

Using Automation to Scale E-Commerce for the Holiday Season and Beyond



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Scaling up to beat seasonal challenges

The holiday season is an important time for both e-commerce and brick and mortar retailers around the world.

While peak purchasing times will vary based on different cultures and social rhythms, the holiday season that takes place during the fourth quarter of the year can account for as much as 35% of the annual revenue of certain businesses.¹ The popularity of holiday gift giving makes a significant economic impact in countries all around the world, with Ranpak and Harris Research finding that 69% of Japanese consumers had packages delivered to their homes during the 2021 holiday season.²

The stakes are high for businesses competing during the holiday season, but the rewards are also growing; in 2021 within the US alone, holiday spending grew 16.1% year over year, the fastest growth in more than 20 years.³ Despite challenges

related to turbulent logistics and global economic performance, competition around year-end retail will remain important for businesses.

It may even become more critical to their yearly performance in the event that economic downturns intensify within large global economies in 2023, providing an important windfall that could help to weather future challenges.

With the stage set for a critically important holiday season, other challenges come to the forefront for e-commerce business. Expanding order volume around the holidays requires adaptive scalability within fulfilment operations, essentially the ability to handle a much larger volume of activity for a limited time. This often results in seasonal hiring,

which in turn requires training as well as competition for talent. Planning well in advance for these seasonal fluxes in personnel is one way to manage, but with associated costs for the increase in productivity.

Automation holds the answer to many of the productivity and cost related challenges that e-commerce businesses face, not just during the holiday season but through the whole year. In this report, you will learn how automation can address core e-commerce challenges and allow businesses to easily capitalize on periods of peak demand. ■



¹ Felix Richter, How Important is the Holiday Quarter for Retailers?, Statista, December 16, 2020.

² The E-commerce Trends We're Watching in 2022, Ranpak, March 31, 2022.

³ Andrew Lipsman, US Holiday 2021 Review and Holiday 2022 Preview, eMarketer, February 23, 2022.



What e-commerce retailers need to succeed during peak demand

E-commerce businesses typically need to address several key areas when preparing for the holiday rush.

While the majority of these challenges remain relevant throughout the entire year, they can be particularly impactful during times of heightened purchasing activity and can be disruptive if not prepared for in advance.

Reliability despite competition for talent

Hiring temporary staff is a common reality for many retailers who need to keep up with increased order volumes during the holidays. Within many labor markets, it can also be challenging to compete for seasonal labor given high demand and lower availability of talent. Ultimately, it's important to make sure that full time staff are trained and ready to perform during peak season, while making it as simple as possible for new hires to be onboarded quickly and start contributing to increased productivity.

Sufficient product protection along with a good unboxing experience

When customers make orders during their holiday shopping days, they usually come with the expectation that they will receive their packages in time to give and receive gifts for family and friends. Today, global supply chain slowdowns mean that extra time may be required to account for unpredictability in the shipping process.

Solutions that are environmentally sustainable and protect their reputation

E-commerce provides a greater audience for businesses, but in situations where a customer cannot physically interact with products in a store environment, they will need other ways to learn about a brand and its products before they buy. In fact, 55% of consumers will typically first learn about a brand on social media, going up to 78% with Gen Z consumers.¹ And for retail brands looking to improve their organic reach on social media, the unboxing moment provides a perfect opportunity.

Controlled costs of shipping and fluid returns

During the holiday season when packages need to go out quickly, having good packaging and shipping processes in place can make all the difference. This includes factors such as right-sizing boxes to contain less air and conserve materials while also ensuring that products have adequate protection so that they arrive to customers without damage.

Once packages go out, packaging that loses its integrity during shipping can make it more difficult to manage a returns process, which can directly impact consumers' impression of a brand. As purchase volumes increase during the holiday rush, it's only natural that returns will also go up. Boxes that are easy to open and contain packaging that can be reused in a pinch makes it so that a holiday purchase that isn't just right can be sent back with a minimal amount of hassle. ■

¹Lauren Cover, 7 Statistics that Prove the Importance of Social Media Marketing in Business, Sprout Social, June 17, 2021.



How automation solves retailer challenges

Automation addresses seasonal bottlenecks and provides scalability for the future.

Smaller box sizes, and the ability to convert smaller packages into mailers.

Right-sizing shipping boxes makes e-commerce more cost-efficient and saves room during logistics. This means that a greater volume of packages can be shipped at once, saving time and money, especially because logistics costs for shipping are often based on dimensional weight, or DIM weight—a calculation that considers both the weight and volume of a box. A small item in a large box will cost more to ship than the same item within a box that fits with little to no void. Businesses can reduce their voids in several ways, manually or through technologies like automated height reduction, which detects voids within a carton then modifies and seals a box to the highest point of filling.

The ability to rapidly train new hires and increase individual productivity

The need to plan for seasonal hiring months in advance and the tough competition some businesses face makes automation into a viable and attractive solution to hiring challenges that has the added positive of providing productivity benefits through the whole year, rather than just during peak season.

While fully automating a fulfillment center with robotic solutions is a possibility, retailers who are just beginning to consider automation to keep up with holiday demands will likely look to the areas that pose the greatest challenge for their staff. These areas are commonly repetitive manual processes, which include:

- **Picking**, where an object is retrieved from a warehouse or storage area to fill an order and to be packaged for shipment.
- **Packing**, the process of assembling and placing products within packaging, then adding any other required protection for the goods in transit. This could include void fill materials or cushioning to secure the item and protect it from damage.
- **Palletizing**, where packed and sealed boxes are placed onto pallets, ready to be removed from the warehouse.



Customizable branding opportunities

The value of unboxing should not be underestimated, for e-commerce, packaging also includes the box, pouch, or envelope that an object is shipped in, and consumers have defined opinions on these elements of the shopping experience as well.

Adopting distinctive and sustainable packaging within the box allows brands to reclaim the wow-factor that might otherwise be diminished by the materials surrounding their own products. Consumers want to see sustainable packaging, in fact, across five global bellwether markets for e-commerce surveyed by Ranpak and Harris Research on their 2021 holiday shopping habits, 75% or more expressed a preference for paper instead of plastic packaging within each market.

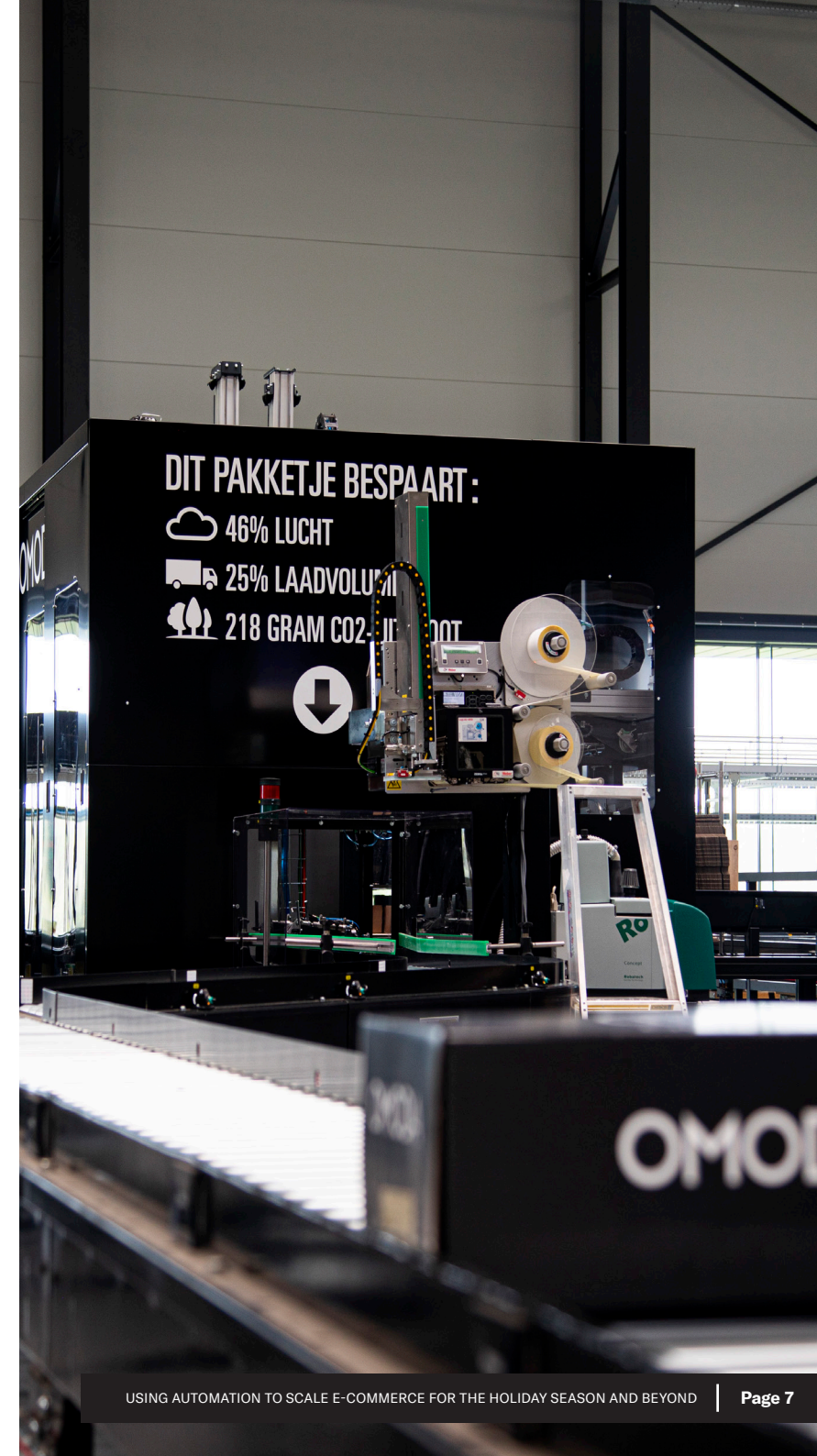
Scalability while using sustainable paper that can replace plastic in the box

Sustainability in packaging is the perfect complement to any product. In fact, 66% of consumers in the US state that eco-friendly packaging is the most important sustainability bona-fide that would make them more likely to shop with a brand.¹ In Europe, 64% of online adults feel that companies have an active responsibility to protect the environment, though only 34% trust companies claims that they will actively commit to reducing climate change.² These statistics paint a picture of western markets where consumers are actively looking to see action from the brands that they favor to embrace more sustainable business practices and are ready to reward the companies that they feel are following up on their commitments.

Add to these market conditions the possibility of further legislation to limit the use of plastic materials for single-use packaging within countries, states, and cities around the world, and it becomes clear that pairing effective scalable business growth with the use of sustainable packaging materials is a winning formula for e-commerce. Ranpak's solutions allow businesses to apply cutting-edge automation to their packing lines while also using sustainable paper void fill and cushioning materials within the box.

¹ 8 Key Consumer Considerations for E-commerce Packaging, Packaging World, July 18, 2022.

² Michella Beeson, European Consumers Drive the Sustainability Demand, Forrester, March 16, 2022.





How to integrate warehouse automation to support e-commerce

Introducing automation to the packing environment is a simple process.

Understand how your intralogistics process is impacted by choke points

Integrating automation into an existing warehouse environment starts with identifying which parts of the warehouse or fulfillment center are currently the most impacted by bottlenecks.

Often, this will be at the end-of-line, where goods are placed in boxes, any packaging material needed is added, and then they are sealed and prepared to go to end customers. Methods of picking will typically allow for multiple orders worth of goods to be picked. By the time that products need to be securely placed within boxes to be shipped, the challenge of sorting and facilitating packing will usually be much greater than the picking process and is where employees can use greater assistance.

Evaluate how you can return the most value to your employees

In addition to alleviating intralogistics bottlenecks, automation can help elevate the quality of the work for employees. For example, the manual process of cutting boxes to the correct height before sealing them involves repetitive motion and the use of potentially dangerous blades. Cut'it!™ EVO is able to reduce the height and seal boxes at the rate of 15 boxes per minute.

Consider your time horizon for ROI

The decision to pursue an automation solution requires planning around the investment, in particular the time horizon between the decision to integrate a new solution and the time that it will begin to yield a return on investment. ROI can be faster to reach than one might think based on the efficiency that a fully integrated system yields. In the context of businesses that have periods of peak activity, being able to better handle these periods and fill more orders than before is an obvious link to ROI. ■

FOUNDED IN 1972, RANPAK'S GOAL WAS TO CREATE THE FIRST ENVIRONMENTALLY RESPONSIBLE SYSTEM TO PROTECT PRODUCTS DURING SHIPMENT. The development and improvement of materials, systems and total solution concepts have earned Ranpak a reputation as an innovative leader in e-commerce and industrial supply chain solutions.

Ranpak is a global organization of approximately 850 employees that is headquartered in Concord Township, Ohio.

Ranpak is listed on the New York Stock Exchange under the symbol 'PACK.'

Learn more about Ranpak's sustainable Automation solutions here!

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