Trends & Design: Deep Dive into E-Commerce

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REVISITING THE MACRO TRENDS

RISE OF THE MILLENNIALS

THE DIGITAL FUTURE

BIG BRANDS vs NIMBLE NEWCOMERS
RISE OF THE MILLENNIALS

- Largest and most diverse generation in US
- Singlehood
- Social conversation
- Trust, Authenticity, Transparency

Source: US Census Bureau, 2014
THE DIGITAL FUTURE

Number of devices connected to the Internet

18 Billion
THE DIGITAL FUTURE

Number of devices connected to the Internet

18 Billion

50 Billion (Projected)


18 Billion

Printpack
Converting Vision into Value
THE DIGITAL FUTURE

Number of devices connected to the Internet

World Population
THE DIGITAL FUTURE

Consumer Mobile Shopping

60%
Total Internet Usage
- US Mobile Devices

83%
Americans - Smartphone in the Pocket

Source: http://www.mckinsey.com/
Source: Neilson - April 2016
BIG BRANDS vs NIMBLE NEWCOMERS

Top companies losing market share

Source: Advertising Age, May 2015
BIG BRANDS vs NIMBLE NEWCOMERS

Top companies losing market share

$18 Billion in lost revenue from 2009-2014

Source: Advertising Age, May 2015
BIG BRANDS vs NIMBLE NEWCOMERS

Introduction of new upstart brands

Snack brand launches
WHAT IS E-COMMERCE?

Any type of business, or commercial transaction, that involves the transfer of information across the Internet...

- No barriers of time or distance
- Consumer based retail sites
- Auction or music sites
- Trading goods and services between corporations

http://www.networksolutions.com/education/what-is-ecommerce/
E-COMMERCE & CPG’s

Statistics of Note

47% - UNDECIDED
29% - YES

PMMI Report on CPG involvement in direct-to-consumer sales

5.9%

E-commerce currently accounts for $1.3 trillion out of a $22 trillion global retail market

$18 Billion

Estimated E-commerce grocery sales by 2018

E-COMMERCE & CPG’s

Statistics of Note


1:4

Online global respondents say they order grocery products online - driven by Millennials and Generation Z

10%

Estimated % of total quarterly retail sales according to the U.S. Census Bureau - U.S. retail, E-commerce

55%

Willing to buy grocery products online in the future
E-COMMERCE - AVID ONLINE GROCERY SHOPPERS


Source: Nielsen Global E-commerce and the New Retail Survey, Q3 2014
E-COMMERCE - AVID ONLINE GROCERY SHOPPERS

Source: Nielsen Global E-commerce and the New Retail Survey, Q3 2014

E-COMMERCE & CPG’s

The CPG industry is fast approaching a tipping point...

Are we there yet?

Source: http://www.gmaonline.org/- THE DIGITAL FUTURE: A GAME PLAN FOR CONSUMER PACKAGED GOODS

1 - 5 - 10

“Winning business models have yet to be established and are likely to be many…”
AN E-COMMERCE MODEL

BRAND (B) → GOODS → DATA → RETAILER (R) → GOODS → DATA → CONSUMER (C)

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CONSUMER

Whatever I want,
Whenever I want,
Wherever I want...
CONSUMER Interaction with Brands and Retailers

- SEAMLESS
- EASY to USE
- Added VALUE
CONSUMER

Conversation with Retailers and Brands

Reviews, feedback, ratings

Social media = data
CONSUMER Packaging customization 

Personalization

Diet Coke “IT’S MINE” Campaign

E-commerce channel further enables the brand with possibilities to enhance the consumer experience with the customized or personalized packaging


CONSUMER

Conversation with each other

Driven by digital natives

Free marketing for the Brands
BRANDS

Growth Opportunities

Reach more and new types of consumers

Source: http://www.gmaonline.org/-THE DIGITAL FUTURE: A GAME PLAN FOR CONSUMER PACKAGED GOODS

50% of CPG growth will come from E-commerce by 2018
BRANDS

Understanding the digital shopper

Focus Shopper

Full Basket Shopper
Big Data
Consumer experience
Build trust - transparency, brand promise

BRANDS

- Product information
- User reviews
- Recipes
- Complimentary items
- Product improvements
- Supply chain improvements
- Best Sellers

CONSUMER

- Reviews
- Ratings
- Clicks
- Wish list
BRANDS
Getting products to the consumer

E-tailer
BRANDS
Getting products to the consumer

Direct to Consumer
You'll love Kosher Dill Chips. Made from the finest potatoes and seasoned with dill seeds, garlic, and spices, they provide a real deli pickle taste experience—perfect as a snack or side.

Each - One (1) 1 oz. Bag
BRANDS

Getting products to the consumer

New channels
RETAILER

Channel
RETAILER

Model

Click and Collect

Click and Deliver
RETAILER

Model

Sharing Economy
RETAILER

Eliminate seams

Speed

One step ordering

Mobile payments
### Amazon Eats Wal-Mart’s Lunch

The e-commerce company makes up just 1% of the overall U.S. food and beverage market, but it is a dominant player in online groceries.

<table>
<thead>
<tr>
<th>Gross merchandise volume, 2015</th>
<th>Market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amazon</td>
<td>$6.16 bil, 22%</td>
</tr>
<tr>
<td>Wal-Mart</td>
<td>$3.76 bil, 13%</td>
</tr>
<tr>
<td>Peapod</td>
<td>$721 mil, 3%</td>
</tr>
<tr>
<td>Fresh Direct</td>
<td>$554 mil, 2%</td>
</tr>
<tr>
<td>Kroger</td>
<td>$457 mil, 2%</td>
</tr>
<tr>
<td>Safeway</td>
<td>$246 mil, 1%</td>
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<tr>
<td>Instacard</td>
<td>$150 mil, 1%</td>
</tr>
<tr>
<td>Google Express</td>
<td>$138 mil, 0%</td>
</tr>
</tbody>
</table>

Sources: Top500Guide.com, Cowen & Co.
RETAILER

Exploring new relationships
Designing a vessel for E-commerce...

- Protection
- Insulation
- Barrier - Shelf Life
- Sustainability
- Frustration free
- Anti-counterfeit
PACKAGING CONSIDERATIONS

Product protection

Structural design - Rigid vs. flexible
PACKAGING CONSIDERATIONS

Product protection

- Packages that do not break
- Packaging that keeps product from breaking
- Lightweight and efficient
Hershey charges $6.95 to ship a $4.25 bag of Kisses ordered on its website and “strongly suggests” that customers buy liquid ice packs and a foam cooler for an additional $4.99... with recommended expedited shipping...total cost is $20.20 before taxes
Market continues to push for high barrier performance packaging (moisture, oxygen, etc.)

- High barrier, light weight materials - reduce overall packaging weight
- Consideration of longer stock times (or slower moving goods)
- Demand for longer shelf-life - less strain on distribution channels
- Consumers still want to see the product - authenticity and transparency
PACKAGING CONSIDERATIONS

Brand differentiation

Graphic appeal

Shape, color, printing

- What role will package design play on the digital shelf?
- With the brand (CPG) no longer having to stand out in a sea of competitive packages, will design be as significant online?
- Will the package that arrives at the consumer’s doorstep still require the same aesthetic detail?

Source: Packaging World - June 2016
PACKAGING CONSIDERATIONS

Anti-counterfeit

Authenticity

5-9%

Estimated % of the annual global trade that is accounted for by counterfeit goods and products

...increasing disposable income from emerging nations and the increase of E-commerce retail in developing countries encourages the need for anti-counterfeit packaging...

Considerations for primary, secondary, and tertiary packaging

- Source Reduction
- Right Sizing
- Renewable
- Recyclable
- Returnable/Reusable

Source: [http://www.originalrepack.com/forbrands/](http://www.originalrepack.com/forbrands/)
Initiatives on more than 1.2 million products, Amazon eliminated more than 36,000 tons of excess packaging just in 2015

- Multi-year waste reduction initiatives
- Push for 100% recyclable packaging
- Reduce prep, packing material and shipping supplies
- Eliminate hard plastic “clamshell” cases and plastic-coated wire ties
- Increase the overall density of the packages
- Reduce items that get damaged
- Frustration-Free Packaging

Source: [https://www.amazon.com/p/feature/c76chxvrraw7hj?ref_=aa_bx_2&pf_rd_r=702MZ87HSY5JXFCYT4Q8&pf_rd_p=3425aa17-1f7b-4eba-a028-3c2cc42783b7](https://www.amazon.com/p/feature/c76chxvrraw7hj?ref_=aa_bx_2&pf_rd_r=702MZ87HSY5JXFCYT4Q8&pf_rd_p=3425aa17-1f7b-4eba-a028-3c2cc42783b7)
Thank you!