

TRICORBRAUN®

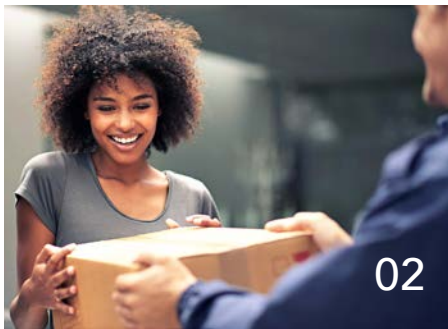
DELIVERING ECOMMERCE FRIENDLY PACKAGING

Lifestyle and behavior

Omnichannel world

Role of the brand owner

Packaging solutions



FEATURES

Online Shopping Landscape	01	Role of the Brand Owner	06
Lifestyle and Behavior	02	Packaging Solutions	08
Omnichannel World	04	One Size Does Not Fit All	12

IN 2020
ECOMMERCE GREW
32.4%
MORE THAN
DOUBLE THE
15.1%
GROWTH OF 2019



MCOMMERCE
GREW **41.4%***

The paradigm shift from brick and mortar to ecommerce shopping accelerated due to COVID19. In 2020, ecommerce grew 32.4%, which is more than double the 15.1% growth of 2019. And Amazon accounted for more than a third (38.3%) of all ecommerce spending in 2020. In-store foot traffic is down, online research is up and smartphones make shopping quick, easy and convenient. Mobile sales alone increased by 41.4% in 2020 and is expected to double its share of annual US retail sales by 2025 to \$728+ billion.

Consumer behavior is pushing the evolution of retail forward with momentum. How will this shift influence your market share and brand loyalty? What does this mean for the way that you position and market your brand and products?

It means that with consumers increasingly preferring to shop online, there are numerous challenges for CPG brand owners and retailers that range from brand engagement and an increased number of supply chain touchpoints to the potential for shipping damaged and/or leaking product.

The right packaging can enable and increase ecommerce growth but how can you continue to execute with excellence if you don't have a packaging strategy and plan for ecommerce?

And as you know, a negative consumer experience in-store or online poses risks to your brand. A deeper understanding of consumer behavior and lifestyle trends will provide the insight needed to propel growth for your brand and products. We can help you get there with strategies, planning and packaging solutions.

**Mobile commerce*

Sources: The Ebco, Bemis, Packaging Digest, CNN Money, Digital Commerce 360, eMarketer, Retail Brew

The Ebco is a boutique innovation agency that focuses on the intersection of trends and consumer insights – working across a variety of industries including CPG. You can learn more at www.theebco.com.

LIFESTYLE & BEHAVIOR

There's an important connection between packaging design and functionality and the consumer's evolving lifestyle and needs. We make it a priority to understand consumer behavior and preferences so that your packaging not only connects with consumers but outperforms their expectations. A positive consumer experience will lead to repeat purchases and ultimately, brand loyalty.

So, what are the biggest lifestyle trends that we see today and what impact do these trends have on packaging preferences and the growth of ecommerce?

In our connected world, the consumer experience needs to be social (minimalist, Instagram-worthy and photogenic), experiential (tactile, differentiated and interactive) and seamless (intuitive, protected and reliable). Consumers are nomadic, have a sense of urgency, are multi-taskers and they are looking for ways to save time and money. They are also highly health conscious and they pay more attention than ever before to things like product authenticity and a company or brand's environmental and social responsibility.

What does all of this mean for your packaging? Beyond protecting and

preserving the product, packaging must meet the consumer's need for packaging performance and purchase convenience. It must also demonstrate and convey authenticity and responsibility. That's where ecommerce planning comes into play.

Every time a company designs a rich, useful or new experience with primary or secondary packaging, it raises the bar for what consumers want, expect or care about. **If the experience is frustrating or annoying, if the package leaks and compromises the condition of other packages in the box, the consumer may not give your company a second chance.**

Consumers expect 2-day shipping and overnight is next. They expect subscription services that automatically send product to their doorsteps, just when they need it. Ecommerce, especially the ability to shop from our smartphones, makes it so easy for consumers to get what they want, when they want it – but it also makes it easy for them to return it, if it is not exactly what they hoped to receive. In fact, return rates for products purchased online are currently as high as 20 to 30 percent.

Brand owners who want to take advantage of the growth of ecommerce must have a packaging strategy that ensures commercial success!





We are more “connected” than ever before.

5 HRS

IS THE AVERAGE TIME SPENT ON MOBILE DEVICES IN THE U.S. PER DAY

51%

OF THE GLOBAL POPULATION ARE ACTIVE SOCIAL MEDIA USERS

82%

OF U.S. HOUSEHOLDS HAVE AN AMAZON PRIME MEMBERSHIP

NOW TRENDING:

- BOPIS (buy online, pick up in-store)
- Micro-moments (turning to a device to act on something)
- Brands born online (Dollar Shave Club, Glossier, etc.)
- DTC strategies (My Lola, Ritual, The Honest Company, etc.)
- Pop-up shops ([Story](#))
- Self-service retail (kiosks, vending machines, etc.)
- Influencers and vloggers
- Social media advertisements
- Unboxing and haul videos
- On-demand streaming media
- Wearable tech and smart clothing
- Smart assistants (Siri, Echo, Nest, etc.)
- VR and AR to superimpose 3D images
- AI for personalized experience (chat bots)

The translation of consumer preferences has the potential to revolutionize a category and with ecommerce, retailers are no longer competing with the best experience in their respective categories – instead, **they are competing with the best experience a consumer has ever had, period.**

Sources: We Are Social, Forbes, Think with Google

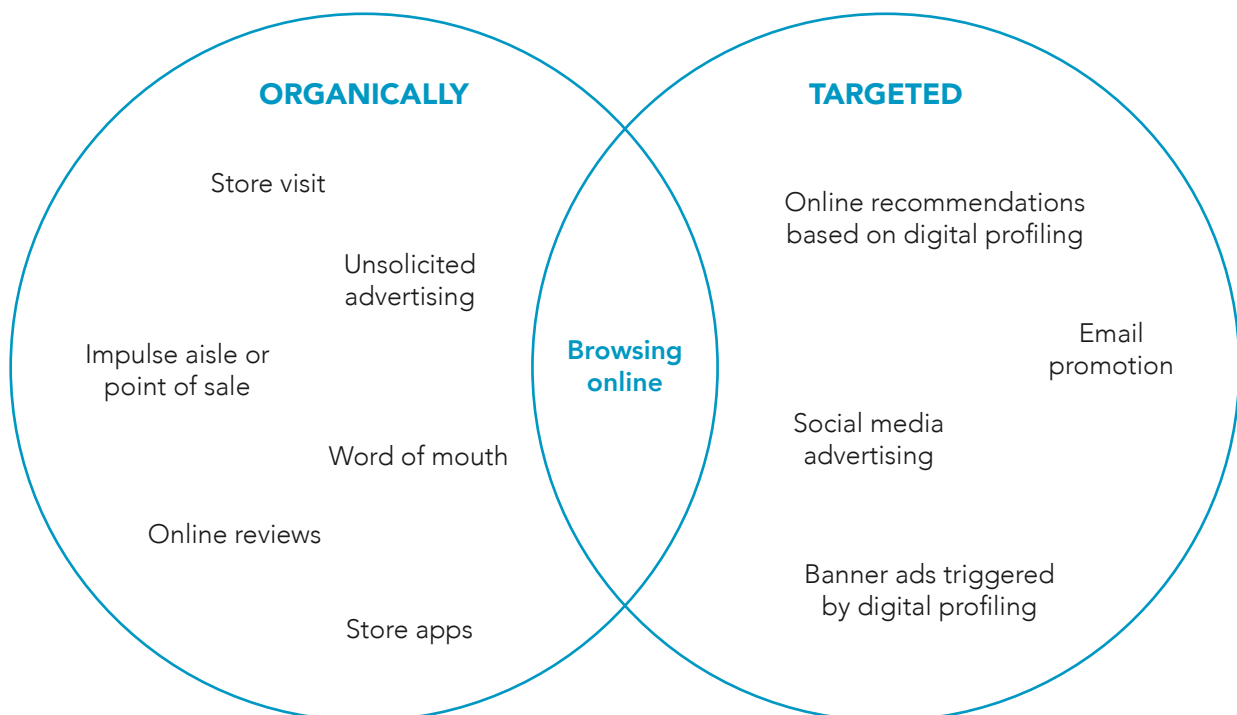
OMNICHANNEL WORLD

The distinction between brick and mortar retail and ecommerce is becoming more and more blurred in the mind of the consumer. Shoppers are not necessarily taking a direct path to purchase. A trip to the store might mean a 'trip to the front door,' a coupon might send the shopper to a store or website, a visit to the store might invoke a price check online and a web banner ad might inspire a shopper to go to the store

for that high touch experience. Retailers and brand owners need to be mindful of how unique each consumer's journey is as well as the role that generational influences play in decision making. 56% of millennials will purchase a product online, sight unseen.

While Amazon continues to dominate ecommerce, other large companies made gains in 2020 as consumers continued to

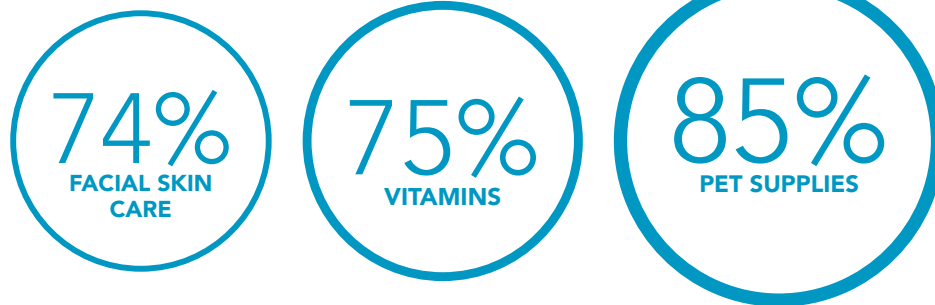
HOW DO CONSUMERS DISCOVER PRODUCTS?



Sources: The Ebco, Retail Dive, Digital Commerce 360

CPG CATEGORIES EXPERIENCING MOST YEAR OVER YEAR GROWTH WITHIN THE ECOMMERCE SPACE

Sources: Nielsen, Supermarket News



grow their spending online. Walmart Inc., Best Buy Co. Inc., Target Corp. and Kroger Co. grew online sales by a minimum of 60% in 2020.

The one thing we know for certain is that retailers cannot ignore the trajectory of growth that e-commerce is on – a retailer with a storefront alone is challenged to survive and many have not survived.

The same holds true for the brand owner. Both need to get into the e-commerce game and there are many ways to do so.

Retailers and brand owners have an opportunity to make the consumer's purchasing and repurchasing experience as seamless, convenient and easy as possible.

WHAT IS THE CONSUMER'S JOURNEY?



ROLE OF THE BRAND OWNER

An understanding of lifestyle, behavior, trends, omnichannel growth, and last-mile delivery is the first step in optimizing your packaging for ecommerce. **Creating the best consumer experience possible, is without a doubt, a major factor in the growth of your brand.** Until now, the majority of brand owners designed packaging for brick and mortar and many have tried and failed to leverage this same packaging for ecommerce.

For the consumer, the online shopping experience is about ease, convenience, value and recommendation-driven purchasing. There are a number of risks to your brand that are the result of a negative consumer experience. Take a look at how your brand is impacted when a shipment is lost, delayed or arrives damaged.

- 41% negative impact on brand image
- 39% reduced customer loyalty
- 36% increased cost of returns
- 29% increased logistics costs
- 28% increased calls to call center
- 23% increased email traffic
- 22% poor public relations
- 16% adverse comments on social media



"One of the dispensers I received was broken. It leaked, but thankfully it was in a plastic bag. What a mess!"

-Amazon review

An ecommerce distribution channel is more complex and requires up to three times as many touch points as traditional brick and mortar. This means that your products have the potential to be handled up to 20 times or more, compared with five times in the traditional channel.

Ecommerce requires optimized solutions for successful online fulfillment. Depending upon your readiness for change, there are many different paths to take. We can guide you through the options and help you make the best decision for your product and brand.

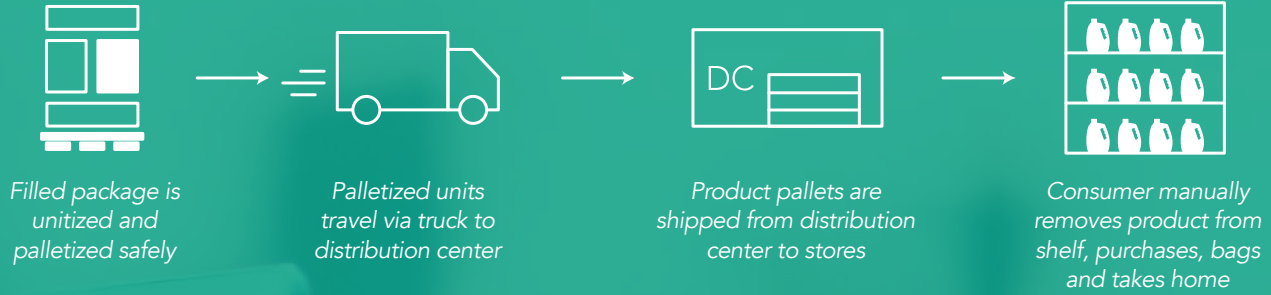
HIGH **Utilize existing ISTA-approved packaging solutions that meet ecomm requirements. Or, create a new, custom solution.**

Develop a separate packaging solution for your ecommerce business, recognizing that this requires you to split your total volume between brick & mortar and ecomm and will impact your COG. (Cost of Goods).

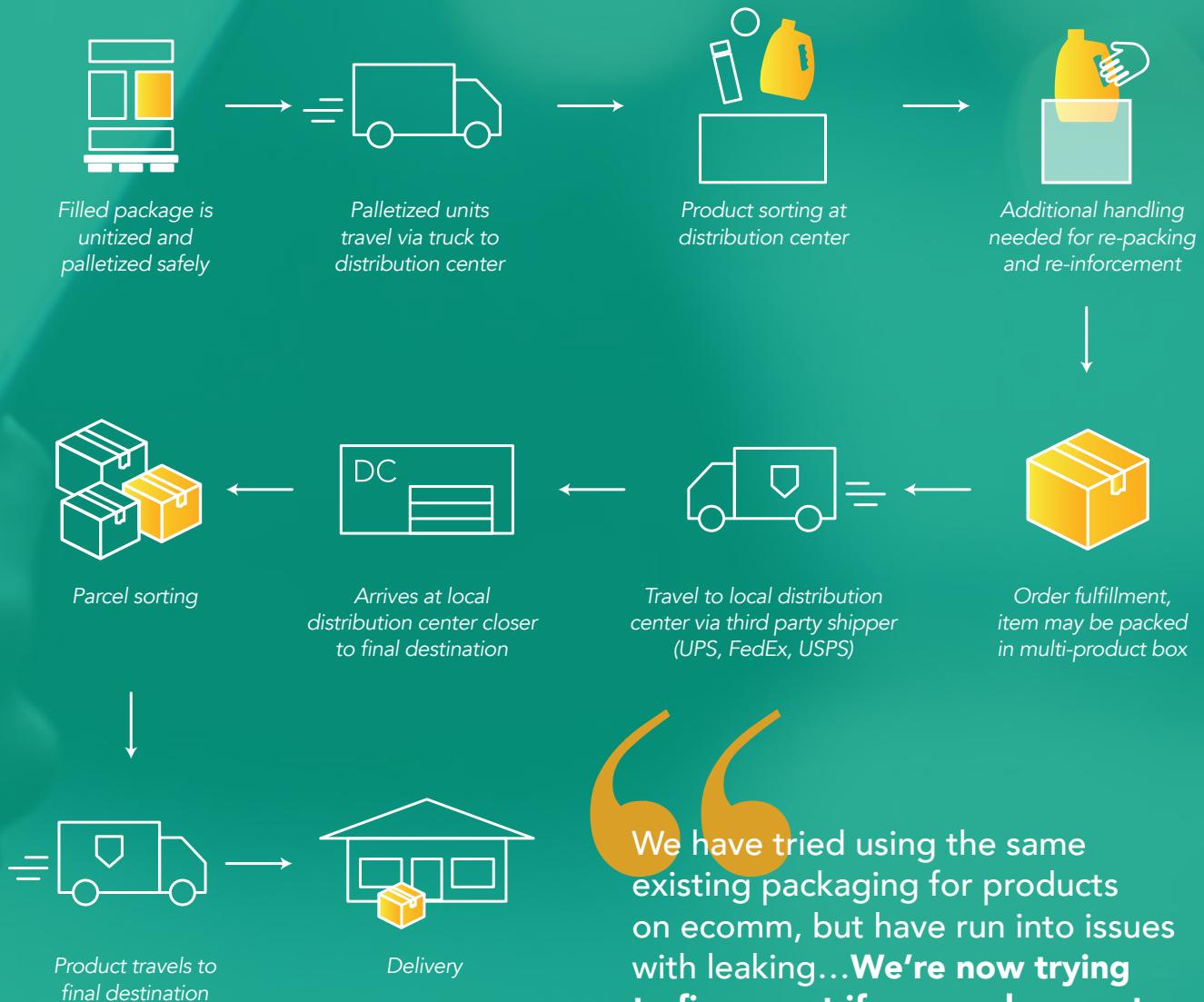
LOW Maintain your current packaging and add a polybag and/or other secondary packaging to reduce risk with single unit shipping. This may compromise the unboxing experience but can be a short term solution to guard against leakage or damage.

READINESS FOR CHANGE ▲

TRADITIONAL BRICK & MORTAR



ECOMMERCE



We have tried using the same existing packaging for products on ecomm, but have run into issues with leaking... **We're now trying to figure out if we need separate packaging for ecomm.**

- Packaging And Product Development Scientist (Household)

PACKAGING SOLUTIONS

For CPG marketers, all roads must lead to engagement or the FMOT (First Moment Of Truth) but for brands born online and for those products sold at retail, there are different priorities and requirements for success. Packaging designed for the shelf is optimized to stand out on the shelf so it might be oversized, it might have premium aesthetics to compete with other products on the shelf and it might even have redundant features to prevent theft.

Optimization for ecommerce is first and foremost about the packaging surviving the journey, intact and on point with consumer expectations.

In addition, while protecting and preserving your product is still important, meeting the expectations of the ecommerce shopper means providing an enhanced online experience, a positive unboxing experience and ultimately a product that isn't damaged or leaking. A negative experience becomes a negative review and potentially a loss of brand share or sales. It could also result in additional costs associated with the ecommerce channel to better protect the product.

Amazon has developed packaging requirements and tests that your packaging must pass to be accepted.

- **FFP (Frustration Free Packaging):** easy to open secondary packaging, curbside recyclable
- **SIOC (Ships in Own Container):** ships without an Amazon overbox, ISTA-6 and SIOC compliant
- **PPF (Prep-Free Packaging):** no prep required by Amazon and minimal damage/defect rates

With the importance of ecommerce in terms of growth for the CPG industry, we have made it a priority to research the intricacies associated with packaging for ecommerce and the challenges that this presents. We are able to assist you in navigating the options for a myriad of solutions at each stage of your packaging development journey.

We are focused on and have extensive resources to provide you with the following packaging and sealing solutions:

1. Closures & Dispensing
2. Sealing
3. Custom

CLOSURES & DISPENSING

While the list of ISTA approved packaging solutions is constantly evolving, there are a couple of packaging solutions that we would like to highlight for their superior performance in transit:



Lotion Pumps

Reduce accidental actuation and product leakage in transit with ecommerce-capable lotion pumps.



Trigger Sprayers

ISTA-approved dispenser featuring ecommerce lock to prevent accidental leakage



Flexible

Dual seal including liner and removable pull ring



Apex Hot Fill

PET Jars that can run on a glass line and use metal lug closures. Reduces shipment weight by up to 85%.

Images courtesy of AFA Dispensing, Aptar, Amcor

SEALING

Ensuring seal integrity between the closure/dispenser and the package is critical. Seal integrity is most problematic for liquids but is also a concern for dry products. Amazon now requires packaging to have a double seal. A double seal is defined as a "tightened lid that cannot be easily opened" plus one of the following:

- Safety seal or peel off seal underneath the lid of a product
- A manufactured seal around the outside of the neck of a product



Products that do not have a manufactured double seal in one of the ways described above must be individually bagged in transparent sealed bags or shrink wrapped and clearly marked with a suffocation warning label.



Selig DUOSEAL™

- Attaches closure to container
- Eliminates threads
- Dispensing closure ideal
- Snap-on cap
- Tamper evident

- Heat Seal
- Aluminum Foil
- Foam or Board

Sources: Selig, Amazon

The benefits of induction sealing are far superior to the challenges often associated with shrink wrap or polybagging.

Consumer cited benefits of induction sealing include:

- Safety
- Leak prevention
- Freshness
- Convenience

Study conducted by Selig



Listen to what consumers say about the benefits of induction sealing.

CUSTOM

We understand that consumers operate in an omnichannel world. The distinction between brick and mortar retail and ecommerce is blurring in the mind of the consumer. More than 55% of consumers visit stores before buying online, emphasizing the need for high touch physical and seamless omnichannel experiences.

70% of consumers, age 65+, state that they tend to visit the store first while 56% of 18-24 year old shoppers say they buy online sight unseen. Why? According to Retail Dive, 70% of millennials trust consumer opinions posted online so they don't believe there's a risk in purchasing sight unseen.



Packaging designed for brick and mortar may not win in ecommerce. And because one size doesn't fit all, a custom solution may be needed. A custom design can optimize shipping so that bottles can nest or reduce head space. Maximizing the use of carton space and pack out can increase cost efficiencies.

Visual engagement alone presents a graphical challenge when you are designing for physical retail vs. online. Cutting through the noise can be achieved with minimalism. Online, details on product use can be handled with video or copy and therefore

don't need to take up real estate on the packaging itself. Increasing packaging size to have more branding area and to be more noticed on shelf needs to be rethought when it comes to ecommerce.

The holy grail of an ecommerce custom solution is found in achieving the benefit of product protection, visual appeal and optimization for pack out and shipping efficiency.

Take a look at our robust portfolio of packaging success stories.



**VIEW OUR
CASE STUDIES**



ONE SIZE DOES NOT FIT ALL

We understand that there is no one-size-fits-all model for ecommerce and Amazon has demonstrated this with the development of a drive-up grocery, AmazonFresh Pickup. Physical stores need to be thought of as a space for an experience rather than only a sale.



◀ LEARN MORE

Sources: Packaging Strategies News: survey by Morgan Stanley, Engadget, Bemis, Global Data

Ecommerce shoppers move through a recommendation-driven environment and expect an experience of ease and convenience along with the delivery of a protected product. From a product and brand perspective, ecommerce packaging needs to serve a purpose beyond capturing attention – potentially adding personalization or a second life. It also needs to be relatable; fitting in with the consumer lifestyle rather than the retail shelf.

Brands have an opportunity to offer a tailor-made feeling, a service element or a surprise and delight angle to captivate the consumer. This is readily conveyed online with video, photography, AR and VR; perhaps highlighting a brand's social commitment or cause, or simply to show the product in use.

While many brand owners feel that they no longer have complete control over the sales experience because they are at the mercy of the delivery service, we see a tremendous opportunity to establish best practices with ecommerce packaging solutions and win.

SMARTER PACKAGING SOLUTIONS

Our mission is to envision and execute the packaging possibilities that you dream of every day. We strive to simplify the entire process and optimize your path to success. Whether your needs are stock or custom, short or long term, straightforward or complex, we work with flexibility toward the best integrated solution for you.

In a world of complexity, deadlines and budget constraints, we never lose sight of your brand objectives and the undeniable role that packaging plays in the success of new and refreshed products.

PACKAGING STRATEGIES THAT WE CAN HELP WITH

- 1 Fix failing primary packaging formats** and if necessary, recommend secondary packaging as needed to meet the requirements of ecommerce delivery
- 2 Recommend new ecommerce-friendly packaging formats** that not only meet the consumer's expectations but deliver a delightful experience from receipt to use by navigating the options for:
 - a. Off the shelf
 - b. Innovative solutions
 - c. Custom design
- 3 Assist with supply chain management** to streamline and uncover more efficient approaches

We're not thinking about how packaging design needs to evolve. We're trying to catch up, we felt like we were so behind.

- Packaging and Brand Manager (Grocery Store Chain)

We can help you optimize your packaging for ecommerce, accelerate your readiness and increase your opportunities for growth by leveraging ecommerce insights, our proven process, technical support, robust resources and our 120+ years of experience and expertise. **Together, we will deliver ecommerce-friendly packaging.**

TRICORBRAUN®

6 CityPlace Drive, 1000 | St. Louis, MO 63141 | Tel: 800-325-7782

