



Shopper trends unpacked

Six ways the world of retail is transforming, and what brands need to know



Exploring shopper behaviour and trends in the marketplace

What should brands and retailers be aware of?

The retail environment in Europe has never been more competitive. With every brand taking to the blogosphere and getting savvy on social media, standing out from the crowd can be a daunting task.

In 2016, retail trade increased by 2.3% in the 28 EU nations. Luxembourg, Slovenia, Romania and the UK led the charge, increasing by 15%, 10%, 8% and 7% respectively.

To tap into this consumer spend, brands and retailers need to act smart, more so than ever before.

Consumers are more demanding, but also more engaged. They are more cautious in their spending decisions, but also more aware of the options open to them. Millennials, in particular, demand transparency and are more likely to buy into a brand's actions and messages.

When purchasing an item, the packaging it arrives in is now a vital part of the whole experience, whether that's in-store or an online purchase. These trends are as relevant for secondary packaging as for any other aspect of the retail experience.

Secondary packaging is used to stack and hold products on the shelf or in transit and so much more. It is particularly important for ensuring that goods are protected and arrive safely from the manufacturer to their final destinations.

Like the retail landscape, secondary packaging is developing phenomenally fast and it is the pairing between technology and consumer demand that is driving this change.

From ease of recycling to ease of opening, positioning on the shelf to personalisation, a huge number of factors can influence shopper behaviour. In this white paper, we will outline the six key retail trends to be aware of and what they mean for both brands and retailers.

Less is more

In the summer of 2017, two American entrepreneurs set up Brandless, an online grocery store with big ambitions. Selling everything for \$3 and hoping to take over a significant portion of the e-retail business in the US, Brandless is disrupting the market with its bold approach.

The remit? Brandless aims to cut out the branding but retain the quality whilst lowering the price. This, argues psychologist Ryan Howell, is a trend to watch.

In his article, *Less Is More: The Power of Simple Language for Psychology Today*, Ryan writes: "Less really is more." Why? Because, "the clearer the messaging, the easier it is for the consumer to make the decision". Simple right?

At DS Smith, we too are finding that simple, high quality design and optimised assortment is enabling brands to stand out from the crowd. Which is one of the reasons we adopted this motto: **The Power of Less.**



A huge number of factors can influence shopper behaviour



Trend 1: The science of decisions

When it comes to decision making in retail environments, whether in store or online, there are a number of factors that can come into play.

A piece of grocery research by Nielsen demonstrates the impact of age, for example. It shows that 36% of baby boomers shop around the perimeter of the store on all or most of their shopping trips. This increases to almost half (47%) of millennials.

The centre of the store can suffer from the perception that it is overly-processed and inauthentic. This means packaging must make every effort to reposition products as providing an authentic experience.

Careful use of colour and design when it comes to brand packaging on the shelf makes a huge difference. It can be used to guide shoppers and make navigating the store easier, as well as provide clear indications on product range and variations. Simple colour grouping, for example, can help shoppers identify category position in store and help retailers to disrupt the trend of periphery shopping.

Another example of what might affect a person's decision is a negative previous experience. Research conducted in the UK by DS Smith found that when it comes to shopping online, the quality of secondary packaging a parcel arrives in has a huge part to play.

More than a third (39%) of UK shoppers have experienced poor quality packaging when ordering online. This is prompting discontent, with nearly one in five (19%) saying they have felt angry or upset after the experience. Packaging that isn't up to standard means lost customers, as more than a quarter (26%) wouldn't order again from a retailer who sent them a poorly packaged product.

Stand out from the crowd

Point of sale displays are also a useful tool for putting products front of mind. When shoppers walk through the door and see a seasonal, eye-catching display it not only acts as a reminder of the pumpkin that needs to be bought or Christmas decorations chosen, it also puts a brand front and centre of the shopping experience. For the more transient Millennial shopper, in-store theatre and multi-platform marketing is key for brands to stand out from the crowd.



Trend 2: Take it personally

Personalising the shopping experience online is a tried and tested strategy. A recent survey by Infosys found that 77% of consumers have chosen, recommended or paid more for a brand that provides personalised experiences.

The in-store experience is the next piece of the puzzle. To enhance the personalised experience in-store, packaging on the shelf plays a vital role. A survey by Vista found that more than three-quarters of consumers (76%) were more likely to visit a store after having received a personalised offer on their smartphone. In fact, the research also found that 25% of those incentivised shoppers would go on to spend more in-store.

So, how is this going to come about? Widespread beacon technology is likely to be the harbinger of change. With iBeacons located throughout a store offering personalised, relevant offers, the opportunity for brands to engage with shoppers is huge.

What will this look like? Special offers and flash deals will inevitably fill some of this space, but the real opportunity is in creating better or new experiences. Secondary packaging offers a unique opportunity to amplify the use of technology in-store, as a navigation tool and to reinforce a brand's positioning. It could be photography to demonstrate ethical sourcing, or a link to a new recipe. Another example might see consumers using their smartphones while they're shopping to find out portion size, or allergen information about a particular product they're looking at.

The benefits of digital

Technology and creativity are coming together to bring new opportunities for marketers to connect with shoppers.

Advancements in digital print techniques have enabled packaging specialists to offer brands the highest quality, image fidelity and consistency of print. As well as being able to print large or short runs. This means brands can customise the look and feel of their packaging to tie in with multichannel advertising campaigns.





Trend 3: Theatre at home

Emotion has a big part to play when it comes to shopping. According to research by Gallup, if a shopper is emotionally connected to a brand, then it will positively affect both the frequency of a customer's visits and the amount of money they spend during those visits. This applies online and in store.

This heightened sense of engagement means it's more important for retailers to engage and impress customers to drive brand loyalty. Loyal customers, especially loyal Millennial customers, are more likely to act as brand ambassadors and leverage their social media channels to spread the word.

Packaging can be viewed as one of the most under-utilised marketing opportunities to evoke emotion and build brand loyalty.

Secondary packaging can enable the brand experience to carry on in the home or workplace. In fact, 55% of online customers are convinced that they will purchase from those websites again if their products come in customised packaging.

The look and feel of the packaging - the colours, imagery and typography - can evoke the sense of a luxury or healthy lifestyle, for example, or a general sense of wellbeing. It also ensures that consistency of the brand message is maintained.

Advancements in digital print techniques have enabled packaging specialists to offer brands the highest quality, image fidelity and consistency of print, as well as the flexibility to produce high

The unboxing experience

58% of online shoppers are now convinced to buy a product after looking up images and unboxing videos on social media. This is yet another incentive to make unboxing a positive brand experience for customers. If brands get the experience right, packaging offers a way of deepening connections and enhancing loyalty.

volumes.



Trend 4: The shopper challenge - Convenience or choice?

With the advent of online shopping, choice seems to have become infinite. Equally, shoppers are able to purchase everything they need at a time and place that is convenient to them, but perhaps with less choice available. Considering the interaction of choice and convenience provides some food for thought.

Looking at choice first, it's not just about style, colour or design, it's also about making responsible decisions. A 2015 study from Cone Communications and Ebiquity Global demonstrates that global consumers feel a personal accountability to address social and environmental issues. They look to the brands and organisations they interact with to behave as partners, always striving for progress.

Nearly nine in 10 (88%) of the 10,000 people surveyed globally said they expect companies to report on the progress of their Corporate Social Responsibility (CSR) efforts, while more than eight in 10 (84%) consider CSR when deciding what to buy or where to shop.

Now to look at convenience. Leading the way is e-commerce. According to statistics from eMarketer, global retail e-commerce sales will rise to \$4.1 trillion by 2020, representing 14.6% of total retail sales. In 2015, e-commerce represented just 7.4%.

Convenience isn't all about online shopping, though. It's also about location. The days when everyone made a weekly shop part of their routine are over - particularly when it comes to Millennials. According to research by Nielsen, the penetration rate of convenience stores jumped to 32% in 2016, up from 19% the previous year.

So, what does this mean for brands and retailers? To adapt to the changing desires of consumers, high streets could well become hubs for click and collect orders. Shoppers, for example, could pre-order outfits to try on before committing to buy, and enjoy the browsing experience at the same time. This will be the omnichannel experience.

Vision for the future

At DS Smith, we are helping business to transform their supply chains, progressing towards ever more sustainable targets at the same time as preparing for omnichannel operations. The industry is being led by consumers. We take a cyclical approach, using our expertise from design to production and supply to recycling. By thinking strategically about packaging, we can offer high quality, innovative solutions that take in the whole, not just one part. The industry is being led by consumers.





Made2Fit

DS Smith's revolutionary Made2fit technology improves operational efficiency, eliminates wasted space and lowers transportation costs. It has been developed to tackle the e-commerce challenge of void fill, as shipping air is a waste of resources. Creating the right-sized pack lowers costs for e-tailers by saving storage space, cutting order administration and reducing packing times. It also significantly reduces product movement, helping to reduce damage.

Trend 5: Minimising waste

Recent research by DS Smith revealed that recycling is something many shoppers put a lot of thought into.

A survey of 1,000 people in the UK found that 39% of shoppers who have bought something online are concerned by excess packaging, while 15% worry about how to recycle packaging.

Why is recycling causing such concern? Quite simply, the volume of material that needs to be recycled seems to be increasing at an exponential rate.

It is not uncommon on rubbish day to witness recycling bins overflowing with cardboard, paper and plastic wrapping - most of it from online shopping.

Minimising primary packaging has long been a focus for businesses, with multiple campaigns naming and shaming those that use packaging excessively.

A new focus is minimising secondary packaging, which has the benefit not only of using fewer resources but also reducing the space each package requires in transit - saving fuel as well as protecting the package.



Ready, set, go!

One of the biggest revolutions to take place in the supermarket since the advent of the conveyor belt checkout counter is retail ready packaging (RRP). Shoppers, however, are likely to be unaware of just how much it has changed the shopping experience.

So, what is it? Quite simply, it's the preparation of a product so it arrives from back of store to the shelf in one single unit. This means there is no need to decant individual packets or tins onto the shelf, freeing up valuable time for front of store staff to spend with customers while still keeping store shelves topped up.

DS Smith's latest innovation in RRP includes a packaging system called SalesFront. By incorporating

a specially engineered band into a retail-ready corrugated pack, it continually pushes products to the front of the shelf as each item is sold. This helps to drive availability and use sales space better, ensuring products can be seen by the shopper and not fall over. It also acts as an effective tool in the marketing mix to bring any brand promise to the shelf edge.

Why is it important? Research from IGD shows that 37% of customers will buy an alternative brand if they can't see their chosen product on the shelf. Retail trials show that when a product is continually presented at the front of the shelf, sales can increase by up to 20%, with an average increase of 6-8%.

Trend 6: Age-conscious packaging

As we age, weaker grip, poorer vision and lower dexterity combine to make the use of some forms of packaging more tricky.

This can cause a negative experience for the shopper. They might be unable to prise open a parcel that has arrived through the post, resulting in having to leave it out for a neighbour to open. Or, they might be unable to read product details on a supermarket shelf, so have to ask a fellow shopper for help.

Making packages simpler to open and handle can be achieved with easy-to-open rip strips. The way businesses achieve improved readability can be tricky, however. Simply making fonts bigger is patronising, so the solution needs to be subtle – shortening copy, for example, and using bolder, easier to read styles.

At the other end of the spectrum, it's also important to look at how younger people approach packaging. For them, innovations such as augmented reality and interconnected products are a part of everyday life.

People are also using their smartphones and other devices to help make choices when visiting a store, for example checking if a product size that is out of stock is available online. This trend will inevitably lead to a time when everything will be part of the “internet of things” – including both primary and secondary packaging.

Inclusive design is a must

In an age when competition is fiercer than ever, to lose a customer because of a poor packaging decision is simply unacceptable. From experience, DS Smith knows that secondary packaging is essential in shoppers' purchasing decisions, as it is normally one of the first product features that people notice. Most packaging should be developed to be age neutral. Inclusive design is equally important for the ageing store colleague as it is the consumer, which also brings value to DS Smith.



Trend 1: The Science of decisions



Almost half (47%) of millennials shop around the perimeter of the store on their shopping trips. This means packaging must make every effort to grab attention.



Trend 2: Take it personally



Three quarters (76%) of people are more likely to visit a store after having received a personalised offer on their smartphone.

Trend 3: Theatre at home



More than half (55%) of online customers said they would purchase from websites again if their products come in customised packaging.

Trend 4: The shopper conundrum



Nearly 88% of 10,000 people surveyed expect companies to report on social responsibility, while 84% consider CSR when deciding what to buy or where to shop. The penetration rate of convenience stores jumped to 32% in 2016, up from 19% the previous year.

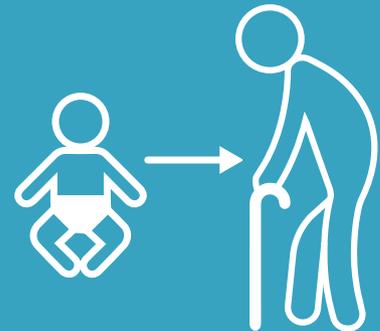
Trend 5: Waste of space



Some 39% of shoppers who have bought something online are concerned by excess packaging, while 15% worry about how to recycle packaging



Trend 6: Age-conscious packaging



As we age, weaker grip, poorer vision and lower dexterity combine to make the use of some forms of packaging more difficult





Innovation in action

The power of packaging explored, by DS Smith's European Marketing & Communication Director Vanessa van Dongen.

Most of what DS Smith does can be linked back to innovation - whether it's packaging to enhance the retail experience, disrupt traditional methods or transform the way brands interact with consumers.

In the not too distant past, what made packaging great was its ability to attract attention, instantly displaying in subtle (and not so subtle) ways a brand's values and attributes. To this day the disciplines of superior design are as relevant as they ever were.

What's moved on, however, is the advent of smart, connected, intelligent packaging - the kind that will eventually help consumers to make their decisions right there in front of the shelf.

Brands and their marketing departments can only do so much with design, but what if the packaging itself can add to the process and, through advances in digital technology, actually come alive and become interactive?

This is happening now and the technology is improving all the time. If our job is to improve the customer experience then we need to do more with digital to make that experience fun and entertaining, but ultimately assist with the buying process.

What we are seeing is the addition of extra layers of information so that the shopper's interaction with a particular brand and its products is nuanced, while delivering an ultimately satisfying interaction across all channels.

From ensuring products are in the right place at just the right time as the consumer is about to make their purchase, through to techniques for making products stand out in a crowded marketplace, the packaging industry has ever-evolving solutions that your marketing and sales teams won't have even considered.

Further reading

www.dssmith.com/packaging

www.vistasupport.com/news-and-events/blog

www.igd.com/research/supply-chain

www.mintel.com/global-packaging-trends

www.packagingoftheworld.com/2017/07/the-power-of-packaging-you-probably-did.html