree consumer touch points to cut through the digital clutter
3. Learn to master mass customization instead of fearing it
4. Change from analog to more agile digital print supply chains

Think of packaging as an investment rather than an expense in order to grow revenue. The bottled water industry is selling a commodity, something that is available in the developed world for free. Yet the bottled water industry has grown to \$11 billion in the U.S. alone. How have brands achieved success in the marketplace? Investment in packaging. Examine the package printing and shape of Fuze, FIJI, S.Pellegrino and VOSS. They have all been rewarded for their packaging investments to become recognized, distinctive brands that have raised margins for what is essentially a commodity.

Get ready — the future is now!

