



**A New Era of Printing Technology Creates
Sales and Marketing Opportunities for
Today's e-Commerce Companies**



OVERVIEW

Inkjet printing solutions give manufacturers access to customized packaging that increases brand awareness, improves customer satisfaction, and boosts sales.

Today's e-commerce marketplace is opening new and exciting possibilities for small- and medium-sized retailers and manufacturers. Sales through these businesses have grown steadily through the years with no signs of slowing down any time soon.

But with opportunity comes challenge, and the same is true for manufacturers. Competition in this marketplace is fierce because competitors are only a click away. Companies not only have to work hard to attract customers; they must work even harder to keep those customers satisfied and returning for more.

As a result, everything these manufacturers do—from the way the product is promoted in the marketplace to the experience customers have when they receive it in their homes—must support a positive connection with the consumer.

In this white paper we take a look at the dynamics at play in this e-commerce marketplace. We then review the sales and marketing opportunities that come from an unexpected place: the package that ships the product.

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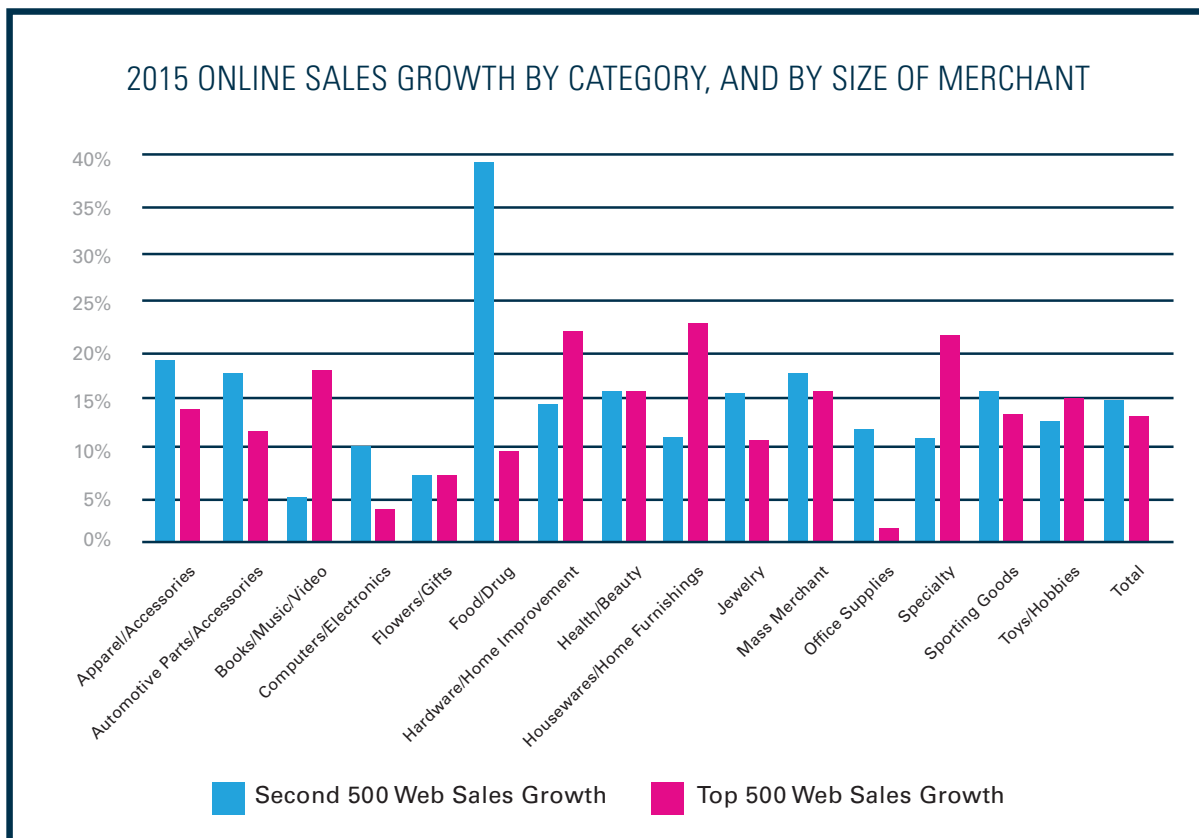
PART 1: A BOOM IN ONLINE SALES

The connection between the consumer and the manufacturer has never been closer. Online communication and e-commerce capabilities have shortened the distance between manufacturers and their customers. This close relationship has led to an increase in the demand and production of more customized products and communications.

Small manufacturers are in a unique position to meet this demand for customization. As a result, they are experiencing unprecedented growth in their businesses.

Data from the *Internet Retailer 2016 Second 500 Guide* shows that small and mid-sized merchants are maintaining impressive growth rates. These merchants collectively grew their e-commerce sales by 15 percent in 2015. This is the first time that the small and mid-sized merchants have outgrown their much larger competitors.

SMALL MERCHANTS OUTGROW THEIR LARGER COMPETITORS IN SOME KEY CATEGORIES



Source: Top500Guide.com



PART 2: CUSTOMER SATISFACTION

In the online marketplace, the barrier to entry is low, which means manufacturers can face competition from a variety of sources. The manufacturer must be constantly finding new ways to attract and retain consumers.

This means that the manufacturer needs to create a personalized shopping experience designed especially for the customer. In each part of this experience, the manufacturer must show that they know and understand their customer, making suggestions for new products, anticipating their needs, and presenting messaging in a way that is compelling to each individual customer.

PART 3: CREATING CONNECTION IN AN ONLINE WORLD

There are many ways the manufacturer can create positive touch points with their customers. But one critical – and often over looked – touch point for personalized, customer engagement can be found in the packaging the product ships in.

In an e-commerce relationship, the package is often the first physical connection your customer has with your company. Therefore, the package can add tremendous value by going beyond the functional brown box and serving as a customer relations tool.

The good news is that the new printing technology available today can make that type of packaging possible. Such technology lets you easily customize the box that ships your product, enabling manufacturers to go far beyond the basic brown box to create a personalized experience for consumers, one that includes order and product information, messages, images, and offers targeted directly at the recipient



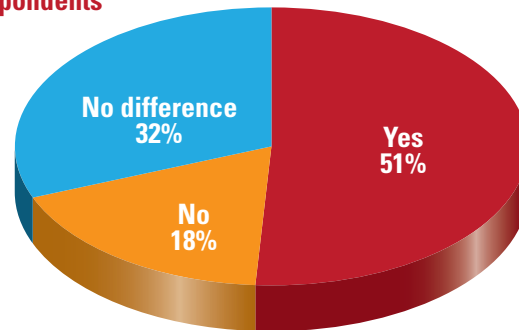
PART 4: CUSTOMIZED PACKAGING DRIVES REPEAT BUSINESS

The 2016 E-Commerce Packaging Preference Survey showed how buyers felt about the packaging they received from products they purchased.

More than half the respondents indicated that customized, branded packaging makes a product more valuable.

US DIGITAL BUYERS WHO BELIEVE SPECIALLY PRINTED OR CUSTOMIZED BRANDED PACKAGING MAKES A PRODUCT MORE VALUABLE, JAN. 2016

% of respondents



Note: ages 18+; numbers may not add up to 100% due to rounding.
Source: Shorr Packaging, "2016 E-Commerce Packaging Preferences survey," Jan 26, 2016

More importantly, the same survey found that the majority of customers were more likely to buy again because of customized packaging.

US DIGITAL BUYERS WHO WOULD PURCHASE FROM A RETAILER AGAIN BASED ON CUSTOM-DESIGNED BRANDED PACKAGING, BY AVERAGE MONTHLY SPENDING, JAN. 2016

% of respondents



Note: ages 18+; Source: Shorr Packaging, "2016 E-Commerce Packaging Preferences survey," Jan 26, 2016

The report tells an important story. To keep customers satisfied and returning for more business, the packaging should now do more than hold and protect the product. Today, the package can act as your customer service representative, your marketing advocate, and/or your sales team by creating a connection with the recipient and providing a level of value that keeps the customer returning for more.



PART 5: A NEW ERA OF PACKAGING TECHNOLOGY CREATES THE CUSTOMIZED PACKAGE

In the past, manufacturers relied on intermediaries such as label converters and packaging suppliers who were often using older analog printing machines to supply large quantities of monolithic packaging. Those types of presses could not easily accommodate the demand for short-runs or more customized packaging, and often require the manufacturer to provide long lead times and order large volumes of corrugated boxes.

Once produced, those boxes must be stored, inventoried, and managed. When there is a change to the package—as there often is—the excess packaging ends up as expensive scrap.

Transforming Packaging Production

Today, digital printing solutions are being used to transform the package production process. These new solutions can replace older package production processes to create highly customized corrugated packaging quickly and efficiently.

This new era of package production is driven by inkjet technology. Single-pass digital color inkjet solutions—like the ones that are powered by Memjet inkjet technology—print extremely

fast, firing millions of drops of ink per second to produce exceptional quality at a low cost.

The printheads remain rigid over the package, so they can be flexibly assembled to create various widths and system speeds depending on the type of packaging needed. A plain corrugated package has to pass under the fixed printheads only once to lay down all the colors and details required.



PART 6: PRINTING IN-HOUSE OR THROUGH A SUPPLIER? INKJET GIVES YOU THE CHOICE

The ease of use and flexibility of these next generation printing systems mean that manufacturers can either choose to produce their own packaging as part of their production process, or they can work directly with a packaging supplier who is using an inkjet-powered solution to provide right-sized quantities of more customized packaging.



Manufacturers who are interested in using these new-era printing solutions in-house can easily integrate them directly into any production process. Full-color digital packaging printers are easy to set up and require only minimal space, so they can fit into even a small operation. The solutions are easy to operate, so there is no need to hire additional employees.

Once the printing solutions are up and running, manufacturers can immediately start producing customized boxes. They need to buy only one style of corrugated box and customize it based on the customer, the order, buying preferences, the season, the occasion—whatever will help to foster a positive connection that will keep customers coming back for more business.



Whether manufacturers produce their own package or use an inkjet-equipped packaging supplier, the packages that get produced can go from label-customized boxes that look like this.



To printing the same images directly on the panels of the package to produce highly customized boxes like this.



PART 7: THE POWER OF CUSTOMIZED PACKAGING

Whether you are a packaging supplier or a manufacturer, creating customized, on-demand packaging is a proven way to improve efficiency and enhance the perception of your brand.

In the story that follows, we take a look at how adopting the capabilities of producing short-run, customized packaging gave one packaging provider the resources they needed to improve their brand image and the shipping operation for their customer.

A Dedication to Packaging

For over twenty-five years, Innovative Integrated Solutions (IIS) has been providing packaging and fulfillment services to companies in western New York and the greater Toronto region. IIS services a wide range of companies, including consumer-goods companies, publishers, and manufacturers with a variety of packaging and fulfillment services.

Recently, IIS has seen an increase in demand for e-commerce fulfillment services from clients who have an online presence. This means that when a client's customer clicks on an order, that order is sent electronically to IIS, who is then responsible for providing an excellent customer experience, picking the order, packing it, and shipping it to the end customer.

Serving the Small and Medium-Sized Market

When George Moretti, managing partner at IIS, began working with the company, he identified an opportunity to provide services to a market that others were missing.

He says, "When I started at IIS, I wrote a business plan with the goal of capturing an underserved opportunity: local small and medium-sized businesses and the specialty

segments of large companies. This is a growing market, but larger packaging companies just cannot afford to service these smaller accounts because the cost of selling and producing these small jobs is just not profitable for them."

To capture the opportunity that these

small and medium-sized businesses held, IIS did the research to identify the right short-run packaging systems. They found that the Xante Excelagraphix was the best printing solution to meet the needs for short-run, on-demand package printing.

This Memjet-powered solution provided a cost-effective way for IIS to integrate its own box-making ability with customized package printing and support the packaging demands of the small and medium-sized businesses they were targeting.

“We have expanded our business to produce customized packaging for almost every client that we do fulfillment for. We're putting out a superior package that better represents their product. The logo and images look fantastic, and everybody who sees customized packaging wants it. It's a tremendous value add that we can offer at a very minimal cost,” says Moretti.



A New Packaging Model

“When we saw what the Excelagraphix 4800 could do, we were blown away. To start, the level of quality was excellent. What’s more, this quality can be achieved without printing plates, so it’s much easier and less expensive than other printing options. Finally, the price point was a deciding factor; I get quality, integration, and speed all at an affordable price with a 12 month pay back period”, notes Moretti.

“The Xante Excelagraphix was also easy to use. IIS has been able to train several

other employees on how to print on the Excelagraphix. Once everything is set up, they have a dedicated team of people who can print great quality on a consistent basis.”

Going Beyond the Plain Brown Box

Prior to buying the Xante Excelagraphix, IIS was putting their client’s products in plain brown boxes and just shipping them out. But once the company showed its customers how it would look to have their logo and customized images on the box, the customers were sold.

PART 9: TRANSFORMING PACKAGING FOR ROCHESTER MIDLAND CORPORATION

One such customer is Rochester Midland Corporation (RMC). Based in Rochester, New York, RMC is a manufacturer of specialty chemicals. Though most of RMC’s business units require large-format packaging, their Facilities Group is just the opposite; these products require small packaging sizes for a product line that includes approximately 120 SKUs.

To produce these products, RMC runs a lean operation. Production is scheduled one week in advance so they can keep their inventory low and react to customer demand proactively.

But the packaging process used to ship these products was anything but lean. It required a great deal of space, time, and labor in RMC’s operation. Moreover, the old packaging process did not serve the RMC brand.



Calvin Osterberg, RMC’s purchasing manager, says, “We used to receive deliveries of over 8,000 plain corrugated cases. These cases would then need to be stored and managed. To label these boxes, we produced and inventoried over 120 different product labels that were housed in five storage locations. These labels were then applied to the boxes by hand before the products were shipped. So not only was the process taking up a lot of space, it was also time consuming and labor intensive.”



PART 10: TAKING CONTROL OF PACKAGING PRODUCTION

To reduce the cost and time involved in their packaging production, RMC turned to IIS and their Memjet-powered Xante Excelagraphix solution. This move meant that RMC could do away with their cumbersome labeling process and receive high-quality packaging with superior graphics and unlimited customization options.

In this new packaging process, IIS produces the exact quantity of packaging RMC will need for the next five days. This just-in-time packaging is customized by product, so it can be stored adjacent to the filling lines and become an integrated part of RMC's operation.

As Osterberg reports, "This streamlined process has dramatically reduced excess inventory, extra processing, and excessive movement. More importantly, the new process has meant zero defects. These benefits have been significant."

In addition to the operational benefits, RMC's marketing team reports that these packages have a high shelf appeal within the facilities segment.

"There isn't anybody in the marketplace doing anything close to this type of customized packaging. We've made a big difference in RMC's operations, and we will continue to bring the value of customized packaging to support customers throughout our region," concludes Moretti.



PART 10: PACKAGING AND THE FUTURE OF E-COMMERCE

As we have seen, there has been tremendous growth in the e-commerce marketplace. The question now is, “What can today’s manufacturers do to ensure their businesses are part of that growth?”

To start, they need to ensure everything they do supports the relationship with their customers—especially the packaging.

Today’s digital printing technology gives manufacturers the flexibility to control their packaging the way they control the rest of their businesses. Whether they produce it themselves or work with a packaging provider,

manufacturers are now able to dynamically create, adapt, and produce the personalized packaging they want in exactly the quantity they want when they need it.

The opportunity for growth is unlimited. That’s the power of today’s digital inkjet printing technology.

