

**MULTICHANNEL
MERCHANT**

October
2013

EXECUTIVE SUMMARY: PACKAGING



Package Delivery Goes Beyond the Brown Cardboard Box

BY ERIN LYNCH | [@LYNCHMCM](https://twitter.com/LYNCHMCM) | [GPLUS.TO/LYNCHMCM](https://plus.google.com/+GPLUS.TO/LYNCHMCM)

Over the past several years, there has been a change in the way merchants look at how they ship their products. Sending a package is no longer just about putting a SKU in a box and sending it off to the customer; it's equally about first impressions and making the package a brand ambassador.

The relationship between you and your customer does not end the moment the item leaves your warehouse. Even if the consumer had a pleasant ordering experience—whether it's online, over the phone, in store or through a catalog—those pleasantries go right out the window if the package they receive is unsatisfactory.

Create a Satisfied Customer through Packaging

Generally, boxes used to ship packages are standard brown cardboard, and sealed with general package tape. Inside of the boxes, merchants are commonly using filler such as shredded paper, plastic foam popcorn, bubble pack or air packets.

However, many merchants are improv-

ing customer engagement through unusual or standout packaging. For example, while standard shipping boxes are generally brown, a retailer could consider using a white shipping box to stand out and create immediate customer recognition.

Brand visibility is also imperative if you drop ship some of your products. Even though the package isn't coming from your warehouse, don't let the customer know that.

While creative and branded packaging is a great way for merchants to extend their brands and better connect with their customers, some types deliver a better experience than others do.

One of the best and probably more visible ways to expand your brand is to add your logo to the package itself. Think about the Amazon box—one glimpse and the customer knows exactly where that box with the smiley face came from.

Another merchant that has great brand recognition on its package is Moosejaw. When a Moosejaw order comes to the door, it's covered with Moosejaw stickers

and a personalized signature of the employee who boxed up the order. For the most part, its packages are recycled boxes with stickers stating, "Don't be surprised if you've seen this box before. We recycle."

Interesting packaging can also help spread the word about your brand. According to a recent report by Dotcom Distributions, nearly four in 10 consumers would share a picture of an online order via social media if it came in a unique, branded or gift-like box.

Merchants shouldn't just think about the exterior of the package; thinking inside the box can boost engagement as well. Adding a special little gift with the order, such as including thank you cards, stickers and gift cards, will help personalize the shopping experience for the consumer.

But don't feel like you have to spend a ton of money to include a free gift. If you have smaller SKUs such as lotions or creams that are not moving in the warehouse, put some in already existing orders with a note thanking the customer for her business.

Another way to wow the customer is by





clearly communicating the returns policy within the package. According to a 2012 SmartHub Benchmark report, the returns process is an opportunity for retailers to increase conversion rates and overall customer satisfaction and loyalty.

Despite the fact that at least 62% of consumers admit to reviewing return policies prior to purchasing, more than 30% of merchants still fail to provide detailed information about their policy.

In fact, the SmartHub study found that 25% of merchants include a return label within the product shipment, while 9% require a call to initiate the return.

Going Green

For years there has been a global initiative for going green and living a more eco-friendly lifestyle by many consumers, and merchants have started to take notice. Not only will being an environmentally friendly business help you in the eyes of the consumer, especially when 60% of consumers surveyed in the Dotcom Distributions report said it was important that a retailer's packaging is sustainable, but by using more efficient packaging, it can help save money and ship products more economically.

Dell, for instance, has been able to reduce the size of the shipping container and enhance the consumer experience by shipping multiple items in one box using streamlined cushioning. Tighter fitting containers not only cuts filler, weight and pick-pack time, but it also helps place more units on a truck, which reduces transportation time.

As for filler, being environmentally conscious is also a factor for merchants such as Carolina Biological Supply Company, which moved from a cornstarch peanut (an environmentally friendly product) to a biodegradable air pillow for packaging material.

While more environmentally friendly shipping fillers might be a priority for some retailers, keep in mind a more eco-friendly filler might not be the best choice to protect the product you sell. For exam-

For the most part, Moosejaw's packages are recycled boxes with stickers stating, "Don't be surprised if you've seen this box before. We recycle."

ple, if your shipment is going to an area in a hot climate, sustainable materials such as cornstarch peanuts don't always provide the greatest damage protection because they can melt with exposure to heat and humidity.

The bottom line, make sure you test extensively to ensure that whatever packing and filler you use allows your products to arrive in pristine condition no matter the weather conditions.

When it comes to shipping bags/mailers, there are several options and sizes available including poly mailers, Jiffy mailers, poly bubble mailers, or padded mailers made from recycled paper. Poly mailers are the most popular, but some retailers are moving to newer types such as poly bubble mailers, which add a layer of padding and protection while still getting the cost savings of a mailer and avoiding possible weather damage to the outer packaging.

Some retailers are also looking into placing a recycling symbol on their box and purchasing more boxes made from recycled corrugated cardboard. According to STELLAService, going green is not just an operations and fulfillment concern.



Some retailers are also looking into placing a recycling symbol on their box and purchasing more and more boxes made from recycled corrugated cardboard. Not with this help you in the eyes of the consumer, but it can help save money and ship products more economically.

Marketers should give thought to messaging green initiatives, especially to women since "women (18%) are significantly more likely than men (11%) to say they are willing to pay more for products with eco-friendly packaging, whereas men (16%) are twice as likely as women (8%) to say the 'green' movement is a marketing ploy."

Retailers, according to the Environmental Protection Agency, can also reduce the environmental impact of their packages by taking a few of the following steps:

- Evaluate the need for the package.
- Use less packaging material. By reducing the quantity of raw materials in the packaging, you can minimize its environmental and economic footprint.
- Increase the recycled content of the packaging materials.
- Use packaging materials that can be recycled or composted once it has served its original purpose. Design your package so all components can be easily taken apart and recovered.
- Support materials recovery and recycling. Educate your consumers on what they can do with your package once they no longer need it.



Many shippers using green products are looking for cobranding opportunities in which they can have their brand logo printed on the packaging materials, along with a message that tells their customers they're being eco-friendly.



When your product isn't packaged in the most efficient way imaginable, it will lead to higher transportation and material costs, and cut into carrier discounts due to oversize charges and dimensional weight adjustments.

No matter what your company is doing in order to go green, it cannot be complete without consumers doing their part of recycling your package or its filler themselves. That is why it's important for vendors and merchants to offer their own recycling programs where they invite consumers to return packaging materials to them so they can be recycled. Or simply add the chasing arrows recycling logo on the package itself.

Many shippers using green products are looking for cobranding opportunities in which they can have their brand logo printed on the packaging materials, along with a message that tells their customers they're being eco-friendly.

Expanding Packaging Options

As shipping costs continue to go on the rise, more and more ecommerce companies are looking into using cost-efficient packaging options that do not compromise their brand. When your product isn't packaged in the most efficient way imaginable, it will lead to higher transportation and material costs, and play a major role to the mitigation of carrier discounts due to oversize charges and dimensional weight adjustments.

Party Supplies Delivered is currently redesigning all of its shipping boxes, including looking into using polyethylene bags (also known as poly bags), to cut spending costs. Staples recently launched a new packaging technology that customizes delivery box sizes to each order. The "Smart-size" packaging not only offers convenience to customers, but it also improves supply chain sustainability and efficiency.

Merchants can use simple product packaging to allow quick access during the refurbishment and restocking process

within the warehouse.

Chris Vodola, client development manager at STELLAService, offered the following tips for retailers looking to achieve a better package fit for ecommerce order fulfillment:

1. Poly bags can be a cost-efficient option, but should be size-appropriate to avoid damaging smaller items in transit.
2. Know the minimum carton/package size accepted by your conveyors and scanners, and implement those into your process for your smaller items.
3. If the use of odd-sized shipping containers for smaller items cannot be avoided, try using light, recyclable materials as (minimal) filler to improve fit and protect items in transit.
4. Perform regular spot checks to ensure your pick-pack line is using the correct carton for each item shipped.

By changing your packaging options, not only will you save money in shipping costs, you'll gain long-term customers and see a reduction in warehouse costs.

Cutting Costs within the Warehouse

The packing station of your warehouse should be one where employees think about the product they are about to ship out, rather than about which box to use or how to best wrap something for shipments. Instead, have several package size options already available that have been predetermined to fit your products. This will save not only time, but also shipping costs.

Even though order sizes are shrinking, labor, shipping and packaging costs are on the rise. As a result, the ecommerce fulfillment community is beginning to think outside the shipping box when it comes to

cost cutting by focusing on technology.

T-shirt retailer, RibbedTee, teamed up with SolvingMaze to determine during checkout, what the cheapest shipping options and box sizes were available that would save money in shipping fees, not only for the customer, but also the merchant.

By revamping shipping options for customers during the checkout process, RibbedTee saw a jump in sales and conversion rates, including a 31% growth in revenue.

RibbedTee found that by installing SolvingMaze's software system, RibbedTees's fulfillment team could access a real-time shipping calculator that could, within seconds, estimate the shipping costs and packaging requirements for all customer purchases.

Merchants have also turned to cartonization software in order to cut costs in the warehouse. Cartonization software examines how fragile, the weight, position and dimensions of each order that needs to be fulfilled and then how each order should be packed.

If a package is packed with the utmost efficiency, it should lead to a decrease in damaged products, a higher customer satisfaction rate and additional shipping savings to the retailer.

However you decide to ship your packages, it's important to understand it is more than a just a vessel used to move SKUs from your warehouse to your customer. ■

