

Embracing Ecommerce Opportunities: Transforming Supply Chains, Product Packaging, and Data Requirements

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The acceleration of ecommerce throughout the globe over the course of 2020 was hard to ignore. From an increase in direct-to-consumer models, to at-home, experience-based ecommerce and subscription boxes, online retail innovation took things to another level. And, with year-on-year Q4 2021 ecommerce sales predicted to increase (<https://info.metapack.com/LP-Peak-delivery-trends-2021.html>) further, this is a trend that looks likely to stay.

New ecommerce strategies have transformed supply chains, and necessitated new approaches to product packaging and labelling, as well as managing the product data that underpins these – both to ensure the right product or combination of products are delivered to the right person at the right time, and to enable direct, brand-to-consumer communication.

As Lee Metters, Group Business Development Director, Domino Printing Sciences

(https://www.domino-printing.com/en/press-centre/press-centre.aspx?utm_medium=non-paid&utm_source=onlinepublication&) explains, the changes the COVID-19 pandemic brought to consumer shopping behaviour have irrevocably altered retailers' and brands' ecommerce models, with the data behind product barcodes at the centre of a far more flexible, agile, and individualised strategy.

Ecommerce boom

Online shopping platforms have witnessed a huge increase in demand since the start of the COVID-19 pandemic, driven by global lockdowns and the closure of non-essential shops in many parts of the world. Out of necessity, some retailers and brands were forced to either set up or expand ecommerce operations in order to remain in business.

Indeed, new Adobe research

(<https://www.adobe.com/content/dam/cc/uk/aboutadobe/newsroom/pdfs/160821-uk-online-spending-hits-record-high.pdf>) shows UK online retail sales reached £10bn in the month of July 2021, the highest ecommerce sales ever for the month of July, as well as the largest figure reported so far since 2020. Elsewhere, Facebook and Bain & Company's latest annual SYNC South East Asia report (<https://www.facebook.com/business/m/sync-southeast-asia>) indicated that ecommerce penetration in South East Asia was projected to grow by 85% by the end of 2021, with almost 80% of people aged 15+ becoming digital consumers by the end of the year.

This is a fundamental behavioural change that looks set to stay. Some 39% of millennials globally are reported to have not missed shopping in person, according to data from eShopWorld, while Adobe also suggests that as many as 40% of shoppers are still avoiding shopping in bricks-and-mortar environments despite restrictions lifting.

However, despite overall ecommerce sales increasing, so has the competition for the consumer £ (or €/\$). In order to stand out, retailers and brands adopted innovative new strategies – global FMCG brands (e.g. PepsiCo) adopted direct-to-consumer (<https://www.pantrysop.com/>) (DTC) platforms for the first time, and there was an explosion in experience-based ecommerce such as [meal

https://www.thisismoney.co.uk/money/markets/article-9409469/HelloFreshs-UK-boss-says-ill-taking-Deliveroo.html], letter-box deliveries, and subscription boxes.

For brands in particular, the DTC model has proven to be a catalyst for growth: providing the ability to engage directly with their consumers, establish personal relationships, and improve the overall customer experience.

Supply chain transformation

Embracing these new ecommerce models has demanded that many brands and retailers rethink their supply chains, in particular the ability to provide product traceability at a far more granular level. A recent report by Smithers (<https://www.marketingweek.com/brands-bypass-retailers-to-get-shopping-data/>) also suggests that packaging requirements have changed, with a focus now on getting products safely to consumers the first time, and minimising product loss or damage to reduce the risk of financial loss and returns.

This requirement to effectively manage far more data downstream, after the initial production process, has in turn fundamentally impacted production environments.

In the past, manufacturers would produce lots of the same product that was stacked up on pallets and sent to distribution warehouses. The distribution warehouse would then break those pallets down and send them onto retailers, where consumers would pick up what they wanted.

With DTC models, the picking process essentially occurs two or three stages further up the production route on behalf of the consumer – this necessitates a whole new distribution model, with shipments sent to individual households, rather than retail environments. Consumers increasingly expect to be able to view how their products move through supply chains – with information on when and where a product is packed, and at what point they can expect it to arrive on their doorstep. This has resulted in an explosion of variable data that needs to be managed and controlled.

Supply chains become yet further complicated when we consider meal box deliveries, or other platforms where consumers are able to choose different items or personalise their box content. Such platforms are based upon convenience and making it easy for consumers to create things at home – so it's important to ensure that the box contents are correct.

Organisations need data, control, and visibility to ensure that the right item ends up in the right box; that every individual item can be identified and tracked within the production facility; and that they have the capability to check the accuracy of the final product. This is where the role of the product barcodes, including 2D codes, becomes critical: not only to ensure control, accuracy, and traceability, but, combined with production line automation, to ensure operational agility to maximise productivity and profitability.

The data connection

As well as necessitating more data exchange on the part of brands, new ecommerce and DTC models can also provide more information back to brands. The type of information collected through ecommerce and DTC models can present a huge competitive advantage – the opportunity to own the customer journey and engage with consumers at a far more individualised level.

Some brands are choosing to embrace digital printing technology to create highly decorated ecommerce boxes and packaging to provide an 'unboxing' experience; others are looking to personalise the experience, by adding the customer's name, or other custom messaging, to the packaging – either by digitally printing the product packaging itself, or by adding a label as part of the production process.

The same digital printing processes which personalise a product can also be used to add unique tracking via 2D barcodes to facilitate shipping and returns without necessitating an additional production step – thus making a closed-loop experience much easier to maintain.

Product packaging printed with 2D codes can also increasingly serve as a vehicle to connect and interact with consumers in the home. Brands are using such methods to gather valuable consumer insights by encouraging product reviews and feedback, and providing initiatives for repeat purchase, the information from which can be used to drive further marketing activities and inform product strategy.

Moreover, the rise in digital printing is making this type of engagement more affordable, enabling smaller brands to operate in an area where previously only high-end consumer goods could.

Conclusion

COVID-19 fundamentally changed consumer buying habits, but it also irrevocably altered organisations' ecommerce strategies. Having embraced automation

(<https://www.domino-printing.com/en/blog/2020/covid19-and-manufacturing-overcoming-production-challenges-with-industry-4>) to better manage data and provide greater control and agility, organisations now look perfectly poised to reap the benefits of new consumer engagement models through the evolution in product labelling, and coding and marking solutions, including the use of 2D codes.

For those who haven't yet done so, the time to act is now.

ENDS