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# HelloFresh – Bespoke packaging to delight customers

“OUR PACKAGING IS essentially our shop window,” says Luke Grob, Head of Product and Innovation at HelloFresh, the food e-retailer which sends out over 8 million meals globally per month. The company long ago acknowledged the importance of delivering an exciting and rewarding unboxing experience to customers who will ideally commit to a long-term subscription with HelloFresh. Each box delivered contains the ingredients for 3 to 5 recipes per week containing all ingredients pre-measured, fresh vegetables, chilled meat and fragrant spice and herb packets.

“Our aim is to delight our customers when they open their boxes once they arrive, enjoy exploring different sections and see that product has been lovingly packed with every item in pristine condition ready for making delicious meals,” says Grob. “Unfortunately the early packaging we used allowed product to jumble up and knock into each other with the risk of tins crashing into tomatoes and red peppers exploding everywhere. There is also a risk of damage when third party suppliers are handling the boxes. We calculated that each box is picked up and set down between 7 and 15 times in the journey to the customer so there are many points at which boxes can be bumped, kicked, perforated or tipped over. We needed a packaging solution that could minimize the impact of those encounters. We needed to reduce movement inside the box.”

While the company started out with unbranded brown bags and boxes, in late 2013 work began to design a bespoke, clearly branded range of boxes, made with the best specification cardboard that would fit the cost structure while providing optimum protection. Most importantly HelloFresh, working with Smurfit Kappa, developed more intelligent packaging that compartmentalised and secured the different food groups.

The boxes today deliver the desired wow factor thanks to attractive branding and colour on the box exterior, ‘easy tear’ opening, and fun and functional sections within. Products are protected thanks to internal ‘shelves’ and sections divided off by internal cardboard dividers, including a thermal area, and buffered space for heavy items such as tins and potatoes. All the cardboard used is from sustainable resources and can be easily recycled, in line with HelloFresh’s brand values. Attention was also paid to the company’s palletisation needs, so that box sizes now fit perfectly

on pallets cutting down damage and making loading and unloading quicker and easier.

Since implementation of the new boxes HelloFresh has seen a big reduction in damage in transit says Grob, and customer feedback has been very positive. The company won an award at the 2015 UK Packaging Awards, and is seeing its brand flourish – with signed up customers now enjoying the HelloFresh experience across Europe, the US, Canada, and Australia. Improvements continue to be made, with an upgraded design of box at the testing stage at the time of writing.



# Avoid the chain of fools

Retail supply chains share resources with other companies. Retailers need to be aware of that and get the best out of what they have, argues **Sean Fleming**

IT MIGHT SOMETIMES feel as though the retail fulfilment industry is locked in a never-ending race, with the finish line forever out of sight. If so, since it's the customers who are setting the pace, while keeping up may be exhausting, falling behind is unthinkable.

In any value chain ecosystem such as delivery, logistics or fulfilment, retailers have to be able to accommodate the needs of others and move in harmony with them. To do that, though, they have to be cognizant of the influences on every other link in their supply chain. Take as an example the Black Friday peak. Such is the demand placed on the retail supply chain during that

// From next-day to same-day and, in some cases, within the hour, speed matters for a growing number of shoppers //

weekend of mega-promotions that even those retailers that have chosen not to get involved can find they suffer from delayed deliveries. This is simply due to there being a finite number of vans, trailers and drivers, so that if the overall network gets hit by an increase in demand, everyone is affected.

Another example that has particular significance in the retail supply chain is the profile of the working population. In some studies, it has been suggested that as many as one in four HGV drivers will reach retirement age within the next ten years. More than half of them are currently over the age of 46, yet only 3% are in the 18-25 age bracket. Other studies, looking at the workforce in UK warehouses, have found that maybe as many as one in four are non-native English speakers, although that will be more apparent in some parts of the country than in others.

The issue of language proficiency makes itself known when staff have to deal with non-standard written, or

verbal, instruction. A note to a driver to leave a package "near the gazebo" if there's no one home would clearly be making the assumption that anyone reading it knows what a gazebo is. So the extent to which staff are comfortable with the English language may influence the choices retailers make when choosing new systems for tracking, picking and packing.

There's also a raft of external pressures on the retail supply chain, some of them coming via the EU, which may or may not diminish in significance over time. As things stand, the Digital Single Market initiative seeks to unlock €300bn GDP across the continent by way of increased cross-border trade. Any retailer wishing to exploit that opportunity will be reliant on systems and processes that have enough flexibility to cope with the outcome of whatever the EU/UK's negotiated relationship might look like in a post-Brexit future.

Closer to home, the UK government's recently announced Fulfilment House Consultation will set new industry standards for compliance and due diligence from businesses involved in shifting goods imported from non-EU countries. These will come into effect in 2018. Again, expect further complications in the wake of a UK withdrawal from the EU.

## Rising to the challenge

From next-day to same-day and, in some cases, within the hour, speed matters for a growing number of shoppers. For others, convenience rules the day and a nominated time slot on a given day is far more important. If retailers add into the mix in-store click and collect, plus collection from third-party networks or lockers, the increasing fragmentation of delivery is hard to miss.

The manner in which people shop has also changed. The big weekly shop might still be a regular fixture for some but for a growing number of people, shopping has to fit in around other activities. A pattern of little and often has grown in importance, again around the idea of convenience.

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## Ten issues to consider

- 1 BUSINESS FROM BUSYNESS:** IMRG says 260m retail parcels were handled by carriers during the November-December peak period in 2015. That's around 10m more than expected, and it's still growing.
- 2 ONLINE SALES ARE UP:** Online sales for June 2016 were up 17% on the previous year and there's no sign of a slowdown. Delivery will be under even more pressure by the end of the year.
- 3 ACCOMMODATING CLICK AND COLLECT:** More than one in five shoppers use click and collect for around half of all their purchases, with 65% saying they make additional purchases when making a collection.
- 4 THE COMMODITISATION TRAP:** Retailers' core services start to lose appeal in the face of changing customer expectations. If bread and butter offerings become commoditised, you do too.
- 5 STRATEGIC FULFILMENT:** Fulfilment businesses should aspire to help retail clients hit strategic goals and solve business challenges, not just shift boxes. Be ready to offer new ideas.
- 6 REGULATION REGULATION REGULATION:** Whether from the UK government or the EU, compliance issues are here to stay. Retailers need systems that facilitate the fast flow of information throughout supply chains.
- 7 INTERNATIONAL EXPANSION:** Waitrose, Sainsbury's and others are now selling via Alibaba, hoping to tap into the enormous Chinese market. Could your business undertake or support that?
- 8 ADDING NEW NETWORKS:** As new collection networks come on stream, is it possible to add them into systems, and switch them off again if necessary, with ease?
- 9 SUPPORTING NEW INITIATIVES:** SMS notifications are fast graduating from nice-to-have to a necessity. Can they be rolled out selectively to suit the right service options?
- 10 FEELING PEAKY:** If end-of-year peaks put systems under too much pressure, put fail-safes in place that highlight the problem before it's too late.

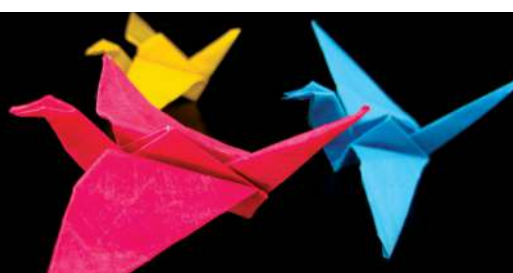
This has implications for stock replenishment, which has to follow the little-and-often pattern set by shoppers. The growth in smaller footprint stores in high population density areas is a part of this, prompting the rise of reborn convenience stores. Smaller stores require more frequent replenishment – their shelves empty faster, after all – and the restocking cycle has to be shortened. The distribution sector needs to shed its reliance on edge-of-town DCs and fleets of HGVs, or getting stock into urban areas will remain a costly, delay-prone headache.

The supply chain of the future has to be leaner and more agile because that's the way shoppers approach the business of shopping. Of course, they might have a change of heart in a few years and go back to the big weekly shop pattern, in which case retailers will have to be able to cope with that change to remain supply chain winners. All of which points to an inescapable truth – while predicting the future is a hopeless undertaking, it's safe to say retailers should anticipate change and be ready to cope with it.

## In summary

From order processing to returns handling, through to getting stock onto the shelves of convenience stores, turnaround times in the retail supply chain have never been shorter. But it would be foolhardy to bet your shirt on that always being the case. Being able to cope with change is far more important than simply changing to suit the prevailing wind.

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## Jason Peckham

UK Market Director



### What does your company do?

We are one of the leading providers of paper-based packaging solutions in the world. We work with companies both big and small all across the UK –creating intricate packs for the health and beauty sector for example, to developing complex packs to ship motorbikes across the world. Every day brings a new challenge!

### What is your USP?

To start with, I'll mention sustainability, which underlies everything we do in our business. We are a closed-loop manufacturer, meaning that we make the paper in one of our two UK paper mills, convert into boxes then recycle through our recycling plants which is then sent back to our paper mills. In addition to sustainability, our ability to print using a variety of different inks and

// We know the eRetail market has been growing at an exponential rate over the last ten years and will continue to do so in the years to come //

*Jason Peckham, Smurfit Kappa*

processes means that, when coupled with our design expertise, we are able to offer our customers quite unique solutions, allowing them to differentiate in the marketplace.

We have both large and small factories located throughout the UK, meaning that we are able to not only service large customers, but small to medium-sized ones also. We have a Machine Systems side of the business, allowing us to design and build bespoke

## SMURFIT KAPPA IN BRIEF

**Date founded:** 2005

**Global reach:** 370 different production sites in 34 countries

**Turnover:** €8.1bn in 2015

**Customers:** Tens of thousands

**Number of employees:** 45,000

**For more information:** [www.smurfitkappa.com](http://www.smurfitkappa.com)



machinery for our customers to assist in the packaging process – something that increasingly, more and more eRetailers are interested in.

Finally, we have sector experts for eRetail, who focus solely on the supply-chain, operational and branding needs of the eRetailers.

### How would you describe your business' vision?

Our ethos is all about adding value to our customers as opposed to adding cost. To become the partners of choice for both eRetailers who are both small and maybe growing at substantial rates, or big and well established who may know more about what they want but need some expertise to refine the process or packaging requirements.

For me, that leads to creating long-lasting, memorable packaging that impacts positively on the consumer.

### What are you doing currently in the ecommerce/multichannel market?

We are working with a number of the Top500 retailers, creating innovative new packaging solutions which are fit for the eRetail supply chain without compromising the functionality of the pack, or the unboxing experience for the consumer. In addition to this, we work with a number of key players in the FMCG market on innovative projects as they are beginning to focus more on utilising ecommerce as a route to market.

eRetail packages are sent out rather than being displayed on a supermarket shelf, so you have different challenges to wow the end user, or the person experiencing the packaging. There's a loyalty challenge for some of the big brands. You've got to ensure the brand message is echoed throughout the supply chain, particularly through the customer experience when they receive whatever it is they may have ordered online.

### How does this compare to what your competitors are doing?

A Traditionally I would say larger UK packaging manufacturers have been present in the FMCG market. That's where their heartland has been and it's been the smaller players who have been focusing more on eRetail. We know the eRetail market has been growing at an exponential rate over the last 10 years and will continue to do so in coming years. With the emergence of new technologies and routes to market it really comes at an exciting time for packaging managers to use the expertise they have gained over the years in different industries to push the boundaries of what can be achieved with a view to developing packaging that will help shape the eRetail market in the future.

### Who are your customers?

A The exciting thing about working in the packaging industry is that almost every sector in the UK will require some sort of bespoke packaging, whether it's FMCG, alcoholic beverages, pharmaceutical, or automotive. We are constantly evolving the way we work, both in terms of product and process, and developing new solutions to ensure we deliver what our customers require.

### What do you see as challenges in the coming year and what are you doing to meet those challenges?

A I believe consumer-driven demand for free, next-day/same-day delivery will be a game changer in the eRetail market, but of course this will add significant cost for eRetailers, who will therefore have to find ways to reduce their packaging and operational costs to account for these additional overheads. At Smurfit Kappa more and more eRetailers are coming to us to improve their packaging set-up and for us to help them take costs out of our business. What we often find is that by optimising the entire packaging process we're able to save companies significant amounts of money while improving the packaging portfolio. An example would be the type of work we've done with The Hut Group, which you can read more about in the case study.

## Customer case study – The Hut Group

Within its portfolio, The Hut Group owns and operates the Myprotein.com ecommerce site which dispatches over five million boxes of products to their customers each year. James Buckley, head of group procurement, has recently overseen a cost-reduction project which saw the group cut packaging costs significantly. The company has calculated that changes to packaging and related processes will save the company approximately £250,000 a year.

"Across The Hut Group we're very conscious of balancing the quality experience for customers with cost-efficient packaging," says Buckley. "While we do have subsidiaries within the group which demand luxury packaging (www.coggles.com and www.knutsfordengland.com) we don't need all packaging to be highly engineered and premium. In the case of MyProtein, we wanted the packaging to be highly effective in the supply chain, engineered for performance and aesthetically pleasing to customers, while keeping costs under control."

Working with Smurfit Kappa, The Hut Group embarked on an eight month project that started in April 2015. The company went through Smurfit Kappa's 'eScan' exercise, where the current packaging set-up across the supply chain was analysed in order to understand where adjustments could be made to reduce costs and optimise their packaging offering. At the core of the project was a decision to move away from the O2O1 styled corrugated carton.

"When you're dealing with five million boxes a year, that's a lot of time spent taping the seals," says Buckley. "Having gone through a detailed design, planning and testing process, we have moved to crash lock boxes which only need taping at the top to close in a simple action. With this new box, we've been able to almost halve the packing time of each order and gain a high increase in our KPIs."

The Hut Group recently commissioned a new £120m distribution centre in Warrington, Cheshire, which has been built for optimum supply chain efficiency for the retailer. "We need to get a very high number of orders out every day, so all the automated elements and packing processes have been engineered with this objective," says Buckley. "For Myprotein.com, we rationalised the number of box sizes we deal with down from 13 to just six, which has really streamlined pack process, minimising inefficiency and driving efficiencies."

Buckley believes a robust process of testing and monitoring performance has ensured the right decisions were made before fully committing to box sizes and types. "We've found that working with a major supplier who understands the realities of the market and the practicalities of the corrugated products has delivered results. Ultimately, packing has become easier for our DC teams, customers are happy with the packaging and the protected products, and we have been able to make significant cost savings along the way."





**Gary Carlile**  
Managing Director



### What does your company do?

At Consignor, we aim to support large enterprise companies as well as small merchants, including start-ups, in their Delivery Management, making it easier, less time consuming and cheaper for them to deliver parcels to their customers. By developing and providing smart Delivery Management software which includes all stages of shipping and delivery on just one platform, our customers get an integrated and sustainable delivery solution that will continue to perform and develop in line with their strategies. Our software holds the largest carrier library in the world, connecting our customers to exactly the carriers that match their shipping needs.

### What is your USP?

At Consignor, we believe our USP to be the business as a whole, from our culture through to the latest innovations we have to offer. We constantly aim to serve all our customers with a competitive software solution which is why we invest heavily in development of the platform based on the feedback we get from our

**//** Historically, returns haven't always been given the thought and focus they really deserve **//**

*Gary Carlile, Consignor*

customers. Through this approach we have realised that a specific delivery challenge at one customer is most likely also a challenge at other customers and that is why we decided to turn the Consignor platform into a standard software meaning that all customers get access to the exact same solution which they can utilize to a level that

## CONSIGNOR IN BRIEF

**Company founded:** 1997 Oslo, Norway by Peter Tang Thomsen

**Global reach:** We have offices in Norway, Denmark, Sweden, Finland, Romania, China and the United Kingdom, with further plans to open offices in Germany and the US in the coming years, plus look to explore other market opportunities

**UK launch:** We officially launched here during Q1 this year, opening our office at Braywick House West in Maidenhead in March 2016

**Turnover:** In 2015 we had revenues in excess of €14m

**Customers:** More than 10,000 customers/partners globally

**Number of employees:** Currently within our group we have 140 team members, with plans to grow to about 250 team member within the next four or five years

**Number of partners:** We hold the world's largest carrier partner library, in excess of 400 active carriers being used today, plus we have in excess of 400 ERP/OMS/WMS partnerships

**Contact details:** For more information on Consignor, visit [www.consignor.com](http://www.consignor.com) or email directly to [uk@consignor.com](mailto:uk@consignor.com)

suits them the best – this goes for the current version of the platform as well as all future developments. Our passion and focus is on creating a product and service that allows for a seamless transition into existing processes. Whether that is a full API integration or semi-automation or file imports, Consignor provides total flexibility for all levels of technical requirements.

### How would you describe your business area's vision?

To continue to innovate within Delivery Management, meaning we aim to learn and share knowledge with our partners, thus creating long, sustainable working relationships. Our values are important to us and certainly to our partners. We pride ourselves on being reliable, dependable, authentic, open and proactive.

### What are you doing currently in the ecommerce/multichannel market?

Currently we are supporting many companies in enabling in-country and cross-border carrier products and services that enhance the end

customer experience. We deliver a multi carrier platform that allows our customer's to integrate and print all shipping labels in one system regardless of the carrier composition. Gathering all shipment data in one system enables our customers to be in control of the whole delivery process, gain comprehensive statistics and to set up specific rules for automated actions such as e-mail notification etc. We are also supporting multi-PUDO location finders for webshops, enabling true consumer choice, as well as the retailers' own store estate for their click and collect propositions. Finally, our free smartphone based scanning tool for track & trace, Scan App, is a popular part of the platform since it allows customers as well as carriers to add status updates (GPS, image, signature, etc) to the shipments without having to invest in expensive PDA solutions.

### What are you currently focusing on in terms of software development?

Historically, Consignor has been Nordic focused but recently, when we have entered new markets throughout



Europe, the US, China and now the UK, we have had to be proactive in ensuring we are market ready for what is deemed as standard. So not only creating the world's largest carrier library, but creating dynamic rules and allocation selection, return management, in conjunction with our webshop Ship Advisor plug-in, freight rate calculation and invoice control – these all provide a solid foundation for our platform. All these functionalities help to give the user a complete solution. No matter their needs and system set-up, our Delivery Management software handles their shipments from order booking to delivery (and back again, in case of returns) in one easy and seamless way.

#### Who are your customers?

Globally, we have more than 10,000 customers utilising our platform, with some great brands such as Lego, ReBOUND, JYSK, Aditro, DirectLink, Dansk Supermarked Group, Coop, Schneider Electric and Volvo.

Our solution is delivered as a toolbox, that can be configured to support many companies and industries. Our partners that utilise our solution spread across retailers with both bricks and mortar and webshops, distribution centres, third and fourth party logistics/supply chain companies, hospitals, transportation freight forwarders and carrier networks.

#### What do you see as challenges in the coming year and what are you doing to meet those challenges?

For Consignor, our biggest challenge is also our biggest opportunity. With all consumer deliveries, you can guarantee there are consumer returns, but historically, returns haven't always been given the thought and focus they really deserve. There are retailers out there that are driving change by using their consumer return offering as an opportunity to create a seamless customer experience, by making it easy to return anything. As part of our solution, we enable returns management through pre-printed return options or real-time bookings via the web.

## Customer case study – Get Inspired

Faster delivery, simpler warehouse routines and better control are just some of the many benefits that online shop Get Inspired experienced by optimising their warehouse. Norwegian online sportswear shop, Get Inspired, needed to optimise in order to handle more orders due to increased sales. New premises, warehouse inventory and Delivery Management software all played a part in this optimisation, says chief executive Sindre Landevåg.

“We moved to a new and larger warehouse and invested simultaneously in Consignor, which gathered all our shipments in one system. We also needed new inventory at the warehouse – racks, plastic boxes, picking carts, etc – which were installed after an analysis of our product range, in order to ensure efficient warehouse processes.

Get Inspired has Consignor On-premises installed at their warehouse for their shipments, which effectively gathers the entire shipping process from warehouse to end customer in one complete software system. This way, Get Inspired does not spend unnecessary time on sending parcels, as they book the shipment at their choice of carrier, transfer shipment data, print the shipping label and notify the end-customer with track and trace information on their parcel – all via Consignor.

Although Get Inspired felt obliged to optimise their warehouse in order to handle an increased volume of orders, the company has already noticed additional benefits. “The employees have gotten a simpler work day at the warehouse,” says Sindre Landevåg. “They walk shorter distances and pick and book 12 orders at a time, whereas before where we only picked one order. It is also easier to train new employees in our warehouse processes as these processes are more manageable now. This, together with Consignor On-premises, makes our logistics scalable, which is advantageous in connection with Black Friday, for example, when we hire temporary workers.

“We are now able to offer our customers a faster and more accurate delivery and we make fewer mistakes in deliveries due to the new warehouse routines and Consignor On-premises that automate the warehouse management and shipping process and makes them foreseeable.”

These are important competitive advantages and logistics should therefore be a natural part of any company's business plans. “Logistics is a business-critical part of the operation and should be a priority as early as possible. This means that all companies that have a warehouse, regardless of size and number of employees, can gain competitive advantages by optimising the warehouse and shipping process,” concludes Sindre Landevåg.

