

# Operating Harmoniously in an Integrated, Digitally Enabled Supply Chain



A review of how trends, machinery, and the use of automation in the omnichannel retail industry impacts product packaging



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# INTRODUCTION

The term omnichannel has emerged as a popular buzzword that broadly defines a significant shift in the way customers and manufacturers interact with one another. The expression “omnichannel” has come to mean a fully integrated approach to e-commerce and refers to a multiple-channel model of selling products.

There are a handful of shared traits and features that can be identified as forming a basic, central pillar that supports omnichannel operations. To better define the omnichannel, we will first examine the impact of e-commerce and how it can be used as a foundation to build an omnichannel strategy.

## **Operational steps for omnichannel companies:**

- Innovate new packaging configurations that are suitable for omnichannel distribution.
- Automate processes to improve efficiency and create new data collection points.
- Navigate new market realities by leveraging integrated data into actionable intelligence.
- Integrate operations by breaking down data silos, both internally and externally.
- Collaborate with partners in bold new ways to forge novel operating models and solutions.
- Communicate with customers to provide a seamless, repeatable, and integrated shopping experience.



## ► How Does the Impact of E-commerce Relate to the Omnichannel?

An omnichannel strategy incorporates all the challenges of an e-commerce operation, but with added layers of complexity. Omnichannel operators must make fundamental changes to their production, warehousing, and transportation models to be capable of meeting new levels of product demand, packaging configurations, and customer delivery.

Brand manufacturers, retailers, e-tailers, contract services, 3PLs, and warehouses operating in the omnichannel, or in the digital supply chain, must have visibility across the entire process, along every channel. Omnichannel companies will need to take the insights gleaned from e-commerce experience and expand them to full operational visibility and supply chain integration.

### Changes and Challenges Associated with E-Commerce



#### PRODUCTION

On the production side, pressures to increase overall output have necessitated the expansion of automated technologies to handle shorter runs, new packaging shapes and sizes, and an increasing variety of pack counts.



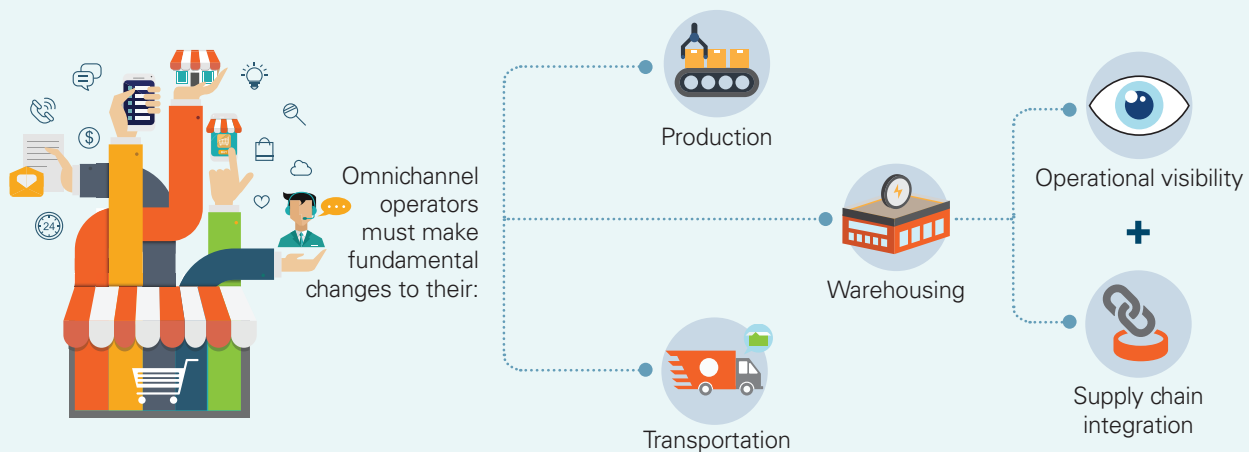
#### WAREHOUSING

Increases in order volumes and more complex fulfillment requirements from smart packaging have brought significant changes to warehouse picking and tracking, including automated guided vehicles, wearables, and facility automation.



#### TRANSPORTATION

Consumer expectations of immediate delivery and easy returns are requiring CPG companies entering the omnichannel space to thoroughly examine the functional aspects of packaging, as well as their transportation and logistics partners.



## ► Growth in E-Commerce Drives a Complex Supply Chain

The explosion in the popularity of e-commerce in the last decade has caused CPGs to rethink their day to day processes across their entire enterprise. As a result of the growth in e-commerce, CPGs are facing a number of external pressures from retailers, industry peers, and consumers to minimize packaging and prevent product damage.



Q1 2019  
online sales  
account for:

► **10.2%**  
of total  
retail sales

### **E-commerce sales claim a small percentage of all retail sales, but are growing at a faster rate.**

In the United States, online sales are growing 15% a year, compared to just a 1.5% increase in overall retail sales, as reported by McKinsey. The U.S. Chamber of Commerce reported Q1 2019 online sales as 10.2% of total retail sales, with market share rising steadily quarter after quarter.

In a just released online survey conducted by Packaging World, titled *Packaging for E-Commerce*, nearly a third of the 185 brand owner participants stated they are very active in e-commerce and nearly half report currently addressing and growing their e-commerce business.



The on-demand satisfaction consumers want from e-commerce shopping is driving the need for new manufacturing practices, packaging changes, and ultimately equipment advances.

— VP, Packaging R&D, Food Manufacturer



### The Path From E-Commerce to the Omnichannel

Omnichannel companies share similarities with e-commerce operations in terms of responding to retailer and consumer requests, but what actually differentiates the two? At its most basic, what is the omnichannel? While this seems to be a simple question, there are innumerable different models that qualify as an omnichannel operation and there is no single structure that makes one an omnichannel player.

There are, however, a number of commonalities that can be used to identify omnichannel companies, including:

- Disparate ordering sources
- A high level of integration
- Increased focus on customer experience

Learn more about the challenges CPGs face in the PMMI 2018 report, **E-Commerce: Think Inside the Box.**



<http://www.PMMI.org/research>

## The Omnichannel Must Manage Orders Across All Channels

First and foremost, companies within the omnichannel supply chain must adapt to orders coming in from a number of disparate channels. Omnichannel companies must become proficient at managing and fulfilling orders simultaneously from many sources, which could include a direct online portal, vendor requests, third-party warehouse, and drop-ship orders.



Order online and pickup in store is the fastest growing omnichannel ordering model, with growth of anywhere from 40% to 70%, depending on the product.

— McKinsey



CPGs in the omnichannel space are further challenged by order fulfillment timeframes, as customers now expect two-day shipping, prefer to see next-day shipping, and are even growing accustomed to same-day deliveries.

To achieve difficult logistical feats like next-day shipping, omnichannel companies are starting to locate their distribution facilities as close to the consumer as possible. Old models of a single, centralized distribution warehouse in the middle of the country are no longer sufficient: omnichannel companies will need to consider building additional smaller warehouses closer to their customers, or partnering with logistics facilities across the country.

The number of warehouses, growing at an annual rate of 3.2%, is rapidly outpacing the labor pool, with current warehouse needs outpacing available labor by a ratio of 6 to 1.

This higher level of order management and fulfillment is enabled through significant expansions in enterprise integration, which is another key aspect that defines omnichannel companies.

62%



of consumers purchased a product online and picked it up instore last year

Both Millennials and Gen Z spend the majority of their shopping dollars on products they find on **Instagram** and **Snapchat**.



Omnichannel fulfillment options could include:

- Ship from distribution center
- Ship from 3PL
- Ship from manufacturer
- Ship from store
- Ship to store for instore pickup
- Ship to a pickup depot or locker
- Drop shipping



## The Omnichannel has a Higher Level of Integration

A high level of integration is another defining trait of all omnichannel companies. On top of disparate order sources, omnichannel companies must :

- Manage shorter production cycles
- Keep track of inventory levels across numerous locations and vendors
- Track packages accurately internally and externally in real time
- Process a high volume of returns

To achieve these goals, omnichannel companies are exploring solutions to increase the level of integration across their operations. To keep their enterprises running smoothly, omnichannel players require visibility across all channels, at all times.

As the director of e-commerce at an industry consulting firm puts it, **“Everything must now be connected: order processing, inventory management, and supply chain tracking, to ensure timely delivery to the consumer.”**

In addition to this, omnichannel companies have started to extend monitoring capabilities to consumers, offering more accurate package tracking and new features like internal fulfillment tracking. By integrating their operations and adopting a transparent view of their processes, omnichannel companies can work toward delivering consistent uniformity across all channels.

## The Omnichannel is About a Consistent Consumer Experience

Omnichannel companies are further defined by a push for consistency in customer interactions and communications. The goal of every omnichannel player is to deliver a consistently positive customer experience across all channels and platforms, regardless of where or how customers access a company's products.

An IT manager at a leading retailer captures this idea, explaining: **“We are designing systems for seamless ordering and speed of delivery; competition is driving everything!”**

A crucial aspect of delivering this experience is maintaining uniformity on product options, pricing, and appearance, especially when it comes to packaging and branding.

This consistency is vital for omnichannel companies, whose savvy consumers can be turned away by simple oversights such as price variations across channels.

Establishing and maintaining a consistent brand message across all platforms – mobile and tablet devices, e-commerce browsers, storefronts, and social media - creates a seamless and integrated experience for the customer.

**71%**  
of companies  
interviewed agree:

As they pursue omnichannel strategies, their software and enterprise systems have been impacted the most; half of those companies report the need for modifications to their existing systems, with a few installing entirely new enterprise systems.

Omnichannel companies need to pay close attention to the packaging of their products, but to operate most efficiently, they also need to:

- Manage incoming orders from a variety of platforms and channels.
- Achieve a high level of operational integration, across departments and organizations.
- Create new points of data collection to leverage information into operational improvements.
- Monitor inventory levels in as close to real-time as possible, across all channels and locations.
- Utilize predictive models to better understand which products will be needed in which channels.
- Invest in automation to improve production and fulfillment processes.
- Locate products as close to the customer as possible through new facilities or partnerships.
- Ensure a consistent and uniform customer experience, regardless of channel.
- Work closely with omnichannel partners to fill any gaps in the supply chain.

## ► Omnichannel Drives Changes in Production, Warehousing, and Transportation

The omnichannel is driving profound changes in the production, warehousing, and transportation of our everyday products.

As one industry leader puts it, **“The changes have gone ballistic and it’s hard to keep up!”**



Production trends influencing omnichannel companies have driven an increase in automation and robotics technology to handle:

- Shorter runs and increasing SKUs
- Packaging changes
- Expanding variety of pack counts



The omnichannel has placed increased pressure on streamlining fulfillment at warehousing operations, encouraging:

- Automation
- Smart packaging
- No-waste packaging



The logistics of managing package tracking, delivery, and returns has spurred omnichannel companies to reexamine:

- Functional packaging
- New forms of delivery
- Customer experiences
- Return options

### Shorter Runs and Increasing SKUs

Faster delivery times have placed added strain on CPG companies to produce a greater number and variety of items in a shorter period of time.

The continued proliferation of SKUs requires companies to have a greater level of control over production cycles, cutting out downtime by utilizing automated components, robotics, and integrated sensors. Retailers and e-tailers are constantly looking for new products, but are also seeking to reduce backstock, which requires shorter runs and frequent changeovers at CPG manufacturers to meet demand. In addition, as consumers continue to order smaller count, custom orders, the impact on production processes is felt acutely by CPG companies.

These trends have begun to coalesce into changes in how CPG companies are manufacturing their products, mostly in the form of investments in automation technology and integrated management systems. While these advancements are necessary for an omnichannel company to effectively balance their production against incoming orders, they must also keep in mind the impact on packaging and labeling durability.



The goal is to ship smaller and smaller quantities cost efficiently, which means we need to make changes as quickly as possible to retailer requests.

— *Packaging Engineer, Supplement Manufacturer*

We are adding new products to satisfy partner relationships.

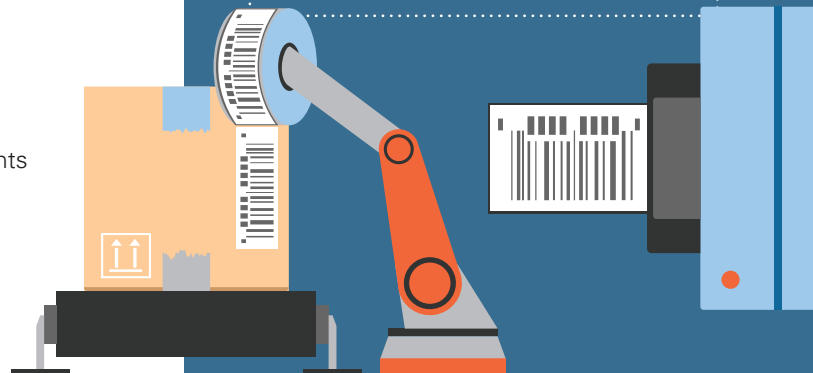
— *Product Manager, Personal Care CPG*

We are working with our e-commerce engineer to develop new shapes and sizes to the primary package for added protection during shipment.

— *Senior Packaging Specialist, OTC CPG Manufacturer*



A vice president of operations feels the burden of change with increasing SKUs as retailers request packs of two, three, and six count configurations, and states: “It affects our overall approach and changes our entire production system.”







## Packaging Durability

Chief amongst packaging concerns at the production level is the overall durability and consistency of the material utilized. Increased speeds and more automated processes derived from the need to increase output place extra strain on packaging substrates, both rigid and flexible.



3 of 4

Brand manufacturers are looking for materials with greater durability to protect products in the e-commerce omnichannel.

— 2018 PMMI E-Commerce Report

Omnichannel companies are evaluating their choice of packaging material to ensure that a product's packaging can withstand the rigors of increased touches through production, warehousing, and delivery. Durability must also be balanced against consumer preferences toward environmental friendliness. Omnichannel companies are striving to strike the right balance between a lighter weight material and one that will still protect the product.

## Flexibility – Bundles and Pack Counts

In addition to reevaluating their packaging materials, omnichannel companies must be flexible in their configurations and adapt to a range of packaging formats. Vendors in the omnichannel space are requesting different bundle sizes and variety packs for products, with each vendor often preferring a different format. Omnichannel companies must be able to accommodate these requests, especially from leading vendors, and be able to quickly change pack count configurations on their production line.

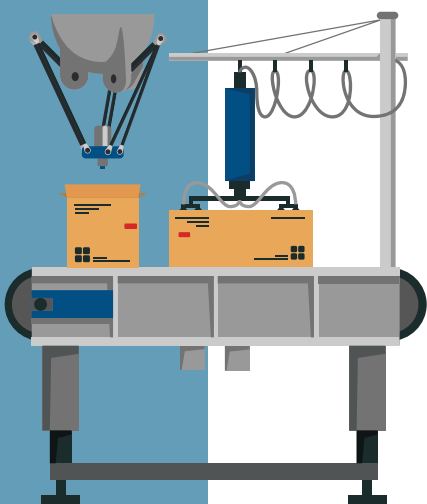
As a senior packaging engineer at a leading food company explains, **“Pack counts are killing us. Every retailer wants something different, so we are implementing robotics to better manage packing a wide variety of sizes and configurations.”**

This flexibility in packaging formats transfers into another growing need for omnichannel companies: the ability to handle small custom orders. With custom orders increasing from even individual consumers, omnichannel companies need to be nimble, making packaging and label modifications for custom orders quickly and accurately.



Single wrap products are increasing along with a greater variety in case counts, which is driving automation at the end of the line.

— Project Manager, Leading Personal Care Manufacturer





## Automating the Warehouse

When it comes to warehousing, an omnichannel model typically requires a significant overhaul of both the processes and technology being utilized.

In general, warehouses in the omnichannel are faced with a greater number of orders coming in from a wider variety of sources. Omnichannel warehouses are also dealing with an increasing number of different products, especially as the SKU proliferation continues in the CPG industry. On top of all this, fulfillment in the warehouse now often requires customized picking and packaging.

To meet these new challenges, omnichannel companies are turning to automation and integration solutions specifically adapted for the warehouse. Improvements such as automated conveying systems, wearables, and voice activated picking can keep orders flowing efficiently through an omnichannel warehouse.

As a leading personal care company implementing more robotics explains, **“We have only one or two people on a line now where we are using robotics, and in the past we had up to 20 workers.”**

More comprehensive integration solutions are being extended to the warehouse through strategic deployment of automated sensors, allowing omnichannel companies to expertly manage their data and track internal processes in as close to real time as possible.

By making improvements to their data collection, warehousing operations are creating an efficient picking and packing process to track orders throughout the supply chain.

“

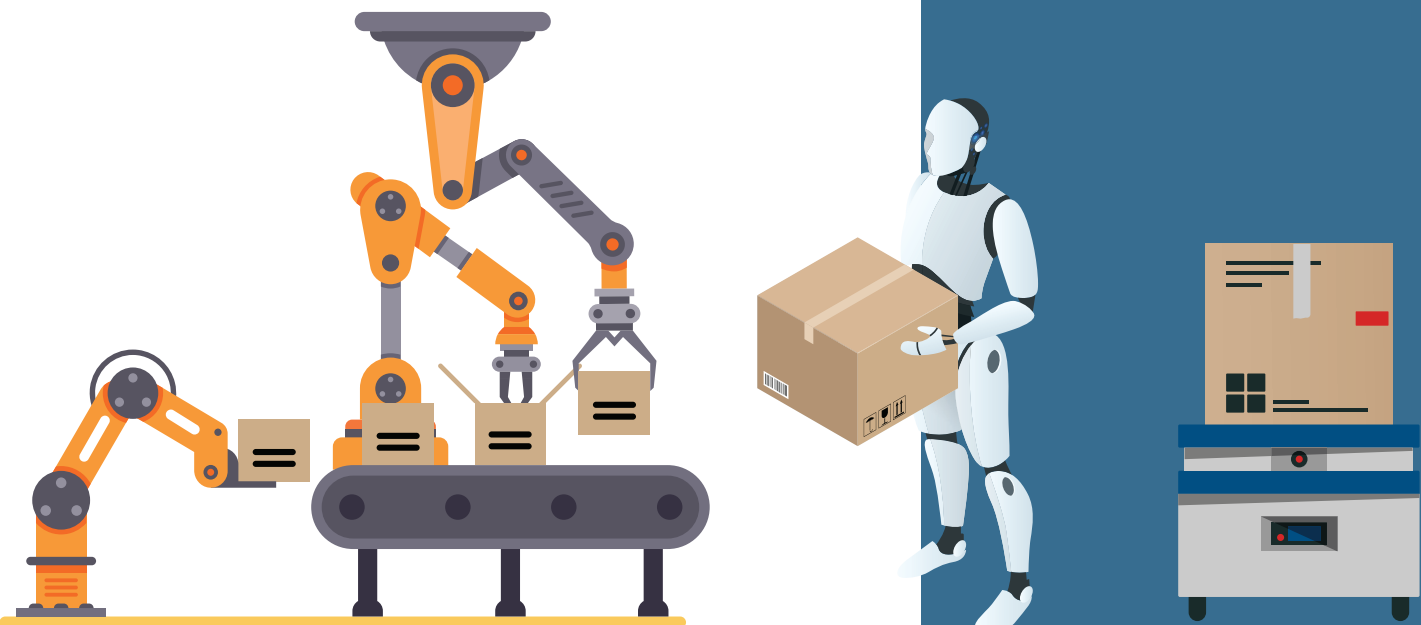
Our distribution centers are using more automated guided systems mounted with trays, and as we expand globally, we are moving toward fully automated case packing and robotic palletizing.

— Plant Manager, CPG

”

## Automation Solutions in the Warehouse

- Automated conveying systems
- Automated guided vehicles (AGV)
- Integrated wearables
- Autonomous mobile robots
- Automated storage and retrieval systems (ASRS)
- Robotic case erecting, case packing, and palletizing
- Voice activated picking





## Smart Packaging

For the warehouse, internal order tracking is one of the most crucial capabilities associated with an effective omnichannel model. Automated conveying and advanced sensing technology are important aspects of internal tracking, but when it comes to fulfillment, companies are considering smart packaging.

The expansive and comprehensive management systems being utilized by omnichannel companies are increasingly being deployed in warehousing operations, opening the door for smart packaging solutions. At its core, smart packaging allows an omnichannel company to more accurately keep track of products as they move through their organization, especially during the fulfillment process. Imbedded technology in the package, such as RFID and NFC (near field communication) capable components, enables omnichannel companies to track a product's journey. This gathered data is in turn managed by a larger integrated system, which not only allows for wireless product tracking, but also gathers and logs valuable data points for future efficiency analysis.

**"We have incorporated smart communications and QR codes at the consumer level and are using NFC on a limited basis for pallets,"** explains one consumer health care products manufacturer.

“ We are using an advanced vision system more frequently for quality inspection and code verification and are applying the data collected to streamline our process.

— *Manager, Grocery Retailer*

”



Smart labels, especially QR codes, serve a similar function by enabling internal tracking, but also connect omnichannel companies more closely with their customers. QR codes embedded in the package printing are being used for product tracking, as well as consumer engagement through a smart device.

An e-commerce consultant remarks, **"Mining customer data and historical logs is big now as orders from cell phones and smart tablets are soaring – the customer is king."**

## No Waste Packaging

While tracking technology plays an important role in warehouse management, there are other packaging considerations that omnichannel companies are exploring. With the growing number and variety of orders, omnichannel operations are placing new emphasis on the size of their packaging.

One possible right-sizing solution being explored by omnichannel companies is adopting a box-on-demand model for order fulfillment. Utilizing this strategy, omnichannel companies make use of a machine capable of forming carton sizes to exactly the right dimensions for a chosen product. This model still remains a situational proposition, as a senior director of packaging at a retail leader confirms: **"A box sizing solution works in some cases, but not in all; it's often difficult to operate and slower throughput is hindering wider adoption."** As box-on-demand technology continues to evolve, this strategy could allow omnichannel companies to cut down on material and shipping costs by creating a package devoid of excess material and space.



## Replacing Jobs

Amazon is implementing a box-on-demand solution at 55 of its warehouse locations, eliminating about 1,300 positions in the process. The machine can produce 600 or more boxes an hour, far exceeding human capabilities.

## Creating New Jobs

Kroger is building a customer fulfillment center for home grocery delivery using autonomous delivery vehicles to process, pick, and pack orders. With plans to build 20 automated robot warehouses throughout the U.S. over the next three years, it is predicted to bring new jobs to many areas.

## Functional Packaging: Primary Packaging as the Secondary Carton

Some omnichannel companies are taking the concept of right-sizing and expanding upon it, seeking to eliminate secondary packaging. In keeping with a desire to reduce shipping and material costs, some omnichannel companies are considering packaging solutions that completely bypass traditional secondary package models. Rather than utilizing additional material for shipping, omnichannel companies have begun exploring ways to make a product's primary package suitable to serve as the secondary package for fulfillment and handling.



▶ There are brand companies actively exploring the idea of reusable packaging for the omnichannel space. TerraCycle has created a program called Loop, which partners with major brand manufacturers to create returnable, reusable packaging for their products. Materials such as glass, metal alloys, and specially engineered polymers are used to create a package that can be returned, cleaned, and reused.



### Nearly 2 of 5

Brand manufacturers are considering changes to the primary package.

— 2018 PMMI E-Commerce Report



We are redesigning the primary package for some e-commerce companies; it needs to be more durable and protect the product for shipment.

— Owner, Packaging Design Firm



### 3 of 4

Brand manufacturers are making changes to the secondary carton.

— 2018 PMMI E-Commerce Report

We are looking at packaging in units instead of cases since Amazon is asking us to ship directly to the consumer . . . we're exploring shipping the product in its own container, but this demands specific requirements to ensure products arrive safely.

— Director, Global R&D Packaging, Leader in Healthcare



Omnichannel organizations must weigh several packaging factors against one another, including: **aesthetics, durability, and security concerns.**

### Packaging Considerations Omnichannel Companies are Facing:

- What about the aesthetics of the package?
- What level and type of information should the package communicate?
- Will secondary packaging that is too high quality in appearance make the product more prone to theft?
- Will the primary package be durable enough to withstand internal and external handling during fulfillment and delivery?

## New Forms of Delivery

The responsibilities of an omnichannel company do not end once a product is out of the door, or even when a delivery is completed. For omnichannel companies, the management of product movement is an ongoing process, requiring new models of transportation logistics. As consumers demand more flexibility, omnichannel companies must contend with managing a plethora of delivery options, including direct to consumer shipping, remote location pickup, and in-store fulfillment.



Logistics companies are focusing on the last mile, and even the final 50 feet of delivery, with FedEx experimenting with AGVs and Amazon testing out drones. Some are offering models that allow for the delivery of products directly into the trunk of a customer's car, or even right into their fridge at home.



Vendors play a role in these new delivery models, with options such as drop shipping becoming an increasingly necessary capability for omnichannel operations.

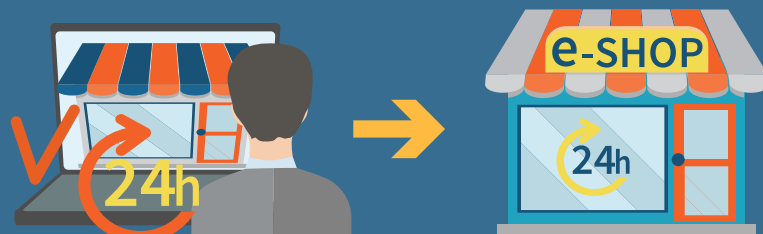
Depending on the product and channel, some companies may opt to use a third-party partner to round out their capabilities. The majority of CPGs, both large and small, still rely on a distribution center, logistics company, or contract packager to move products through the omnichannel.

## Drop Shipping Adds Extra Challenges:



The omnichannel disrupts the normal process and involves special handling and packaging; the product has to appear as if it originated from Walmart or Home Depot even if it's shipped by a third-party warehouse.

— President, Logistics Company



CPGs are coming up to speed as quickly as possible to understand the complexities that e-commerce and the omnichannel demand, in order to make the best decisions now that will guide them long term. These decisions include utilizing 3PLs, etailers, and selling direct.



### Nearly 2 of 5

Brand manufacturers are utilizing a 3PL now to fulfill e-commerce orders

— 2018 PMMI E-Commerce Report



### Nearly 2 of 3

Brand manufacturers are utilizing etailers and over half are selling through Amazon now.

— 2018 PMMI E-Commerce Report



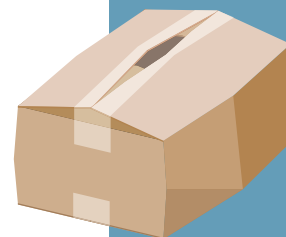
### 1 of 3

Brand manufacturers are selling direct to the customer

— 2018 PMMI E-Commerce Report



Not only must the structural integrity of the package hold up during delivery, it must also arrive to the consumer undamaged. Even if the internal product is unharmed, deliveries arriving with visible smudges, grime, or dents leave a negative impression of the company in the customer's mind. These considerations in turn impact packaging designs.



## Unboxing Experience

Beyond seeking the ideal level of physical durability and format type, omnichannel companies are examining the role packaging plays in the overall customer experience. For omnichannel companies, providing their customers with a consistently positive and engaging experience is key to fostering long term loyalty.

As a result, omnichannel organizations look at all points of consumer interaction as potential opportunities to improve their relationship with the customer. This has brought the phenomenon of “unboxing” to the fore as an additional way for omnichannel companies to connect with customers. Specially tailored features, such as elaborate interior graphics or handwritten notes, are being utilized by omnichannel companies as a way to motivate customers to not only look forward to opening a new package, but to keep them coming back to repeat the experience.

In 2017, Smithers-Pira noted the powerful influence of packaging on customer experience, explaining:

**95%**

Of consumers perceive that packaging significantly affects their online purchase experience

NEARLY **50%**

Of consumers share their purchasing experience on social media



## Managing Returns

In addition to new forms of delivery, omnichannel companies must also be capable of effectively processing returns. Much like the expanded shipping options, omnichannel companies must contend with a variety of different return models, with the goal of making the return process as seamless and convenient for the customer as possible.

Omnichannel customers expect to return approximately 25% of all items they purchase, with those rates rising significantly for Millennials and Generation Z. With such high rates of return, omnichannel companies need to place new emphasis on the ease and convenience of returning their items. Offering additional options beyond shipping an item back, such as returns directly to a storefront, are popular additions to an omnichannel company's portfolio.

As one e-commerce expert points out, **“Companies need multiple channels for returns and customer service needs to leave an excellent impression to maintain a loyal customer.”**

These convenience considerations are only part of the equation, as most customers will opt to return items in the same packaging they received them in. Omnichannel companies are taking this into account and are designing “frustration-free” packaging for their products that can be easily resealed and returned.

## ► End Goal of the Omnichannel: A Universal Package

### Channel-Specific Packaging

The ultimate packaging goal for all omnichannel companies is to achieve as much uniformity as possible across all channels. While this consideration certainly appeared with the rise of e-commerce, the omnichannel model has taken the need for packaging uniformity to a new level.

For many omnichannel players, the first step toward packaging uniformity is designing packages that are specific to selected channels. For instance, packaging utilized for liquid products on a retail shelf is often not durable enough to withstand omnichannel handling.

Additionally, the aesthetic considerations of how a product appears on a retail shelf and how it arrives in a box must be factored in. Packaging not destined for a retail space typically does not require the higher level of aesthetic and design considerations given to items that will need to stand out on a shelf.

This approach, known as channel-specific packaging, is typically the first series of changes omnichannel companies make as they expand the number of channels through which their product is offered.



Companies are striving to unify product brands with consistent use of colors, images, logos, and artwork across the entire platform of products, but cost still remains the driver.

— Owner, Packaging Design Firm

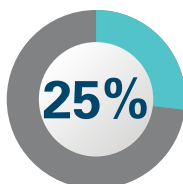


### True Omnichannel Packaging

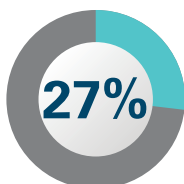
Beyond channel-specific configurations, the pinnacle of omnichannel packaging is to utilize one universal package format that is suitable for all channels, including retail spaces. While straightforward as a concept, actually implementing a truly universal packaging format is one of the greatest challenges faced by omnichannel companies.

To operate effectively in all channels, universal packaging must perfectly balance durability, aesthetics, and utility.

Once achieved, the benefits of universal packaging are significant, ranging from a more consistent customer experience across channels to significant cost savings by streamlining packaging operations. Brand manufacturers revealed in a recent e-commerce survey that nearly half are designing primary packaging for retail and e-commerce, embracing an omnichannel packaging strategy.

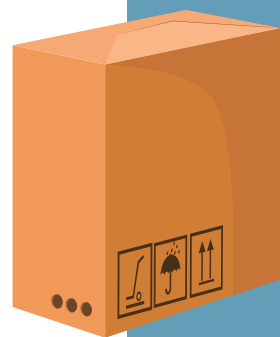


Will develop a new primary package (size, design, or material) for e-commerce



Will develop a new primary package (size, design, or material) for both retail and e-commerce

June, 2019 Packaging World survey, Packaging for E-Commerce







We want to be transparent across the entire operation with integrated systems and equipment; all new projects will be automated and seamless, but we're not there yet.

— Senior Packaging Engineer, Personal Care

The greatest challenge ahead is being able to predict the demand and the delivery destination for every product; we need a system that is visible from the materials coming in, all the way through to the timely delivery of our products.

— Plant Manager, Snack Foods



## ► Changes Beyond Packaging

### Holistic Integration: Data Silos

While there are many specific operational and packaging changes that must take place for a company to operate harmoniously in the omnichannel, there are also a number of cultural, company-wide perceptions that need to be adopted. From a broad perspective, omnichannel companies need to consider fundamentally altering the way in which they view their operations. Rather than seeing an organization that is divided up into individual departments, omnichannel companies must adopt a holistic view of their operations that treats the entire enterprise as a connected, seamless process.

In order to achieve this mindset, omnichannel companies rely on expansive, comprehensive integration plans that will break down data silos by unifying all departments under a single management system.

By efficiently sharing gathered data across departments through a unified management system, omnichannel companies are able to more effectively leverage that data into tangible improvements to operations and processes.

This data provides omnichannel companies with a powerful arsenal of analytic tools that can greatly increase the efficiency and success of an omnichannel model.

By analyzing integrated data, omnichannel companies can:

- Monitor inventory levels in real time across all of their channels.
- Predict ordering rates for specific products in specific channels.
- More efficiently execute and analyze test batches of products.

### New Management

Many companies are forming optimization teams or supply chain management teams dedicated solely to analyzing this data and implementing solutions that will improve overall operational efficiency.

As a business development manager at a personal care company explains, learning to leverage this data properly is a constantly evolving process: **"Our new ERP system is key and we need to learn how to use the data properly; we are training on the new software now with our strategic supply chain partners."**



Companies need to rethink traditional models of collaboration to innovate new solutions that are specifically designed for the omnichannel space.

### Share Data Openly with Partners

The omnichannel represents a new model of product ordering, fulfillment, and delivery, and companies striving to adopt an omnichannel model are experimenting with new methods of collaboration with their partners.

Similar to the breakdown of internal data silos, omnichannel companies must be open to sharing data across company structures, and even with independent organizations. Omnichannel companies must be willing to trust their business partners with internal data and extend access to integrated systems.

By sharing data and allowing partners to work inside management systems, omnichannel companies can empower their partners to become more effective and efficient collaborators.

### Bold Collaborations

In addition to sharing data, omnichannel companies must be amenable to the adoption of new processes and methodologies, yet remain realistic in view of their current capabilities. The transition into an omnichannel model is typically a stepped process that occurs over a period of time, meaning that gaps in capability may crop up during implementation. Omnichannel companies must recognize that these gaps are part of the process and be willing to rely on outside partners to shore up any capabilities that are lacking.

Bold, paradigm-shifting partnerships, such as Amazon operating inside of P&G's production facility, or the companies Zolando and Adidas managing a shared inventory, are profoundly altering traditional approaches to professional collaboration.



2 of 3

CPG companies are actively seeking new supply chain partners to implement a seamless customer experience.

— 2018 PMMI E-Commerce Report

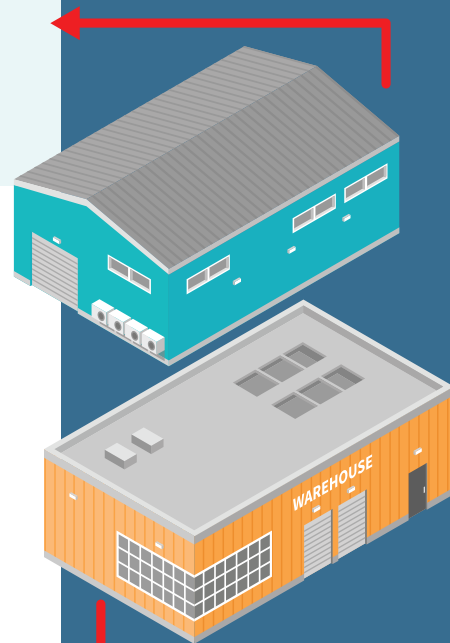


We want each product to aesthetically belong to a family of products and in the next five years we will harmonize the brand image to achieve greater uniformity.

— Senior Packaging Engineer, Healthcare CPG Manufacturer

We are opening our inventory tracking system to strategic suppliers now and it's working well.

— E-commerce Manager, Leading CPG





Align with partners who will collaborate in bold new ways to forge novel operating models and automated solutions.



The omnichannel market is an inevitable manifestation of consumers' desires for convenience and accessibility. The realities of today's interconnected digital world will continue to push companies toward the omnichannel space as they endeavor to keep up with growing product demand and constantly advancing technology. While this creates a host of new challenges for companies looking to execute an omnichannel strategy, they need not undertake the effort alone.

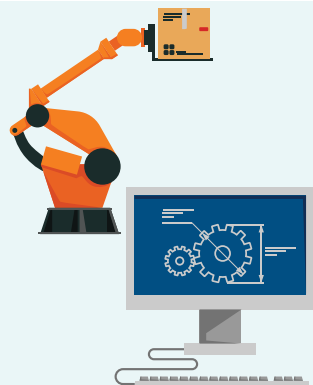
Companies establishing themselves in the omnichannel space will require a plethora of services to assist them, from robotics and integration experts to warehousing and transportation companies. These challenges present real opportunities for OEMs to form lasting partnerships with not only CPG companies forming omnichannel strategies, but also the array of ancillary players providing specific services to omnichannel companies.



Those omnichannel companies that embrace fundamental changes and challenge traditional models with new solutions will be best positioned to remain flexible and adaptive in the omnichannel marketplace.

### INNOVATE • AUTOMATE • COMMUNICATE

- **Innovate new packaging configurations that are suitable for omnichannel distribution.**
- **Automate processes to improve efficiency and create new data collection points.**
- **Navigate new market realities by leveraging integrated data into actionable intelligence.**
- **Integrate operations by breaking down data silos, both internally and externally.**
- **Communicate with customers to provide a seamless, repeatable, and integrated shopping experience.**



Start thinking of line solutions for the challenges we face versus just machines; e-commerce is changing the market.

— VP E-Commerce, Industry Leader



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