



New HP Ink Supplies Strategy: Delivering More Choice and Value

Q. I understand HP has made over the supplies aisle in retail stores and online. Can you tell me more?

A. This is a full-scale effort that's unlike any of its kind in the industry. HP is reinventing and expanding its global supplies portfolio to deliver more customer choice, greater value and a dramatically simplified shopping experience, both in-store and online. There are two key factors driving this new approach: customer choice and value.

Beginning this year, most of HP's consumer inkjet printers worldwide will be introduced with multiple inkjet cartridge options that are designed to better meet customers' varying printing needs – whether they print a little or a lot. Customers who print a small number of pages on a weekly or monthly basis will find more cartridge offerings for as low as \$14.99. Customers who print more often will find more new “XL” options that provide approximately 30-45 percent savings on a cost-per-page basis.

In conjunction with these new product offerings, HP is rolling out a new color-coded packaging system across its entire portfolio, making it simple to find the right Original HP supplies, and dramatically simplifying the customer shopping experience. For the majority of new inkjet printers, the new cartridge options will be – “standard” in blue packaging, “value” in green packaging and “specialty” in red packaging.

Q: What specifically do these three new HP cartridge colors mean to the customer?

A: HP is committed to making the selection and purchase of inkjet supplies a simple and satisfying experience. Therefore, HP has introduced color-coded packaging that will make it fast and easy for customers to find the inkjet supplies that will best meet their unique printing needs and provide value.

Customers who print a small number of pages on a weekly or monthly basis, and who also want a low purchase price, will look for standard cartridges that are packaged in blue.

Customers who print higher volumes and are looking for a lower cost-per-page compared to standard cartridges will look for value cartridges packaged in

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green. HP's value line also includes new, higher yield "XL" cartridges that provide more cost savings on a per-page basis, more printed pages and fewer cartridge replacements as compared to standard cartridges. In addition, HP is making it easier to identify value offerings that come in the form of twin packs, dual packs and photo value packs by packaging them in green.

Lastly, customers who have special printing applications such as professional-quality photographs will be able to quickly find HP's specialty cartridges, which are packaged in red.

Q: Can you give me an example of the new value HP is bringing to its customers?

A: HP recognizes that when it comes to printing, one size of cartridge does not fit every printing need. Some customers want access to high-quality printing, but print only a few pages on a weekly or monthly basis. Other customers print a lot and are looking for lower operating costs and less time spent purchasing new replacement cartridges.

Our research has shown that customers who print a small amount, value a low purchase price. HP already offers inkjet cartridges priced as low as \$14.99, and beginning in 2007, the company will introduce an increasing number of standard cartridge offerings in the \$14.99 price range for those customers who still want access to high-quality printing, but don't want to pay a lot at the point of purchase.

Our research also has shown that customers who print high volumes value a lower operating cost and the convenience and time-savings of fewer cartridge replacements. For these customers, HP is introducing new, higher yield "XL" ink cartridges on select new printers. These cartridges provide customers approximately 30-45 percent savings on a cost-per-page basis, up to three times more pages and require less frequent cartridge replacements as compared to the standard cartridge offering with the same selectability number.

Q. How is HP integrating this new strategy into its online offerings?

A. HP wants its customers' buying experience to be simple, whether they are online or at retail. As such, HP is extending its expanded supplies portfolio and the new look and feel to its online site, www.hp.com.

Q. Isn't this just a packaging change?

A. No, it's much more than a packaging change. Beginning this year, most new HP consumer printers worldwide will be introduced with multiple inkjet cartridge offerings. This is a fundamental change to HP's supplies strategy – one that provides customers with cartridge options that better meet their printing needs. The new cartridge options will deliver value by offering low purchase prices to customers who print a little and lower cost per page to customers who print a lot. Additionally, HP is making packaging changes in retail and online to improve the

customer shopping experience and to dramatically simplify the process of finding the right supplies.

Q. Will more choice mean greater complexity for customers, that is, lead to more errors in the selection process?

A. No. Our new color-coded packaging system is meant to deliver exactly the opposite. It clearly directs customers to the right HP supplies and helps educate customers about their choices. For example, customers can easily identify the new value inkjet cartridge options by looking for the green packaging and the "XL" next to their specific cartridge number.

Q. How are retailers reacting to HP's revamped supplies strategy and aisle makeover?

A. HP's retail partners are responding positively to this new strategy. They appreciate the improved selectability and customer shopping aids such as in-store displays and updated ink selection guides. The HP supplies aisle "makeover" will make it easier for retailers to help customers choose the right HP supplies with confidence, increasing overall customer satisfaction.

Q: Where can I view images or photos of these new cartridge offerings and this aisle "makeover?"

A: Please visit www.hp.com/go/supplieschoice for more details about HP's innovative inkjet supplies strategy.

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