



Less is More

Getting packaging right in
an omni-channel environment

Less is More – Getting packaging right in an omni-channel environment

The role of a packaging provider within the supply chain is to provide the most efficient possible solutions, ensuring minimum cost while delivering the optimum customer experience. This requires providers to understand the markets within which their customers operate, keeping them one step ahead of the competition by tailoring solutions to meet customer and industry specific needs.

The Macfarlane ethos is that less is more. When packaging is designed to be truly fit-for-purpose, less is actually required.

Often a lot less. This approach delivers benefits throughout the supply chain – to the customer, the consumer and to the environment.



Packaging and e-Commerce

As the e-Commerce sector continues to grow, the consumer e-Retail experience keeps improving. Yet all the evidence shows that perception of packaging within this sector is not progressing. According to IMRG research 40% of consumers have received inappropriate packaging. Businesses that have got their e-retail packaging right have reaped significant rewards, not least in terms of reputation – but the consequences of getting it wrong can be very damaging.



The total cost of packaging

The market is rapidly changing, with home delivery, store experience, click and collect etc all playing their part. As retailers try to increase their competitive advantage this means that consumers' expectations are also increasing. It is vital to understand the implications of these changing customer preferences and buying habits for a packaging operation – and to understand how the full cost of packaging actually breaks down.

When the entire cost is broken down, only 5% is made up of packaging materials. The rest is made up of:

- Storage
- Fulfilment
- Forward logistics
- Damages
- (Negative) customer experience

Completing a packaging audit for a company enables an understanding of operations, products, pick processes, packing methods, shipping methods and courier rates, returns process and other related costs.

Storage costs...

Take a long hard look at the space taken up in your warehouse by packaging stock. We can help you make big savings.



Transport costs...

Reducing the size and weight of your packages will save on storage and shipping charges. We can achieve this and still keep your products protected.



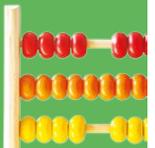
Damages & returns...

We will help you find the right packaging to protect your products, your profits and your brand.



Administration costs...

How do you drive down your administration costs to ensure you have the right products exactly when and where they're needed?



Productivity costs...

The right pack design reduces the time it takes to collate, assemble and pack each product for shipment.



Poor customer experience...

How the package looks and performs is key to delivering your brand experience.

And unhappy customers will soon look elsewhere.



Making packaging pay

By looking at not only packaging but packaging processes we can increase brand loyalty, customer lifetime value and more importantly - repeat orders.

Storage and space challenges

Businesses should not be paying for space they do not need. The aim is to create more output from less space.

The e-commerce and omni-channel environment needs to be agile and swift to respond to changes. This is achieved through planning and organisation.



Simple changes can make a big difference:

- Use additional space created. Packaging is generally high volume and low value compared to the total cost.
- Find suppliers who will create value by holding stock and drip-feeding packaging when it's needed, particularly during peak times.
- Reduce the amount and range of packaging choice with a balanced packaging basket to cover various single/multi orders. This will free up space.
- Add in additional sku's to the product range to support customer growth without needing to take up additional costly space.
- Have pop-up picking locations for peak times that can be taken down during off peak times.

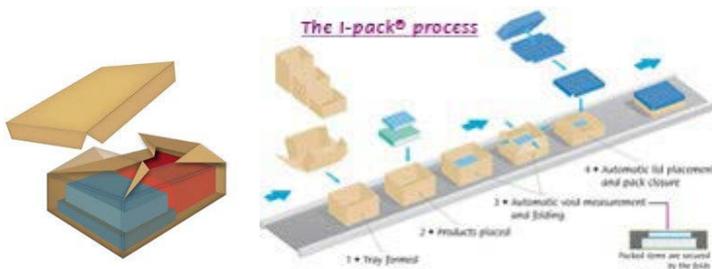
Fulfilment

The fulfilment challenge is always to achieve more output in less time. Packaging solutions for growing businesses should be regularly reviewed.

Speeding up the packing process

- Review packing benches - the organisation and ergonomics of the packing bench is key. Packaging should be readily available with any infill material easy to work with and pack. A well organised packing area will enable forecasting and space planning for peak and off peak times.

- Move away from old fashioned time consuming packing methods to low cost automatic delivery systems on packing benches.
- Speed up operations with appropriately designed packaging. For example, Feel Unique moved to crash lock cartons to help them to fulfil customer orders on time during peak and support growth, which is up 50% YOY for UK orders. Average packing speeds improved from just over 1 minute to pack a customer order to 30 seconds, a huge improvement during peak.
- Consider a semi or fully automated packing process.



Forward Logistics

Forward Logistics and carrier rates should be carefully considered when deciding on a range of packaging.

Order types should be reviewed for both in and out of peak and the packaging changed accordingly.

Significant savings can be achieved by optimising the use of packaging volume, for example:

- A major electronics business took time to understand carrier tariffs and how they charge by weight and size. A slight change to the packaging in size by centimetres and millimetres resulted in a £90,000 annual carrier saving.
- At peak times like Black Friday, carriers can struggle to collect products from customers' distribution centres. Lakeland's packaging range had been consolidated and optimised, resulting in an additional 25% trailer fill with their carrier provider. This helped their business throughout the year but significantly helped with Black Friday deliveries.
- A recent project with a leading retailer saw a saving of over £5 per parcel by carefully re-designing the packaging to letterbox size. Customers received orders on time, negating the risk of attempted delivery failure.

- Another leading online media retailer saw in excess of a £250,000 saving by changing the orientation of packing multi orders to achieve letterbox size.
- A leading multi-channel supplier of mobile technology saw a 110 tonne reduction in packaging (23%) and major carrier savings by focussing on the correct size of fit for purpose packaging. This resulted in a great environmental success story too with major CSR benefits.

With data of order profiles in terms of weight and size, software can be used to calculate the optimised packaging range. The resulting savings can be very substantial.



Damages

Damages, alongside late deliveries, are the leading cause of customer complaints and loss of customers to competitors.

Minimising or eliminating damages is vital to cost savings and customer loyalty.

The total cost of damages and returns includes:

- Cost to get damaged product back to warehouse.
- Cancelled orders/lost revenue.
- Replacement orders.
- Forward logistics to get back to customer.
- Lost orders from repeat customers.

Damages can occur for different reasons and it is important to consider the supply chain process from start to delivery.



Why do damages occur?

- Damages can occur before a parcel actually leaves an operation, during the picking process, packing process or despatch area because stacking and palletisation is ineffectual.
- The actual type of packaging used is incorrect and not fit for purpose, eg too big.
- There isn't enough protection around the primary products being packed.

According to IMRG, 40% of consumers have received inappropriate packaging. Focusing on the correct sizes and ranges of packaging will reduce damages and returns and the associated costs. Any reduced packaging will also represent a reduction in packaging costs.

For most organisations there is a huge opportunity for improvement and by fully understanding the supply chain from start to finish, simple changes can yield great results.

40% of consumers have received inappropriate packaging (IMRG)

Customer Experience

E-retailers put a lot of work into communicating their brand but the follow-through opportunities of the packaging design are often missed.

It is vital for companies to consider the types of customers that they have and are trying to attract to the brand. Customers can be defined by demographics, age, gender, aspirations, style, quality preferences etc. and these aspects need to be understood when designing a packaging range for a brand.



Case studies

Selfridges, Feel Unique and Lakeland

These case studies show the effort, affinity and care that each retailer has for their customers which is reflected in their packaging range.

Customer Experience – Selfridges

The Selfridges plain box turns into a wow factor box when opened, giving an element of surprise and instant good feel factor about the brand. The packaging is as good as the product inside, showing that Selfridges care about their customers. For their online packaging it is vital that the brand identity has maximum impact, particularly for their international customer base who may never have visited a Selfridges store.

"For our online packaging, it's vital that our brand identity has maximum impact – particularly with our growing international customer base who may never have visited a Selfridges store. To surprise and delight our customers across the globe, we designed our online packaging with the Selfridges 'yellow moment' hidden within. This bold yet sophisticated use of the Selfridges' yellow and white logo allows us to mirror the impact of our iconic Selfridges bags."

Ashleigh Vinal – Director of Graphics at Selfridges



Customer Experience – Feel Unique

Feel Unique, a multi-channel retailer for leading branded beauty products, wanted to create Feel Unique into the brand rather than the seller of the brands.

They considered the demographics of their customer base and the fact that customers are buying quality products that make them feel good and look amazing. Why send a high quality branded product to a customer in an inferior box?

The new packaging range and design helped achieve these operational goals:

- Instant impact - printed outside with the Feel Unique brand so when the consumer opens the box they immediately see the product, not infill packaging.
- Quality is reflected through the delivery proposition and the customer is presented with an order rather than simply receiving a parcel.
- Very few damages due to the structure and design of the packaging. Undamaged orders increase the lifetime value of the customer with repeat orders, bringing brand loyalty.
- The branding replicates the website experience, easy opening, self seal with no ugly tape.

Feel Unique has confidence in the packaging solution and added social media logos to encourage customer feedback. Any feedback is seen as an opportunity to improve which any packaging supplier should be engaged with.

"To support our growth, we moved to crash lock boxes to fulfil more orders during peak."

Craig Wheeler – eCommerce/Retail Operations Director at Feel Unique



Customer Experience – Lakeland

Lakeland has grown significantly and the ethos of this family owned market-leading business is all about the customer experience and loyalty. Lakeland cares considerably about their customers with the Lakeland promise and no quibble returns and this is reflected in their packaging solution. When designing the packaging solution, Lakeland considered the demographics of their customer base, age, gender, resulting in easy opening, clear instructions.

"Everybody at Lakeland feels the automation project at Lakeland has been very successful and that is mainly due to the partnership between Lakeland and Macfarlane. Macfarlane came to us with an idea of automation that they believed would suit the operation. Once they got us interested and we saw more, we quickly became excited about the opportunity. It has been a partnership since then that has worked very well."

Mike Gannon – Home Shopping Manager, Lakeland



To find out more about how we can help you save costs and improve your packaging operation call **0800 2888 444** or email contactus@macfarlanepackaging.com