

# HP's Newly Enhanced Ink Supplies Portfolio and Retail Strategy



## HP's commitment to customer choice and value

HP has long been recognized as an innovator in providing superior ink and paper supplies, and unmatched print quality. The driving force behind this innovation is always customer satisfaction. HP is now applying this same innovation to the customer experience, with a focus on choice and value.

HP understands there are different types of customers with different printing needs. In response to these changing needs, HP has reinvented and expanded its global supplies portfolio to offer new product options, while also making the process of choosing and buying printing supplies simpler than ever. With a commitment to providing its customers with choice and value, HP is extending this improved customer experience, both in retail and online.

### Choice made easy

As a part of this global rollout, HP is broadening its ink cartridge offerings and introducing a new naming and color-coded packaging system that will help consumers easily identify which ink they need. HP knows consumers are focused on choice and value, and that they want a wide selection of ink cartridges – including specialty cartridges – at various price points. Customers also want to be able to find and purchase ink cartridges quickly and easily. HP has listened to its consumers, and is designing its supplies portfolio to deliver an even better customer experience.

### More offerings, lower cost, specialty products

HP also understands that consumers want value. Through extensive research, HP knows value means different things to different customers. HP has, and will continue, to offer its customers the best possible value. As HP continues to introduce new printers in 2007 and subsequent years, customers will be able to choose new, high-capacity ink cartridges, as well as HP Photo Value Packs, twin packs, combo packs, and specialty cartridges, for many new printers.

### Customer experience revamped

In addition to enhancing HP's supplies portfolio to provide more choice and value to customers, HP also is improving the customer retail and online experience. For example, HP is working with its retail partners to conduct "makeovers" of in-store aisles and displays of Original HP supplies. HP has integrated its new naming and color-coded packaging system into point-of-sale materials such as ink selection guides. These tools will help customers choose the right supplies, thus avoiding confusion between multiple options.

HP's first priority is to provide the best overall customer experience. With these new merchandising tools, customers can easily find and purchase the right supplies, all at the best value.

## Understanding Customer Needs: One size does *not* fit all



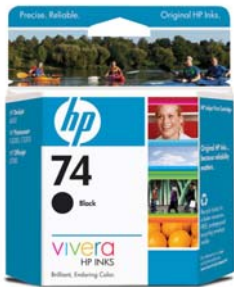
Organized around three color-coded categories – standard (blue), value (green) and specialty (red) – all will deliver the superior reliability and print quality customers expect from HP.

## New naming and color-coded packaging system helps distinguish which type of ink customers need

With Original HP ink cartridges, customers get outstanding value, and now more choice with a variety of options tailored to meet their specific printing needs. Customers also can count on trouble-free printing, long-lasting photos, and sharp graphics and text with Original HP supplies. With this new portfolio, customers can choose from standard cartridges for everyday printing, to high-capacity cartridges and multi-packs for frequent printing, and specialty cartridges for photos and special projects.

# What color is best for you?

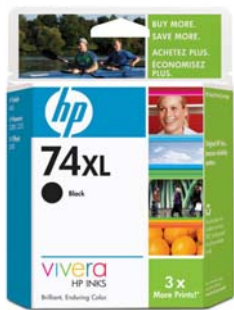
## Moderate Users.



HP standard cartridges are color-coded with **BLUE** packaging. HP standard inkjet print cartridges offer the same high-quality inks customers expect from HP, but at a lower purchase price. For example, some of the HP standard cartridges hitting the shelves this spring – such as the HP 75 cartridge for the Deskjet D4200 – will save customers up to \$2.00 per cartridge at point-of-sale over the price of cartridges for older models of comparable printers.

Packaged in blue, the standard cartridges are designed for customers who print a limited number of pages on a weekly or monthly basis. HP's most popular cartridge choice, the blue standard cartridges deliver the right value and purchase price for everyday printing needs.

## Value Users.



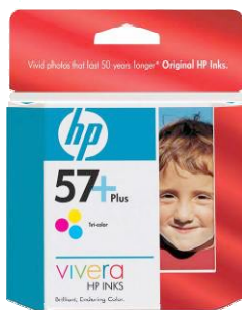
HP's **GREEN** value inkjet cartridges offer cost savings and lower cost-per-page for customers who print in high-volume. The value category includes all existing twin packs, multi-packs and photo value packs.

In addition, HP is delivering more flexibility and control to customers with new inkjet printers, by offering multiple ink cartridge options. Beginning with printers introduced in 2007, HP will offer XL cartridge options for the majority of its mid-range and up printers – representing some of HP's most popular models.

HP's high-capacity XL inkjet print cartridges deliver approximately 30 to 45 percent cost savings over their blue standard counterparts, as much as two to three times more prints, and the peace of mind that comes with fewer cartridge changes as compared to standard cartridges.

For example, HP recently introduced the HP 74 inkjet cartridge, which is a standard cartridge, as well as an HP 74XL high-capacity inkjet cartridge. Both the HP 74 and HP 74XL are single cartridges, but the volume is three times higher on the XL than the standard cartridge. The higher volume provides the added convenience of getting three times more prints out of a single purchase and fewer cartridge interventions. Plus, the cost savings is greater than 45 percent over the standard cartridge, on a cost-per-page basis.

## Performance Users.



HP specialty inkjet print cartridges, signified by **RED** packaging, offer additional performance advantages over HP's standard ink formulations. Specialty cartridges, like HP's wide array of photo inkjet print cartridges and +1 cartridge series, are ideal for customers who primarily print photographs and demand exceptional quality.

For example, HP's 57+ and 78+ cartridges have been very popular with HP customers who want a longer lasting and more durable photo. These cartridges have been specially formulated with HP Vivera inks to bring bright and vivid colors to a wide range of HP photographic papers, and they offer 50 years more fade resistance than the standard 57 and 78 cartridges.<sup>(1)</sup>

## HP's New Retail Environment



An example of what HP's retail aisle will look like: HP clearly identifies what choices customers have available.

## Ink Aisle

With HP's new naming and color-coded packaging system, customers can more easily view and select the ink cartridges that are best for their printing needs. Each aisle will have these new ink cartridges grouped by selectability numbers first and then secondarily by color coding so that customers can see all their choice and value options in one location.

Additionally, the aisles will contain HP's updated ink guides to help customers easily identify which Original HP ink cartridges match both their printer and usage requirements. These new point-of-sale materials provide simple cues to help customers consider the intended usage of their HP printers – simplifying their shopping experience and increasing their printing satisfaction. By clearly informing consumers at the point-of-purchase, the ink guides will help customers make the right decision the first time, helping HP's retail and channel partners reduce the number of product returns.



HP has extended its color-coded system to point-of-sale materials such as updated ink selection guides that attract customers' attention in retail aisles and direct them to the appropriate supplies – minimizing confusion among multiple options and increasing overall customer satisfaction.

## Hardware Aisle

When consumers buy an HP printer, HP wants to make it easy for them to understand the various printing options that each print system provides, and which printing supplies are compatible with the various printers. HP is adding information to its printer packaging, such as cartridge options, to help customers make a more informed decision about the overall cost of ownership of specific printers.

To help customers decide what is best for them, the hardware aisle will also include displays as a reference point for customers. This new signage will help customers find the right supplies to fit their printing needs, as HP understands there is no one size fits all solution. Every customer has different printing needs, and now HP is making it easier for them to customize their personal printing experience.

# HP's New Online Experience



With the goal of improving the customer experience at every touch point, HP is extending the new look and feel of its retail supplies aisle to online shoppers. While shopping at HP.com, customers will be shown the standard, value and/or specialty choices that support their HP printer. The Web experience will provide fast and easy access to finding, selecting and buying supplies.

The HP.com Web site will enhance the customer experience by helping customers understand the ink choices available and what the best choice and value is for their specific printing needs. The online experience, like the retail experience, will highlight the differences and benefits of each color-coded ink cartridge.

For example:

If a customer is in need of a 78 Tri-color ink cartridge, not only will the standard HP 78 cartridge in blue packaging be available for purchase, but the shopper will also see that there's an alternative HP 78XL value offering in green packaging, and a specialty HP 78+ cartridge in red packaging. With this level of detailed information, the customer has more choices to make the best decision for their unique printing needs.

Combined with programs such as My Print Rewards and HP SureSupply, HP.com customers will benefit from an even more simplified, streamlined shopping experience. The new online shopping experience will be available for new ink cartridges on April 24, 2007. Soon thereafter, HP.com will begin to roll its existing 1,000-plus SKUs worldwide to the new shopping experience. Phase two, which will include cross-sell information with recommended cartridge choices for customers shopping for inkjet supplies or inkjet printers, is expected to be complete by the end of the year.

## Summary

HP understands that a long-term, successful supplies business requires an in-depth understanding of its customers, their needs, and a long-term commitment to meeting those needs.

HP realizes that one size does not fit all. To provide greater choice and value to its customers, HP is expanding its ink supplies product portfolio and using an innovative approach to provide a simpler purchasing experience. Whether customers want a low purchase price, low cost-per-page, or specialized ink, HP has responded with choice and value.

(1) Comparison based on three-ink printing. Display permanence rating by Wilhelm Imaging Research, using HP Premium Plus Photo Paper.