E-commerce and Changing Packaging
The Future State of the Packaging Industry
James White
The e-commerce picture
The e-commerce picture

- E-commerce packaging currently valued at $35 billion
- Majority of consumption in the Asia-Pacific region, followed by USA and western Europe
- Estimated 70% can be considered sustainable

Source: The Impact of E-Commerce on Packaging: Long-term Forecasts to 2029 – Smithers, 2019
The e-commerce picture - Europe

Source: 'Ecommerce News Europe (www.ecommercenews.eu)
Why is e-commerce changing the packaging industry?
Consumer expectations

• 95% believe packaging significantly affects online purchase experience
• 49% share their online experience on social media – ‘The unboxing experience’
• Free and easy returns are essential

Source: Smithers Survey 2016 of 100 UK residents making an e-commerce purchase in previous 12 months.
Consumer expectations

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- 18% Had received damaged packaging from e-commerce
- 11% Had received a damaged product from e-commerce
- 55% Said that damage to the product would deter them from making another order from the same company
- 39% Said that damaged packaging would deter them from ordering from the same company again

Packaging damage can negatively impact the customer perception of the condition of the product and future purchasing choices.
E-retailer expectations

- Change in buying habits causes change in retail landscape towards e-commerce model
- Industry average suggests that half of shipped volume of online orders is air, something e-commerce chains are looking to change

Easy to sort

Easy to ship – minimal in-house packing operations

Avoid shipping air
Retail supply chain

- Relatively few nodes (touch points)
- Mostly mechanical handled
- Palletized for most of the supply chain
- Full truck load shipments
E-retail/e-commerce supply chain

- Lots of nodes (touch points)
- Mostly manual handled
- Individual box through most (often all) of the supply chain
- Mixed load shipments
The Amazon model
Trends and implications for the industry
Omni-channel

Opportunities
- Robust decorative carton board/corrugated
- Beauty and personal care packaging
- Digital printing opportunities for short run packs

Challenges
- Protective packaging
- Box on demand corrugated
- Protective mailers
- Costs of two-tier stream will push towards omni-channel
Brand experience

Opportunities
- Digital print
- Liner board
- Flexible films
- QR/NFC
- Anti counterfeiting technologies

Challenges
- Protective mailers
- Added costs erode margins
Sustainability

Opportunities

- Recyclable fibre based packaging
- Flexible packaging
- ‘Bio based’ protective packaging

Challenges

- EPS and protection
- Multi-material packaging
- Protective mailers
Supply chain automation

Opportunities

- RFID & NFC technology
- Flexible packaging
- Box on demand and traceability
- In-warehouse solutions

Challenges

- Corrugated
Trends for packaging
Corrugated

Opportunities
- Growth in fashion
- Growth in Asia
- Fanfold/Box on Demand
- Personalization
- Brand Experience

Challenges
- DIM Weights
- Frustration Free Packaging
- Return-ability
- Sustainability
- Over-packing Perception
Flexible packaging

**Opportunities**
- Lightweight
- Reduced warehouse space
- DIM weight
- Barrier and containment
- Re-sealable returns

**Challenges**
- Brand experience
- Protection against damage
- Print quality
- Recyclability
Protective packaging

Opportunities

Reduced cost of damage
Novel new fibre solutions
Foam in place
Meal subscriptions
Domestic appliances and consumer electronics

Challenges

Sustainability perceptions
EPS bans
Box on Demand/Fill on Demand
Return-ability
Examples of innovation

• Amazon Kindle Boxelope
  • 200% reduction in packaging weight from first generation of Kindle packaging

• Letterbox Wines
  • Recyclable plastic bottle, corrugated and pulp protective packaging
Examples of innovation

• Ikea
  • Hilver table packaging becomes a stool

• Philips OneBlade
  • Reduction in packaging volume
Prove it works

Simulated testing provides real-world data for how packaging and products can cope with the e-commerce supply chain.
Ecommerce and Omni-channel

Smithers can help you identify packaging weaknesses and reduce product damage

Our experts understand packaging and delivery challenges for ecommerce and omni-channel products including:

• Ecommerce delivery simulated testing
  • Parcel and courier delivery
  • Pallet shipments
  • LTL shipments
  • Roll cage and mixed pallets
• Temperature monitoring and transit of fresh food
• Multi-channel package testing
• Amazon APASS testing
  • Smithers is part of Amazon APASS network

Contact an expert and find out more about our e-commerce testing at Smithers
Contact us

Contact our team with any questions or to request a quote

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