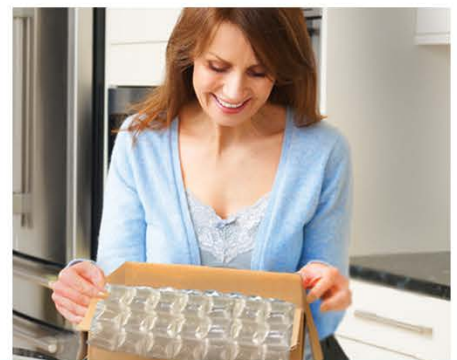


# Omni-channel: Protective packaging considerations

## Executive summary

Protective packaging choices made by omni-channel retailers can help improve consumer experience, increase sales and grow lifetime value. Omni-channel retailers will receive a basic tutorial on bridging the gap between consumer buying expectations and retailer fulfillment strategies.



## How to positively impact your customer life-time value via protective packaging choices

With the ongoing evolution toward omni-channel fulfillment, retailers are being challenged to provide their customers with a seamless purchasing experience regardless of where the product is being shipped from. The objective is to make the right packaging choices which will positively impact quality, speed, shipping costs and the all-important customer life-time value.

Consumers currently engage with retailers via computers, mobile internet devices, catalogs, direct mail, radio/television, as well as traditional brick and mortar stores. In some cases, companies may have their products inventoried in multiple locations including manufacturing facilities, distribution centers, retail stores, fulfillment houses, etc.

The consumer shift in how purchases are being made is pushing retailers to find solutions that will work in multiple location types. These include retail “Ship from Store” locations with limited floor space, as well as larger distribution/e-fulfillment centers or manufacturing environments. The objective is to provide consumers with a high-quality, consistent packaging experience, regardless of shipping location and employee skill set.

When shipping from a handful of distribution points, standardizing packaging is a fairly simple process. However, when the product is actually located in hundreds of stores and/or distribution centers, shipping can be a much more complex proposition--complicated further by the transition to dimensional weight pricing by the national freight carriers.

The protective packaging<sup>1</sup> types selected to represent the brand can determine whether or not a customer has a positive experience or turns to social media to complain about a damaged product and substandard packaging. Will you be growing your customer lifetime value or will your choices result in low retention and reorder rates?

Like most decisions in retail, it starts with the consumer. And while the brand experience, competitive environment and product mix vary widely based on the items being purchased, a few things remain the same. Consumers want:

- 1) Options in how they receive their products including pick up in store and/or delivery to the destination of their choice
- 2) Free or low-cost shipping
- 3) Free (and easy) returns
- 4) Quick, on-time delivery
- 5) A positive customer experience!

Satisfying the customer without exceeding budgetary considerations is not always as easy as it sounds. Retailers spend a considerable amount of time and resources focused on inventory and supply chain management. Making the right packaging decisions, however, can be a daunting task if there is a lack of familiarity with the latest protective packaging solutions and how to integrate them into your order fulfillment process.

<sup>1</sup>Protective packaging definition

Protective packaging is what is added to the inside of your shipping container to cushion, block and brace, wrap, etc., your product. It can be made from paper, plastic or foam and can come in the form of air pillows, crushed paper, foam planks and a myriad of other material types and subsets.

Distribution center operations are built for speed and efficiency. Retailers rely on them to fulfill ecommerce orders and provide store replenishment due to the cost-effective nature of the operation. However, the shift to an omni-channel model has resulted in combining several fulfillment options to satisfy online orders. These include traditional ecommerce fulfillment, pick up in store or ship from store.

## Growing sales, improving profitability, making customers happy

So, how does a retailer grow sales, improve profitability and still make customers happy? Your protective packaging choices can play a big role in creating a positive outcome.

Retailers should incorporate the following considerations into their omni-channel fulfillment strategies.

**PACKAGE AESTHETICS.** How important is customer experience to your business? Are you able to achieve a uniform packaging look regardless of product origination point? Is the package delivered to the consumers' door in a condition consistent with your brand promise?

**COST.** In order to get a clear picture of your packaging-related bottom line, we have to go beyond the cost of packaging materials/systems. Damage and shipping costs, which have even more of a bottom line impact, should also be part of the packaging conversation.

**DAMAGE.** Nothing hurts your brand image and lifetime value more than damaged or non-functioning products. Correct protective packaging choices can make the difference between a satisfied customer and one who will never buy your product again. Do your selections meet product protection objectives?

**SHIPPING CHARGES.** Increasingly, customers are expecting retailers to absorb shipping charges, particularly for items at higher price points. The savings resulting from making the correct packaging choices and improving packing efficiencies can oftentimes enable you to absorb shipping costs. In turn, that can help improve your competitive position.

**SHIPPING CHOICES.** What method(s) do you use to deliver packages? Have you taken dimensional weight billing into consideration when selecting packaging components? Dimensional weight reflects package density, which is the amount of space a package occupies in relation to its actual weight. For domestic ground shipments UPS uses:  $(\text{length} \times \text{width} \times \text{height}) \div 166$ . The system was developed to address large, lightweight packages, occupying a considerable amount of truck space, but paying less than a same-sized package with heavier contents.

**OPERATIONAL CONSIDERATIONS.** How do you create a seamless fulfillment environment from the distribution center and a brick and mortar store? Are you going to leverage your existing store footprint? If so, do you have limited space to accommodate a pack station and inventory?

**LABOR.** Are the packaging materials easy for packers to use? How are you going to train the packers so there is consistency from the distribution center or the store? Are you constantly diverting labor to order, stock and store large quantities of packaging materials?

To begin answering some of these questions, here is a helpful list of data points you should gather to help you and a packaging professional make an informed decision about your omni-channel fulfillment strategy and packaging needs:

**1** *How would you rank the following in order of importance in your omni-channel strategy?*

Customer/brand experience      Speed to customer      Shipping cost

**2** *What pick up and return option(s) do you offer to customers?*

Free shipping      Free returns      Pick up in store      Click & collect

**3** *What types of orders are being shipped?*

Product types: home goods, hardware, apparel, shoes, jewelry, electronics, appliances, others

Order characteristics: fragile, heavy, large/odd sized, high value or low value

Products per order: estimated number included in the average order?

Shipment mix: does the typical shipment contain varying product types?

**4** *Where do your orders ship from? What is the estimated shipping volume by location?*

Fulfillment warehouses (direct-to-consumer or regional distribution center)

Brick & mortar store (Ship from Store)

Fulfillment partner (retailer or manufacturer)

**5** *If you ship from store (or are planning to), determine the following:*

What is the approximate size of store shipping station?

Are the pack stations uniform across all stores or site dependent?

What type of protective packaging medium are you currently using (if known)?

How do you provide training or insure compliance at each store?

What is your inventory replenishment model? (Do you source from your distribution center or from a local vendor?)

**6** *Describe your distribution center operations:*

What is the approximate square footage of your distribution center(s)?

Is your packaging operation centralized or decentralized?

What type of protective packaging mediums are you currently using (if known)?

What are you using the packaging materials for? Void fill, cushioning, wrapping or block & bracing

## The Pregis difference

Pregis is a North American leader in protective packaging solutions. The company's "Ship from Store" protective packaging platform targets the specific needs of retailers whose go-to-market strategy includes multiple channels—and potentially involves hundreds of stores and distribution centers.

Pregis has a dedicated team of packaging professionals who are tasked with evaluating each retailer's go-to-market strategy and recommending solutions that will work across all of the desired channels.

As a "material neutral" company, Pregis offers all types of protective packaging materials and equipment. These include both plastic, paper and foam based solutions. Pregis' protective capabilities, coupled with the company's extensive experience in solving complex packaging challenges for well-known retailers, make it well-suited as an omni-channel provider.

Pregis works directly with the retailer to design or adapt available space with the best workstation configuration and accessories. The company also provides an integrated solution across all physical location types—including retail locations with limited space. Training employees to properly operate systems and apply material another component of Pregis' go-to-market approach.

All of these initiatives help the retailer achieve their ultimate goal—superior customer experience.

### Pregis has:

- 15 locations in North America
- Proven track record of success across diverse markets and product lines
- Committed to sustainability and responsible manufacturing practices
- Flexible operations and custom capabilities
- World class service and support

### The company's portfolio of protective packaging solutions include:

- Air pillows/cushioning systems
- Paper systems
- Foam-in-place systems
- Bubble cushioning
- Mailers
- Sheet foam
- Surface protection film
- Cohesive packaging
- Single-face corrugated

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