PAC NEXT
Ecommerce Packaging Optimization Guidelines

A simple and easy to understand set of guidelines
for Ecommerce packaging

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Background:
We are continuing to see considerable growth of Ecommerce consumer packaged goods sales across North America. This will require retailers to re-assess their packaging options to meet consumer needs and the demands of the on-line delivery systems. These guidelines are based on PAC NEXT discussions with member companies and currently available guidelines (INCPEN Packaging and the Internet, Amazon Frustration-Free Packaging Guidelines, Courier specific guidelines – DHL, FedEx, UPS - see list).

Core Guidelines:
There are five key criteria that the shipping packaging for Ecommerce deliveries to the home should strive to meet:

1. Protect the product and prevent damage and theft
2. Optimize outer packaging size for the product or products shipped – avoid excessive packaging
3. Design where feasible for recycled content, recyclability and re-use (should allow for potential return of faulty goods).
4. Be easy, convenient and safe to handle and open for consumers
5. Courier specific requirements

This approach will facilitate delivering packaging material efficiencies, help reduce the environmental impact and drive cost savings.

Also, the primary retail package has a role to play in protecting the product and preventing damage in combination with the outer pack. And, there may be opportunities in the future to consider changes to the retail pack design as the Ecommerce channels grow.

Guidelines:
1. Protect the product and prevent damage and theft
The fundamental role of the outer package is to protect the product while preventing damage and in-transit theft. In order to select the right outer pack design (strength) will require (a) an in depth understanding of the Ecommerce supply chain and the range and frequency of manipulations and modes of transportation as it will be different to traditional distribution systems and (b) applied experience – learning as the on-line business grows.
Also, given the range in size of products and the number of items to be shipped (single vs. multiple), there will be void space that needs filling to prevent contents shifting during transport.

2. Optimize outer packaging size for the product or products shipped – avoid excessive packaging
Ecommerce is still a relatively new business opportunity for many companies who are on steep learning curves as they strive to adapt products and packages designed for in-store sales to meet on-line purchasing demands. As a result, we hear of many examples of excessive packaging where small items are packaged in large boxes surrounded by buffer materials (plastic, foam, paper). The challenge here is to find the right balance between the range of outer pack sizes available and the range of product sizes offered for sale in order to minimize the void space when shipped. Ultimately, this balance will have to be determined by each company as they consider cost, inventory levels, and complexity of customization, overall environmental footprint and the likelihood of orders appearing to be excessively packaged. Please note that it may well be more environmentally efficient overall to accept that some products may appear to have excessive packaging versus investing in a

larger number of outer pack sizes. Hence, it's important to find the right balance - too little packaging may lead to product damage and the need to return goods which will have a far bigger environmental impact compared to over-packaging (when taking account of wasted product, packaging, energy to transport and extra handling).

3. ***Design where feasible for recycled content, recyclability and re-use (should allow for potential return of faulty goods).*** Ecommerce supply chains are varied and at times demanding and may require the ability to re-use containers to support regular / repeat orders or provide for return of potentially faulty goods. When it comes to recycling it is important to understand factors that may negatively impact recyclability e.g. excessive printing, incompatible label materials or adhesives or ancillary items. Regarding recycled materials, it makes sense to use recycled content as per industry norms and material availability.

4. ***Be easy, convenient and safe to handle and open for consumers***
Having succeeded in delivering the product to the consumer, it is a big Second Moment of Truth (SMOT) opportunity in the home. The outer pack should be easily opened with ready access to the product and require minimum use of tools (see AOL guidelines).

5. ***Courier specific requirements***
See the reference materials below with links to courier specific guidelines from DHL, FedEx and UPS.

Summary:
Studies indicate that up to 70% of shoppers today start looking at retail items on-line. The First Moment of Truth (FMOT) happens at the website where consumers expect personal customization of their on-line product choices (range of sizes and shapes) to meet their needs. The Second Moment of Truth (SMOT) happens after delivery to the home where the product must arrive in great condition with all of the necessary information and the right amount of packaging. We hope that the above general guidelines and reference materials will help retailers, package designers, Ecommerce marketers and decision makers achieve both a winning FMOT and SMOT.

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References:

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2. INCPEN March 2012 Packaging and the Internet – A guide to packaging goods for multi-channel delivery systems http://www.incpen.org/docs/PackagingAndTheInternet.pdf

3. Amazon Frustration-Free Packaging http://www.amazon.com/gp/help/customer/display html?nodeId=200404820

4. DHL Packaging Guidelines http://expresseasy.se/en/Sendaparcel/Packagingguide tabid/559/Default.aspx

5. FedEX Packaging Guidelines http://images.fedex.com/downloads/shared/packagingtips/howtopack.pdf

6. UPS Packaging Guidelines http://www.ups.com/content/us/en/resources/ship/packaging/guidelines html#Guidelines+for+Good+Packaging