



Passing the Doorstep Challenge

Where packaging and profitability
go hand in hand



Passing the Doorstep Challenge – Where packaging and profitability go hand in hand

Rapid changes in shopping habits and consumer attitudes are challenging retailers and their logistics partners to review their packaging operation in order to achieve a competitive edge and to protect their bottom line.

Understanding your needs

Changing the way we shop

The boom in internet shopping – forecast by the IMRG to rise 17% to £107 billion in 2014 – has highlighted the fact that consumers today are much more demanding. Yes, price is important, but expectations of speed, reliability and quality of service have risen. This presents a challenge to aspiring market leaders. The opportunities are enormous; the threat, however, comes from not performing well.

Empowered more than ever by the burgeoning use of mobile devices – smartphones and tablets – today's consumers are more discriminating, less loyal and, thanks to the power of social media, much more critical of an under-performing supplier.

Understanding the Remote Customer

What internet shoppers want is simple enough – much more for less! You can expect them to:-

- Switch to your competitor if they feel let down. You're only as good as your last delivery.
- Browse on the High Street, then compare prices and buy on-line.
- Say no to premium shipping costs – 'free' standard delivery is generally preferred.
- Prefer delivery notifications and updates via mobile device messaging and email.
- Be influenced in supplier choice by blogs and comments made – positive and negative! – in social media.
- Be indifferent to customer-supplier relationships, unless they can reap additional benefits from loyalty programmes.
- Provide feedback on their e-shopping experience.
- Complain about inadequate packaging if goods arrive in less than perfect condition.
- Resent any form of perceived over-packaging!



Click and Collect – integration of website and store

The rise of 'click and collect' demonstrates the power of online shopping combined with a physical store presence.

Rapid and convenient access to a greatly expanded product range brings obvious benefits to retailer and customer alike. As investment shifts from out-of-town superstores to smaller urban and suburban locations, increased footfall is helping to bring shoppers face to face with retailers again. According to the latest statistics from Econsultancy, Click and Collect is used by as many as 45% of internet users.



Packaging in the multi-channel age

Home delivery or click and collect, the role of packaging is under intense scrutiny in the drive for logistical efficiency. Packaging is one of the easiest ways to annoy a customer. Instead of delighting the recipient at the doorstep, poorly packed and presented products cause problems for delivery firms and can result in customer disappointment.

If you are looking to improve your profitability and brand performance, take a critical look at how your packaging operations affect the customer. Here are a few of the questions that, once addressed, could reap significant rewards:

- Could better-designed packaging give more protection from transit damage?
- Are there less expensive solutions that give improved levels of protection?
- Does the packaging reflect the quality of the products?
- Is it awkward to handle and difficult to unpack?
- Is there scope for reducing the environmental and social impact of the packaging?
- Are all packaging regulations and directives complied with?

What about the bottom line?

How can you deliver the highest customer experience at the lowest operational cost?

A well-protected and attractively packaged product says a lot about your company- a professional, efficient organisation that treats its customers with respect. But what about protecting your bottom line too?

Less damage and fewer returns will certainly improve your profitability, but a few more questions can streamline your packaging operation and give you the flexibility needed to cope with changing market needs:

- Is packing line efficiency compromised by bottle-necks and inflexibility?
- Could warehouse space be used more cost-effectively?
- Could the pack dimensions be adjusted for a better pallet fit?
- Can inventory control of packaging materials be improved?



When reviewing your packaging operation, it's important to consider all stages of the logistics chain.

In general, the route from on-line supplier to the consumer is more complex and less predictable than that via the High Street. On the one hand, there are more

areas of opportunity to increase efficiency, but **care must be taken that improvements in one area do not cause problems further along the line.**

Delivering delight on the doorstep

When considering outer packaging for goods purchased on-line, the primary consideration is protection of the contents. The customer expects them to arrive in pristine condition; for this to happen the pack needs to survive a sometimes rigorous journey involving manual and automated handling systems in loading and trans-shipment.

The customer's anticipation is heightened if the pack itself is clean, and not scuffed or travel-wearied. If the pack can be opened easily, without releasing its filling materials, so much the better. If the recipient can readily recycle, or even find a secondary use for it, they are likely to join the 62% who, according to the IMRG survey, are satisfied with the packaging of their purchases.

More protection, fewer returns

Goods damaged in transit create additional expense and alienate customers. The design and dimensions of the shipping pack is crucial both for protection and for minimising transport costs. For example, one trader reduced his pack dimensions and weight to take advantage of favourable postal charge rates for letters rather than parcels. Not only did it save significant shipping costs, but helped reduce the number of returns.

For larger items, it's worth investigating whether tweaking the size of the shipping case can eliminate movement of the contents – minimising the amount of void-fill needed – and give better utilisation of standard pallets, reducing the cost and carbon footprint of transport.

But what about the 38% who aren't? Poorly packed goods undermine brand loyalty and bring into question the supplier's commitment to service. Is the recipient more, or less likely to become a repeat customer?

As the future of on-line retailing unfolds, so will the role of protective and transit packaging. The development of channel-specific primary packs in particular will affect outer pack design and configuration, and the integration of packaging and product will become the norm rather than the exception.



More flexibility in the warehouse

An expanded customer base, increased product lines and fluctuating seasonal demand can play havoc with valuable warehouse space. There is a need for increased speed, agility and more output in less time.

A reduced and considerate range of packaging, as well as packaging process improvements can significantly increase productivity.



Reducing inventory costs

When dealing in a wide range of products you may face some difficult decisions when looking to rationalise your shipping case stocks. Standardising on few pack sizes has obvious cost advantages as larger quantities are required, but these savings can be offset by the increase in size of the average shipping unit, and the amount of void fill materials required to protect the contents.

A limited number of packs make them easier to store, handle and require fewer packing systems, and simplifies the job of the packing team, but can be perceived as over-packaging. Inevitably, some compromise is required, but close co-operation with the packaging supplier can drastically improve inventory efficiency.



Increasing packing line throughput

The ideal shipping pack represents a fine balance between the level of protection it affords, the cost incurred, and the environmental impact created.

There are 'hidden' costs, though. Look, then, for packs that are quicker and simpler to erect, fill, close and on the packing line. Consider automating critical areas, or improving material flow so that the team can work more ergonomically, and more efficiently.



Can greener packaging bring financial benefits?

'Absolutely' says WRAP, experts in resource efficiency and champions of the 'Circular Economy'. According to recent studies, the potential rewards are staggering. Defra* reckons that UK businesses alone could benefit by up to £23 billion each year, whilst McKinsey** estimates that the value of global resource efficiency could reach \$3.7 trillion pa. For packaging manufacturers and users, serving an increasingly-environmentally aware public, and complying with directives† and retailer mandates on packaging waste, this means finding a balance between fitness for purpose, minimum environmental impact and - of course - cost.

** <http://www.wrap.org.uk/content/wraps-vision-uk-circular-economy-2020>

Particular areas for investigation include:

- Minimisation
- Materials used
- Recycled content
- Possible re-use

Many businesses now embrace environmental responsibility with active sustainability programmes. Any credible packaging supplier will be happy to help develop strategies and products which will make an effective contribution to such initiatives.



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