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Unique Branding for e-commerce





Packaging challenges and opportunities throughout the e-commerce supply chain

Globalization, new technologies and growing consumer savvy are transforming the e-commerce landscape. Consumers expect that they can interact with brands and retailers anytime, anywhere and on their terms. This new normal means it is more important than ever to make them feel like they are in control of their shopping experience.

Although the e-commerce industry is booming, it still represents a fraction of the total retail landscape. Global retail e-sales reached \$2.3 trillion USD in 2017, accounting for 10.2 percent of all retail sales worldwide. By 2021, e-commerce sales are expected to account for 17.5 percent of all sales.¹ As e-commerce develops and delivery times continue to decrease, consumers expect the same seamless shopping experience in store and online.

To understand how to provide the best e-commerce experience, brands must first understand the nature of packaging's role in e-commerce and the demands the e-commerce supply chain places on packaging. From there, companies can optimize packaging for their product's unique branding, sustainability and customer experience needs.

The relationship between packaging and e-commerce

Just as with in-store shopping, packaging plays a vital role in online shopping. A product cannot be stored, packed or shipped if there is no packaging

to carry it along the way. Depending on design, quality and functionality, packaging can either facilitate or complicate the handling of a product.

Today's e-retailers focus on the price and practicality of packaging, but to excel in the e-commerce landscape, retailers should pay attention to the consumer packaging experience. There are opportunities to improve packaging in a way that raises the perceived value of online retail brands in consumers' minds. There are also opportunities to optimize the physical performance of packaging, specifically with regard to monitoring packaging performance, selection of product-specific packaging systems and customization.

Packaging and the supply chain

Optimizing packaging for e-commerce encompasses more than just the at-home experience. There are a number of touch points for e-commerce packaging on its way through the supply chain, from ordering, to warehousing to delivery.

Consumer journey



- Omni-channel research before ordering.
- Placement of order.



- Inbound logistics
- Picking of products for orders



- Picking of products for orders
- Sorting of orders
- Shipment preparations



- Outbound logistics



- Order delivery and reception of goods
- Returns

1. <https://www.statista.com/statistics/534123/e-commerce-share-of-retail-sales-worldwide/>



Ordering process

Online consumers expect seamless purchasing and want to be able to order at any time on any device. Online shopping orders from smartphone and tablets still lags behind traditional online orders via desktop. However, global retailers, led by Amazon, are catching up.

Consumers are not satisfied with simply shopping online. About 69 percent of global consumers consider themselves to be highly capable of researching and purchasing online. Many also want the Internet to act as a sales representative and provide all the information they need to make an informed purchase. However, this may vary depending on the type of product purchase 48 percent of clothing consumers and 44 percent of electronics consumers research in store but buy online.

Brand recognition is vital for e-commerce. The primary factor that influences a consumer's decision to buy from an online store is whether the store carries a specific brand or product. Therefore, communicating a realistic image of the product and its characteristics is a main challenge when presenting products online. Primary packaging on the digital shelf plays a significant role in a product's appeal and calls for different requirements regarding packaging's visual appearance.

Giving consumers control over their shopping experience extends to offering a variety of shipping options to suit their needs. During online checkout, there are typically two options: standard packaging and gift packaging. Some retailers are taking the branding experience a step further by offering more packaging options. For example, luxury fashion retailer Net-A-Porter offers customers a premium online shopping experience from start to finish. Like other luxury retailers, Net-A-Porter's typical packaging includes a premium box sealed with a ribbon and packed with tissue paper, which is then placed in a brown corrugated box. Some consumers find the packaging extravagant and are satisfied with a plain brown box. Net-A-Porter offers a simple packaging option to meet the demands of that customer group.



Packaging in the warehouse

Warehouse picking is still a mostly manual process. In 2016, only about 10 percent of warehouses were using advanced automation for picking.² Amazon is at the forefront of automated inbound logistics, using robotic systems in several fulfillment centers for sorting, picking and placing incoming goods from suppliers. And like picking, most packing is handled manually. In addition to packing the products, it is common for warehouse staff to choose what types of packaging to use.

2. https://westernacher-consulting.com/wp-content/uploads/2017/11/Whitepaper_Trend_to_Automation_FINAL_s.pdf



However, due to the rapid growth of e-commerce, the packaging process is becoming increasingly complex. Factors affecting packaging types include size and shapes of items, temperature requirements, order destination and branding. The complexity of order fulfillment often means that the packaging process is focused on shipping logistics first and consumer experience second. Boxes are often cut, torn and folded without consideration for aesthetics or consumer expectations.

Sustainability is also important, including minimizing the amount of packaging material used and the amount of air used. Although there are automated systems for packaging choices, the final decisions are often left to the individual packer, resulting in a trial and error process. When fulfilling orders placed through websites like Amazon, packers will often ship various types items from different retailers together. When a pair of headphones is delivered in the same box as a bottle of perfume, packaging distinguishes each item's branding, beckoning the need for out-standing graphics, unique design elements, and clear labeling.



Transportation and delivery

Problems occur after parcels leave the carrier's distribution center because packers do not know the packaging requirements for the delivery process. Packages are often handled roughly at the carrier's distribution center, which may result in damaged products or worn packaging.

Offering consumers a delivery method that suits their preferences is key to meeting convenience expectations for e-commerce shopping. In addition to home delivery, new pick-up solutions are integrated into frequently visited public spaces for consumer convenience.

There will be an increasing demand for same-day delivery as this expectation becomes more commonplace. Although consumers demand speedy delivery, it is more important to them to know where and when packages will be delivered, again offering a greater sense of control over the process.





Three pillars of e-commerce packaging

Generally, retailers do not pay much attention to consumers after they place their orders. *Unboxing* provides an opportunity to communicate with the end consumer in their home environment. The e-commerce unboxing experience should match the brand's look and feel as dictated by brand values, the desired tactile experience, and tonality.

Companies can reflect on three pillars of e-commerce packaging – **branding, sustainability, and experience** – to meet the needs of different groups of consumers and provide a more comprehensive ecommerce shopping experience.

1 Branding

Does e-commerce give consumers the same brand experience?

Will shoppers still understand the brand's identity?

In September 2018, Amazon further incentivized its frustration-free packaging program by releasing a set of Packaging Certification Guidelines that are designed to improve sustainability and drive innovations that improve the customer experience, decrease the environmental impact of consumption and lower supply chain costs.³ Amazon encourages companies to develop packaging specific to e-commerce, where messaging is communicated directly onto the package itself, giving consumers more facetime with the brand. E-commerce-specific packaging can also eliminate the problem of mishandled and awkward packaging in the warehouse.

sustainability initiatives for the sake of the environment, but instead to meet consumer demands.

Finding the right balance between overpackaging and product protection is complex, and packaging and delivery represent between 22-32 percent of energy used during the e-commerce supply chain. Right-sizing to avoid oversized packaging for individual products offers advantages in terms of cutting costs and shipping materials. Companies can look to automating warehouse packaging and picking systems to reduce waste and improve sustainability. Advanced analytics can identify shipments that could be combined and packaging that is unnecessarily large or too costly to ship, reducing the human error factor in manual warehouse picking.

Exploring lightweighting is another direction companies can take to decrease their environmental footprint. Advances in natural, recyclable materials, like cartonboard, enable thinner packaging to offer more strength, protecting products while conserving resources throughout the supply chain.

2 Sustainability

Does packaging seem wasteful or overdone?

Are materials optimized to protect the product?

We are still in the process of understanding the sustainability impact of e-commerce. Although it may seem on the consumer end that e-commerce creates more waste, this may be because they are blind to the behind-the-scenes waste created by traditional retail. Driven primarily by cost, many companies are not considering

Consumers are receiving more packages directly to their homes than ever before, making understanding of recycling rates and the recyclability of different packaging materials crucial. Brands and their packaging suppliers have the responsibility to educate consumers on the recyclability of paper packaging, providing general or if necessary, localized instruction. This can be achieved both on the label and through proactive, multi-channel communications efforts.



3 Experience

Do consumers understand what to expect when they receive their purchase?

Does e-commerce packaging meet the same quality standards as retail?

As consumers become increasingly accustomed to being able to shop anywhere, anytime, retailers need to be aware of differences in dynamics between online and offline shopping. Companies often have different flows for online and offline orders. This can be frustrating for consumers when products bought online cannot be returned in-store, for example.

Displaying products online in the same way they're displayed in-store is challenging. It can also be difficult to reproduce product and packaging colors online, since screen resolutions vary, and the shelf impact of products does not necessarily translate to online.

Brands should use packaging that suits different channels while maintaining brand consistency, whether it be through offering premium and standard options or by adopting frustration-free packaging, brand messaging, appearance and packaging quality should be consistent across all channels.

Conclusion

When it comes to packaging, e-commerce companies can become more focused on logistics and price than on customer experience. However, as e-commerce becomes the new normal, consumer expectations are bound to continue rising.

Ultimately, the brands that exceed them will take the lead against their competitors. By better understanding the discrepancies between the consumers' perceived needs by e-tailers and actual consumer demands – and applying the three pillars of e-commerce packaging, these companies will survive and thrive in the new online marketplace.

We challenge conventional packaging for a sustainable future

BillerudKorsnäs is a leading provider of strong, light, renewable and recyclable packaging material. We have eight production units in Sweden, Finland and the UK and 4,400 employees in over 17 countries. Together with brand owners, converters and packaging partners all over the world, we create smarter packaging solutions that increase profits, excite millions of consumers and contribute to a sustainable future for generations to come.



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