

The New Normal: eCommerce and Packaging in a Post-Covid World



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Introduction	3
Part 1	
The New Normal	4
Packaging Opportunities	5
Part 2	
Creating Connection in an Online World.....	6
Personalization in Action	7
NotLikeYou Creates a Personal Experience	7
Part 3	
The Choice is Inkjet	8
Digital Inkjet Technology Drives Growth	9
A Look Into The Future	9

INTRODUCTION

Recent global events have had a significant impact on the eCommerce marketplace and the providers that produce packages that support this market.

Today, there is more opportunity in package production than ever before. Capturing that opportunity, however, requires the right resources.

In this white paper, we look at the trends driving growth in eCommerce and uncover how inkjet technology is creating new package production opportunities when the market demands them.



Part 1

The New Normal

We are living in unprecedented times. The COVID-19 virus has changed the way we work, eat, shop, and play. The impact of these changes is being felt across the economy.

As the virus took hold, with physical stores closed and consumers sheltering in their homes, consumers flocked to online stores in record numbers.

According to the Q1 Global Shopping Index report published by Salesforce, the number of unique digital shoppers rose 40 percent year-over-year (YoY). In 2020, digital shoppers drove 20 percent revenue growth in the first quarter and an unprecedented 71 percent revenue growth in the second quarter, compared to the previous year rates which were in the teens.

Particularly stunning are the statistics on online grocery shopping.

A survey of 1,500 consumers conducted by RBC Capital Markets showed that 42 percent of respondents now purchase groceries online at least once a week, up from 22 percent in 2018.



Moreover, one-third of respondents in the RBC survey said they made their first online grocery purchase in the past month. More than half of online grocery shoppers surveyed said COVID-19 is “leading them to boost their willingness to buy groceries online permanently.”

This research dovetails with other predictions that the pandemic may have created an inflection point for the consumer’s shift to eCommerce.

In Retailer Magazine, Thad Rueter states that many consumer habits formed during times of widespread crisis usually end up sticking for good. This trend means that even consumers who had not traditionally been online shoppers – like the elderly – now may be regularly shopping online.

Packaging Opportunities in the “New Normal”

As demand for goods sold through eCommerce sites increases, so does the demand for packaging. All of those goods purchased online need packaging and labeling to support the sales and distribution of their product.

Demand for packaging, which was expanding before the pandemic, is now advancing even faster. Analysis done by Research and Markets, a global research firm, states that the Covid-19 will drive even further growth in global packaging production.



Their report, titled “COVID-19 Impact On Packaging Market By Material Type” projects the global packaging market will grow from \$909 billion in 2019 to over \$1 billion by 2021. That’s a Compound Annual Growth Rate (CAGR) of over five percent, with the best-case scenario projecting growth of over nine percent.

Research and Markets goes on to note that significant drivers for growth package production are increased demand for fast-moving consumer goods (FMCG), pharmaceutical packaging and rising e-commerce sales due to lockdown.

Part 2

Creating Connection in an Online World

This shifting online marketplace creates a new challenge for brand owners: how to maintain a positive connection with your customer when all of your interactions take place online.

According to Forbes, 60-80 percent of customers in an eCommerce relationship do not return to shop with the same brands, even if the customer experience was positive. In this competitive marketplace, brands must do all they can to get and keep that customer connection.

The transaction starts with a stellar online experience that makes it easy for the customer to find the products they need and make their purchase. Brands should invest in technology that makes customer interaction easier by building an app or partnering with other online services.

In this market, where consumers are often isolated at home, a brand's physical connection with the consumer is more important than ever. The package is the only physical connection a brand has with its customer. If your physical interactions have no 'wow factor,' the customer is not likely to make repeat purchases.

This need for connection means that branded packaging doesn't merely make products look nice — it's a customer retention strategy. The time investment that goes into creating an attractive unboxing experience tells the recipient that the brand values its customers — and this keeps the customer coming back.

Creating this level of connection means the package must go beyond just holding the product. It must include images, messages, and promotions targeted at that the consumer.

Fulfillment company Dotcom Distribution surveyed more than 600 online shoppers to gain insights into how packaging impacts consumer attitude and brand experience.

The consumers surveyed said they are more likely to make a repeat purchase if their order came with freebies and personalized messages on the packaging.

The report notes that personalized messages and branded inserts leave consumers with an upscale impression of the brand, which incentivizes consumers to make repeat purchases.



In a time of online customer relationships, it also requires brands to use the package to communicate their values.

Research firm Nielsen found 66 percent of global consumers are willing to pay a premium price for products from companies committed to positive social and environmental impact.

The marketing messages you print on your packaging, and the materials you choose says something about your brand values.

Personalization in Action

Growth opportunities abound in today's packaging market. But to capture their share of this growing market, providers and brands will need to accelerate their business processes and create personalized, engaging packaging to support their demands.

For many providers, that means making a move to digital package production or acquiring additional digital package printing capabilities.

Notlikeyou Creates a Personal Experience



For inspiration on the type of package that makes an impact, look no further than German e-commerce company notlikeyou.

The company customizes premium shoe products like Chuck Taylors and Timberlands. Customers begin by designing a pair of shoes unique to them – from personal images, famous characters, and custom messaging to renowned artwork.

notlikeyou then hand paints the custom artwork onto the pair of shoes. The customization extends to the shoebox, which also includes the image

uploaded by the customer. This customization creates an unboxing experience unique to the consumer and reflects the brand's values to the consumer.

“Packaging is a very emotional thing,” said Thorsten Göttsche, leader of business development and procurement for notlikeyou. “People are individuals, and they want to be treated like that.”

Part 3

The Choice is Inkjet

By using inkjet printing technology, equipment manufacturers can create solutions that meet market demands during this time of uncertainty.

Even before the pandemic, there was substantial growth in the adoption of inkjet-powered package printers. In their report *The Future of Inkjet Printing to 2023*, Smithers states the use of inkjet for direct-to-packaging printing will increase by 25 percent each year from 2018-2023.



Inkjet package production lets users easily add value to the packages they produce—whether it is a print provider printing customized packaging for a customer or a manufacturer that has integrated package production as part of its operation.

These printers also enable manufacturers and converters to create the highly personalized packages their customers are demanding. Each box can be printed with variable capabilities, allowing the information to change between products and consumers. The package can be adapted to include personalized messages, images, seasonal and local communications, and greetings.

Inkjet technology also allows print providers to have better control over their inventory. Manufacturers and print providers don't have to rely on outside third parties by moving their packaging printing processes in-house. The printer or manufacturer controls where, when, and how many packages they have, avoiding wasted materials.

Digital Inkjet Technology Drives Growth

To successfully move to inkjet, equipment manufacturers need the right printing technology. That's why many leading equipment manufacturers choose to work with a company like Memjet. The range of modular printing technologies that Memjet provides to support various packaging production processes include VersaPass[®], DuraLink[®] and DuraFlex[®].

This modularity allows equipment manufacturers to tailor the production of their solutions based on specific market requirements like packaging. Each module acts as a building block for the printer, giving the equipment manufacturer the key components they need to develop their printers.

With these critical components in place, the equipment manufacturers can focus on the printer features that best serve their target markets. Using a modular approach

to build a printer means the equipment manufacturer can better respond to changes in the market, an increasingly valuable resource in our changing world.

Memjet's modularity, combined with our engineering and technical resources, solve equipment manufacturers' most pressing challenge: getting affordable printing solutions to market faster without sacrificing the quality and speed users demand in these rapidly evolving print markets like packaging.



A Look Into The Future

The pandemic has disrupted the lives of people, businesses, and countries. As we move forward, all people need to adopt an agile approach to how they do business and solve the new problems they face.

That type of flexibility requires a different mindset. Print providers and manufacturers now need to think creatively and bring new approaches to solve their problems and reach their customers.

They also need the right technology. Inkjet printing, and the technology described in this white paper, are flexible and affordable, giving businesses the creative edge they need to flourish in a difficult time.

Explore Memjet and find out how our precise print technologies are powering the future of print.

To learn more visit www.memjet.com

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