# WHAT'S NEXT?

## 7 Global Trends

### Driving the Print Industry

**Consumer Preferences**

**Supply Chain**

**Time to Market**

**Made to Order**

**Rediscovery Era**

**Brand Protection**

**Sustainability**

**hp**

Drawing on industry research, we've put together this easy-to-read report on the top seven trends driving the printing industry.

# Power shift to consumers

Since the arrival of the Digital Age, the world has experienced an accelerated rate of change that has and continues to transform social interaction, human behavior and expectations.

The impact is seen and felt by all people, changing what consumers purchase, how they purchase and where they purchase.

The Digital Age has turned the notion that the "consumer is boss" into a reality. Social media allows and encourages consumers to share their experiences on the internet.

As such, today's consumers enjoy connecting with brands that provide relevancy and appeal to their community.

Brands need to constantly keep an eye on the "likes" and "dislikes," as feedback upon launch to products and packages is instant and available for all to see.

To be successful in this environment, brands must provide their target market with exactly what they want, when they want it and deliver on their brand promise.

↑ Mike Ferrari, Brand, Packaging and Innovation Consultant, Ferrari Innovation Solutions , LLC

**Consumers today are:**

1 Brand disloyal

Social media savvy 2

3 Ethically aware

Experience seekers 4

5 Self-oriented

Consumer Preferences

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## Consumer Preferences

# Challenges become opportunities

**Brands can go bold, quirky, big or small with HP Indigo digital printing.**

The short runs ability and the agility to keep flexing the same design and infinite interpretations of it, are big opportunities for graphic design.

There's now the choice to be geo-specific with an international brand; to create infinite varieties of the same design, which can appeal from a one-off perspective; or to experiment with a quick reaction to market trends, all of which a national brand would typically not have done in the past.

The power might be shifting to the consumer, but brands, big and small, have the HP Indigo ability to answer new consumer demands.

**1**

**Complex designs** for higher shelf appeal

**2**

**Multiple** product versions

**3**

Get to market **fast**

**4**

**Online consumer** data and experience

Consumer
Preferences

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**Supply
Chain**

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Time to
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Order

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Rediscovery
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**Supply Chain**

# Embrace
## supply chain challenges

Traditional supply chain model is changing. With the industry need to be leaner and the emphasis upon cutting both costs and carbon emissions, there is an expectation for further collaboration across the supply chain.

Closer cooperation between converters and retailers in the paper and board industry is leading to innovative ways of using existing packaging structures, many of which are viewed as staid by consumers.

...As online shopping becomes ever more important for traditional retailers, the centre of gravity of the consumer packaging supply chain is shifting further towards order fulfillment issues – product-picking efficiencies, delivery distances, timing, customer satisfaction and the like. In this sense, the role of the warehouse is being refashioned to one of storefront, with consumers increasingly judging retailers by the accuracy and efficiency of their product deliveries.

←

The Future of
the Consumer
Packaging Value
Chain, Simon
Ford, Smithers
Pira

1 Lean supply chain

2 Reduce carbon emission

3 Innovative packaging

4 Virtual warehousing

## Supply Chain

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# Optimised supply chain from production to distribution

HP Indigo technological innovations unite efficiency and excellence, reshaping sustainable supply chains for brands.

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From the production of print to the distribution of finished materials, the just-in-time production offered by HP Indigo enables virtual warehousing, so that brands can print where and when they need.

Now brands can match supply to demand and reduce surplus in their supply chain, leading to less production, less shipping and waste, and fewer carbon emissions.
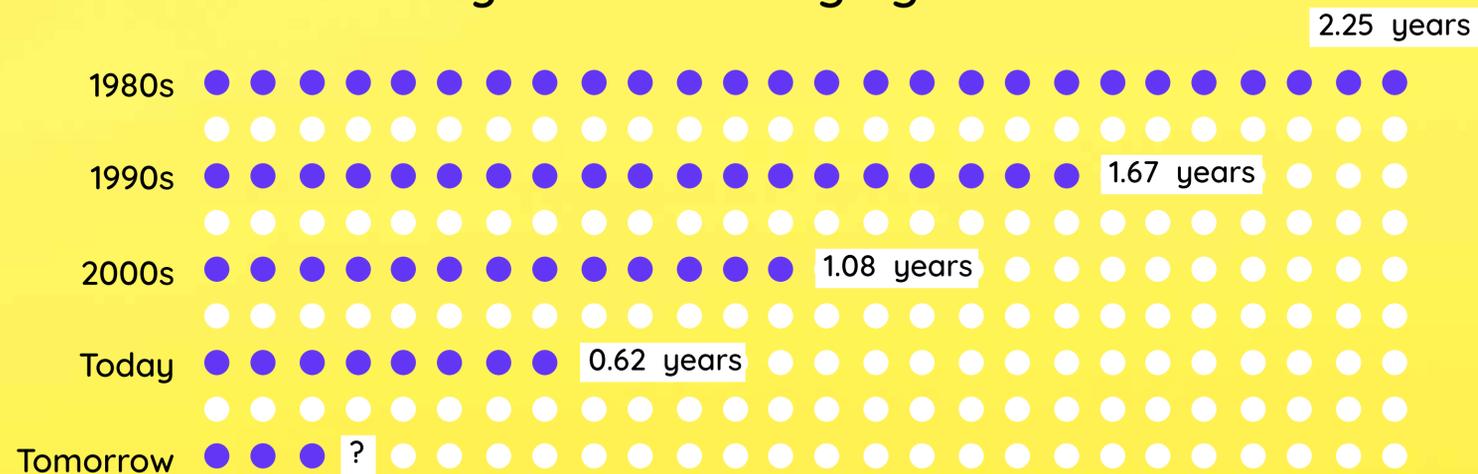
**Time to Market**

# Get to Market fast

With the world around us constantly changing at a faster rate than ever, consumers expect the brands they love to evolve as fast as their social media feed.

Brands need to significantly reduce product lifecycle, and as a result speed up the process for hitting store shelves.

## ➔ Product lifecycles are changing

| | |
|---|---|
| 1980s | 2.25 years |
| 1990s | 1.67 years |
| 2000s | 1.08 years |
| Today | 0.62 years |
| Tomorrow | ? |

Numerous studies indicate that faster cycle times is the primary advantage named when asked about using digital printing.

## 25.7%
**Faster cycle times**

## 13.8%
**More variable data applications**

## 10.5%
**More efficient warehousing**

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# React fast
# with genuine
# digital flexibility

**React fast with genuine
digital flexibility**

Embrace change, experiment,
and update frequently, with
digital prints that go from
design to consumer in minimal
time.  HP Indigo eliminates the
time consuming, traditional
analog processes, and provides
an array of digital solutions for
streamlined print production,
from submission to shipment, to
offer fast turnaround time to your
customers, shortening delivery
times from weeks to days.

**Made to Order**

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# It's all about
# ME

## 1 in 5

consumers who expressed interest in personalised products are willing to pay a 20% premium

## 22%

of consumers are happy to share some data in return for a more personalised customer service or product.

## 42%

of consumers who are interested in customised products, would still prefer brands, and to choose from a selection of options

→ Source: The Deloitte Consumer Review: Made-to-Order: The Rise of Mass Personalisation

Empowered by social networks and their digital devices, consumers are increasingly dictating what they want, when and where they want it. They have become both critics and creators, demanding more personalised service and expecting to be given the opportunity to shape the products and services they consume. Deloitte research shows that in some categories, more than 50 per cent of consumers expressed interest in purchasing customised products or services. Moreover, not only would the majority of consumers be willing to pay more for a customised product or service, they would also like to be actively involved in the process.

## Made to Order

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# Specialise and customise to realise growth

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Creating unique prints for a memorable customer experience has never been easier — with smarter customisation tools.

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Brands can convert their data into actionable content by applying sophisticated variable personalisation at any level and any run size, driving engagement and inspiring action.

Similarly, the power of variable data printing can be harnessed to produce mass customisation and personalised prints, to meet the increasing demands for personal connections.

➔ HP SmartStream Mosaic

➔ HP SmartStream Collage

➔ HP SmartStream D4D
(Design 4 Designers)

➔ PrintOS Siteflow for Brands

**Rediscovery Era**

# The quest for premiumisation

For centuries, things were made by craftsmen who personalised every element of design and manufacturing. Industrialisation, and in particular the application of standardised parts and processes, blew away custom craft production in terms of cost and, quite often, quality.

That is changing now, and it is changing fast. Data from our recent Future of Supply Chain survey points to rising SKU complexity, more postponement in manufacturing, and a degree of personalisation that would never have been entertained by Henry Ford.

← FORBES: Digital Printing And Extreme Personalisation, 2017

Year →

Pre-
## 1700s
**Artisan stage**

Products made and sold locally in small "factories"

## 1800s
**Mass Production stage**

Industrial manufacturing and national supply chains lead to economies of scale, driving higher quality and lower consumer prices

## 1900s
**Homogeneity stage**

Maximum efficiency, but also maximum boredom limited choice. Consumers get restless

## 2000s
**Rediscovery stage**

Consumers demand more choice and premium products, and are willing to pay for them

# Rediscovery Era

## Drinking less but drinking *better*

Premium and super premium brands are driving growth as consumers are increasingly "drinking less but drinking better".

The premiumisation trend has been bolstered by the financial crisis as many consumers typically "trade up" in a recession. Consumers are embracing a "less but better" approach when making alcoholic beverage choices, to justify spending.

In emerging or developing markets the appeal of premiumisation is anchored in the desire to demonstrate wealth and sophistication.
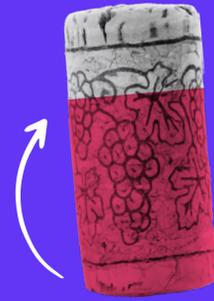
**+70%**

Employment growth at liquor distilleries and wineries between 2006 and 2017

## Number of U.S. Craft Breweries

6,100

1,596

2009

2017 EST.

**4x**

## Best-Selling Beers Volume

2007-2016

**−14%**

Best-selling beers are in decline

Crafts Brew

U.S. MARKET SHARE (by volume)

12.3%

5.8%

**2x**

2016

2011

## Average Price

2006-2016

**+52%**

Driven by an increase in quality and variety

**Rediscovery Era**

# HP Indigo LEP technology:
# Versatility
# & quality

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In a world where customers across many industries demand highly crafted solutions, only HP Indigo gives print service providers the agility to meet any need across any type of commercial printing and packaging job.

HP Indigo Liquid Electrophotography (LEP) Technology is engineered to evolve, enabling versatile, cutting-edge digital print solutions that will keep print service providers, productive and competitive long into the future, even as challenges and opportunities change.

With HP Indigo technology, print service providers can delight customers and transform their business from an "ink on paper supplier" into a true marketing solutions partner.

## # Unlimited potential of color

HP Indigo ElectroInk is an exclusive ink formulation that, together with HP Indigo Liquid Electrophotography (LEP) Technology, enables an extended color gamut. It comprises the largest variety of inks available in the digital printing industry.

## # The agility to innovate

HP Indigo solutions offer the widest media and application versatility through thermal offset transfer. Supporting virtually any off-the-shelf substrate, they allow print service providers to access the broadest media gamut available in the industry.

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# Brands are under attack

Traditional
protection
can't keep up

$600
**Billion**
Annual revenue
loss in 3 years

50%
increase
in 3 years

$1.8
Trillion

$1.2
Trillion

2017          2020

Estimated revenue losses for
brands from counterfeits

$140
**Million**

Investment in
anti-counterfeiting
and track & trace
solutions for cosmetic
products

1 in 3
**Pharma companies**

are not ready for
the serialisation
required under the
FDA DSCS Act

26.4
**Million liters**

Counterfeit alcohol
seized by Interpol
and Europol in 2017

25%
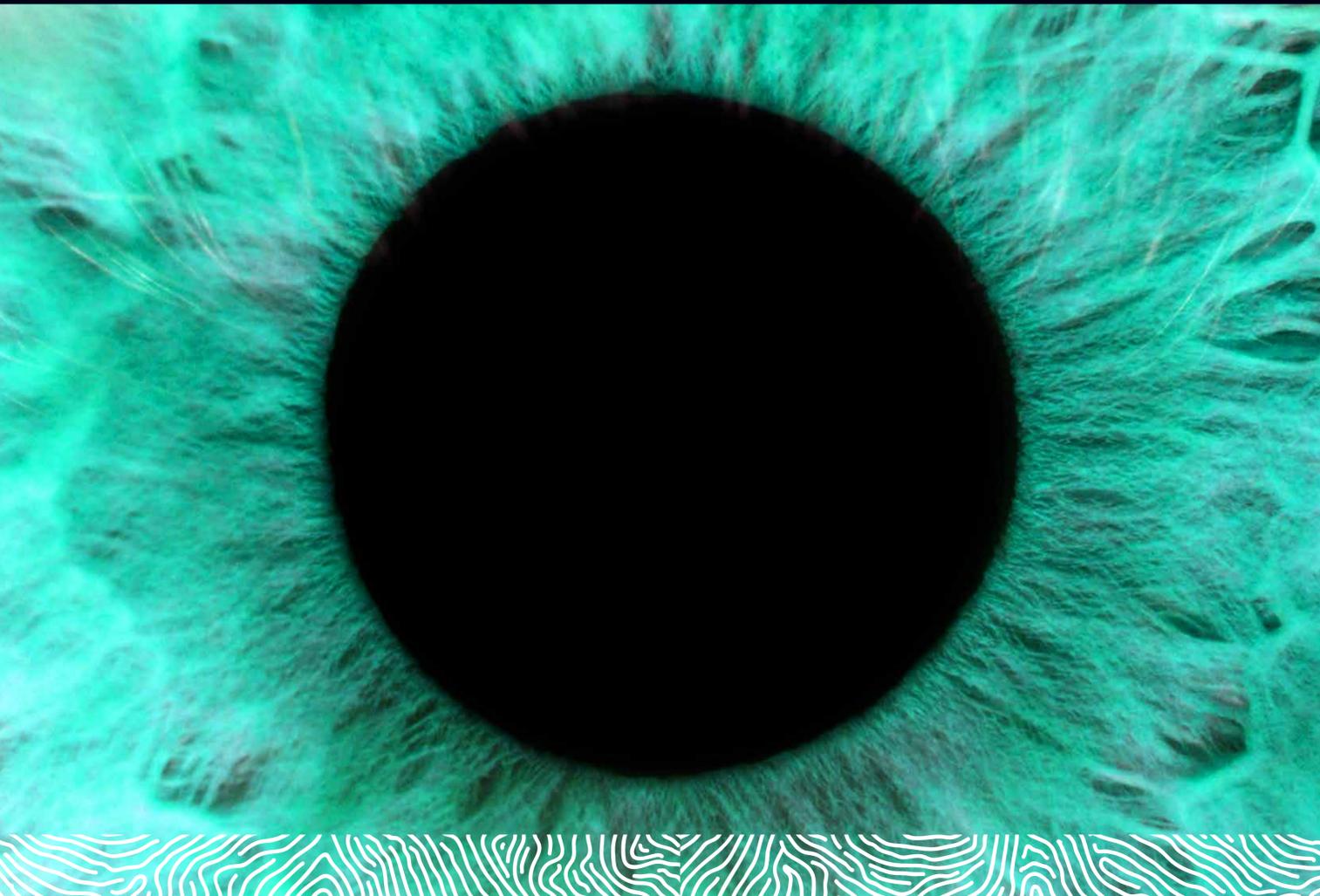
Illegal products
in the  pesticides &
seeds market

$2.741
**Billion**

Investment in
security printing
for ticketing & lottery
(2020 projection)

## Brand Protection

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# Security to better protect business

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Generate new business opportunities by offering a wide range of security solutions to meet the stringent brand protection needs of varied industries. Strengthen every solution with the power of HP Indigo digital print. Be agile by mixing-and-matching dozens of security features to create layered protection in a unique on-press production process.

### 1

## Hard to copy, easy to print

Smart anti-counterfeiting features prevent copies with subtle, unique elements.

### 2

## Covert serialisation for your specialisation

Ensure unique and deterministic identification for each print with serialised codes and ultraviolet or infrared invisible inks.

### 3

## Mark. Track. Trace

Open up your ability to print covert tracking marks that cannot be erased or blocked.
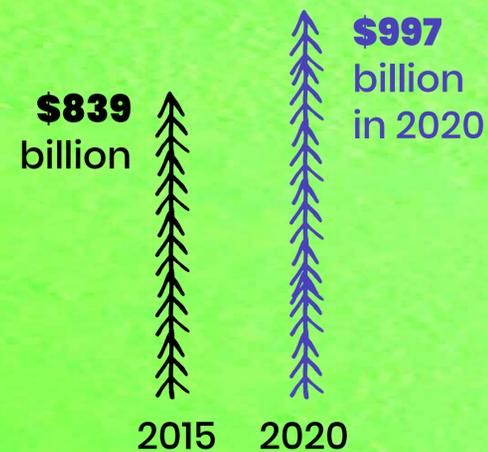
# Sustainability

**Sustainability**

# Sustainability matters!

The trend toward sustainability is an important influence on the print industry. Consumers, manufacturers and retailers are all demanding more sustainable systems which are formalised in corporate social responsibility goals and publicised in product marketing. Consequently, sustainability is no longer just "nice to have", but is now seen as a necessity for attracting consumers and protecting market share.

Sustainability has become an important consideration in many areas over the past two decades. This is especially true in packaging where it is a major issue since packaging materials are extremely visible to the consumer. This is because packaging as a single-use product faces intense and growing pressures from

consumers, retailers, suppliers, governments, regulators, NGOs, environmental groups and others for the development of environmentally friendly solutions to improve packaging sustainability by reducing its societal and environmental impacts.

## Packaging industry is steadily growing

**$839** billion — 2015

**$997** billion in 2020 — 2020

↓ **Principle methods packaging industry is pursuing**

1. Source reduction
2. Format change
3. Use of green materials
4. Reusability
5. Recyclability & recoverability

↑ Source:
Ten-Year Forecast of Disruptive Technologies in Sustainable Packaging to 2026
Dr Terence A. Cooper, Smithers Pira

## Sustainability

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# Good for business and good for the environment

**Reducing the impact of printing on the environment is good for business**

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Our HP Indigo business is driven by sustainability. With day-to-day operations tightly focused on a circular and low-carbon economy that spans our entire value chain and beyond, we're innovating from sourcing practices and operational excellence to the design, delivery, and recovery of our leading products and solutions. Our work is dedicated to creating value for you, our customers, by lowering waste, increasing productivity, and reducing the carbon footprint of printing.

Being a champion of the environment is part of our DNA. So when you choose HP Indigo digital printing solutions, you're joining the cause. Welcome.

These
seven global
trends are
shaping the
landscape
of the print
production
business

In the print service industry, growing your business is the only way to survive.

But that can seem impossible in today's increasingly competitive landscape. One thing's for certain, doing nothing is not an option.
That's why it's time you go for a competitive edge. Go for higher profits. Go for superior technology. Go for unmatched print quality and go for bigger and better clients.

**Frequent changes**

**Shorter runs**

**Shorter delivery times**

**Data driven applications**

**Higher quality demands**

**Security and brand protection**

**Sustainable packaging**

Go for growth
Go for Indigo

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