

DOES YOUR PACKAGING INCREASE OR DECREASE SALES?

Take a look at your packaging through the eyes of the receiver and you may find problems that affect customer satisfaction and repeat sales

BY WAYNE M. TERES

The reception and processing of a package by the customer is a direct reflection of the shipper's commitment to quality service. If the package is received with no problems, its arrival can delight the customer which is good for further sales. Or, at the other extreme, if the package is a burden to receive, the customer may decide against buying the shipper's products and will opt for a competitor's offerings.

Today, customers demand perfect orders and are becoming less tolerant with companies that can't deliver. Can your company afford to lose customers? Do you, as the manager responsible for packaging and shipping want to be the cause of customer defection?

Let's take a look at how one manager was able to prevent customer defection and made major improvements in customer service. She did this by looking at packaging through the eyes of the receiver.

A LOOK IN THE MIRROR

Ann, the warehouse manager of the Acme Safety and Supply Company was unsure how her customers felt when they received Acme shipments. To discover their reactions, I suggested she ask 10 associates from her company, ranging in various functions from customer service and order entry to marketing and warehouse, to each place an order for different items from their company. After all the items arrived, the group assembled to open the packages as their customers would. To their surprise, they found the

following common problems in the majority of the orders:

- ✓ Hard-to-identify unlabeled items
- ✓ Broken items
- ✓ Hard-to-locate loose items scattered in the box

Ann was still unsure, so with the help of her customer service manager she collected all customer comments pertaining to package receipts from the previous three months. The sample findings were validated: customers also experienced the same problems.

A LOOK AT THE COMPETITION

To further understand customers' expectations, I asked the same group to order the same or similar items from all their competitors. The orders were placed and again the group assembled to receive the orders. The cartons containing orders from the other companies ranged in ease of receiving from better than Acme's packages, to worse.

When comparing Acme to the other companies, it was clear that Acme was not the best.

ON THE ROAD TO IMPROVEMENT

Ann understood to reach her goal of zero customer complaints she needed the help of other departments. With management's approval, she assembled a cross-functional team to share her vision and assist in its implementation.

Labeling

The action team began by reviewing each product to ensure it was labeled



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properly. The requirements for each label included item description and stock number. It was no small task to gather the many item descriptions and stock numbers since there are approximately 4,000 items in Acme's inventory. From this review however, the team developed a detailed list of items that needed labels. After much discussion, the team decided the best way to ensure proper labeling was to label items on-site, after they were received.

Considering long term benefits, the group decided to purchase a label machine that could print bar codes. Then with the help of the marketing group, labels were designed for use with all items. In order to identify products requiring labels, the computer program was modified to identify products needing labels applied prior to being put into stock. With the enhanced modification of the computer program, the receiver would always

know which items needed to be sent to the packaging department for labeling before being put away.

Realizing labeling products in-house would be expensive and would slow down operations, the purchasing group pursued discussions on the feasibility of vendors labeling products. Vendors were asked to determine the additional costs of labeling products before shipment.

As a result of this analysis, it was determined that some items were to be vendor-labeled and some were to be labeled in-house at time of receipt. And in a few cases, the vendors would ship the labels to be applied on the product.

Loose items

After finalizing plans for labeling, the team was ready to tackle another problem - small items often found loose in boxes. The team decided the best way to ensure loose items were easily found, was to have the pickers and packers place these items in plastic bags and pack the bags on top of the order. For very small items, the packers were instructed to staple the back of the bag to the packing slip.

Broken items

By now the team was making progress and was ready to tackle the problem of broken items. In order to identify which items were broken upon

receipt, the team collected data from customer service and returns for the previous nine months. From this data they developed a list of all damaged items received by customers. Analyzing these items, they found some needed improved packaging design and some simply needed additional protection for its existing package.

For the items that needed improved packaging, the purchasing department discussed the issues with the vendors. For the items that needed additional protection, the team began to explore various dunnage alternatives. Up to that point, packers were using shredded computer paper but it wasn't enough protection, especially for fragile items.

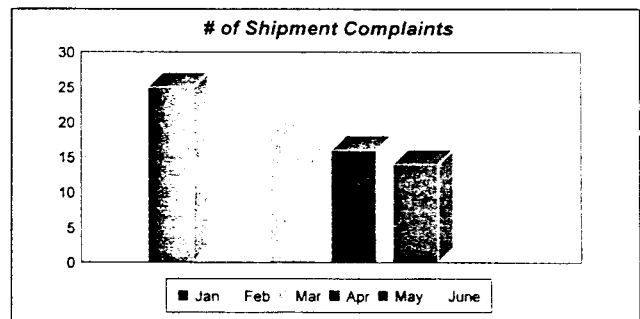
The team evaluated two different options and decided to use both systems. The first was a paper-based, void-fill system called GEOAMI, from Geopack. The next option was a VersaPacker, foam-in-bag packaging system from Sealed Air Corporation. As the foam in the bag cools, it expands to secure boxed items. This method is ideal for packaging a variety of items, varying in shape, size and weight.

THE MEASUREMENT SYSTEM

The team knew that without continuous measurement it was likely that the situation would revert back to where it was before, so they decided upon the following measurements:

Complaints per Total Shipments

Customer Shipment Complaints per Month in the following Categories: items received damaged; items received without labels; and small items received not bagged.



OF SHIPMENT COMPLAINTS

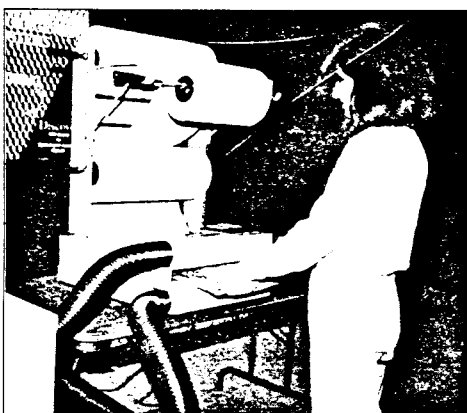
After six months, the number of customer complaints in these categories declined. The company benefitted from the increased orders and sales and the reduction of customer complaints.

PACKAGING THAT GENERATES SALES

At this moment, the packages you ship may either be increasing or decreasing sales. Your customers want shipments that can be received and put away, quickly and effortlessly without extra time and unnecessary work. Extra work to call for return authorization, extra work to identify poorly labeled products and extra work for delays and repairs all add up to lost revenue.

If you are guilty of similar packaging problems, perhaps a cross-functional team and hard work can turn packaging that detracts from sales into packaging that generates sales.

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