

Hobby Lobby

Crafts superstore gains control, cuts costs with HP Indigo presses



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—Brad Kroencke, Operations Manager, Hobby Lobby, Oklahoma City, Okla.

HP customer case study: Craft mega-retailer chooses HP Indigo presses to produce in-store signage, product labels

Industry: Retail

Objective:

Provide cost-effective in-house printing with superior control and flexibility

Approach:

Hobby Lobby has deployed three HP Indigo presses to produce in-store signage and labels serving more than 400 stores nationwide

IT improvements:

- Variable data capabilities to tailor signage to each store’s needs

Business benefits:

- Cost savings produced 21-month ROI for initial Indigo press
- Improved quality compared to flexographic label printing
- Greater control, custom printing capabilities



Like retailers everywhere, Hobby Lobby is always looking for an edge on its competition. Several years ago, it found that edge in an unexpected place: printing labels and store signage in-house, using HP Indigo presses.

“When we bought our first Indigo press, we had one particular label job that we wanted to be able to print ourselves, and the savings were so great the return on investment for the press was just 21 months,” recalls Brad Kroencke, Operations Manager for Oklahoma City-based Hobby Lobby.

That was six years ago. Hobby Lobby’s first HP Indigo press—a roll-fed model—is still printing labels and signage, and the company has added two more Indigo presses over the years. One press is dedicated to the continual demands of in-store signage in two colors—one PMS red with black.

Customer solution at a glance

Primary applications

Label, signage printing

Primary hardware

• Three HP Indigo presses

Primary software

• HP Yours Truly

Today, along with in-store signage demands, the company prints labels for many of the products it manufactures, stationery, business cards and more.

“We’re probably unique in our industry,” Kroencke says. “The wide variety of things we can do on our Indigo presses opens up a lot of doors for us. I doubt there are many people anywhere who can do all the things we do.”

Transforming craft retailing

Hobby Lobby has become a ubiquitous presence in America with more than 400 stores (and still growing) at last count. The retailer sells a wide variety of craft supplies, home décor items and more. Even in the midst of a worldwide recession and flood of bankruptcies, Hobby Lobby continues to open more stores each year.

“Repeatability is a major consideration for our label printing. We may do 40,000 labels today, and do another 40,000 in six weeks, and it’s critical that those be identical because they may sit next to each other on the shelf.”

Brad Kroencke, Operations Manager, Hobby Lobby

How so? Hobby Lobby is rapidly becoming the mainstay of craft and décor retailing. It is on the leading edge of a transformation of the hobby shop, carrying more than 60,000 items.

A major part of its formula for success is in-house manufacturing. You might well expect to find candles or scrapbooking supplies at Hobby Lobby. But you’d probably be surprised to learn that Hobby Lobby is one of the nation’s leading manufacturers of both products, or that it wholesales those products to other retailers.

In-house manufacturing drives the need for printing — specifically, label printing on HP Indigo presses. Remember the single label-printing application that Hobby Lobby started with on Indigo presses? That was for rubber stamps related to scrapbooking. The store now has a line of some 1,700 different rubber stamps, and the labels for those stamps are all printed on Indigo presses.

“We’ll run anywhere from 50 to 5,000 copies of a rubber stamp label,” Kroencke explains. The label requirements include an exact image of the image the stamp produces. For stamps that will be sold at Hobby Lobby, the label features a price. For stamps



destined for other retailers, the label simply includes a bar code. “In the past, we were buying flexo (flexographic)-printed labels from outside vendors, and for those we didn’t want prices on, we were using nail polish to delete the price,” recalls Kroencke. In those days, most commercial printers simply weren’t offering the flexibility or cost-effectiveness that Hobby Lobby could achieve on Indigo presses.

With the move to in-house printing on Indigo presses, of course, the company can print exactly what it needs on each label—in quantities from one to several thousand. With a variable data engine feeding the prepress queue, the company can change the image being output on the second impression, the 127th, or 50,000th—or anywhere in between. All without changing a plate or blanket, or interrupting the press. The Indigo presses can print in one, two, or four colors (or more, though Hobby Lobby never exceeds four-color), and match PMS colors either on-press or with pre-mixed inks.

“We really don’t have trouble printing on anything. Indigo presses are very flexible.”

Brad Kroencke, Operations Manager, Hobby Lobby

When Kroencke began bringing jobs in-house for output on Indigo presses, there was some reluctance, of course. Some product managers insisted they wouldn’t have the labels for their products printed in-house unless Kroencke guaranteed he would match

the quality of flexographic printing. “I told them I didn’t think we could print something that bad on an Indigo press,” he recalls with a chuckle.

Over time, the superior print quality of Indigo presses—and cost advantages of producing work in-house—has led to a steady stream of new projects. In addition to the original HP Indigo press (with over 59 million impressions and counting), the company has added two additional Indigo presses, one roll-fed and one sheet-fed. A consistent look generated from all of the presses is important. Monthly volumes on the three presses now average roughly two million impressions.

“Everyone we’ve dealt with at HP has been more than helpful. They’re there when we need them. When we have a new challenge, we know we can turn to them for expertise and guidance.”

Brad Kroencke, Operations Manager, Hobby Lobby

At those volumes, and with digital printing capabilities more widespread in the marketplace today, commercial printers would line up to do Hobby Lobby’s labels and signage. But those printers will have to look elsewhere to pursue such work. Digital printing on Indigo presses is firmly entrenched at Hobby Lobby, and the benefits continue to accrue.

One press is dedicated exclusively to the constant demands of producing in-store signage, including weekly specials and variable print based on each store’s needs. More than 400 stores get a package of some 800 two-color signs (black and PMS 199)

each week. The press is busied for a full shift, every day, 52 weeks a year, with in-store signage. The department also serves a subsidiary, Mardel Christian & Education bookstores, with its in-store signage needs.

Candles are another major label job. “Repeatability is a major consideration for our label printing,” explains Kroencke. “We may do 40,000 labels today, and do another 40,000 in six weeks, and it’s critical that those be identical because they may sit next to each other on the shelf.” He says it’s not uncommon for his staff to run 750,000 copies of the same label on Indigo presses.

Hobby Lobby’s staff does things with its Indigo presses that others might not attempt. One example: in-store signage that is 12 inches wide by 48 inches long, printed on pressure-sensitive material that is later laminated onto Foamcore. “We do all that a lot cheaper than we can print wide-format material,” Kroencke says.

Hobby Lobby prints on roughly 20 different papers and label stocks. That includes several uncoated papers, some coated paper and pressure-sensitive labels, and lots of metallic silver stock for candle labels. “We really don’t have trouble printing on anything,” Kroencke says. “Indigo presses are very flexible.”

That’s not to say Kroencke is blind to other technologies when the need arises. The company produces most of its scrapbook papers (and some other projects) on traditional offset presses. It also

employs digital wide-format presses, including HP Designjet wide-format inkjet printers and HP ColorSpan DisplayMaker printers.

The company runs all printing—including offset and digital printing—through the same digital front-end product—though work routed to HP Indigo presses makes use of HP Yours Truly Designer for InDesign® CS2 software.

“When we buy our next digital press, we know it will be an Indigo. We know the technology, we know it works well for us. We’re sold on it.”

Brad Kroencke, Operations Manager, Hobby Lobby

In an age when most printers are seeing their business contract, demand for printing at Hobby Lobby is growing 25 percent or more per year. Kroencke says some of the increase is due simply to the chain’s addition of new stores. Some is also due to taking in projects that were previously done by outside vendors. For example, Kroencke’s staff is busy doing a series of 80 3-by-4-foot signs for each store—that’s 33,000 signs in total—in addition to their normal work.

Looking ahead, Kroencke knows print demand will continue growing. And that will drive increasing demand for in-house digital printing. “When we buy our next digital press, we know it will be an Indigo,”



he says. “We know the technology, we know it works well for us. We’re sold on it.”

He says Hobby Lobby has a solid, productive relationship with HP. “Everyone we’ve dealt with at HP has been more than helpful. They’re there when we need them. When we have a new challenge, we know we can turn to them for expertise and guidance.”

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